

Embedding Responsibility



2012 Corporate Responsibility Report





Designed to Be Viewed Online

As the demand for corporate responsibility information increases, so does the challenge of how to deliver it.

This report is designed to be **viewed online with an Internet connection**. We have lots to say on various topics and we provide signposts to related information. Click the links to access detailed information, additional resources, supporting videos and stories online.


We're trying something new, so let us know if this interactive PDF format meets your need. And, if you can't find what you'd like to read about, please contact us at crreport@td.com.


Note: Throughout this report, "TD" 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 material restatements and significant changes from the previous report are described in the performance data footnotes.


Cover image: The TD Living Roof atop our flagship branch in downtown Toronto. Amidst the steel and concrete of corporate towers, this field of sedge grass conveys TD's commitment to environmental leadership.


GRI: TD self-declares its corporate disclosure process to GRI Application Level B+ using the G3 version 3.1 guidelines. The [GRI table](#) has been checked by the [Global Reporting Initiative](#) and selected performance indicators were independently assured by Ernst & Young LLP, which allows us to submit the report at a B+ level (GRI checked). The results of Ernst & Young's assurance engagements are documented in their assurance statement. »


Symbol Key


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 Glossary definition


 Facts and figures over which Ernst & Young LLP provided reasonable level of assurance

 Facts and figures over which Ernst & Young LLP provided limited level of assurance

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Key Facts About TD

 For more details on TD's financial performance, view the Investor Overview.

- **Top 10 bank in North America¹**
- **Serves approximately 22 million customers**
- **Operates over 2,400 retail locations in Canada and the U.S.**
- **Headquartered in Toronto, Canada**

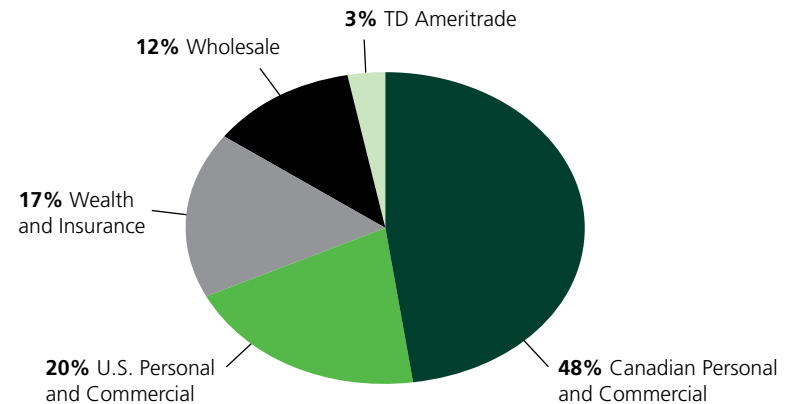
OUR BUSINESSES

- **Canadian Personal and Commercial**
- **Wealth and Insurance**
- **U.S. Personal and Commercial**
- **Wholesale Banking**

Our Results²

- Adjusted earnings 2012 of \$7.1B, up 10% year over year
- Adjusted diluted EPS 2012 of \$7.42, up 8% year over year
- 2012 total retail adjusted earnings = 88%

Adjusted Net Income by Segment



2012 Business Highlights

Total Revenue – Adjusted (\$B)
\$23,253

Net Income – Adjusted (\$B)
\$7,075

Total Assets (\$B)
\$811.1

Total Deposits (\$B)
\$487.8

Total Shareholder Return (1 year)³
11.9%

TD had the highest Total Shareholder Returns (TSR) among Big Five Canadian Banks for the 3, 5 and 10 year time periods.⁴

TD increased its target dividend payout range to 40–50% from 35–45% and raised dividends twice during fiscal 2012.

TD continued to invest in its growth businesses, announcing a deal to acquire Target's U.S. credit card portfolio and enjoying market share gains in domestic commercial banking in fiscal 2012.

TD Asset Management hit milestone \$200 billion in assets under management despite volatile markets in fiscal 2012.

TD Bank, America's Most Convenient Bank[®], grew store network, opening its 1,300th store; U.S. Personal and Commercial Banking had the 11th largest store network in the U.S.

¹ Based on total assets, total deposits, total loans, tier 1 capital ratio, total capital ratio, full-time employees and market capitalization. See Q4 2012 Quick Facts available at www.td.com/investor-relations/ir-homepage/ir-homepage/investor-index.jsp

² Effective November 1, 2011, TD prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP), and refers to results prepared in accordance with IFRS as the "reported" results. TD also utilizes non-GAAP financial measures referred to as "adjusted" results (i.e., reported results excluding "items of note," net of income taxes) to assess each of its businesses and measure overall performance. Adjusted earnings and adjusted earnings per share (EPS) are not defined terms under GAAP and may not be comparable to similar terms used by other issuers. See "How the Bank Reports" in TD's 2012 Annual Report (www.td.com) for further explanation, reported basis results, a list of the items of note and a reconciliation of non-GAAP measures. Reported net income for fiscal 2012 was \$6.5 billion, up 7% year over year. Reported diluted EPS for 2012 was \$6.76, up 5% year over year.

³ Assumes that dividends received were reinvested in additional TD common shares.

⁴ Big Five Canadian Banks based on Bloomberg for the period ended October 31, 2012. Big Five Canadian Banks include Royal Bank of Canada, Scotiabank, Bank of Montreal and Canadian Imperial Bank of Commerce.

Where We Operate

[+ List of Principal Subsidiaries \(PDF\)](#)

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group. While our focus is North America, we have employees in many countries across the globe.

AMERICAS

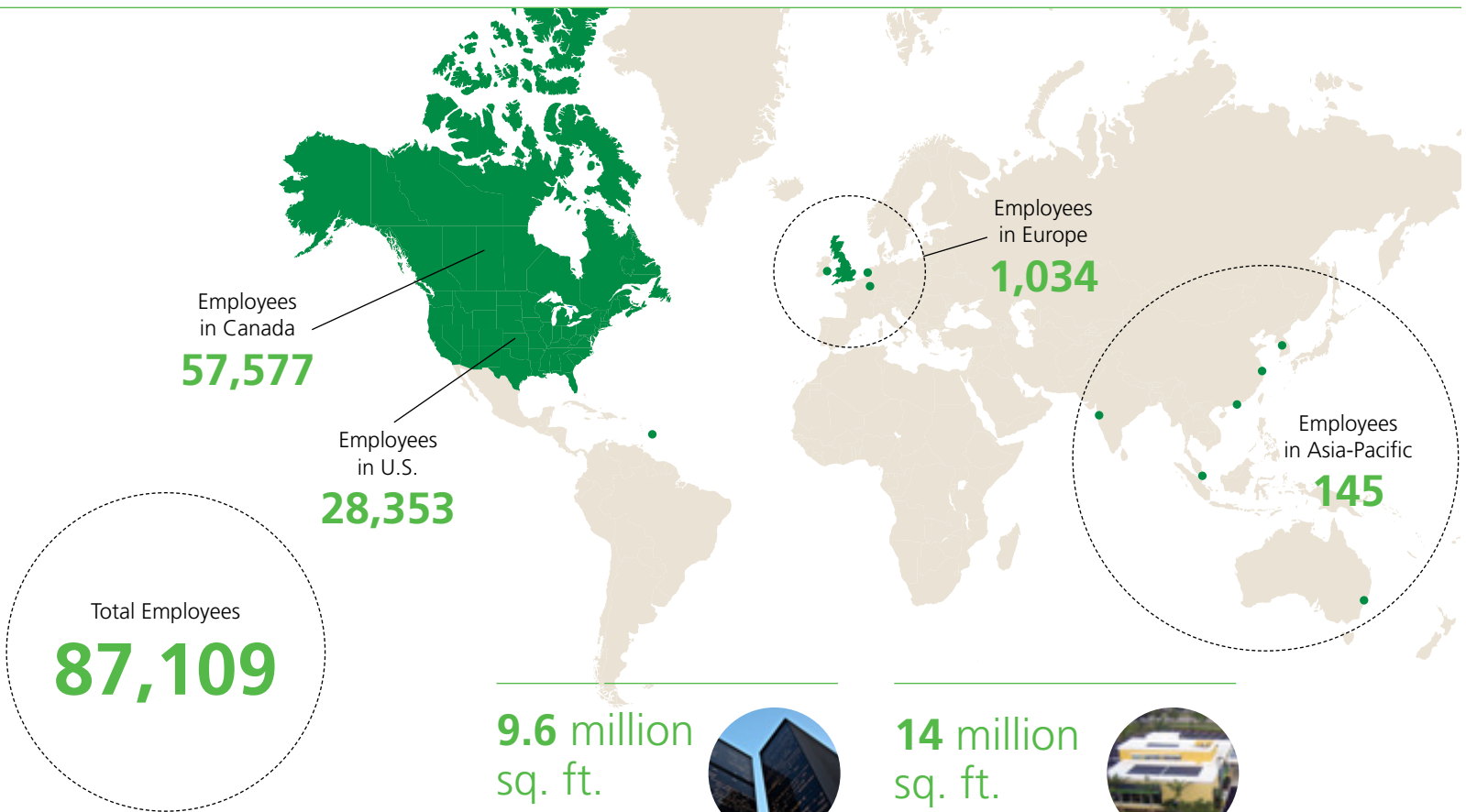
- Barbados
- Canada
- United States

EUROPE

- Amsterdam, The Netherlands
- Dublin, Ireland
- Luxembourg
- United Kingdom

ASIA-PACIFIC

- Sydney, Australia
- Hong Kong
- Mumbai, India
- Seoul, South Korea
- Shanghai, China
- Singapore



9.6 million
sq. ft.

corporate real estate



14 million
sq. ft.

retail real estate





CEO's Message

Responsible for Sustaining Public Trust



I have long held the view that a bank's primary purpose is to create wealth in the real economy. Banking means helping clients start and grow their businesses, helping customers save for retirement and borrow sensibly to achieve their goals, protecting people's money and enabling money to move around the world quickly and safely. But the financial crisis of 2008 revealed a culture of greed and dishonesty that shocked the public and undermined their trust – even in those of us who were not involved. News of more recent financial institution misdeeds has added fuel to the fire. The fact that many countries will face negative or slow growth for years to come and that unemployment continues to be a worry reinforces anger and resentment toward the banks.

If ever there were a time to demonstrate commitment to corporate social responsibility, that time is now. The world's banks cannot underestimate the impact of the decisions they make. In my view, one clear outcome of the financial crisis is the realization that banks and their place in the financial system matter. We all play a role in regaining the public's trust and we will do so by ensuring our activities add value to the economy and by taking meaningful steps toward a sustainable future.

In the years leading up to and through the financial crisis, decisions we made at TD have reinforced our commitment to "old-fashioned banking." We see ourselves as custodians of a great institution. Our chief responsibility – both social and financial – is to ensure that we hand over to our successors a better institution than the one we joined. That responsibility permeates everything we do and guides us in how we run the bank. It means putting customers first; creating a diverse, inclusive and engaging workplace; and showing through actions as well as words that we take our responsibility for the environment seriously. We take only risks we understand and can manage. We foster transparency that begins with our Board of Directors and is modelled daily by our leaders. Transparency breeds honesty and integrity. It allows mistakes to be identified and dealt with before they become unmanageable.

For concepts like these to have real weight they have to be built into the fabric of the organization. That's why we have embedded them in our strategy, Guiding Principles and Leadership Profile. And it's why we bring our organizational capacity to tackle issues that are material to TD and our stakeholders: financial literacy, protecting forest habitats and creating a more inclusive bank.

As we adapt to the realities of a low-interest-rate environment, the prospect of slower loan growth in Canada and the challenging regulatory environment in the U.S., we will look at ways to be more efficient and to add new revenue streams. But what won't change is our focus on people: our customers, employees and communities. This focus is the heart and soul of TD, and it's what makes us unique in the world.

We believe our clients' and customers' success is our success. It follows that if we continuously do the right thing inside and outside the bank, we will reassure our customers that choosing to bring their business to us is the right decision. Our employees will continue to be proud to say they work for TD, and our communities will see us for what we aspire to be: principled, strong and relevant and committed to the long-term social, environmental and financial health of the real economies we serve. The decisions we make and the actions we take speak to who we are and can help influence the level of trust in our industry. Taking responsibility for this is being The Better Bank.

Ed Clark, Group President and Chief Executive Officer



What We Value

The **TD Framework** outlines our vision, mission and strategy, along with our Guiding Principles and expectations of leaders. It says in a simple way who we are, what we stand for and how we get things done. It's easy for employees to understand and incorporate in their day-to-day work. Most importantly, it applies to everyone at TD – no matter what business, level or location.

The **Guiding Principles** are our most important values that help guide the way we run our business. We use these seven principles as the basis for all bank activities.

Our **Leadership Profile** describes what we expect of our leaders. Great leadership is essential – it's what differentiates successful organizations. We may not get it right all the time, but every leader – and aspiring leader – at TD is expected to strive to live by this profile every day.



▶ **Why does TD talk about being the Better Bank, not the best?**

Linking TD's Business Strategy to Our Corporate Responsibility Approach

Simply put, TD's business strategy is founded upon delivering value to customers, shareholders and communities. We seek to differentiate the TD brand by delivering great customer service and being responsive to our customers' financial needs. We depend upon a knowledgeable, engaged and diverse workforce to deliver the TD experience.

TD's growth strategy aims to build a company that will deliver shareholder value over the long term and leave a sustainable organization for the future. We are mindful that TD can only be as successful as the communities in which we operate and that brings a particular responsibility to help strengthen those communities.

TD is committed to taking only those risks that we understand and can manage, including the social and environmental risks of those we lend to, invest in and purchase from.

Our Corporate Responsibility Strategy is built on four themes that contribute to TD's overall vision to be The Better Bank:

- **Be Customer-Focused**
- **Build an Extraordinary Workplace**
- **Be an Environmental Leader**
- **Strengthen Our Communities**



2012 Performance Highlights

Be Customer-Focused

On average **45%** longer branch hours than Canadian peers¹



¹As at Q4/12 which ended on October 31, 2012. Canadian Peers – includes other 4 big banks (RY, BNS, BMO and CM).

43,000

Canadians supported through TD Helps financing

22 million customers

Over **2,400** branches and stores across North America



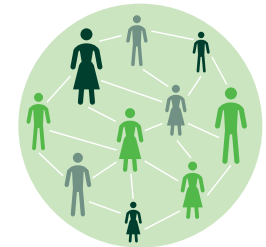
Build an Extraordinary Workplace

Employee Engagement Index

4.18	4.16
	
2011	2012

Days of training per employee

3.14	4.15
	
2011	2012

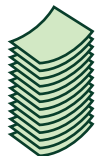



6,000

Members in diversity networks
140 networking events

Be an Environmental Leader

Paper sheets/employee

8,357		8,034	
	2011		2012

487 acres of critical forest habitat protected by TD Forests




GHG emissions/employee

3.14		3.08	
	2011		2012

320 corporate lending transactions reviewed under TD's Environmental and Social Risk process.

\$2.6 billion Amount TD financed for clean energy projects



Strengthen Our Communities

1.2 million children participated in a TD reading program




2,300

TD volunteers taught money skills in 2012

In excess of **US\$450 million** contributed to community development investment programs

40,000+ trees planted during TD Tree Days





“Set criteria for leadership. Bring others with you. Cause a shift in the sector. Set a standard for what it means to be a responsible bank.”

“It’s incumbent on a leading financial institution to consider new ways to engage customers to respond to the world’s challenges.”

“The systemic issues are crucial. How do you de-risk the financial system and make it more sustainable?”

“As a financial institution, paper and green office initiatives are table stakes. Your ability to impact the world is based on the money that you lend or invest.”

“Empower customers to make better decisions to improve their own livelihoods.”

“Are you preparing customers for climate change risk?”

Engaging Stakeholders: The Art and Science of Listening

It’s not always easy to listen to what people say about you, but it’s important that you do.

These are just some of the comments offered by panel participants to help shape and improve TD’s approach to corporate responsibility. In 2012, we convened two panels (in Toronto and Philadelphia) and invited members who could tell us candidly what we needed to know.

Both panels were facilitated by an independent consultant from Solstice Sustainability Works, who brought together representatives from the following groups: employees, customers, the Schulich School of Business, the Consumers’ Association of Canada, Corporate Knights, Sustainalytics, Vancity, CivicAction, St. Christopher House, Resonate, World Resources Institute, Bloomberg, Finanta, Widener University and the Housing and Community Development Network of New Jersey.


We asked participants to review the material issues and corporate responsibility priorities included in TD’s 2011 report, as well as comment on proposed material topics for 2012. The following table features highlights of the panels’ feedback. The panels were encouraged by TD’s willingness to learn and openness in conducting the stakeholder review and offered their comments in the spirit of continuous improvement.

[+ Stakeholder Panel Full Report \(PDF\)](#)


Panel Feedback

Our Response

Create a strategic framework. The main suggestion from the panel was to group the material issues and present them in a framework to show where TD intends to focus and the connection to TD's strategy.

This feedback was particularly helpful while designing the 2012 report. Please see page 14  for our updated discussion on material topics.


Expand analysis from own operations to broader impacts. The panel found that some material issues were defined too narrowly; for example, defining GHG emissions and energy in terms of TD's own footprint could overlook opportunities to influence others in the value chain, such as suppliers and customers, to reduce their impacts.

We do understand this assessment; however, TD's position has been that we can't make environmental demands of others until "our own house is in order." We're now building what we have learned into our procurement policy, to drive diversification of our financing portfolio and to design customer products with environmental benefits. Read pages 57–58  for more details.

Be Customer-Focused. As in 2011, panel members had a mixed reaction to the priority "Treat customers fairly and provide support in tough times." While some associated it with TD going the extra mile to help those who needed it most, others want to see TD supporting all customers always, not just in tough times. There was a general view that "treat customers fairly" was a basic expectation and service excellence was more in keeping with TD's culture.


At the heart of TD is our passion to deliver legendary customer service at every opportunity. The reference to "tough times" came from our CEO's commitment in 2008 to stand by our customers in the good times and bad. As economic pressures continue to have an impact on many families and businesses, we believe these words to be just as relevant today.

The panel pointed out that there is still work to do in this area, such as building relationships with customers, making better use of the bank's ombudsman program and providing useful information to low-income individuals.

We, too, recognized a need to improve our handling of complaints, which is why in 2012 we introduced new programs in both Canada and the U.S. to empower employees and improve training. See page 30  for more details. Our preference is for Canadian customers to use the Ombudsman Service when they have been unable to reach a satisfactory outcome with our business managers.

Be an Extraordinary Workplace. Panel members noted the evident enthusiasm TD employees have for their work and commended TD for its work on diversity and inclusion. Staff turnover was cited as a factor in the quality of customer relationships. The panel suggested giving more power to front-line staff to make customer-focused decisions.

TD's employee turnover rates are comparable to our peers. For the financial services industry, U.S. turnover rates tend to be higher than those in Canada due to a greater number of banks.

TD Helps is one example of where we have empowered front-line employees to use their discretion when they see a real need. Read page 31  for more details.



Be an Environmental Leader. The panel saluted TD for its work to reduce both paper and carbon in the bank's operations. Even greater leadership opportunities, they suggested, would come from creating innovative products to empower customers to reduce their own environmental impacts.

As in 2011, the panel would like to see more tracking of the effectiveness of the Environmental and Social Credit Risk Process.

TD's renewable energy financing is one example of a product that helps lower environmental impacts. We continue to research opportunities to add environmental aspects to TD's products. See page 58 » for more details.

We are doing some work in this area to improve disclosure. See pages 53–54 » for more details.

Strengthen Our Communities. The panel saw this as an area of opportunity for TD and would like stronger language to reflect a more proactive approach that might build on TD's work in financial literacy and also address community development and affordable housing. Supply chain opportunities were seen as relevant in the context of local purchasing.

Community groups want a relationship with TD employees who are empowered to partner with them in addressing community needs.

We also see these areas as opportunities. There is much work to be done in the area of financial literacy – read "Taking the Fear Out of Finance" » for an update on our progress. TD has a supplier diversity program that encourages the development of local economies.

Stay tuned. We're working on a national volunteer program to connect employees with local volunteer opportunities.

Lead in addressing systemic issues and risks. Panellists would like to see TD play a leadership role in creating a more resilient and sustainable economy by addressing systemic risks. The panel acknowledged TD's research and other work on financial, economic and political system risks and TD's track record in partnering with groups to address systemic social and environmental challenges. They see the bank as well positioned to advocate for sustainability.

Canada's banking industry continues to be highly regarded across the globe, and some of TD's leaders have been called upon to provide advice to regulatory bodies. We believe TD has a role to play in creating a more sustainable banking system, but recognize that it will take broad collaboration across our sector to enact the type of widespread changes the panellists would like to see.

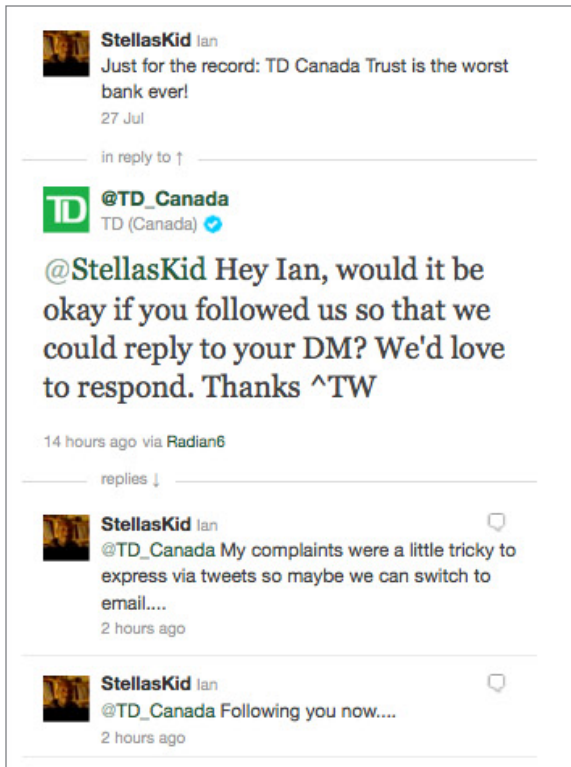
We thank the panels for providing valuable perspectives that help inform our discussions and review of key social and environmental issues moving forward.

Tweet that thought

Listening to customers has always been core to a company's success – but in this digital age, the ways of communicating, the staggering volume of messages and the expectation for an instant reply are radically shifting the landscape.

Social media is one of the most important customer engagement tools. Over the past few years, TD has built social media teams in both Canada and the U.S. to help us respond, connect and engage quickly to meet customer expectations.

Here is one example:



"We're finding more than ever that customers are comfortable sharing their experiences – good or bad – in real time with their social networks and expect us to be there. These changes in consumer behaviour challenge us to find new ways to deliver legendary customer service and make a meaningful connection."

Wendy Arnott, VP, Social Media and Digital Communication

We want customers to feel comfortable reaching out through social media when they have an issue or concern, and our teams look for opportunities to help. TD is the only Canadian bank to provide support through social media from 6 a.m. to 11 p.m., seven days a week. In 2012, we had over 26,000 servicing interactions on social platforms including Twitter, Facebook, blogs and forums.

Listening to thousands of voices

Stakeholder panels and social media interactions help us hear what individuals are saying. For stakeholder engagement to drive overall business performance, broader-based tools are needed. TD places significant investment in the formal processes of customer and employee feedback.

Delivering "legendary customer experiences" is core to TD's business strategy. In 2012, we contacted over 700,000 customers to ask for feedback. We want to know if the customer is likely to recommend TD to their friends, family or colleagues, based on a recent visit or call.

The results of these surveys form our Customer Experience Index (CEI) in Canada and our Customer WOW! Index (CWI) in the U.S. We use CEI and CWI to set targets and drive improvement, and the results have a direct impact on all employees' compensation. In 2012, employees continued to focus on delivering exceptional service, and the results improved across all businesses.

TD CANADA TRUST



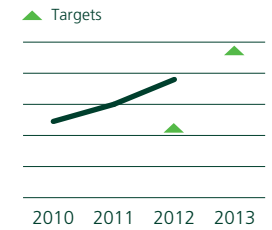
TD BANK



TD WEALTH MANAGEMENT



TD INSURANCE



It's one thing to collect feedback, but the true value comes in using the feedback to respond quickly. A TD branch manager can access location-specific feedback results within two days of the customer interaction, allowing us to respond and quickly address identified issues.

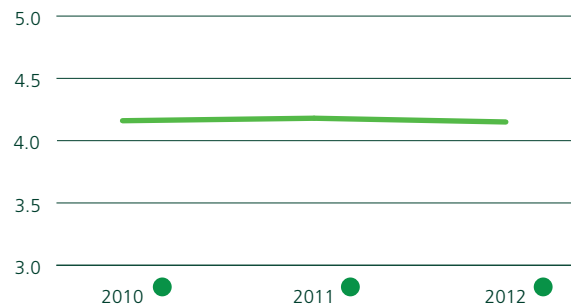
Listening to employees

We also pay attention to the comments and feedback provided by employees. Our people are, and always will be, one of our biggest competitive advantages. So it matters that we work to attract top talent and create a great place to work.

We track employee engagement through TD Pulse, a company-wide survey that is open to every employee, including those on leave. It's conducted twice a year with a participation rate of 88% and gives employees a vehicle for providing confidential feedback.

The Employee Engagement Index is calculated using the average response (on a scale of one to five) to three questions based on feelings of accomplishment, pride in TD and plans to be with TD in one year.

TD Employee Engagement Index (EEI)



Although this is the first time in 12 years when EEI has declined in a way that we can't attribute to integration activity, comparative data from other "Best Employer" companies shows that employee engagement has generally been plateauing in Canada since 2009. However, the slight decline in 2012 is a healthy prompt to refocus attention.

Employee Engagement Trends (PDF)

As part of the spring survey, we invite employees to suggest "two things" to improve the workplace. In 2012, we received over 34,000 submissions. The top themes were:

- Growth and development opportunities;
- Compensation and increased cost of living;
- The need for improved efficiency; and
- A call to slow down the number of initiatives.

On the employee news website, TD executives took time to explain how we were doing on each of these points and what improvements employees could expect to see in the future. In 2013, we will be making some changes to the survey to ask employees more questions about the aspects of work that matter to them.

Open dialogue

With teams across TD dedicated to maintaining relationships, we interact with several stakeholder groups on a daily and/or weekly basis, responding to the issues and concerns brought to our attention.

As actions sometimes have unintended consequences, we continue to learn lessons. For example, the launch of the TD Forests program and its focus on reducing paper was interpreted by some as a criticism of the forestry industry. Through our open-door policy and several discussions with industry associations we were able to reassure stakeholders that TD continues to promote sustainable forestry practices and clarify that TD Forests relates more to the loss of forest cover in urban environments.

As our vision is to be **The Better Bank**, it's critical that we not only hear what stakeholders are saying, but also respond and improve. If you would like to contact TD with feedback, here are a few ways to reach us:

Customers: Customer.support@td.com

Shareholders: tdshinfo@td.com

Investors: tdir@td.com

Suppliers: tdsource@td.com

Community groups: td.communitygiving@td.com

Feedback on this report: crreport@td.com

Material Topics

The process of defining materiality helps TD better understand the range of internal and external issues that influence our Corporate Responsibility Strategy and programs. We use this annual “radar” to track stakeholder interests and concerns and to identify new issues as they emerge.

TD’s primary stakeholders include customers, employees, shareholder/investors and government regulators. Our secondary stakeholders include community organizations, industry associations, suppliers and non-governmental organizations.

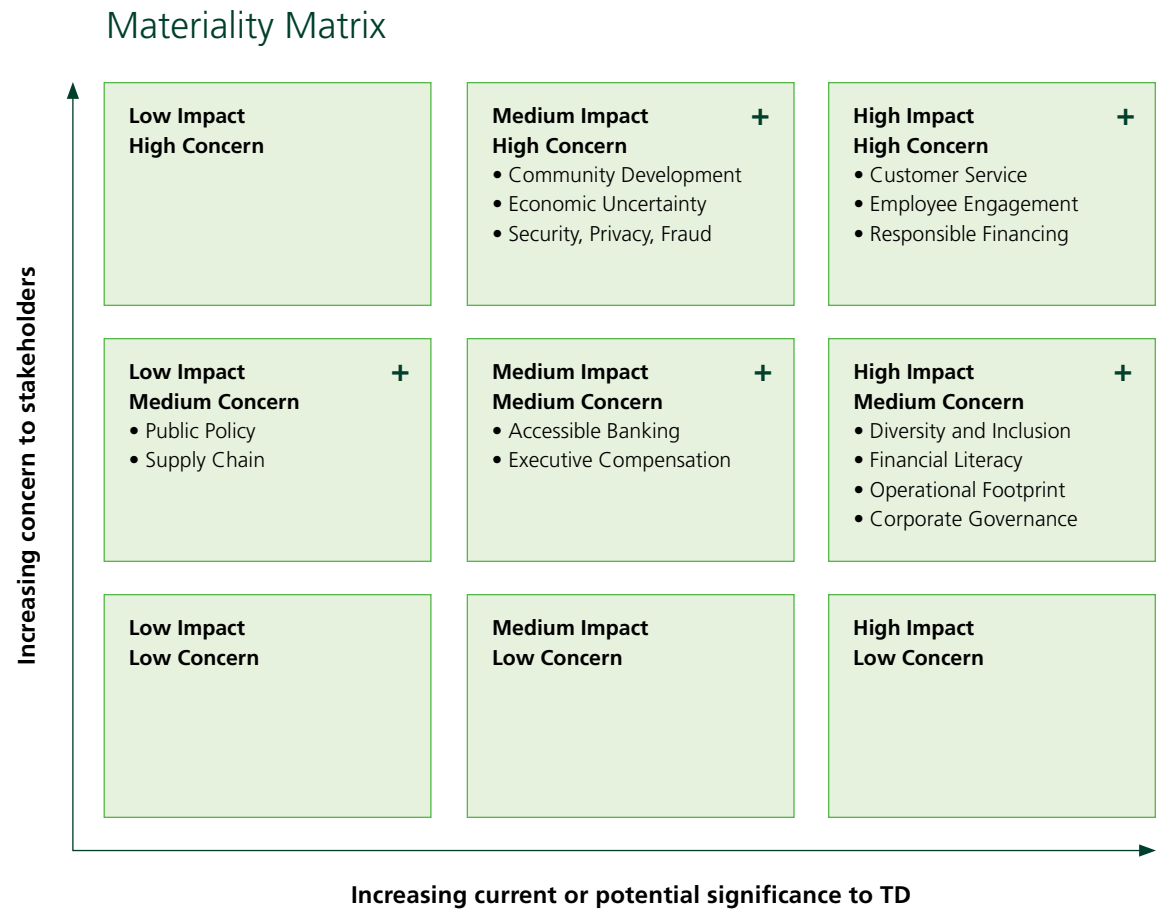
There are many environmental, social and governance issues that demand our attention. But we give more weight to those risks or opportunities that:

- Directly relate to TD’s core business;
- Are stated priorities for our stakeholders; and
- Are areas that we impact have an impact on and where we can effect change.

As our understanding and application of materiality improves, it’s clear that some topics will always be significant as they are hard-wired into our business approach. Other topics will be more short-lived – aspects or gaps that we need to address before moving on.

In 2012 we conducted a materiality analysis building on the foundation laid in 2011. Our process consists of three phases, Identification, Prioritization and Validation, and uses guidance from the GRI Technical Protocol. The matrix opposite plots our top 14 topics and provides links to further discussion in the report.

[+ Overview of TD’s Materiality Assessment \(PDF\)](#)





MATERIAL TOPIC	WHY IT IS IMPORTANT	MORE INFORMATION
Customer Service	TD's ability to deliver on its brand promise of comfortable and convenient banking is core to our business strategy.	<ul style="list-style-type: none"> » Service and Convenience » Complaint Handling
Employee Engagement	Our business strategy is focused on creating an extraordinary workplace to attract and retain great people, providing opportunities for career development.	<ul style="list-style-type: none"> » Why Employee Engagement Matters » Talent Acquisition
Responsible Financing	TD is committed to the responsible lending and investing practices that consider financial, environmental and social aspects. We have a role to play in financing responsible extraction of traditional energy reserves and laying the groundwork for renewable energy development and deployment.	<ul style="list-style-type: none"> » Responsible Financing » Emerging Risks » FPIC Case Study » Sustainable Investing
Diversity and Inclusion	TD operates in many diverse communities and we strive to reflect the communities that we serve. We treat diversity and inclusion as a business imperative.	<ul style="list-style-type: none"> » Building Diversity Into TD's Cultural DNA » Serving Diverse Needs » A Diverse and Inclusive Workforce
Financial Literacy	As a bank, TD has a particular responsibility to educate consumers about financial products, ensuring that employees offer products responsibly and that we work with community organizations to increase financial proficiency.	<ul style="list-style-type: none"> » Taking the Fear Out of Finance » Responsible Sales
Reducing Our Operational Footprint	With an aggressive growth strategy, there is a continuing need to manage the energy requirements and emissions of our business operations.	<ul style="list-style-type: none"> » TD Forests » Operational Footprint + Case Study: Greening Our Buildings (PDF)
Community Development	We have an ongoing commitment to the economic and social development of the diverse communities that we serve.	<ul style="list-style-type: none"> » Strengthen Our Communities » Making a Neighborhood » TD's Economic Contribution
Economic Uncertainty	The impacts of the economic downturn continue to affect our stakeholders, with high concern over household debt, job security and sustaining small businesses.	<ul style="list-style-type: none"> » TD Helps » Microfinance
Executive Compensation	Relating to the loss of trust in the financial industry, we see continued public concern about high executive compensation amounts, especially in the U.K. and U.S.	<ul style="list-style-type: none"> » Compensation
Accessible Banking	TD provides access to banking services and products through a number of low-cost accounts. It is important that low- to moderate-income individuals have alternative banking options.	<ul style="list-style-type: none"> » Improving Access to Banking + Low-Cost Banking Options
Corporate Governance	Strong corporate governance is critical to reassure investors that TD has an exemplary code of conduct, ethics and compliance. With recent media attention on fines and compliance incidents across the financial industry this topic has increased in significance.	<ul style="list-style-type: none"> » Corporate Governance » Ethics and Compliance
Security, Privacy and Fraud	Protecting customer data is table stakes for all financial institutions. This topic has increased in concern due to increased regulatory focus and high consumer concern about identity theft.	<ul style="list-style-type: none"> » Privacy » Security and Fraud Protection
Public Policy	We see increased stakeholder concern that a company's public policy activities match the corporate responsibility values they publish.	<ul style="list-style-type: none"> » Public Policy
Supply Chain	We seek to purchase goods and services from suppliers who demonstrate ethical and environmentally responsible practices. Providing contract opportunities to diverse suppliers is another tangible way that TD supports local economies.	<ul style="list-style-type: none"> » Supply Chain



Taking the Fear Out of Finance

Headlines in 2012 continued to sound the alarm over record levels of household debt across North America. Concerns were also raised that many people are saving too little and are unprepared to support their lifestyles in retirement.

What's behind this unfortunate state of personal finances? Inadequate financial literacy – the knowledge, skills and confidence to make responsible financial decisions – has been identified as a key cause. [Studies](#) consistently reveal that one in two people don't have a budget, don't know where their money is going and don't understand even basic financial topics, such as inflation, compound interest and the terms of their mortgage. Many North Americans have never been taught basic financial literacy skills.

Why financial literacy matters

Sound money management has become increasingly important – and complex – in the 21st-century economy. There are many more financial decisions to make, temptations to spend and financial products to consider, from sophisticated mortgage options to a myriad of retirement investments. People who lack financial understanding are more vulnerable to adverse financial outcomes.

As a result, experts agree that everyone now needs basic financial literacy. For those on the margins, the need is even greater.

"I didn't know much about how to handle my money," explains Maria, a 24-year-old single mother of three young children living in the Jane-Finch suburb of Toronto, Canada. She is acutely familiar with the constant stress of trying to make ends meet, pay down debt and prevent the deepening of poverty.

"The challenges I faced were to get enough money to pay the rent, to buy the groceries, to buy some of the things that my children really like."

Life-altering impacts

Maria's situation started to change after she attended a series of free, customized money management workshops developed by United Way Toronto. The lessons she learned helped take the fear out of finance, and soon Maria began balancing her budget and even saving for her children's education. Today she feels in control over her financial life – and future.



Helping disadvantaged individuals and families gain that control is behind United Way Toronto's recently created Financial Literacy Strategy. It focuses on building money-savvy people who can make informed decisions, build their savings and assets, and make the transition to financial stability.

THE STATE OF OUR FINANCES	
<p>42%</p> <p>of U.S. adults give themselves a grade of C, D or F on their knowledge of personal finance.*</p>	<p>< 5%</p> <p>of household income in Canada is put into savings, compared to 20% thirty years ago.**</p>
<p>31%</p> <p>of Americans say that credit card debt keeps them from reaching their financial goals.***</p>	<p>\$1.63</p> <p>The average debt that Canadians had in 2012 for every \$1 earned after taxes – a record high.**</p>

* National Foundation for Credit Counselling, 2012 Consumer Financial Literacy Survey

** Statistics Canada

*** Nationwide survey by LearnVest and Chase Blueprint, 2012

“There is substantial, if not extensive, evidence that financial literacy can make an important contribution to the well-being of vulnerable groups.... Even when factors outside of individual control shape certain life chances, financial literacy programs can help reduce risks associated with key financial choices and life events.”

The Case for Financial Literacy, Canadian Centre for Financial Literacy, November 2012

Through workshops and other tactics, United Way agencies are breaking down a significant barrier for vulnerable groups: access to unbiased financial information and guidance relevant to their life context.

TD understands the value of financial education and has invested \$1 million over five years to help United Way Toronto pilot this important initiative and then share findings across the country. Our employees also believe in the cause: Many volunteer their time each month to deliver the workshops and have seen first-hand the life-altering outcomes of helping people acquire solid financial skills.

Why does TD care?

Money mismanagement has widespread consequences, affecting not only individuals and their families, but also society as a whole. Economists have noted the link between financial literacy, national competitiveness and overall economic stability.

As a major financial institution, TD has the responsibility, the resources and the opportunity to promote responsible attitudes toward money and help people understand how financial literacy can benefit them. While individuals are ultimately responsible for making their own choices, we believe businesses like ours must help educate consumers so they are empowered to make good financial decisions.

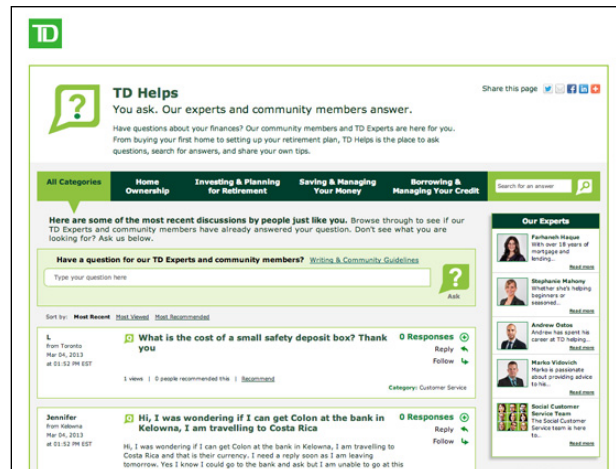
TD has long supported and promoted financial education, and we have recently stepped up our efforts in response to the growing need.


Educating our customers

Financial products carry many benefits when used properly. They can lead to a healthy financial future. But some products carry risks and consequences if not managed responsibly.

As the world becomes more concerned about issues such as escalating personal debt, some commentators have said that banks are as much the problem as the solution for financial literacy. At TD, we train our employees to offer products responsibly and to take sufficient time to explain them to customers, including any risks involved, so they can make the best financial choices for themselves.

Investing in our customers’ financial literacy is a win-win. They can make smart decisions about their money; in turn, TD benefits from having more satisfied, successful customers.



 **Why is financial literacy a priority for TD?**

We have developed a variety of resources, tools and services to help customers of all ages and income levels better navigate the financial marketplace. In July 2012, for example, we launched an interactive “ask and answer” social media community called TD Helps. It’s a free service for both Canadian customers and non-customers alike, where they can submit questions about home financing, investing and planning for retirement, saving and managing money, plus borrowing and managing credit.

Dedicated TD experts and fellow community members provide personalized responses to each question within 24 hours. In its first four months of operation, the service provided advice to more than 1,400 people and had over 115,000 unique visitors. Feedback about TD Helps has been very positive, and in 2013 we will expand the service to the U.S.

Across our footprint, TD offers hundreds of free seminars each year on topics such as buying a home and making investments. In 2012, we delivered 126 small business workshops in the U.S., with 2,879 small business owners gaining knowledge about cash flow analysis, business planning and more.

We have also taken significant steps to make our product materials and website information easier to understand, recognizing that the complexity of information itself can be an obstacle to financial literacy. In the U.S. last year, we introduced a simple, easy-to-read, one-page description of checking fees, based on a recommendation by the [Pew Charitable Trusts](#). TD Bank was the second major bank in the U.S. to adopt this approach. We know, however, there is more we need to do in this area.

Many TD employees are ambassadors for financial education in their neighborhoods. Over 2,300 TD volunteers globally taught money skills in classrooms and community centres last year, including our own financial education curriculum, the TD Bank WOW!Zone. The program was pioneered in 1990 to teach American students in Grades K–12 about building good financial habits early in life. Trained TD volunteers present free workshops in classrooms, with additional learning resources available [online](#) for kids, parents and educators. In 2012, we celebrated the one-millionth student taught through the program.

TD employees also volunteer through numerous external programs like Economics for Success and Dollars with Sense (Junior Achievement), Money Matters (ABC Life Literacy Canada), Number Partners (National Number Partners in the U.K.) and Dollars & Sense: Guidance for Aboriginal Youth (Aboriginal Financial Officers Association of Canada).

“To be a part of your community, you have to be active in it,” says Tim Houck, Senior Manager, Small Business Banking, and Money Matters volunteer from Halifax, Nova Scotia. “Through my volunteer experience, I have met people that haven’t had the same opportunities as others and find they are held back due to their lack of financial understanding – but they are eager to learn and work towards a better future.”

 **TD Economics Report: Financial Literacy (PDF)**

Additionally, TD is committed to thought leadership in financial literacy. TD Economics, for instance, has published special research reports on the topic, including one last year on financial literacy opportunities and challenges in the U.S. We also participate in conferences that foster dialogue and fresh approaches. Our sponsorship of the Assets Learning Conference in Washington, D.C., in 2012 is a recent example. The event brought together over 1,300 government leaders, service providers and other pioneers in the field to discuss the best ways to achieve economic opportunity for America’s low-income families, including strategies for addressing debt and saving for the future.

A part of the solution

As the world of personal finance becomes more sophisticated and individuals have greater responsibility for their financial planning, the need for money skills will only increase.

Financial illiteracy is a serious, complex issue with many challenges. But it is one that can be overcome. Through long-term commitment, sustained investment and collaboration with many community, government and education partners, TD and its employees are working hard to be part of the solution.



In classrooms and communities

Raising financial literacy levels is also a priority in TD’s community giving. We focus our investments on helping youth through classroom programs and assisting at-risk, underserved individuals and their families. In 2012 alone, TD contributed \$1.8 million to organizations across North America and the U.K. that are working to build financial proficiency.

.....

1 million

American students have learned valuable money skills since 1990 through the TD Bank WOW!Zone financial education program.

.....

2,300

TD volunteers taught money skills in classrooms and community centres in 2012.

.....

TD Forests: Embedding the Environment in Our Business

Becoming the first North-American-based bank to go carbon neutral in 2010 was a major achievement for us, almost like winning Olympic gold, an Oscar or, dare we say, the Stanley Cup. It showed that we were serious about being environmental leaders in the financial industry. But it did leave a bit of a quandary that perhaps all athletes or movie stars feel the morning after a big win: “Now what?”



To get a better sense of what our customers expected of TD and how they viewed environmental issues, we completed extensive market research. The results were surprising:

- Despite concerns over economic hardship and uncertainty, the environment was identified as a top issue of long-term concern.
- When we asked about specific areas of concern, more than 90% responded that protection of forest habitat was vitally important.
- When we asked our customers how we could best improve our environmental performance, they responded overwhelmingly with a single request – “less paper.”

Based on this feedback we set about designing a program – and so [TD Forests](#) was born.

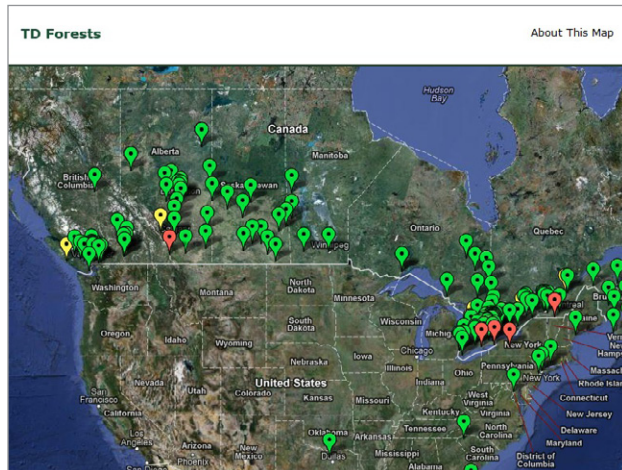
What is TD Forests?

TD Forests is the first program we have developed that explicitly seeks to embed an environmental perspective across all aspects of our business. We aim to:

- Reduce the environmental impact of our business operations;
- Support responsible resource development through industries that we finance;
- Develop green product options for our customers; and
- Engage our employees and communities to provide measurable environmental benefit.

Launched in 2012, the program has two simple components:

- 1) Reduce the total amount of paper that we use and ensure that the paper that we purchase comes from sustainably managed forests.
- 2) Grow the area of protected natural forest ecosystems across North America.



Reducing paper

Each and every year we use about 14,000 tonnes of paper.

Our commitment to paper reduction means:

- Reducing all types of paper that we use, including office paper, commercial print, business forms and paper we send to our customers;
- Increasing the recycled content of our paper; and
- Ensuring that the paper we do use comes from certified sustainably managed forests.



GOAL:
20%
reduction

in TD's paper usage by 2015
(relative to a 2010 baseline)

Explore the TD Forests Interactive Map to view tree planting and conservation projects across North America.

Reducing our dependency on paper-based information means changing our business processes. Some of the ways that we are doing this are:

- Providing incentives for business managers by developing a costing model that puts a price on paper and the cost of paper management;
- Expediting projects that have the potential to reduce paper demand, such as printer consolidation, print on demand, e-reporting and digitization of business processes;
- Creating opportunities for knowledge exchange among our businesses;
- Enhancing our online statement and other e-banking services; and
- Engaging our employees to identify ways to reduce paper use, to change behaviours and to measure the impact of that change.

But let's face it, despite these actions, we will continue to use a lot of paper. That is why it is equally important to educate our suppliers and employees on best practices in sustainable forest management.

Modern forestry techniques incorporate practices to ensure that managed forests are replanted to provide a renewable and sustainable natural resource. Programs such as the [Forest Stewardship Council \(FSC\)](#) and the [Sustainable Forestry Initiative \(SFI\)](#) provide certifications of sustainable forest management. Through TD Forests, we encourage the use of sustainably produced forest products and, through partnerships with groups such as the Ontario Forestry Association, we provide educational opportunities.

Growing the area of protected natural forest ecosystems

Forests form the backdrop to our lives. They play a crucial role in filtering the air we breathe, moderating temperatures and improving our water quality. Forests are also home to one-third of North America’s plant and animal species, many of which are threatened.

These resources, so often taken for granted, are increasingly under threat. Much of our accessible natural forest ecosystems have been lost through urban and agricultural development.

TD has been involved in forest stewardship and education for more than 20 years through the TD Friends of the Environment Foundation. TD Forests builds on this legacy and expands it to include our employees, business operations and community initiatives together under one canopy. We’ve made a \$13 million commitment over the next five years to:

- Increase the area of protected forest habitat;
- Increase urban tree cover; and
- Raise awareness of the value and benefits of forest ecosystems.



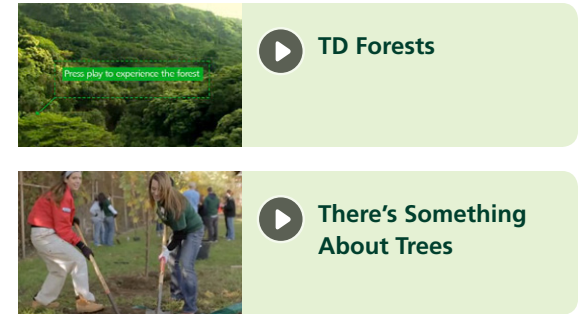
We’re working with the [Nature Conservancy of Canada](#) (NCC) and [The Nature Conservancy](#) (TNC) in the U.S. to protect an area equivalent to 2.5 football fields of natural forest ecosystem each and every day for the next five years. By protecting forest ecosystems, we’re helping to protect not only trees but everything in between.

In 2012, year one of the TD Forests initiative, we announced five valuable properties representing 487 hectares of forest across North America that are now protected through our partnerships with NCC and TNC.

Since 1990, TD Friends of the Environment Foundation has supported more than 20,000 local environmental projects, many associated with forest conservation, biodiversity and education. And in 2012, the City Parks Foundation recognized TD for our continuing support of their environmental education programs in New York City.

[TD Tree Days](#) is our centrepiece employee volunteer program. In 2012, approximately 3,600 TD employees along with other volunteers planted more than 40,000 trees in 138 communities across Canada, the U.S., the U.K. and Luxembourg. TD works with experts such as [Tree Canada](#) and the U.S.-based [Alliance for Community Trees](#), as well as community conservation groups to plan the initiatives, ensuring that the trees selected are indigenous to the areas where they’re planted and suited to the conditions of specific locations.

TD Tree Days encourages volunteers of all ages to get involved.



.....

40,000
trees

planted in 138 urban and rural communities during the 2012 TD Tree Days campaign.

.....

475+
organizations

received TD Green Streets grants in 2012 to help green their communities through tree planting, inventory, maintenance and educational activities.

.....



Building Diversity Into TD's Cultural DNA

Global interconnections. Changing demographics. Acceptance of difference.

This is the world where we operate. In this environment, diversity isn't simply a good thing; for TD it's a business imperative and a material issue. It's how we can make all our customers feel welcome and valued; attract and retain top employees from the widest possible talent pool; and gain a richer range of experience, thinking and ideas to strengthen our business now and in the future.

Our diversity initiatives are interconnected: They focus on our employees, our customers and the communities we serve.

Diversity isn't about checking boxes and meeting quotas. No one wants to be a token representative – and in a performance culture like ours, no one should be. We aim to be inclusive, to create a workplace where all employees are hired and promoted on merit, where they feel comfortable being their authentic selves and where they have equal opportunities to fulfill their potential.

We want to create an environment where customers, too, feel comfortable and valued for who they are. Through sponsorships, contributions and participation in diverse communities, we demonstrate our commitment to inclusion and celebrating difference.

How are we doing?

A lot has changed in the last seven years. In the TD 2012 Canadian employment equity survey, more visible minorities, people with disabilities and Aboriginal Peoples participated and self-identified than ever before. While we still have a long way to go, it's clear that employees feel more comfortable sharing their identity. It confirms that diversity and inclusion are a growing part of TD's cultural DNA.





How did we get here?

Through open and unremitting commitment from the top. A governance structure that permeates every aspect of the company. Engagement in diversity has spread from the executive level to our grassroots. The six-member Diversity Leadership Council set up in 2005 has since grown to a 300+ strong network of enthusiastic, active subcommittees and regional councils.

+ Diversity Governance

Across North America, 545 employees help run 44 committees or networks supporting our six areas of focus. These networks allow employees to share information; learn about business, community and volunteer activities; and build valuable contacts. Every year we host over 140 networking events from Black History Month employee receptions and Chinese New Year employee celebrations to Women's Day events and Access Awareness forums.

TD FOCUSES ON SIX DIVERSITY AREAS:

- Women in Leadership
- (Visible) Minorities Leadership
- Lesbian, Gay, Bisexual, Transgender & Allies (LGBTQA)
- People with Disabilities
- Aboriginal Peoples in Canada
- Serving Diverse Communities

Dialogue makes a difference

Diversity is very much a topic of conversation at TD today. Our Diversity website is one of the most visited sites on our intranet. Even more telling is the dialogue's transparency. On our internal social media platform, Connections, employees create communities and share personal stories, tips and insights into where and how barriers still exist. Topics range from LGBT coming-out experiences to the challenges faced by new immigrants.

More than words: Actions

Real change happens when it becomes "the way we do things." Today diversity is increasingly part of TD's infrastructure – from Human Resources strategies and programs to marketing policies and initiatives to community support. Some examples:

- In 2012, 595 employees in Canada and the U.S. participated in personal and group mentoring related to their diverse needs.
- Diversity training is now part of management and leadership development programs.
- In 2013, as part of its Healthcare Benefits, TD Bank will be absorbing a U.S. federal tax penalty currently imposed on employees for the employer contribution to health-care benefits for same-sex partners.
- Sponsorships of conferences and recruiting fairs held by and for diverse groups including the Aboriginal Human Resources Council in Canada; the Ascend Canada Conference to promote networking and training for Asians; the Out for Undergraduate Business Conference (OUBC) in the U.S.; the U.S. National Black MBA Association; the National Society of Hispanic MBAs; and RecruitMilitary, the largest military-to-civilian recruiting firm in the U.S.



▶ Being Myself at Work

- TD's Assistive Technologies team deployed 553 technology solutions to enable employees with disabilities to do their jobs.
- We hosted our 500th Career Edge intern in Canada. The program offers internships to new graduates, internationally qualified professionals seeking a first job in Canada and graduates with disabilities.
- TD Economics continued to publish reports on diversity issues such as [Debunking Myths Surrounding Canada's Aboriginal Population \(PDF\)](#).
- We were the first major Canadian bank to add its voice to the [It Gets Better campaign](#) in 2012 and the only one whose CEO speaks frankly about the issue of bullying and homophobia.

Where do we go from here?

Bharat Masrani, Chair of TD's Diversity Leadership Council, wants to "make our diversity commitment even more real every day for employees and our customers."

We know it will take continuous effort to truly embed diversity and inclusion into our DNA. We also know that parts of the bank are not as far ahead as others and that there are many types of diversity we have not yet focused on. But our hope is that our commitment and the employee momentum building behind our efforts will help take us to the ultimate goal of being an organization where a diversity function is no longer needed.

An interview with **Clint Davis**, Vice President Aboriginal Affairs



Clint Davis joined TD in 2012 to help the bank's efforts to attract Aboriginal business. He is an Inuk from Nunatsiavut, Labrador, and before joining the bank was president and CEO of the Canadian Council for Aboriginal Business. We asked Clint for his thoughts on Aboriginal relationships with the financial services industry.

Q. TD has admitted that, like other banks, it is often a challenge to recruit employees from Aboriginal communities. Why is this?

A. I think this is changing, but behind the issue is the fact that many Aboriginal people think a bank is all about finance and numbers and are not aware of the breadth of opportunities available. In their post-secondary education Aboriginal people tend to gravitate towards the arts, law and social sciences and they don't automatically see a fit between those choices and banking. The fact that there are currently very few bankers in Aboriginal communities also means that young people don't have many role models who can show that banking can be a valid career choice.

Q. What can banks do to change that?

A. It will take time but banks can do more to demystify their business through one-on-one connections and mentorships with students in high school and in the early years of post-secondary education. Aboriginal people tend to be drawn to companies that are committed to working with their communities. So it's important for banks to continue to develop products and services that can help Aboriginal businesses and communities thrive.

Q. What are your early perceptions of what TD is doing on the diversity front?

A. My first impression is that it has provided and continues to provide a wonderful environment for its people. I also know that it takes a multi-faceted approach to diversity by involving not just employees but customers, communities and businesses. Because there are so many senior executives actively involved in its diversity initiatives – and several Aboriginal people on its senior management team – it sends a strong message that TD takes diversity seriously.

2012 AWARDS



TD named Best Diversity Employer by Mediacorp.

TD named Best Employer for New Canadians by Mediacorp.

TD named One of Diversity Inc.'s top 25 Notable Companies in U.S.

Women in Leadership Awards



Colleen Johnston and **Linda Verba**: the 25 most powerful women in Banking (U.S. Banker)

Colleen Johnston: Canadian CFO of the year


Jane Russell: the PEAK Women in Finance Award

Carol Osler: Canadian Security Director of the Year 2012 (*Canadian Security Magazine*) and Professional Leadership Award Recipient for LGBT (Deloitte/Out On Bay Street)

Kerry Peacock: WXN – Canada's Top 100 Award Recipient

How We Operate



 **How is TD responding to the loss of trust in banking?**

Corporate Governance

The Board is responsible for setting “the tone at the top” for a culture of integrity and compliance throughout the bank.

TD's Board of Directors: (information as of October 31, 2012)		
Number of independent Board members		14
Board and Chair are separate		Yes
Committees of the Board and number of meetings (for the 12-month period ending October 31, 2012)	Full Board	12
	Corporate Governance Committee	6
	Risk Committee	9
	Audit Committee	10
	Human Resources Committee	6
Board Diversity		
% of female Directors		33.3%
% of visible minority Directors		6.6%
% of independent Directors		Over 93%

 **TD's 2013 Proxy Circular**

Board Evaluations

The Board annually evaluates the effectiveness of the Board and its Chairman, its Committees and their Chairs, individual Directors and the CEO. The Corporate Governance Committee, working with an independent consultant, facilitates the annual feedback process. The Board's approach to the feedback process is meant to be constructive and to ensure the right programs are in place for continuously improving Directors' skills and Board functioning and effectiveness.

Recruitment

An overview of the process for recruiting new Directors, as well as competencies the Board considers most relevant to fulfill its many responsibilities can be found [on our website](#).

Compensation

Full details on Director compensation can be found on page 12 of TD's 2013 Proxy Circular. As of December 2001, the bank stopped issuing stock options to non-employee Directors as part of their Director compensation.

2012 Performance Highlights

At the Annual General Meeting in March 2012, we appointed one new female Director to the Board.

Board Committee activities also included:

- A comprehensive review of the Executive Compensation Plan.
- A review of compensation for front line employees in Canada and the United States.
- Through discussions with the TD Ombudsman reviewed progress made by retail business leaders in the development of initiatives to take the bank to “best in class” complaint resolution.

- Oversaw the effectiveness of the bank's internal controls.
- Engaged in the setting goals and priorities for compliance and anti-money laundering.
- A review and approval of TD's enterprise risk and risk appetite framework, which continue to enhance TD's risk culture.

2012 AWARDS

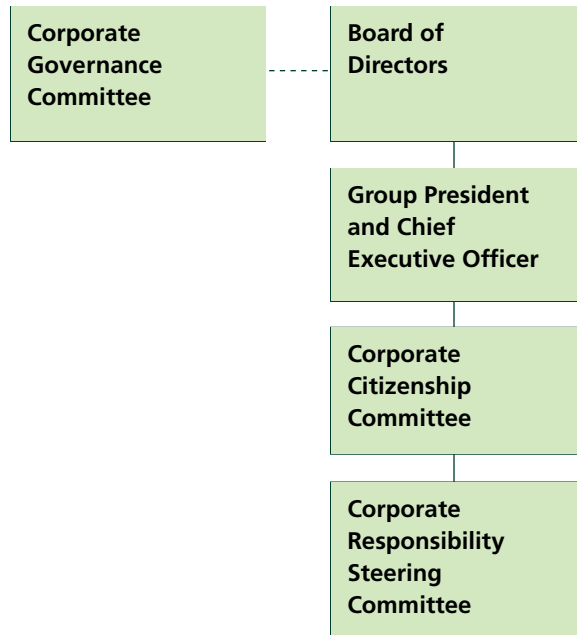


TD placed in the top five in the Board Games 2012, Canadian corporate governance rankings published by *The Globe and Mail*.

TD placed in the top 10 for female representation on Canadian boards by *Corporate Knights*.

Corporate Responsibility Governance

Corporate responsibility is a key part of TD’s strategy and is managed within a framework of internal control, governance and risk-management processes.



Ethics and compliance

We are committed to creating a safe and secure environment for our employees and customers, protecting the security of our customers’ information and doing our part to help ensure that TD’s banking system is not used for illegal purposes. We maintain and regularly update our global systems and controls to meet legal and regulatory requirements and address new threats as they emerge.

Our employees are required to comply with a range of laws and regulations as well as internal policies, standards and guidelines, including those that cover:

1. Our Code of Conduct and Ethics;
2. Privacy compliance;
3. Anti-money laundering and anti-terrorist financing;
4. Anti-bribery and anti-corruption; and
5. Security and fraud protection.


Code of Conduct and Ethics

The Code provides a framework for how we interact with one another, our shareholders, customers, communities, suppliers and competitors. Employees understand clearly that any irregular business conduct, including bribery, corruption or insider trading, will not be tolerated. The document provides examples to illustrate acceptable and unacceptable behaviour.

The Code is reviewed annually and published in English and French. It applies to TD employees and Directors, who must attest annually that they understand the Code and comply with its provisions. A version of the Code applies to contract workers in North America. In 2012 we updated the Code to assist in promoting ethical behaviour and enhancing TD’s culture of integrity by:

- Increasing awareness and providing clarity about conduct that may result in criminal offences in addition to violating the Code;



 **How does TD guard against high-risk practices and unethical decisions?**

- Promoting accountability with respect to conflicts of interest and clarifying how conflicts are addressed at TD; and
- Reinforcing the global sanctions policy and TD’s obligation to restrict or prohibit activities with sanctioned entities.

 [Code of Conduct and Ethics \(PDF\)](#)

 [Whistleblower Hotline](#)

Privacy

TD’s Global Privacy Program includes policies, procedures, standards and guidelines to help protect the privacy of our customers’ personal information and mitigate privacy risk. The program complies with applicable laws and regulations governing privacy. Robust governance and oversight promote an organizational culture that respects privacy. The privacy department is led by the Global Chief Privacy Officer, who reports to TD’s Chief Compliance Officer. Local Privacy Offices are responsible for the jurisdictions where we operate.

 [Our Privacy Commitments](#)

Privacy and security web pages in [Canada](#) and the [U.S.](#) help customers understand how TD protects their personal information and how they can identify and protect themselves against fraud risks. As customers log on to conduct online banking they are given reminders and tips on how to protect against fraud.



Social Media Compliance

In 2012, we created a Social Media Compliance team. It is responsible for staying abreast of social media developments and taking proactive measures to help ensure that we interact with customers in an appropriate manner.

Anti-Money Laundering/Anti-Terrorism/Anti-Bribery

On an ongoing basis, we are required to monitor customer accounts and activity to ensure they are in keeping with compliance, regulatory and legal requirements, as well as our risk policies. These requirements include government sanctions against certain countries.

+ Anti-Bribery, Anti-Corruption Policy Summary (PDF)

Security and Fraud Protection

Our dedicated global security and fraud-management professionals develop and oversee security standards to protect our retail premises, systems and customer information against unauthorized access and use.

Among the challenges TD and the rest of the industry face are increasingly sophisticated cyber threats. Cyber criminals use a variety of malicious tools and techniques, including phishing and distributed denial of service attacks to defraud banks and their customers, steal data and damage the banks' reputations. TD takes a vigilant, proactive, multi-layered approach to reducing the risk of cyber and other threats to the bank and our customers. This includes continuous adaptation of our security efforts that relate to threat intelligence and analytics, defensive controls, customer education and incident response. In the unlikely event customers should experience a loss from an [EasyWeb](#) or [WebBroker](#) transaction they did not authorize, they would receive 100% reimbursement.

+ Online Security Guarantee

TD Visa cardholders can now register their TD Visa cards for the new TD Visa Mobile Alerts Service. This service allows TD Visa cardholders to keep tabs on their purchases through near real-time alerts sent by Visa Canada to a mobile device or e-mail when transactions are made.

Compliance Training

Employees complete compliance courses on various topics related to consumer protection and responsible business conduct where successful completion is mandated and monitored. In 2012, we enhanced the enterprise anti-money laundering (AML) awareness and sanctions training. We also introduced specialized AML training in higher-risk areas of the bank, along with separate anti-bribery/corruption training for all areas.



Phishing: Helping customers protect against fraud

TD employees spent over

1 million hours

completing compliance training in 2012.

2012 Challenges

- In March of 2012 an unencrypted backup data tape was misplaced during transport containing the account information and social security numbers of 260,000 U.S. customers and 1,000 Canadian customers. TD took action to contact all affected customers, apologizing for the inconvenience caused and offering credit monitoring and identity theft protection. TD has enhanced its protocols to protect against this event happening in the future.
- In 2012, in keeping with applicable regulations, we contacted a small pool of customers whose address and/or transactions appeared to contravene Canadian government sanctions against Iran. In some cases, it was necessary for us to close accounts. While we are confident we correctly applied the sanctions, we acknowledge that the account closures caused distress in the Iranian-Canadian community. We have listened to feedback from customers and community representatives and have taken steps to improve how we communicate in similar situations going forward.

Be Customer-Focused



Key Links

- » TD Helps
- » TD Canada Trust
- » TD Bank, America's Most Convenient Bank
- » Resolving Your Problems
- » Codes of Conduct and Public Commitments

CORPORATE RESPONSIBILITY PRIORITIES:

- To treat customers fairly, and provide support in tough times
- To be the Bank of Choice for diverse communities

TD Canada Trust named Highest in Customer Satisfaction

among the Big Five Retail Banks for the seventh year in a row.¹

TD Bank, America's Most Convenient Bank,[®] grows branch network

opening its 1,300th store; U.S. Personal and Commercial Banking has the 11th largest branch network in the U.S.

TD Helps supports 43,000 Canadians

offering financing options to help individuals regain control of their finances.

¹TD Canada Trust ranks "Highest in customer satisfaction among the Big Five Retail Banks" in a study that looked at seven major drivers of customer satisfaction. ING Direct Canada received the highest numerical score among the mid-size retail banks in the proprietary J.D. Power and Associates 2012 Canadian Retail Banking Customer Satisfaction StudySM. Study based on 11,764 total responses. Proprietary study results are based on experiences and perceptions of consumers, and fielding was completed in two waves between February and May 2012. Visit jdpower.com

2012 Scorecard

○ Did not meet ● Made progress ● Fully achieved » More detail

Material Topic	Goal	2012 Target	Rating	Comments
Customer Experience	Improve Customer Experience Index (CEI) and Customer WOW! Index (CWI) scores.	CEI: TD Canada Trust = 34.6 (target 35.1)	○	<ul style="list-style-type: none"> While slightly below target, the CEI scores for TD Canada Trust increased from 33.4 in 2011. 2013 Targets: <ul style="list-style-type: none"> TD Canada Trust – 35.4; TD Bank – 40.0; TD Wealth – 20.2; TD Insurance – 21.0 »
		CWI: TD Bank = 39.1 (target 33.7)	●	
		CEI: TD Wealth = 17.5 (target 16)	●	
		CEI: TD Insurance = 17.2 (target 11)	●	
	Resolve customer complaints fairly and quickly.	<ul style="list-style-type: none"> Reduce the time to resolve customer complaints (TD Canada Trust) 	○	<ul style="list-style-type: none"> Complaint handling time reduced by 1 day.
		<ul style="list-style-type: none"> Reduce number of escalated complaints referred to ADR Chambers Banking Ombuds Office (Canada). 	●	<ul style="list-style-type: none"> 13% reduction achieved.
<ul style="list-style-type: none"> Resolve 80% of escalated customer complaints coming into the Chairman's Service Centre within three days (U.S.). 		●	<ul style="list-style-type: none"> 99% resolution achieved. » 	
Economic Uncertainty	Support Canadian customers through TD Helps.	<ul style="list-style-type: none"> Continue to provide financing options to support Canadian customers facing tough times. 	●	<ul style="list-style-type: none"> 43,467 customers were granted TD Helps financing options. »
Access to Banking	Improve the accessibility of our customer-facing locations and the products and services we offer.	<ul style="list-style-type: none"> Provide free interpreting assistance for over 200 languages to non-English-speaking customers. 	●	<ul style="list-style-type: none"> Interpretation program piloted across Canada.
		<ul style="list-style-type: none"> Continue to enhance service for customers with disabilities. 	○	<ul style="list-style-type: none"> New training for employees on "Supporting Customers with Disabilities." »
Diversity & Inclusion	Be recognized as the bank of choice by diverse communities.	<ul style="list-style-type: none"> Maintain leadership position as the bank of choice for new immigrant, South Asian, Chinese, black and LGBT communities. 	●	<ul style="list-style-type: none"> According to latest research studies, TD is positioned as a leader in many diverse communities.
Financial Literacy	Improve access to clear product information.	<ul style="list-style-type: none"> Launch TD Helps – an online platform to provide answers from financial experts. Provide free seminars on money management topics. Simplify product information. 	○	<ul style="list-style-type: none"> Launch completed with high engagement. Service will be expanded to the U.S. in 2013. TD provided hundreds of free seminars and workshops in 2012. We introduced an easy-to-read, one-page description of checking fees in the U.S. »

2012 Business Highlights
<ul style="list-style-type: none"> Continued leadership on customer service. We opened 65 new retail locations across North America. The TD Mobile app is used by over one million customers. Acquisition of MBNA credit card business in Canada. Planned acquisition of Target credit card business in U.S. (2013).
2012 Challenges
<ul style="list-style-type: none"> » Continued impacts of economic conditions on customers and businesses. » Operating in a low-interest-rate environment. » Implementation of Iran sanctions.
2012 Context
<p>Consumer trust in the global financial services industry in many parts of the world continues to be low. The key consumer concerns are pricing and operating ethics, very likely driven by global news on the banking industry. While TD is one of the most respected banks, we remain very conscious that we must strive to earn our customers' respect every day.</p> <p>+ Globescan Survey (PDF)</p>



Service and convenience

Our business is primarily “old-fashioned” banking: activities that help people save, invest and buy homes and cars and that help businesses raise money, make acquisitions and grow. To fulfill TD’s promise of a legendary customer experience we strive to exceed customers’ expectations in service and convenience.

Why legendary?

We aim for legendary service because we know that while banking products can be similar, it’s what happens every time a customer interacts with us that can make us stand out. Putting customers first is at the top of our Guiding Principles. It influences decisions from the products we create and how we market them to the credit and investment advice we give and the way we resolve problems.

+ Guiding Principles

TD is honoured to be the only bank ever to have been named the top in customer satisfaction by the J.D. Power and Associates Canadian Retail Banking Customer Satisfaction Study in CanadaSM, a ranking we’ve held for each of the last seven years. We have also led Ipsos (formerly Synovate) customer service excellence rankings for financial institutions in Canada in each of the last eight years.

We are continually working to identify more ways to make our services simpler and more convenient for our customers. In 2012, we introduced instant text messaging to send the TD mobile banking app directly to a customer’s phone, making installation easier. We are also providing more training and coaching to ensure our employees understand and feel empowered to deliver the service standards we promise our customers.

+ TD Mobile App



Customers can download the TD app directly from a QR code.

Complaint Resolution:

What happens when we don’t get it right?

When problems arise, we strive to respond quickly and solve them by doing the right thing for our customers. In spring 2012 we introduced First Point of Contact training in Canada to increase employee skills in working with customers to understand and resolve their problems. Employees are trained to listen, be empathetic, apologize when mistakes are made and work with the customer to develop an appropriate solution.

+ Problem Resolution Process

In the U.S., we introduced One and Done! which empowers our employees to resolve an issue for a customer without the need to request approval from their management team. We also strive to understand the origins of complaints so we can address the root causes and prevent a recurrence. Escalated complaints are managed by the Chairman’s Service Centre, which seeks to resolve 80% of complaints within three business days.

When complaints are not resolved, customers have the option of contacting the internal TD Office of the Ombudsman in Canada or the Problem Resolution Committee in the U.S. These offices act as independent intermediaries, striving to come to a resolution that is timely, fair and reasonable to both the customer and the bank.

+ Ombudsman Office

2012 Performance

Canada: The number of complaints handled by our Customer Problem Resolution Process in Canada (for TD Canada Trust) saw an increase of 1.3% over 2011. The most common complaints relating to our branches remain unchanged from previous years and include service levels and service delays, gaining access to funds and decline decisions on credit applications. During 2012, we made progress by reducing the time taken to resolve complaints by one day and we continue to make this a priority in 2013.

Complaint Resolution

	2012	2011	2010
Complaints investigated by TD Ombudsman	453	428	400
Complaints in which TD Ombudsman ruled in full or partial agreement with the customer or client.	235	210	194
Complaints referred to the Ombudsman for Banking Services and Investments (OBSI)/ADR Chambers Banking Ombuds Office (ADRBO).	167	191	254
Complaints investigated in which the OBSI/ADRBO recommendation differed from the TD Ombudsman.	23	27	59

The TD Ombudsman aims to conclude 90% of files within 90 days and, in 2012, achieved a resolution rate of 96%.

U.S.: In 2012, we saw a variety of customer concerns related to fees and pricing due to changes in the regulatory environment. The primary concerns were fees relating to deposit accounts, followed by service levels in our stores.

Complaint Resolution

	Target	2012	2011
Total number of complaints referred to the Chairman's Service Centre.	–	4,520	4,087
Percentage of service complaints resolved within three days.	80%	99%	97%

Helping customers in tough times

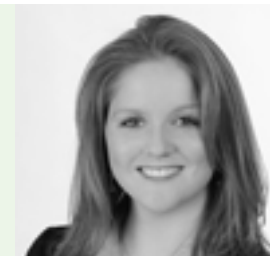
Financial challenges can strike customers at any time. They can be a result of economic turbulence, an illness or an unanticipated life event that dramatically reduces family income and makes it difficult to meet financial obligations. We believe that standing behind our customers in difficult times is one of the ways we can deliver legendary customer experiences.

In Canada, TD Helps has two components. One is a website designed to answer questions about financial products; the other is a program that encourages customers to talk to us so we can help get them back on track before it's too late.

- In 2012 TD Helps provided financing options to 43,467 customers, down from 46,235 in 2011. Since its introduction in 2009, the program has helped 159,106 customers in Canada. In 2012 we helped restructure \$164 million in loans, down from \$180 million in 2011.
- Our front-line employees are empowered to provide modest emergency funds where they see an immediate need such as a tank of gas, a bag of diapers or covering a prescription fee. These funds are not a loan and do not need to be repaid. In 2012, 4,589 customers received emergency TD Helps funds.

TD holds an inventory of loans in the U.S. that cannot be restructured to avoid the imminent foreclosure. In 2012, the U.S. Loss Mitigation team restructured US\$8 million of troubled assets, down from US\$11 million in 2011. In 2013, TD Bank will expand the loss mitigation treatments available to our customers to reach more homeowners, support homeowner retention and reduce foreclosures.

To facilitate cooperation and communication between banks and their customers, many states encourage or require in-person mediations before granting summary judgment to foreclose. During a recent mediation, one of our customers talked through his reservations about negotiating with such a large bank. Before getting started, we talked casually about his family, his job, his home and difficult lessons learned along the way. As the mediator entered the room, he said, "I wish we could talk to the bank like this." I said, "You did. And we hear you." For the next several hours, we partnered to make the best of one of the most personal challenges this man has experienced – face to face, person to person. It was the perfect reminder that no matter how large we grow, it's the loan that we service and the individual we connect with that matter.



Carissa O'Brien,
Litigation & Account
Remediation Manager,
TD Bank, U.S.

The challenge of operating in a low-interest environment

The continuation of very low interest rates creates several challenges. One is that customers with fixed-income investments have low returns relative to those typical of a higher-interest environment. We proactively talk to these customers to ensure they understand why their returns are low and advise them on options based on their risk profile and short- and long-term needs.

As a publicly traded company we compete for shareholders who provide the capital we need to invest for long-term future growth. We have to demonstrate that an investment in our bank will offer a competitive return. In a low-interest-rate environment, where the difference between lending and savings makes this challenging, we have to find new sources of growth.

At TD, we have diversified our income sources by acquiring new businesses. For example, in 2012 we entered into an agreement to become the exclusive issuer of Target-branded Visa and private-label credit cards to Target's U.S. customers.

Periodically we review our pricing to ensure it is competitive and reflects the value of the features and benefits we offer. Price increases are never welcomed by customers of any business, including banking. Our goal is to fairly balance what our customers want and what is right for our business. Sometimes that involves making tough choices. No decision with a potential negative effect on customers is ever undertaken lightly – we always conduct a thorough and thoughtful review to evaluate the impacts and reduce them where possible. When our pricing goes up, we make a point of explaining to our customers how they can reduce or even avoid the fees they pay. For chequing accounts this can include managing the number of monthly transactions and maintaining a recommended account balance, as well as subscribing to electronic statements. We also always remind customers that we're available to talk to them if they think there may be a better account that suits their needs.

Responsible sales and marketing

Our reputation and relationships with customers depend on helping to ensure that what we sell, how we sell and how we advise customers are transparent and right for them and offer value. By doing what's right for our customers, we also help limit the bank's financial risk.

In countries where we operate, TD meets or exceeds the laws and regulations requiring us to disclose basic information about the financial products and services we offer.

 [More on product design and responsible sales](#)

 [Codes of Conduct and Public Commitments](#)

 [2012 Performance](#)

Serving diverse needs

We ensure that sponsorships, marketing communications and advertising in Canada and the U.S. reflect our diverse customer base. And we offer multi-language information materials and services in branches and on the phone. A new service piloted in retail branches in Canada in 2012 provides free interpreting assistance in almost 200 languages to non-English-speaking customers. Branch customers point to their country of origin and preferred language on a Language Identification Card. A customer representative then connects the customer to an interpreter. A three-way conversation helps ensure full understanding of the customer's transaction needs and any advice offered.

Improving access to banking

We serve a broad diversity of customers across more than 2,500 communities in North America. It's fundamental to the extraordinary customer experience we want to provide to be inclusive, ensuring that all customers feel welcomed and have fair access to our facilities and services.

A variety of options makes it easier for seniors, students/youth and low-income customers to start and maintain a banking relationship with us.

In 2012 we introduced a simple, easy-to-read one-page description of checking fees as recommended by the Pew Charitable Trusts. TD Bank was the second large bank in the U.S. to adopt this approach.

 **Low-cost banking options**

 **Pew Charitable Trusts Report (PDF)**

Improving physical access

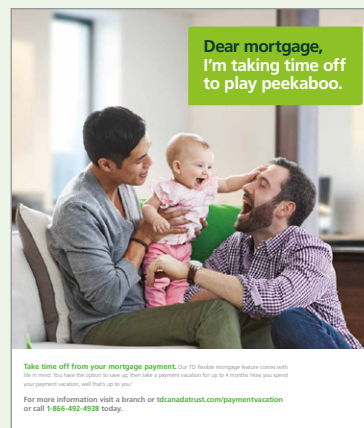
Addressing physical barriers through branch and ATM design and retrofits is only a first step in ensuring greater accessibility for customers with disabilities. We constantly work on technology solutions that enable better access to services at ATMs and through our phone and online channels.

We also educate employees about our accessibility services and about serving all customers, including those with disabilities.

- In Canada, 47,431 employees have taken a new course on Supporting Customers with Disabilities that we launched in October 2011.
- We're currently piloting video remote interpretation (VRI) in three Canadian branches. Through this service, hearing-impaired customers can conduct transactions in the branch using a pre-booked video link to a sign-language interpreter at the Canadian Hearing Society.
- TD continues to enhance a set of IT accessibility standards that are based on industry best practices and address topics such as software compatibility for screen readers, colour contrast in website design and the inclusion of sign-language and closed-captioning for video content. We train and educate our developer and testers when designing new applications, products and services used by our employees and customers.

"We commend these financial institutions for providing their checking account holders key information in a consumer-friendly way. We encourage other banks and credit unions to adopt our simple disclosure form to shield consumers from unexpected fees that are often hidden in over 100 pages of disclosure documents."

Susan Weinstock, Director of the Pew Charitable Trusts' Safe Checking in the Electronic Age Project.



An example of TD's inclusive marketing approach.

A bank where everyone feels welcomed

A transgendered customer came in to our branch to open a new account. She had tried unsuccessfully to open an account at another bank. As she hadn't yet completed her name and sex change, the other bank was not willing to open an account without the legal documents required. Being part of the LGBT community, I was able to identify with the feeling of being discriminated against for being different.

I explained that although we would have to open the account under her legal name, I would leave a message on her file indicating that she would like to be referred to as Miss XYZ. This message will pop up anytime we are dealing with her. I promised her that once she receives her legal documents I will change the information on her file to her new name and gender.

The customer was very appreciative. She said she heard that TD Canada Trust was a great bank when it comes to matters such as this but she was not expecting this kind of support.

Nicholas Habre, Commercial Credit Policy Manager, Toronto

Build an Extraordinary Workplace



Key Links

- » [TD Careers](#)
- » [A Diverse and Inclusive Workplace](#)
- » [Code of Conduct and Ethics for TD Employees and Directors \(PDF\)](#)
- » [Employee Profile \(PDF\)](#)

CORPORATE RESPONSIBILITY PRIORITIES:

- Build a fair, diverse and inclusive workplace that reflects the communities we serve
- Attract and retain great people and create opportunities for continued development



TD was selected as one of the Best Employers for New Canadians by Mediacorp.



TD was named one of Aon Hewitt Associates' 50 Best Employers in Canada for the fifth year in a row.

The Human Rights Campaign named TD Bank, America's Most Convenient Bank, among America's "Best Places to Work" for LGBT employees.

2012 Scorecard

○ Did not meet ○ Made progress ● Fully achieved » More detail

Material Topic	Goal	2012 Target	Rating	Comments
Diversity and Inclusion	Deliver a diverse and inclusive workplace that supports existing employees and attracts new employees.	• Expand mentoring and networking programs to diverse groups and their allies.	●	• Over 6,000 employees participate in networks. Over 140 networking events held in 2012. »
		• Continue to integrate diversity and inclusion focus into recruitment, resource planning, performance management and personal career management.	○	• Work is ongoing. 595 employees participated in personal or group mentoring related to their diverse needs.
		• Increase employee representation for each area of focus.	○	Slight increase in representation of visible minorities in leadership and Aboriginal Peoples. Slight decrease in women in leadership and people with disabilities. »
Employee Engagement	Employ a highly engaged workforce.	• Show continuous improvement in employee engagement score (EEI).	○	• 2012 EEI results declined slightly. We plan to redesign the survey in 2013. »
		• Provide diversity and inclusion training for all employees in North America.	●	• Over 37,237 employees have completed the course so far.
	Provide opportunities for development.	• Increase investment in training and development.	●	• \$82 million spent on training and development. 4% increase over 2011. »
	Enhance our global recruitment capabilities.	• Launch TD Opportunities – an online recruitment tool that includes all jobs for North America.	●	• Launch completed. We also continued to support the TRIEC Mentoring program and the Career Bridge and Career Edge programs. »

2012 Business Highlights

- Continued recognition for TD as a “Best Employer” in Canada.
- Recipient of several awards for TD’s work in diversity and inclusion in Canada and the U.S.
- Launch of medical options in U.S. giving employees more choice, lower-cost coverage and the option of spending accounts.
- Externally recognized as a leader in talent management and leadership development.
- All employees were given an extra day off in 2013.

2012 Challenges

- » Increased cost of living for employees.
- » Employee engagement results plateaued for the first time.

2012 Context

Changes in demographics (such as increased immigration and an aging population) continue to impact the workforce and the prospective labour market, which adds complexity to adapting to working styles, cultural norms and employee expectations.



We believe that to be engaging and stand out from our competitors, our workplace must be no less than extraordinary. By this we mean having a diverse population and a genuine culture of inclusion; being a place where employees are encouraged and supported to fulfill their potential, are valued for their unique contributions and feel they can make a difference.

Our people are, and always will be, one of our biggest competitive advantages. So it matters to us and to all our stakeholders that we work consistently to attract top talent and make our employees feel engaged. TD's leaders demonstrated their appreciation of employees by giving each one an extra vacation day in 2013.

» **Employee Engagement Results 2012**

Why Employee Engagement Matters: An Expert's View

Aon Hewitt is among the top international human capital and management consulting firms. We interviewed Neil Crawford, Aon Hewitt's leader of the Best Employers in Canada study, on the importance of employee engagement.



Neil Crawford, Aon Hewitt

What is employee engagement?

It's a measure of whether employees are both rationally and emotionally committed to the organization they work for. The key elements are:

Say: Do employees talk about their organization as a great place to work?

Stay: Are they committed to staying there?

Strive: Does their workplace motivate, inspire and enable them to do their best work every day?

Why does employee engagement matter?

The consensus of many studies is that organizations with high employee engagement have better customer service, higher productivity, lower absenteeism and better financial results, and their employees experience less job stress.

What are the key characteristics of an organization with high employee engagement?

It's about having the right blend of high-quality, effective leaders and managers who walk the talk and help employees be successful in their jobs; tools and processes that enable employees to be productive; and being a place where corporate values are actually lived – including diversity and inclusion and community involvement.

How challenging is it to increase employee engagement?

For most companies it takes a tremendous amount of concentrated effort to build and sustain high employee engagement. Senior leaders need to be open not just to listening to their employees but to acting on the feedback.

How is TD progressing?

TD has been on this journey for some time and has moved from moderate engagement to a strong, solid Best Employer level of employee engagement in the last few years with almost 80% of employees being considered fully engaged. The big challenge most financial institutions face is providing tools, systems and processes to help employees get their jobs done efficiently and effectively. TD has done a better job compared to most others in the financial sector.

A diverse and inclusive workforce

In 2012 we began a new three-year diversity plan that addresses specific gaps and needs identified through employee feedback.

- Employees have asked for more local leadership and visible role models, clarity on what it takes to advance within the organization and support to develop the necessary capabilities.
- Managers want more tools, training and cultural competence to prepare them for managing an increasingly diverse workforce.

How we are responding to these gaps and needs is described throughout this section and in the article "[Building Diversity Into TD's Cultural DNA.](#)"


We continue to look for ways to make our workplace more accessible for employees with disabilities, improving retention and overall hiring. While TD hired more Aboriginal Peoples in 2011, the increase is relatively small given TD's general growth in employee population. Due to the size of this designated group, which was 528 employees in 2011, small changes will have a great impact on the representational numbers.

2012 Highlights

- 150 TD executives, senior managers and diversity representatives in Canada attended a presentation by diversity, assessment, development and well-being specialist professor Binna Kandola on unconscious bias.
- In the U.S. we are testing two new assistive technologies for introduction in 2013. These will offer employees with fine motor challenges, limited use of their upper limbs and/or chronic pain new ways to navigate computer software and programs.
- By the end of 2012 all employees in Canada had participated in a Diversity and Inclusion e-learning program.

























 [2011 Employment Equity Report \(PDF\)](#)



 **What has been TD's biggest lesson about Diversity and Inclusion?**

"TD's commitment to diversity is not only the right thing, it's critical to achieving our mission to be a leading North American bank. Our success depends on reflecting the communities and cultures where we do business."

Ed Clark, President and CEO, TD Bank Group

Trends in Employment Equity at TD ^{1,2,3} (Canada) %		Labour Market Availability ⁴	2011	2010	2009
Women	Overall	57.89	63.38 	64.18 	65.60 
	Senior Management ⁵		34.46 	34.43 	33.13 
	Middle & Other Management ⁶		46.83 	46.57 	46.63 
Visible Minorities ⁷	Overall	21.29	27.49 	26.74 	26.14 
	Senior Management ⁵		9.14 	9.29 	8.59 
	Middle & Other Management ⁶		20.79 	19.61 	18.18 
Aboriginal Peoples ⁷	Overall	1.74	1.09 	1.068 	1.07 
	Senior Management ⁵		0.51	0.55	0.61
	Middle & Other Management ⁶		0.78	0.80	0.86
People With Disabilities ⁷	Overall	4.61	3.55 	3.68 ⁸ 	3.61 
	Senior Management ⁵		3.34	3.83	2.45
	Middle & Other Management ⁶		3.06	3.25	3.32

¹ Represents the amounts reported to the Canadian federal government as at December 31, 2011. Statistics for 2012 will be compiled and reported to the Canadian federal government by June 2013.

² Includes all Canadian businesses except TD General Insurance as this entity is provincially regulated.

³ Includes full-time and part-time employees.

⁴ 2008 Workforce Availability data is taken from the Labour Pool Availability based on the 2006 Census of Canada.

⁵ Senior Management includes TD job levels Vice President and above who have signing authority.

⁶ See glossary for definition of Middle and Other Management.

⁷ Data is voluntarily disclosed by employees.

⁸ Refer to challenges regarding self-identification and recruitment.

Talent acquisition

We aim to hire from the broadest possible talent pools. This allows us to represent the changing demographics in our markets and benefit from the innovation that comes from applying diverse experience and thinking to competitive challenges. Virtually all of our hiring is done within our significant areas of operation, and we strive to make our workforce reflect the communities we serve. We also recruit on a global basis as the market for top talent today is very competitive. TD supports a strong “promote from within” culture, with 70–80% of executive positions filled by internal candidates.

In the past year, our workforce population grew by 1,557 employees, which included 250 new jobs in Canada. In August 2012, TD made the decision to sell our U.S.-based business, TD Insurance Inc., to USI Insurance Services, which included 596 positions.

TD Careers

2012 Highlights

- We launched TD Opportunities, a new online recruitment tool that is consistent for internal and external candidates and includes jobs throughout our North American operations. We post all jobs, up to and including the vice president level in Canada.
- We also initiated our 1,000th mentoring relationship with TRIEC’s Mentoring Partnership Program, which matches internationally educated professionals who are new to Canada with employees for occupation-specific mentoring relationships
- Our Diversity Recruitment Council brings together talent acquisition and diversity professionals across all our businesses, and our employee networks also provide insights, contacts and ideas. We work with external partners to build awareness of TD as a diverse and inclusive employer.

In 2013 we will offer a tool kit for managers on hiring persons with disabilities. This is the first in a planned series aimed at supporting more hiring from diverse communities.







Retention

We strive to create a welcoming and engaging work environment where employees can develop to their potential and want to stay.



The Mentoring Partnership



















- Turnover rates for Canada saw a marginal increase across all categories.
- We can attribute the higher voluntary turnover in the U.S. to a few factors: After a prolonged period of economic uncertainty the job market began to pick up in early 2012, which caused increased movement; and within our retail network, TD hires many seasonal employees, which is also reflected in our numbers.

Employee Turnover		2012	2011	2010
Average turnover rate for TD Bank Group		19.26%		
Canada ¹	Voluntary ²	8.97%	8.54%	7.80%
	Involuntary ³	3.78%	3.26%	3.13%
	Retirement	1.27%	1.06%	1.05%
	TOTAL	14.02% 	12.86% 	11.98% 
U.S. ⁴	Voluntary ²	20.97%	17.60%	18.80% ⁵
	Involuntary ³	9.00%	8.40%	8.87% ⁵
	Retirement	0.52%	0.40%	0.44% ⁵
	TOTAL	31.43% 	26.42% 	28.10% ⁶ 

¹ 2010 Canadian data excludes TD General Insurance as this data is not available and cannot be reasonably estimated.
² A voluntary exit from TD occurs when the employee chooses to leave TD.
³ An involuntary exit from TD occurs when employment is terminated.
⁴ 2011 U.S. data excludes TD Auto Finance which was acquired in April 2011, as this data is not available and cannot be estimated. 2010 U.S. data excludes The South Financial Group as the data is not available and cannot be reasonably estimated.
⁵ 2010 data has been restated due to system process changes that more accurately reflect the turnover categories.

Annual turnover by age and gender – Canada

The results show that turnover continues to be higher among our younger employees, which likely reflects the number of part-time employees who work in our branches while also pursuing post-secondary education. Our internal TD Pulse results in both the U.S. and Canada indicate that the level of engagement of employees is consistent across all age groups.

Canada	Female	Male	<30 Yr.	30–50 Yr.	>50 Yr.	Total
2010	11.15% 	13.59% 	19.74% 	7.60% 	9.53% 	11.98% 
2011	11.79% 	14.78% 	19.72% 	9.23% 	10.23% 	12.86% 
2012	12.80% 	16.12% 	21.45% 	9.94% 	12.21% 	14.02% 



Transitions

We aim to minimize the impact on our employees of changes to our business or operational processes through communication and natural attrition and by delaying hiring. In the case of job loss, we offer notice and severance packages that comply with or exceed regulatory requirements and industry best practices.

[+ TD's Approach to Job Loss \(PDF\)](#)

Labour codes and human rights

TD adheres to, and in many cases exceeds, all applicable labour laws and standards in every country where we operate. We have developed our own policies, guidelines and procedures to protect and promote human rights throughout our operations. Our Harassment, Discrimination and Violence in the Workplace Policy articulates our commitment to providing a work environment free from any form of harassment and unlawful discrimination.

While we strive to create a positive working environment where employees don't feel the need for third-party representation, we respect their right to do so. TD General Insurance has a long-established bargaining unit of 309 employees, or 0.36% of our total employee population, represented by the Teamsters Union at one of our Montreal locations.

Compensation

The majority of employees receive a base salary and incentive compensation. Incentive awards are based on the achievement of financial and non-financial measures. Non-financial measures include customer satisfaction results. TD's approach to executive compensation is fully disclosed in our [Proxy Circular](#).

A concern we hear from employees from time to time is how salaries will keep pace with a steadily increasing cost of living. For 2013 in both Canada and the U.S., we are making incremental investments beyond annual base salary increases in our front-line employees. The total incremental annualized investment will exceed \$12 million.

For TD, as for our competitors, the cost of living is one of many factors that contribute to compensation decisions. We value a pay for performance culture that rewards employees according to their personal contribution and the bank's financial results.

[+ TD's Approach to Compensation \(PDF\)](#)

\$7.4 billion

Amount TD spent on employee wages, incentive pay and benefit programs in 2012.

Retirement and benefits

Our benefit programs aim to ensure that our employees have a comprehensive safety net of essential protection in the event of death, disability or a serious illness and to help them provide for their retirement. Employees can choose from a broad range of benefits, savings and wellness programs to meet their needs and those of their immediate dependants. TD's retirement programs ensure every employee will have a retirement income, whether they chose to contribute or not.

[+ Summary of Benefit Programs \(PDF\)](#)

2012 Highlights:

- New medical options were launched in the U.S. providing employees with more choice, lower-cost coverage options and the opportunity to participate in spending accounts.
- In Canada, a new cancer assistance program, CAREpath, helps employees and their families navigate the health-care system from diagnosis through treatment.
- In 2012, we completed the implementation of our Global Service Recognition program. All employees around the world participate in this industry-leading program that features awards of TD shares.
- As of January 1, 2013, in Canada, employees' vacation entitlement and eligibility for the TD Retiree Benefits Plan will factor in their total service with TD even if they have had breaks in employment. The Global Service Recognition Program also recognizes past service in the calculation of milestone service anniversary awards.

Health and safety (H&S)

The health and safety of TD employees wherever they work are paramount, and we have an excellent health and safety record. Our health and safety initiatives include best-practice ergonomic standards in design and refurbishments; training, including mandatory courses for all managers and H&S representatives; and a dedicated intranet resource with information on a range of health topics.

- In Canada we saw a slight year-over-year decline in minor injuries and days absent and a very slight increase in disabling injuries. These numbers are in line with the average of the last five years. Disabling injuries are primarily related to slips, trips and falls and are often connected to weather conditions.
- In the U.S. we saw an increase in cases requiring medical treatment. A top cause was slips, trips and falls. We conducted an audit and have put actions in place to reduce the number of these incidents.

» 2012 Health and Safety Performance

Supporting work/life flexibility

To be engaged at work, employees need to be able to balance their business obligations with family and other demands on their personal time. TD offers a range of flexible work options that allow managers and employees to develop workable solutions.


+ Summary of flexible work options

Personal performance and career development

Employees tell us that part of feeling engaged is having the opportunity to learn new skills and develop to their full potential. Employees and their managers meet twice yearly to discuss the employee's strengths, needs and aspirations in formal performance and development reviews. We encourage employees to take ownership of their careers and offer help in the form of a broad range of tools and support, including:

- An online Learning Management System;
- A comprehensive catalogue of developmental activity ideas linked to learning maps;
- Tuition reimbursement programs; and
- Group and individual mentoring programs.



 **FlexWorkPlace:
Giving Employees
Options**

TD's Global Spend on Training and Development ¹	2012					2011 ²	2010 ³	
	Head count	Full-time equivalent	HC	FTE	FTE			
TD's investment in training (in millions of dollars)						\$82.0	\$79.0	\$73.9
Amount employees received through TD's Tuition Assistance for external learning (in millions of dollars)						\$27.1	\$19.5	\$13.6
TD's investment in training (in dollars)	\$945	\$1,045	\$949	\$1,045	\$1,047			
Average number of days of training ⁴	4.15	4.59	3.14	3.35	5.81			

¹ Includes the courses available through TD's Learning Management System as well as external courses, certificates and accreditations.

² 2010 excludes The South Financial Group as the data is not available and cannot be estimated.

³ We have transitioned to using employee head count (rather than FTE) to adopt a consistent definition of employee population across all performance indicators in the Corporate Responsibility Report. For comparability, 2012 and 2011 data are provided in both FTE and head count.

⁴ An average day is considered 8 hours for U.S. employees and 7.5 for all other employees.

Average Hours of Training per Employee Category	Canada ¹		U.S. ²	
	2012	2011 ³	2012 ³	2011
Average hours of training per executive ⁴	14.06 ✓	13.99 ✓	17.73 ✓	—
Average hours of training per People Manager ⁵	23.89 ✓	23.29 ✓	43.85 ✓	—
Average hours of training per individual contributor ⁶	24.52 ✓	27.89 ✓	52.23 ✓	—

¹ TD General Insurance and TD Auto Finance (Canada) are excluded as the data is not available and cannot be reasonably estimated.

² TD Auto Finance (U.S.) is excluded as the data is not available and cannot be reasonably estimated.

³ 2011 was the first year of reporting Canadian training hours by employee category; 2012 was the first year of reporting U.S. training hours by employee category.

⁴ Executive includes TD job levels Assistant Vice President and above.

⁵ People Manager includes an employee who has one or more direct reports.

⁶ Individual contributor includes an employee who does not have any direct reports.

2012 Highlights:

- The Learning Management System was extended into the U.S. All employees in our operations now have access to personal development resources online.
- The Learning Management System was integrated with our online People Planning and Performance (P3) tool, making it easier for all employees to add formal learning activities directly into their development plans.
- In response to feedback from managers asking for support to prepare them for managing a diverse workforce, we extended our micro-inequities training to Canada. The course addresses unconscious biases and their impact on behaviour. Since 2009, 893 leaders have participated in the program.

Leadership development

It's important that we prepare current and future leaders with the cultural understanding, skills and experience to successfully navigate new and emerging challenges. TD leaders at all levels are accountable for identifying and developing their successors and pipeline candidates.

At the 2012 Human Resources Professional Association (HRPA) Summit, TD received the overall talent management award for our focus on talent and leadership development.

Our CEO and Senior Executive Team help facilitate leadership programs specifically designed to impart TD's values, business strategy and culture to the next generation of leaders.

- In 2012 we began to phase in a TD Pipeline Leadership 360° survey to people managers and individuals across the bank. The aim is to develop leadership skills at all levels. The survey provides objective, balanced, comprehensive feedback on participants' interactions with their manager, peers, employees and other stakeholders with whom they work regularly.
- 6,907 current and future leaders participated in one or more of our leadership programs in 2012.

 **Summary of Leadership Programs**

Knocking Down Barriers Faced by New Immigrants to Canada

Statistics Canada projects immigration will account for 90% of Canada's population growth by 2055. Many of these new Canadians are highly qualified yet find it difficult to secure an appropriate first job in their new country.

With 20 years of experience in Venezuela, Emiro Rotundo's biggest challenge on his arrival in Canada was that he had no local contacts. No one knew his work or could link him to suitable opportunities. That changed when he took part in the ACCES IT Connections mentoring program, which TD sponsors. In speed mentoring sessions with TD executives, he learned about the bank's culture and job opportunities. This knowledge helped him effectively present the skills he could bring to the bank.

He was hired as a Project Manager at TD in 2010 and has since participated in several support programs, including a group mentoring program for new immigrants, a workplace communication program and language skills training called the Talk English Café. He found his new colleagues both welcoming and supportive. "All this support has made it easier for me to become successful by helping me overcome challenges I've met along the way," Rotundo says.



Emiro Rotundo, TD employee

Personal development conversations and coaching, monthly team meetings and town halls with Senior Executives proved to him that TD is committed to developing its employees. "The inclusion, respect and consideration that TD gives to new immigrants speak well about how TD values and embraces people coming from other countries, with different cultures and traditions," he says.

Be an Environmental Leader



An electric car charging station at a branch in London, Ontario



Key Links

- » TD Environmental Policy (PDF)
- » Carbon Neutral Schedule (PDF)
- » Paper Reduction Schedule
- » TDAM Sustainable Investing Policy
- » TD Forests
- » TD Friends of the Environment Foundation

PRIORITIES:

- Continuously reduce our environmental footprint
- Embed the environment into our financing decisions

The Carbon Disclosure Project (CDP) included TD in the 2012 Canada 200 Carbon Disclosure Leadership Index.

TD ranked 94th on *Newsweek's* Green Rankings 2012.

TD was named to the Bloomberg Clean Energy Index for 2012.






2012 Scorecard

○ Did not meet ● Made progress ● Fully achieved » More detail

Material Topic	Area	Goal	Rating	Planned Activities for 2013
Operational Footprint	GHG Emissions	Be carbon-neutral.	●	<ul style="list-style-type: none"> Maintain carbon neutrality as TD continues to grow. »
		Reduce GHG emissions by 1 tonne CO ₂ e per employee by 2015, relative to our 2008 baseline.	○	<ul style="list-style-type: none"> Set specific targets for reducing energy use and employee business travel. Implement improved reporting, increase availability and use of virtual meeting technology. Impose travel cost reduction targets on business units. »
	Energy Use	At least 20% of emissions from electricity will be offset with renewable energy credits.	●	<ul style="list-style-type: none"> In 2011, 45% of emissions from our electricity demand were offset with renewable energy credits. In 2013, we will increase the target from 20 to 40% and refresh our renewable and carbon offset contracts. »
		At least 50% of carbon offsets will be developed through impact investing projects.	●	<ul style="list-style-type: none"> Continue into 2013.
	Efficiency	Develop Green Building Standards.	●	<ul style="list-style-type: none"> Continue to apply Green Building standards to new and renovated spaces in 2013. Virtualize 70% of all new servers and achieve greater storage efficiency to save 216 million kWh by 2015. Implement a printer reduction program to save 3 million kWh per year. Improve technology to encourage video-conferencing to reduce business travel. »
	Waste	Create targets to improve recycling rate of non-paper waste in U.S. above 58%.	○	<ul style="list-style-type: none"> Work with facilities service providers, landlords and local waste companies to increase the number of properties included in our waste reporting. Set North American targets for waste reduction. Raise awareness among employees to increase recycling behaviours. »
		Divert 100% of electronic waste from landfill.	●	<ul style="list-style-type: none"> Continue into 2013.
	Paper	Reduce paper by 20% by 2015 relative to a 2010 baseline.	○	<ul style="list-style-type: none"> Continue into 2013.
		Maintain a minimum 30% post-consumer content for office paper procurement.	●	<ul style="list-style-type: none"> Develop a standard and target for post-consumer content for statements and envelopes, commercial print and business forms. Develop a target for use of certified paper in all paper types used by TD. »

2012 Business Highlights
<ul style="list-style-type: none"> Continued external recognition of TD's environmental programs through awards and rankings across North America. The launch of the TD Forests program focused on reducing paper at TD and growing the area of protected forested habitat across North America. Continued implementation of our green building program through the opening of our second net-zero-energy branch, the unveiling of the TD Living Roof atop our flagship branch in Toronto, Ontario, and more than 70 LEED certified facilities. Marked success in encouraging customers to switch to paperless statements; over two million accounts transferred in one year.
2012 Challenges
<ul style="list-style-type: none"> Meeting our carbon reduction and paper reduction goals as our business continues to grow. Managing the environmental risks and related social risks in our energy financing business in the face of political uncertainty and a wide range of stakeholder perspectives. Understanding the nature and significance of potential impacts relating to climate change and the mitigation measures required. Increasing the depth of employee engagement in the face of business pressures and competing interests.

2012 Scorecard (continued)

Material Topic	Area	Goal	Rating	Comments
Responsible Financing	Credit Risk	100% of general corporate purpose, project and fixed-asset financing transactions are reviewed under TD's Environmental and Social Credit Risk Process, which includes the Equator Principles.	●	<ul style="list-style-type: none"> Continue into 2013. Participate in a Technical Working Group of the GHG Protocol and UNEP Finance Initiative to develop greenhouse gas accounting guidance for the financial sector as a supplement to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. 
	Investing	Meet our commitments as a signatory to the United Nations Principles for Responsible Investing (UNPRI).	●	<ul style="list-style-type: none"> Continue into 2013. Publish white papers on sustainable investment issues. Update our Sustainable Investing Policy and Proxy Voting Guidelines. Continue to further integrate Environmental, Social and Governance (ESG) analysis across mainstream investment mandates. 
Product Options	e-Banking	Encourage customers to switch to paperless statements: Conversion rate targets: Canada 18%; U.S. 34%	●	<ul style="list-style-type: none"> Achieved 23% conversion in Canada and 35% in the U.S. Achieve an additional conversion rate of 30% for Canada customers and 25% for U.S. in 2013.
		Increase the number of online statement accounts (millions): Targets: Canada 1.1; U.S. 17.6	●	<ul style="list-style-type: none"> Achieved 1.8 million in Canada and 17.9 million in U.S. Achieve an additional 2.6 million in Canada and 2.2 million in the U.S. in 2013. 
Engaging Stakeholders	Employees	Plant 40,000 trees through the TD Tree Days program.	●	<ul style="list-style-type: none"> In 2013 we plan to plant 45,000 trees and increase volunteer participation by 10%.
		Expand the program to the U.S. and U.K.		
	Community	Increase the number of employees using TD green nation, our web-based tool to reduce environmental impacts.	●	<ul style="list-style-type: none"> Achieved an increase in users of 41% in 2012. Continue target into 2013. 
		Offset 100% of our paper volume by protecting critical forest habitat.	●	<ul style="list-style-type: none"> Achieved. We protected critical forest habitat equivalent to 102% of our 2012 paper volume. Continue target into 2013. 

2012 Context
<ul style="list-style-type: none"> Despite concerns over economic hardship and uncertainty, our market research found that consumers continue to identify the environment as a top issue of long-term concern. Sustainable cities and the value of urban green space are emerging issues on our radar. As the development of Canada's energy resources continues to be a focus of North American policy debate, TD works to engage stakeholders and assess emerging environmental and social issues that may affect our financing portfolio.

14 targets achieved in 2012. 1 goal not met. And 2 goals remain on track for 2015.

Why Is a Bank Concerned About the Environment?

We equate a healthy environment with a healthy economy. The combined pressures of population growth and urbanization place growing demands on basic resources – such as energy, water and land. These resources, so often taken for granted, are becoming increasingly constrained, and costs are rising.

Our environmental strategy has the goal of embedding an environmental perspective into all aspects of our business. We implement our strategy through four environmental pillars:

- Reducing the environmental footprint of our business operations;
- Responsible financing that includes proactive management of environmental and related social risks;
- Developing green product and service options for our customers; and
- Engaging our employees and communities to raise environmental awareness and make an impact.

The majority of TD's operations and business activities occur in North America, and this shapes our specific areas of focus within our environmental pillars.

The feature article on [TD Forests](#) explains how TD worked to embed an environmental perspective about paper across our business, starting with engaging our customers and employees, developing new product and service options, improving our business management processes and investing in community partnerships to provide a measurable environmental benefit.

Environmental governance

TD is committed to managing the impact of our operations on the environment and embedding environmental management and continuous improvement into all areas of our business. This commitment is the foundation of our environmental management system (EMS), which is based on International Standard ISO 14001:04 and is supported by TD's:

- Environmental Policy;
- Operational policies and procedures;
- Environmental standards and positions;
- Goals and targets; and
- Environmental performance records,

The Chief Environment Officer is responsible for ensuring that the EMS is maintained in accordance with the requirements of ISO 14001:04 and for reporting to the Risk Committee of the Board of Directors on the performance of the EMS, including corrective action for continual improvement.

Environmental Governance Structure

Our key environmental impacts of greenhouse gas emissions and paper are independently assured by Ernst & Young, LLP. An internal audit of the EMS will be conducted as part of TD's rotational audit plan.

Operational Footprint

A summary discussion of the 2012 results is included in our 2012 Carbon Disclosure Project response. A full discussion of the 2012 results will be included in our 2013 Corporate Responsibility Report.

	2012	2011	2010	2009
GHG Emissions (tonnes CO₂e)¹				
Direct CO ₂ e (GHG Scope 1)	43,289 ✓	47,265 ✓	42,464 ✓	45,716 ✓
Indirect CO ₂ e (GHG Scope 2)	177,677 ✓	174,754 ✓	153,716 ✓	180,494 ✓
Other indirect and non-controlled (GHG Scope 3)	43,570 ✓	43,173 ✓	38,562 ✓	27,048 ✓
Total CO₂e	264,536 ✓	265,192 ✓	234,742 ✓	253,258 ✓
GHG Intensity (per employee)² by Scope of Emissions				
Total CO ₂ e (tonnes)	3.08	3.14	2.92	3.41
Direct CO ₂ e (GHG Scope 1)	0.50	0.56	0.53	0.61
Indirect CO ₂ e (GHG Scope 2)	2.07	2.07	1.91	2.43
Other indirect and non-controlled (GHG Scope 3)	0.51	0.51	0.48	0.36
GHG Intensity (per employee)² by Source of Emissions				
Total CO ₂ e (tonnes)	3.08	3.14	2.92	3.41
Energy component – CO ₂ e (tonnes)	2.46	2.54	2.33	2.93
Travel component – CO ₂ e (tonnes)	0.62	0.60	0.59	0.48
Energy Use				
Electricity (kWh)	601,017,360	594,663,113	545,260,552	586,079,202
Heating and cooling (GJ)	803,311	867,137	729,934	863,612
Electricity intensity (per employee) kWh	6,994	7,047	6,778	7,882
Waste				
% e-waste diverted from landfill	100	100	–	–
Water				
Water (m ³)		1,469,070 ³		
Water intensity (m³ per square foot)		0.11		
Paper				
Total paper (metric tonnes) ^{4,5}	13,721 ✓	13,790 ✓	14,275 ✓	–
Office paper intensity (per employee) sheets ⁵	8,034	8,357	8,557	8,308

¹ For further details on GHG emissions see [accompanying notes](#) and TD's 2012 [carbon neutral statement and assurance](#).

² For the year ending October 31, 2010, the bank has changed the geographic boundary for calculating the GHG intensity (per employee) values from the total number of international employees to the total number of North American employees to better match the source of GHG emissions reported, which includes only North America. The 2008 and 2009 intensity data has been restated for comparative purposes. The restatement resulted in a 1% increase in the total intensity and electricity (kWh) values, a 3% decrease in the energy component value and a 25% increase in the travel component value for both 2008 and 2009.

³ TD began measuring its water consumption in 2011. This data represents 56% of the bank's retail and corporate locations.

⁴ TD began measuring its non-office paper in 2010.

⁵ For further details, [see paper section](#).





- [+ Detailed Environmental Performance \(PDF\)](#)
- [+ 2012 Carbon Neutral Schedule \(PDF\)](#)
- [+ Paper Reduction Schedule \(PDF\)](#)
- [+ Notes \(PDF\)](#)

Reducing our operational footprint

Our environmental challenge is to continue to reduce the environmental impact of TD's business operations as the company grows. Our key areas of focus in managing our environmental footprint are:

- Reducing greenhouse gas (GHG) emissions;
- Improving energy efficiency;
- Reducing paper use;
- Reducing waste volumes and water use; and
- Greening our supply chain.

North American Comparison From 2008 to 2011

Revenue	Real Estate (sq. ft.)	Employees	GHG Intensity
47% 	24% 	14% 	12% 

*Results based on latest available North American data.

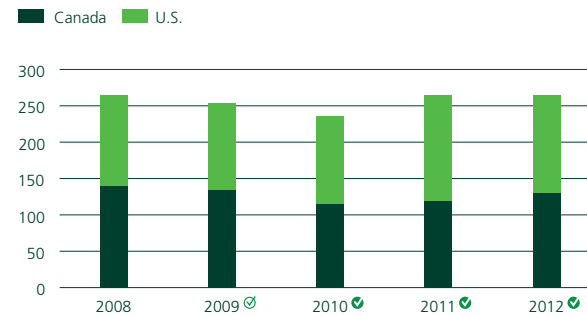
Staying Carbon Neutral

In 2010, TD was the first North-American-based bank to become carbon neutral. Our carbon neutral commitment applies to all of TD's wholly owned North American and international operations. Our GHG emission inventory is measured in accordance with the Greenhouse Gas Protocol, and our emissions are independently assured by Ernst & Young LLP.

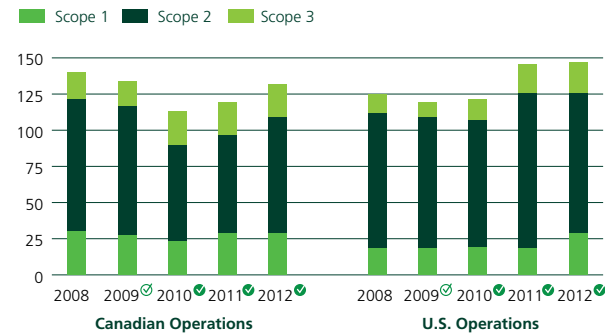
Definitions

Scope 1	Direct emissions from heating and cooling, leased aircraft and corporate fleet
Scope 2	Indirect emissions from electricity, heating and cooling
Scope 3	Business travel emissions and energy from sub leased locations

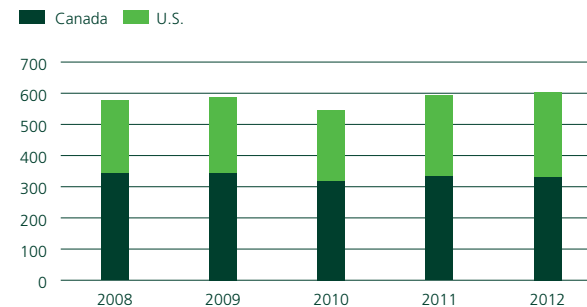
Total Greenhouse Gas Emissions (thousands of tonnes CO₂e)



Detailed Emissions Breakdown (thousands of tonnes CO₂e)



Total Electricity Use (in millions of kWh)





TD's carbon neutral program has three components:

Step 1	Reduce energy use.
Step 2	Green our energy supply through purchase of renewable energy credits and incorporation of renewable energy generation into our facilities.
Step 3	Develop innovative, North-American-based carbon offsets with commercial and social partners.

By committing to be carbon neutral, we've gathered important insights on energy efficiency, renewable energy and carbon financing and we've been able to leverage these insights to many other parts of our business to:

- Green our real estate and information technology portfolio;
- Understand risks related to financing of high-carbon-emitting industries;
- Create innovative financial products to support renewable energy development and fuel-efficient vehicles;
- Increase employee awareness; and
- Support community energy reduction and educational initiatives.

2012 Results (based on 2011 GHG emission inventory)

We continue to separate our business growth from carbon emissions by reducing our GHG emission intensity.

- Despite a 24% growth in our occupied space, our absolute GHG emissions have increased by less than 1% since 2008.
- Within our Canadian operations, we have achieved a 14% reduction in total GHG emissions since 2008. This reduction can be partially attributed to our energy reduction initiatives.
- Our U.S. GHG emissions have increased since 2008 by 17%, driven by our growth of 43% in occupied space as a result of acquisitions. This increase was less than anticipated because we continued to implement energy-efficient design standards.

Renewable Energy and Carbon Offsets

TD purchases renewable energy certificates (RECs) and carbon offsets to neutralize our GHG emissions. We also contribute to the development of the low-carbon economy in North America. Since 2009, we have invested more than \$5 million into projects that create RECs and carbon offsets. TD's support of these programs has resulted in a cumulative reduction of over 525,000 tonnes of our GHG emissions.

- In 2011 a total of 45% of our carbon emissions were neutralized through RECs, and 55% of emissions were neutralized through carbon offsets.
- TD purchases RECs from renewable energy projects that have achieved EcoLogo™ or Green-e® Energy certification.
- In 2011 we purchased 314,000,000 kWh of renewable energy credits from across North America, which represents 53% of our electricity consumption.
- 100% of the emissions from the electricity used in our U.S. operations and ATM network are offset with renewable energy credits.
- In Canada 20% of emissions from electricity used in our operations and our entire ATM network was offset with renewable credits. All of our new branches use 100% renewable electricity.

TD is committed to developing innovative carbon offsets from projects located within our North American operating footprint. At least 50% of our carbon offsets are generated through impact investing in projects undertaken with social partners such as schools, institutions and Aboriginal communities. In many cases this "carbon financing" has provided the start-up capital for these innovative social programs.

[+ List of REC providers and carbon offsets \(PDF\)](#)

Business Travel

In 2011 travel-related emissions represented 19% of our total GHG emissions. We saw an 8% increase between 2010 and 2011, which is largely due to U.S. travel relating to bank acquisitions and integration activities.

We conducted research to better understand our business travel patterns and found that:

- Air travel accounts for 68% of our travel-related emissions;
- Long-haul trips account for 52% of air-travel-related emissions; and
- Acceptance of video-conferencing is increasing, which has the potential to reduce travel-related emissions significantly.

GHG Emissions by Transportation Mode 2012

(tonnes CO₂e)



CANADA

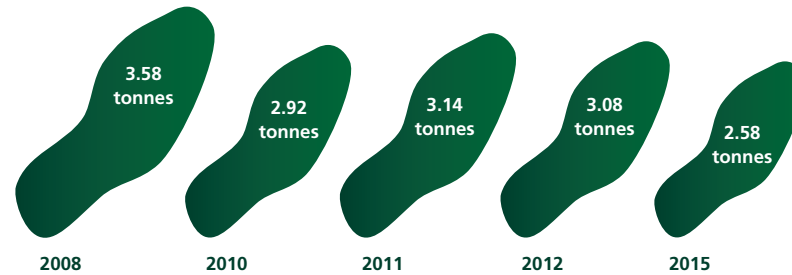
U.S.

\$34 million

invested in green building design and technology since 2009

Improving Energy Efficiency

Carbon Footprint Efficiency (CO₂ emissions per employee)



In 2011, TD announced a goal to reduce GHG emissions by one tonne per employee by 2015, relative to 2008 levels. This represents a 28% reduction in carbon per person. To date we have achieved a 12% reduction relative to 2008. Most of the reduction will come from embedding energy efficiency into the design, construction and operation of our facilities. Additional savings will be developed through greening our information technology systems, reducing business travel and promoting energy-saving behaviour among employees.

Green Building Design and Operations

Over the past three years TD set a course to become a leader in green building design and operation by:

- Designing and building new green facilities, such as net-zero-energy branches and stores;
- Collaborating with our landlords and facilities managers to implement green leases; and
- Energy retrofits of existing buildings that include “smart” building management programs.

Since 2009, TD has invested more than \$34 million in green building design and technology. During the process, we’ve learned a great deal about energy efficiency and renewables, all of which has been incorporated into TD’s Green Building Standards, which we began implementing across our entire building portfolio in 2012. We recognize the challenge that continuing to reduce our GHG emissions will require more capital-intensive programs with rates of return that stretch from five to eight years.

Case Study

Greening Our Buildings »



2012 Initiatives

LEED Projects	<ul style="list-style-type: none"> As of the end of 2012, we have completed 71 LEED projects – totalling over 750,000 square feet, including new builds and retrofits of existing facilities. 83% of total LEED projects are at the Gold or Platinum certification levels. 100% of new retail locations in the U.S. were built to achieve LEED certification, and we will continue to apply this policy. TD was the first company in Canada to achieve a Platinum certification under the Existing Buildings rating system, for a branch in London, Ontario.
Energy Star	<ul style="list-style-type: none"> The Energy Star portfolio manager is an interactive energy management tool to track and assess energy and water consumption across a portfolio of buildings. In 2012, approximately 85% of TD's retail and corporate locations are assessed using this tool.
Net-Zero	<ul style="list-style-type: none"> TD's two net-zero-energy branches (located in Fort Lauderdale, Florida, and London, Ontario), which opened in 2011, are now tracking to net-zero (which means they both produce as much energy as they use).
Solar Panels	<ul style="list-style-type: none"> TD has 1.3 megawatts of installed solar capacity spanning over 68 sites across North America. Our new data centre has more than 250 panels.
Living Roof	<ul style="list-style-type: none"> In partnership with Cadillac-Fairview, we replaced the roof on TD's main retail branch in Toronto with a living roof.
FlexWork Space	<ul style="list-style-type: none"> This corporate office program integrates energy-efficient design and desk-sharing to improve use of office space and increase opportunities for our employees to work from home.
Lighting Upgrades	<ul style="list-style-type: none"> Our new lighting LED standard will provide the most efficient lighting for commercial and retail buildings in North America.

[+ Video of Fort Lauderdale Store](#)

[+ Info sheet on the TD Living Roof \(PDF\)](#)

Green IT

Implementation of energy-efficient information technologies (IT) and behaviours is critical to achieving our energy reduction targets. Through our Green IT strategy, we seek to:

- Design and operate data centres to optimize energy efficiency;
- Optimize IT equipment utilization; and
- Virtualize and consolidate hardware.

Green IT Initiatives

Data Centres	<p>Data centres are critical to TD's operation as they support the delivery of information about products and services to our customers. These large facilities account for a significant portion of TD's total energy use and greenhouse gas emissions.</p> <p>In 2012 we opened our new LEED Gold data centre design, which boasts 235 kWh of solar power generation to reduce our energy use.</p>
Server and Storage Virtualization	<p>We improved our server and storage virtualization programs to further reduce space occupied and energy usage.</p> <ul style="list-style-type: none"> • In two years, storage virtualization has avoided 2.8 million kWh (equivalent to 648 metric tonnes of CO₂e). • Since 2009, PC power management has avoided 22 million kWh (equivalent to 9,562 metric tonnes of CO₂e).
Thin Clients	<p>TD has installed 10,000 thin-client devices to replace desktop and laptop PCs. These units use 33% of the energy required by a standard desktop.</p>
Video-Conferencing	<p>In 2012, we avoided 2.6 million kilometres of travel through the use of video-conferencing (equivalent to 344 CO₂e saved from electricity use).</p>

[+ Detailed Environmental Performance \(PDF\)](#)



[▶ Making Our Branches as Green as Our Shield](#)

Waste

Reducing our waste is an important and highly visible indication of TD's commitment to reduce our environmental footprint. Our waste streams include:

- Paper-based waste;
- Non-paper waste (including recyclables, compostable material and waste disposed of at landfill); and
- Electronic waste.

Company-wide recycling programs for paper-based waste and electronic waste have been in place since 2008. It's been challenging to implement a similar approach to waste, due to the patchwork of state and provincial programs, our acquisition of many new facilities and a variety of landlord and tenant arrangements.

We currently recycle 56% of our combined paper and non-paper waste at approximately 87% of our facilities. In 2013, we will continue efforts to mitigate landlord and municipal constraints in order to expand our comprehensive recycling program.

Paper Waste

TD's paper waste streams consist of:

- Paper-based material from TD's business operations, such as office paper and out-of-date commercial print material; and
- Business forms and materials that are retained for storage and ultimately disposed of.

Thirty per cent of our office-based paper waste stream is disposed of through our participation in the Boise® Closed Loop System™, a paper recycling program that diverts paper waste from landfills and reuses it in the production of recycled office paper. This initiative diverts 1,500 metric tonnes of our office paper waste from landfill every year. The remainder is disposed of through our waste program.

 [Detailed Environmental Performance \(PDF\)](#)

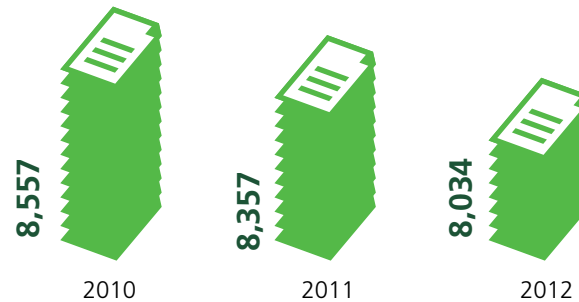
Electronic Waste (E-Waste)

E-waste includes obsolete computers, printers, phones and other electronic equipment. In keeping with our zero waste policy for e-waste, 100% of our e-waste is diverted from landfill. In 2012, 95% of our e-waste was refurbished and 5% was broken down for recycling. Through an innovative program with our computer recycling vendor, used equipment is refurbished and resold, and the proceeds are donated to charity.

Paper

Reducing paper is a win for the environment, a win for our customers and a win for our business. We are committed to finding effective ways to provide customers with information while minimizing paper. By raising awareness of the responsible use of paper, we also support sustainable forest management certification programs.

Office Paper (Sheets) per Employee



How Are We Doing So Far?

- In 2010, we purchased 14,275 metric tonnes of paper. In 2012 we were able to achieve a 4% reduction. Despite the low result, we are confident that 20% for 2015 is still a goal that we can meet, but it will require systemic changes across our business.
- In 2012 we began to measure all four types of paper that we purchase. Previously we had been tracking only office paper.

.....
OUR
COMMITMENT:
Reduce our paper
usage by
20%
by 2015
 (relative to a
 2010 baseline)

- We established an independently audited 2010 baseline and developed processes and procedures for collection and reporting of North American paper data on an annual basis.
- A company-wide review to reduce paper identified 28 projects that have the potential to reduce paper by 24% in three years, such as printer consolidation, digitization of reporting and expansion of online banking services.
- We have developed a life-cycle-based planning tool that will help identify paper and cost savings associated with paper management.
- TD's Responsible Procurement Policy includes a commitment to maximize the use of certified sustainable and recycled-content paper. Our office paper contains a minimum of 30% post-consumer content, and we procure paper sourced from sustainably managed forests (identified by the Forest Stewardship Council and Sustainable Forestry Initiative).

Water

Although the financial services industry is not an intensive user of water, we recognize that water availability is an environmental issue of global importance. TD incorporated water conservation into our Green Building Standards. Our design and operational enhancements to reduce water usage include the following:

- We use drought-tolerant and native plant species for landscaping and maintenance.
- Unless required by local law or our landlords TD does not irrigate its properties.
- Our new designs incorporate water-efficient/low-flow fixtures that meet LEED standards.
- In our Canadian retail portfolio we retrofitted water faucets to be more efficient.

Water Consumption 2011

Country	Consumption (m ³)	Consumption (U.S. gallons)	% of Portfolio
Canada	377,971	99,849,432	46%
U.S.	1,091,099	288,237,673	71%
Total	1,469,070	388,087,105	56%

Note: Represents 56% of the bank's retail and corporate locations. In 2013 we will continue to work with our landlords to obtain water data.

AWARDS & RECOGNITION



TD Bank was awarded a 2012 Green Power Leadership Award by the Environment Protection Agency (EPA).



TD's net-zero-energy retrofit of a branch in London, Ontario, was named as one of Canada's Top 5 Sustainability Projects by Delta Management.

TD's net-zero-energy store in Fort Lauderdale, Florida, was awarded 2011 Retail Store of the Year by Chain Store Age magazine in the sustainable design category.

The city of Cambridge, Mass., named the Central Square store of TD Bank a 2012 GoGreen Award winner for energy.

Responsible Financing

TD's financing activities include loans, lines of credit, project and fixed-asset financing and investing. Our goal is to make balanced, informed and transparent financing decisions. We work with our clients and stakeholders to proactively mitigate environmental and related social risks in our financing activities.

TD is primarily a retail bank, with 88% of our financing based on personal and residential accounts. The remaining 12% relates to wholesale banking transactions undertaken by TD Securities and commercial lending focused on companies based in North America. Approximately 5% of our total financing involves clients operating in environmentally sensitive industries.

Credit Risk Management

One of TD's Guiding Principles is to take only risks we understand and can manage. We apply this principle just as rigorously to environmental risk as to other types of risk.

TD has established policies, procedures and reporting mechanisms that provide a set of consistent standards for the identification of environmental and related social risks that are applied to all of our lending, credit, project finance and fixed-asset finance.

Policy Exclusions

TD does not finance transactions relating to the following:

- Activities within World Heritage sites;
- Activities that would result in the degradation of protected critical natural habitats as designated according to World Conservation Union classification and International Financial Corporation standards;
- Activities that would involve the purchase of timber from illegal logging operations.
- Mountaintop-removal coal mining;
- Production or trade in any product or activity deemed illegal under host country laws or regulations (including those ratified under international conventions and agreements);
- Production or trade in wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);

- Deals that directly relate to the trade in or manufacturing of material for nuclear, chemical or biological weapons or for land mines or cluster bombs; or
- Lending deals that are directly related to the mining of "conflict" minerals.

Environmental and Social Risk Policy

TD's Environmental and Social Risk (ESR) Policy for Non-Retail Credit Business Lines is applied to general corporate purpose, project and fixed-asset financing. The ESR Policy is applied to 100% of our wholesale and commercial banking transactions.

TD's Environmental and Social Credit Risk Process

TD's financing activities are focused in North America and occur mainly through general corporate purpose lending. However, we have embedded key elements of the Equator Principles within the ESR Policy to ensure that they are applied to all forms of lending – not just project finance. This progressive and proactive step ensures that all transactions receive a consistent review, and we believe it reflects the direction toward which the Equator Principles should be evolving.

Additional sector-specific guidance has been developed for environmentally sensitive sectors. Through this guidance, TD assesses a client's policies, processes and performance. The due diligence guidance is updated every three years. In 2012, sector-specific due diligence existed for the following sectors: forestry, mining, power and utilities, thermal power generation, oil and gas extraction and oil and gas pipelines.

In 2012, 320 corporate lending transactions were reviewed under the ESR process. Of these transactions, 85% were subject to sector-specific due diligence involving a review of environmental policies, processes and performance.

Sector	Transactions by Sector (%)
Oil and gas extraction	41
Power and utilities	24
Mining	13
Oil and gas pipeline	9
Forestry	5
Other	7
	100%

.....
320

corporate lending transactions were reviewed under the ESR process
.....

Risk Management

We work proactively with our TD business partners and clients to ensure a common understanding of the nature, extent and potential significance of environmental risks in their business. We review policies, management procedures and performance. We engage with our clients directly to discuss potential risks related to their business undertakings, and we work with them to recommend actions to reduce or mitigate risk.

Financing of Canada's natural resource sector is both an important part of our business and an essential function for the Canadian economy. Our environmental risk procedures extend to consideration of issues that are not directly linked to federal or provincial regulation. Poor management of issues such as high carbon emissions, management of impacts related to climate change and securing the free, prior and informed consent of Aboriginal Peoples have the potential to increase project costs, delay development schedules or result in a failure to secure a social licence to operate. As part of our proactive approach to risk management, TD monitors and assesses current and emerging environmental and related social issues that may affect our financing portfolio. We monitor these risks through:

- A review of technical information;
- Project tracking;
- Engagement with clients and stakeholders; and
- Participation in multi-stakeholder groups.

TD plays an industry-leading role in convening and participating in multi-stakeholder dialogue to discuss these challenging issues and, where possible, to develop practical guidance. In 2012, TD participated in the development of practical guidance for implementation of free, prior and informed consent in Canada.

Equator Principles

TD has been a signatory to the [Equator Principles](#) (EP) since 2007 and is a member of a number of EP working groups. TD is currently participating in the update of the EP, scheduled for completion in 2013.

In 2012, 12 project finance transactions were assessed under the Equator Principles.

Sector	Country	EP Category	Number of Transactions
Oil and gas extraction	Canada	C	2
Real estate	Canada	C	10
		TOTAL	12

 [More details on Equator Principles \(PDF\)](#)

Free, Prior and Informed Consent of Aboriginal Peoples

[TD's Environmental Management Framework \(2007\)](#) outlines our long-standing commitment to support the principles of free, prior and informed consent (FPIC) for indigenous peoples. Since the majority of our resource-based lending portfolio lies within Canada, we focus on this context.

Some recent important developments on FPIC include:


- Amendments to international agreements – such as the IFC Sustainability Framework and the adoption by Canada of the United Nations Declaration on the Rights of Aboriginal peoples (2007);
- Better definition of FPIC in Canadian case law and incorporation of FPIC into domestic laws and treaty agreements; and
- The increasing profile of FPIC with respect to resource development in Canada.

Collaborating to Develop Practical Guidance

TD is a member of the [Boreal Leadership Council](#), a leadership group comprising conservation groups, Aboriginal groups, resource companies and financial institutions. Members of the council are signatories to the Boreal Forest Conservation Framework.

In 2012 the council produced a report: [Free, Prior, Informed Consent in Canada](#). The report is a first step in developing practical guidance for implementation of FPIC by resource developers and Aboriginal communities. It summarizes:

- The unique Canadian context for FPIC;
- Key issues and challenges in implementing FPIC;
- Recent case studies; and
- Lessons learned and best practices.

 [Free, Prior, Informed Consent in Canada Report \(PDF\)](#)

Emerging risks

TD tracks our exposure to non-regulated environmental risks and related social risks based on sector norms for intensity of use of natural resources and/or by the potential impact on natural resources. We review our entire loan portfolio on an annual basis for:

- Carbon risk – based on carbon emissions; and
- Water risk – based on volume of water usage.

For risk-management purposes we categorize environmental risk by sector. The level of environmental sensitivity directly influences the level of scrutiny that a financial undertaking receives.

Sector Environmental Sensitivity

Low	Residential and personal, residential real estate, financial, government and public sector, professional and other services, health and social services, media and entertainment, retail, telecommunications.
Moderate	Non-residential real estate, agriculture, food and beverage, industrial construction, automotive, manufacturing, transportation.
High	Chemical, forestry, mining, pipelines, oil and gas, power and utilities.

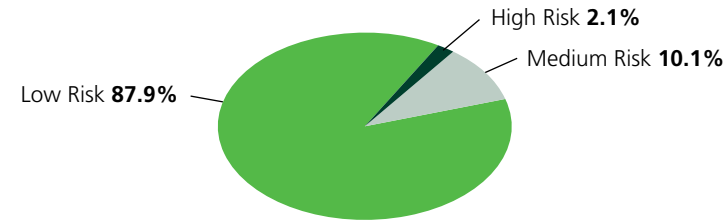
Carbon Risk

We define carbon risk based on the emissions of greenhouse gases. We track our exposure to carbon risk by sector. Sectors that TD rates as high for carbon risk include automotive, chemical, pipelines, oil and gas, power and utilities. Sectors that TD rates as moderate for carbon risk include non-residential real estate, agriculture, construction, food and beverage, forestry, manufacturing, metals and mining, and transportation.

- TD supports energy diversity, and we continue to actively participate in clean technology financing, including renewable energy.
- In 2012, the value of our financing for renewable energy stood at \$2.6 billion.

- TD was recognized in the Bloomberg Clean Energy Finance League Tables. We placed second in the Public Market/Lead Manager Category, with \$345.5 million in credit from management of a secondary share placement for a run-of-river hydroelectric development.

Portfolio Exposure to Carbon Risk¹ (Canada and U.S.)



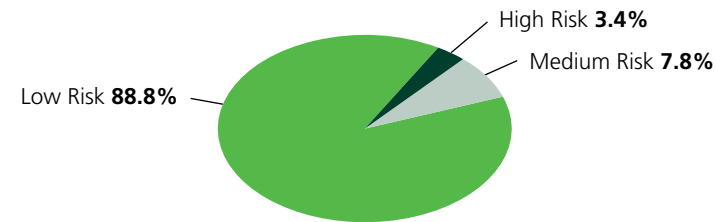
¹ As of October 31, 2012.

Water Risk

We define water risk based on the potential economic and environmental impact of changing patterns of precipitation and of exposure to flooding, drought or extreme storm events caused by climate change. We track our exposure to sectors that are water-sensitive.

Sectors that TD rates as high for water sensitivity include agriculture, food and beverage, forestry, metals and mining, pipelines, oil and gas, power and utilities. Sectors that TD rates as moderate for water sensitivity include automotive, chemical, industrial construction, manufacturing, non-residential real estate and transportation.

Portfolio Exposure to Water Risk¹ (Canada and U.S.)



¹ As of October 31, 2012.



Sustainable Investing

TD Asset Management (TDAM) is a fiduciary for its clients and a signatory to the United Nations Principles for Responsible Investing (UNPRI). TDAM integrates environmental, social and corporate governance consideration into investment decision-making in order to maximize the value of its clients' investments without undue risk of loss.

Since 2008, TDAM has supported over 200 shareholder proposals on environmental and social issues. In 2012, TDAM supported 53 shareholder proposals on environmental and social issues at companies in which TDAM invests.

- Environmental topics included the nomination of directors with environmental expertise, environmental risk-reduction efforts, spill mitigation efforts, coal ash, coal reliance, hydraulic fracturing, waste recycling, greenhouse gas emissions, effects of climate change, energy efficiency and overall sustainability reporting.
- Social topics included plant closures, children's health, employment diversity, board diversity, human rights policies and human rights issues in developing countries.

In 2012, TDAM was also active in:

- Supporting the work of the [Carbon Disclosure Project](#) (CDP) initiative by engaging with all 12 Canadian companies that the CDP had rated as having deficient disclosure;
- Engaging 45 Canadian companies on corporate governance issues through the Canadian Coalition for Good Governance;
- Helping the Toronto Stock Exchange design and run environmental and social disclosure workshops for 75 representatives of TSX-listed companies from a wide range of industries; and
- Publishing over 140 proxy voting reports stating how TDAM voted at hundreds of company meetings.

[+ Sustainable Investing Policy \(PDF\)](#)

[+ 2011 Engagement Report \(PDF\)](#)

[+ Disclosure on Proxy Practices TDAM](#)

TD Global Sustainability Fund

The aim of the fund, which is available to both retail and institutional investors, is to achieve long-term capital appreciation by investing primarily in companies around the globe that are viewed as best in class with respect to environmental, social and governance (ESG) factors and environmental specialists in the areas of clean energy, water and resource efficiency.

The fund takes a long-term view about sustainability and the related opportunities and risks. The portfolio managers continue to play an active role in educating investors, clients and consumers about the importance of sustainability and clean technology. In 2012 they participated in:

- Deloitte's Sustainability Reporting and Disclosure: Communicating ESG Performance to Investors roundtable;
- A discussion of sustainable investing and clean technology on The Pattie Lovett-Reid Show; and
- An Earth Day and sustainable investing discussion on the Business News Network (BNN).

Green Bonds

TD Securities was a lead underwriter in support of the World Bank's first green bond program, launched in 2009, and is currently the second-largest North American lead manager of World Bank Green Bonds. Green Bonds raise funds for projects seeking to mitigate climate change or help affected people adapt to it. Transactions have been denominated in the Polish zloty, South African rand, Mexican peso and Australian dollar.

Impact Investing

In 2012 a number of TD's business segments began a collaborative effort to understand the scope of impact investing. We commissioned a team from Purpose Capital and the MaRS Centre for Impact Investing to develop a white paper on impact investing. The paper provides investors with basic information on the current state and trends in this emerging area.

Emerging Challenges for Socially Responsible Investing

Sustainability issues and a company's ability to manage the associated risks are an increasing factor for investment managers. Within natural-resource-based sectors, environmental and social issues are in considerable focus. For the technology industry, labour standards have garnered wide media and investor interest.

It has also been a challenging year for clean technology investments, stemming from overcapacity in manufacturing, coupled with the economic headwinds in Europe. However, the costs of clean tech are decreasing, and we continue to see compelling investment opportunities linked to resource efficiency. These products have defined environmental attributes and cost savings for the end consumer.

Green options for customers

Our research shows that 60% of consumers will choose green product options if they are financially competitive.¹ We are working to understand opportunities to provide our customers with green product options and services, focusing on:

- e-banking options;
- Clean energy products and services;
- The [TD Global Sustainability Fund](#); and
- Insurance.



TD ranked #1 on Interbrand's list of Best Canadian Brands in 2012. The award noted that TD "takes corporate responsibility seriously and strives to be The Better Bank by investing in communities and environmental initiatives."

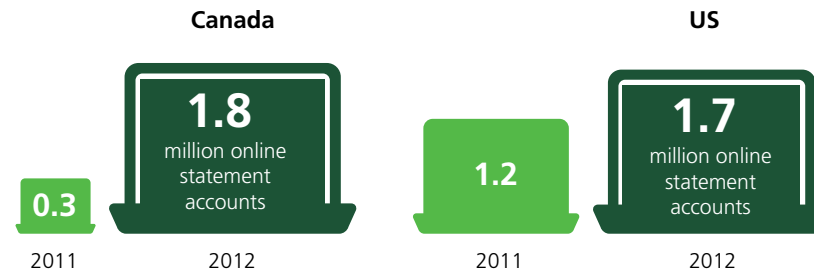
¹ Canadian Environment Barometer Report – Environics 2011(proprietary to TD).

e-Banking Options

TD has been a leader in online banking for a number of years, with offerings that include:

- Mobile banking;
- Access to day-to-day account activity and online statements;
- Money-market statements (TD Bank); and
- Trade confirmations and tax slips (TD Wealth).

When asked how TD could improve its environmental performance, customers across North America raised "reduction of paper" as the leading issue. We responded by setting an aggressive reduction target of 20% less paper by 2015.



An update on online banking:

<p>In 2012, we stopped printing 34 million paper statements, saving almost...</p> <p>700 metric tonnes of paper</p>	<p>The number of Canadian customers opting for paperless statements rose from</p> <p>4% to 23% in 1 year</p>	<p>In one year, the number of paperless accounts has risen from 1.5 million to</p> <p>3.5 million accounts</p>
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TD now offers online statements for a wide range of products including loans, RSPs, lines of credit, mortgages and credit cards (in Canada) and day-to-day accounts (in Canada and the U.S.).

Clean Energy

TD promotes energy diversity as a means of meeting the growing energy demand and supply gap. TD offers programs aimed at retail customers, such as financing of small-scale renewables and insurance of hybrid and electric vehicles.

In 2010 TD launched an innovative financing program for the development of small-scale renewables projects by home and cottage owners, business owners, farmers and building contractors. This program focused on ground-mounted and rooftop solar energy and was largely linked to the Ontario Green Energy Act¹, which includes a feed-in tariff program. Despite some challenges with administration of the regulation by the regulatory authority, the results to date clearly demonstrate the consumer value of such programs.

\$2.6 billion
amount TD financed for clean
energy projects

Lending for Small-Scale Renewables Projects

	2012	2011	2010
Number of loans	669	438	56
Dollar value of loans (\$ millions)	\$23.4	\$5.3	\$2.0
kWh generated from the program	5,437,432	2,228,675	285,042

In 2012, TD provided loans for the purchase of small-scale renewable projects across Canada which composed primarily of solar photovoltaic systems and resulted in estimated annual GHG reduction of 930 tonnes CO₂e. By providing loans for the purchase of these installations, TD has helped to enable the projects and associated emission reductions relative to grid power.

Insurance

To encourage customers to reduce their carbon footprint, TD has offered financing and insurance of hybrid vehicles in Canada since 2008. In 2011 the program was extended to electric vehicles. Our business reflects a steady increase in consumer purchases of these fuel-efficient vehicles.

Insurance for Hybrid Vehicles

	2012	2011	2010
Number of active hybrid discounts	11,053	9,213	7,823

TD Auto insurance customers reduced their GHG emissions by an estimated 5,850 tonnes CO₂e through the use of Hybrid and Electric Vehicles (HEVs) in 2012.

In 2012 we also sponsored a market research study to assess interest in green insurance products. TD Insurance is considering expanding its green insurance product offerings as the results indicate consumers are willing to pay a premium for green insurance products for homes and vehicles.

 [Ontario Responsible Consumption Index 2012 \(PDF\)](#)

TD Home Insurance

With the recent escalation of severe weather events, the entire property and casualty insurance industry continues to play close attention to climate change. Along with industry associations, TD Insurance is working to develop risk mitigation solutions based on lessons learned from these events.

¹ Ontario Bill 150, Green Energy and Green Economy Act, 2009 proclaimed in force May 14, 2009, enacting the Green Energy Act, 2009, and amending other statutes.

Engaging stakeholders

Proactive engagement with our environmental stakeholders is the final component of TD's environmental program. Our key environmental stakeholders include:

- Stakeholders who are interested in our financing activities;
- Employees; and
- Our community partners.

Involving Employees

Our employees are our biggest environmental advocates. Not only do they spot opportunities to reduce our environmental footprint, they also raise awareness of TD's environmental programs with customers. Independent surveys identify TD's employees among the most environmentally engaged of our peer group of large corporations.

In 2012 we continued to build our employee programs:

- The U.S. Green Council includes executives from across TD Bank. With their support, we've developed a strategy and are working to engage employees on environmental topics.
- [TD green nation](#) is a web-based employee engagement tool that allows employees to pledge and accomplish green acts in the work-place, at home or through volunteering in the community. In keeping with TD's focus on energy, performance can also be measured in terms of carbon. The tool was launched in Canada during 2011 and expanded to the U.S. in 2012. In just one year, the number of users has doubled to over 4,900 members, with over 9,500 tonnes of carbon savings.
- TD has approximately 75 Green Teams (purely voluntary groups) in our corporate offices across Canada. In each one of our 1,100 branches, a Green Coordinator acts as a "point person" for environmental initiatives and campaigns. In 2012 we started to develop Green Teams for U.S. employees.
- With the launch of TD's social media platform, we created an internal social media community, Environment @ TD, that is accessible to over 98% of TD's employees. This free format tool allows us to have direct conversations and share knowledge on environmental matters.



Dialogue With Environmental Stakeholders

TD regularly engages with a range of stakeholders who are interested in or affected by resource development. We aim to play an active role in facilitating dialogue and discussion. Our business stakeholders include industry associations, governments, Aboriginal communities and organizations, environmental advocacy groups and academia.

[+ List of stakeholder groups and discussion topics \(PDF\)](#)

AWARDS & RECOGNITION



THE
GREEN 30
2012

TD was named one of Canada's 2012 Green 30 by *Maclean's* magazine.

2012
Canada's Greenest
Employers

Recognized as one of Canada's Greenest Employers by *Mediacorp*.

The New York City Parks Foundation presented TD Bank with a Green Leaf Award for our work in promoting local green spaces as essential community resources.

TD's Group Head, Mike Pedersen, was named as one of Canada's 2013 [Clean 50](#) by *Delta Management*.

Strengthen Our Communities



Key Links

- » TD Community
- » TD Charitable Foundation (U.S.)
- » TD Friends of the Environment Foundation (Canada)

PRIORITIES:

- Contribute to the economic and social development of the diverse communities we serve.
- Use suppliers who demonstrate socially and environmentally responsible practices.

\$65.3
million

Amount donated in 2012 to not-for-profit groups in North America and the U.K.

6,000 +

Number of community organizations supported by TD in 2012.

\$14
million

Amount raised by TD employees for the United Way.

2012 Scorecard

○ Did not meet ○ Made progress ● Fully achieved » More detail

Material Topic	Area	Goal	Rating	Comments
Community Development	Corporate Giving	Maintain our charitable giving at or above standards such as the Imagine Canada target and the Giving USA Foundation target of 1%.	● ○	<ul style="list-style-type: none"> • % of five-year average pre-tax profits donated was 1.3% in Canada. • % of net pre-tax income donated was 0.96% in the U.S.
	Financial Literacy and Education	Work with community organizations to raise financial literacy levels, with a focus on underserved communities.	○	<ul style="list-style-type: none"> • \$2.9 million donated across North America and the U.K. • 49,316 individuals participated in TD-sponsored financial literacy programs across Canada. • Over 2,300 TD volunteers taught money skills in classrooms and community centres in 2012. »
		Promote access to post-secondary education.	○	<ul style="list-style-type: none"> • TD funding supported outreach programs for 10,428 students hoping to pursue post-secondary education in Canada. • 717 post-secondary education students received a TD-funded scholarship or bursary in Canada.
	Environment	Green our urban environment and enhance biodiversity.	○	<ul style="list-style-type: none"> • 3,600 TD employees and volunteers planted more than 40,000 trees in 138 communities across Canada, the U.S., the U.K. and Luxembourg. »
		Promote environmental education.	○	<ul style="list-style-type: none"> • 513,652 children received environmental education as part of a TD or TD FEF sponsored program in Canada.
	Creating Opportunities for Young People	Promote children's literacy.	○	<ul style="list-style-type: none"> • 4 million donated across North America to children's literacy programs. • Over 550,000 Grade 1 students in Canada received a children's book to take home. »
		Support young people from diverse and underserved communities.	○	<ul style="list-style-type: none"> • 205,569 children and youth who participated in a TD program were from diverse or underserved communities in Canada.
		Help youth access arts and culture.	○	<ul style="list-style-type: none"> • 254,566 children and youth participated in an arts/culture access or discounted ticket program in Canada.
	Affordable Housing	Improve the quality and availability of affordable housing units.	○	<ul style="list-style-type: none"> • \$3.45 million donated to organizations dedicated to improving affordable housing. • More than 300,000 bed nights created at the projects funded by the 2012 TD Charitable Foundation Housing for Everyone grant competition. »
	Diversity	In Canada, we designate at least 15% of TD's giving to diversity-related organizations.	●	<ul style="list-style-type: none"> • 16.5% of community giving in Canada was directed to diversity-focused organizations.
Volunteerism	Grow the number of volunteering opportunities available to employees.	○	<ul style="list-style-type: none"> • Through the Volunteer Grants Program, TD donated more than \$437,000 to 723 different organizations where TD employees volunteered 40 or more hours. Although participation in the program declined in Canada, we saw over 100% growth in the U.S. » 	
Supply Chain	Governance	Develop and implement a Responsible Procurement Policy.	●	<ul style="list-style-type: none"> • The new policy came into effect on November 1, 2012. »
	Supplier Diversity	Create a level playing field for suppliers certified as being minority-owned.	○	<ul style="list-style-type: none"> • We continue to raise awareness of TD's supplier diversity program through local and regional activities. »
Public Policy	Transparency	Expand reporting of political donations to include U.S. activities.	●	<ul style="list-style-type: none"> • We introduced reporting on TD's Political Action Committee, which was established in 2011. »

2012 Business Highlights

- In 2012, we taught our 1 millionth student through the TD Bank WOW!Zone financial education program.
- We introduced a new survey in Canada to gather more information on the impact of TD's funding. Going forward, we will use this survey to set targets and track performance. »
- TD implemented a new Responsible Procurement Policy. »
- Our 2012 reporting now includes improved disclosure on political donations and tax payments. »

2012 Challenges

- The launch of an employee volunteer management system was delayed until 2013.

2012 Context

Cutbacks in government spending, at all levels, continue to increase pressure on community organizations to raise funds. We continue to see an increased volume of corporate funding applications.

Increasing financial literacy and access to education. Helping the environment. Creating opportunities for young people. Improving access to affordable housing in the U.S. These four priorities continued to guide TD's community investments in 2012, as we aimed to strengthen our communities for the future.

Community investment

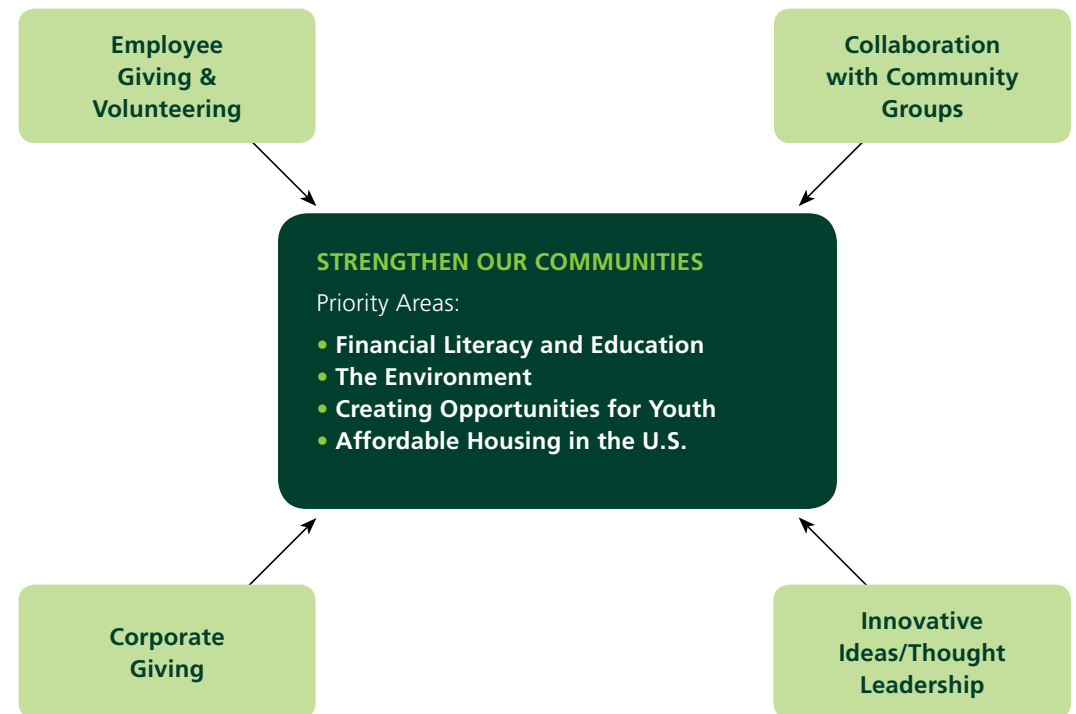
TD has never been a company to just hand over cheques to a long list of charities and hope for the best. Our success as a company depends on the well-being of the communities we serve, so we believe in playing an active role in their development.

Our approach to community investment includes:

- Providing financial support to create change, through both donations and community development investments;
- Encouraging employees to volunteer;
- Collaborating with community partners – contributing our insights, ideas and corporate resources to help advance their work; and
- Helping organizations build capacity to increase their reach.

This approach to community involvement is in line with TD's broader Corporate Responsibility Strategy, which emphasizes comprehensive, sustained engagement to solving problems. Over the years, we have seen our community investments effect positive changes in the areas we support and create concrete improvements in the lives of many.

 [More on TD's Community Strategy](#)



Financial Literacy & Education

\$3.6 million

given for bursaries and scholarships, enabling students from all walks of life to pursue post-secondary education



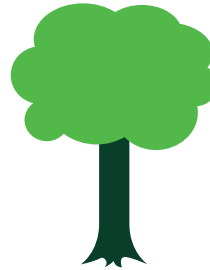
TD volunteers taught financial literacy programs in their communities to children and adults

2,300

Helping the Environment

planted in 152 urban and rural communities across North America, the U.K. and Luxembourg

40,000+
trees



\$10.7 million

contributed to support environmental projects and organizations*

Creating Opportunities for Young People

1.2 million
kids

benefited from children's literacy programs supported by TD



accessed and enjoyed various performing arts productions as a result of TD underwriting admission costs

340,000+
youth

Affordable Housing in the U.S.

\$3.45 million

donated to organizations dedicated to improving and expanding affordable housing



300,000+
bed nights

created at the projects funded by the 2012 Housing for Everyone grant competition

*Through corporate giving and funding from the TD Friends of the Environment Foundation.

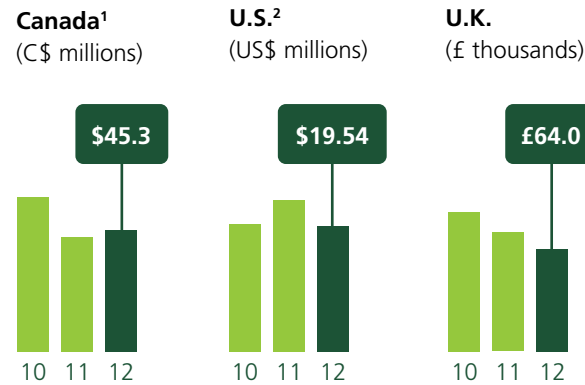
Performance in 2012

In 2012, our community investment strategy continued to achieve strong results:

- Corporate donations of \$65.3 million helped support and empower more than 6,000 not-for-profit organizations across North America and the U.K. in carrying out their missions. Donations in Canada continued to rise last year but declined in the U.S. and U.K.
- We worked successfully to focus our support in TD's four priority areas: financial literacy and education, the environment, creating opportunities for young people, and affordable housing in the U.S. Almost 60% of our total giving was aligned to these strategic priorities. Beyond dollars, we contributed business expertise, marketing support and thousands of TD volunteers to assist community partners – bringing our vast resources to the table for greater impact.
- In addition to our four priority areas, we were responsive to many local causes and immediate needs. TD contributed funding to support diversity programs, hospitals, social services and the arts. We also rallied to help relief efforts in U.S. states battered by Hurricane Sandy in October 2012, donating \$500,000 to the Red Cross and creating an assistance program for affected customers.
- We also encouraged and facilitated \$5.8 million in customer donations to the Children's Miracle Network and TD Friends of the Environment Foundation, and employee donations of \$14 million for United Way.

 **London Benchmarking Group (LBG) Canada Summary**

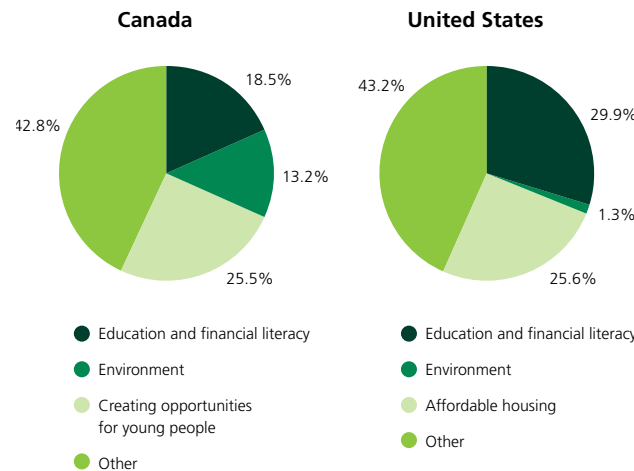
TD's Corporate Giving



¹ Excludes in-kind donations, such as donated equipment, computers and furniture, and program management costs.

² Includes US\$15.8 million from the TD Charitable Foundation (2011 – \$ 16.2 million, 2010 – US\$13 million); excludes in-kind donations, such as donated equipment, computers and furniture, and program management costs.

Percentage of Donations Applied to Focus Areas



Trends and challenges in 2012

The economy: A challenging economic backdrop persisted in 2012, with the lingering downturn and volatility affecting people in communities across our footprint. Many U.S. neighborhoods in particular continue to struggle to rebound from the recession.

Consistent with recent years, the number of requests for funding has increased – more than 8,000 applications in total. TD continued to support our partners in tough times through our ongoing community investments. In Canada, we now offer organizations a simplified and more efficient online application system.

Impact evidence: In the field of corporate giving, companies are being called upon not just to report on their activities, but also to demonstrate meaningful impact. Through this yearly corporate responsibility report and TD's website – using both quantitative and qualitative data – we have worked to capture the significant social and economic benefits of our community work.

Deeper engagement: Corporate giving is evolving in another way: There are increasing expectations of deeper engagement with community organizations. These partnerships are typically multi-year commitments where TD contributes marketing support, financial and business expertise, and other resources. More and more community groups are looking to TD for this level of involvement, and while it makes our work more impactful, it also makes it more complex and challenging.

\$286 million

The amount charities and not-for-profits across North America and the U.K. have received from TD since 2007.

The continuing role of philanthropy: While it takes more than money to create sustainable change, philanthropy remains a powerful and transformative force. Moreover, it is chronically needed by a charitable sector struggling under unceasing demand. Food banks, for example, deliver essential services by providing meals for people in need, and we are proud to support their work. As one example, the [TD Charitable Foundation](#) contributed \$100,000 to Florida food banks last year to help them meet the post-holiday meal demand.

Capacity-building: Donations enable not-for-profit organizations to deliver new and improved services. With funding, they can also build their in-house skills so they can meet community needs more efficiently and effectively. TD's Non-Profit Training Resource Fund in the U.S. was created for that purpose. The fund awarded 201 grants totalling \$180,000 so not-for-profits could provide job training, education and professional development opportunities for their employees. The success of these training grants has led us to replicate the model in Canada for environmental organizations we support. Learning from successes elsewhere demonstrates one of the advantages of TD's larger footprint.

AWARDS & RECOGNITION



TD Bank, N.A. was rated Outstanding in a Community Reinvestment Act Performance Evaluation by the Office of the Comptroller of the Currency in December 2011. The rating reflects TD's commitment to meeting the credit needs of the entire community, including the needs of low- and moderate-income individuals, neighborhoods and small businesses.

TD received an Arts Award from the Allied Arts Council of Lethbridge, Alberta, based on the substantial contributions TD has made to the city's arts community.

TD was recognized with the Green Leaf Award from NYC's City Parks Foundation for TD's dedication to city-wide green initiatives.

TD was awarded the Most Effective Corporate Program by Business for the Arts.

Impact of employees: volunteerism + giving

When it comes to making a difference, TD employees are a major force – generously giving their money, skills and time to community causes.

Last year TD employees donated \$14 million to charities and volunteered in many different ways, engaging through bank-created volunteering programs and a variety of activities organized by community organizations.

TD's Employee Giving (in millions of dollars)

	2012	2011	2010
Total	\$14.0	\$12.5	\$12.3

These are just two examples from the past year:

- More than 100 employees spent three months planning the TD Securities annual Underwriting Hope Charity Auction in Toronto. Reaching its 15-year milestone, the event raised over \$1.2 million to benefit over 70 children's charities such as Giant Steps, a school and therapy centre for children with autism.
- Eleven TD volunteers in the U.K. assisted secondary school students at Abbey Grange Academy in Leeds as part of the TD Direct Investing Aspirational Mentoring Programme. Speaking about the benefits, Danielle Rigby from the Academy said, "The opportunity to interact with professionals within a business is invaluable to our students. They are able to develop their interpersonal and communication skills."

Win-win-win for communities, employees and TD

By volunteering, TD employees take responsibility for enriching lives and neighbourhoods, producing a positive ripple effect through their involvement. Volunteering also gives employees a chance to build their skills, network and learn more about community issues.

We know that a culture of community giving in the workplace inspires employees and is a contributor to their overall level of engagement. Through our Volunteer Grants Program, TD donated more than \$437,000 to 723 different organizations where TD employees volunteered 40 or more hours.

Employee Volunteer Grants

	2012	2011	2010
Canada (in thousands of Canadian dollars)	\$316	\$377	\$409
U.S. (in thousands of U.S. dollars)	\$118.5	\$56.0	\$77.5
U.K. (in thousands of U.K. pounds)	£2.7	n/a	n/a

Streamlined community reporting

Every year we face the same dilemma: which community programs to profile in this report? TD's involvement in the community is extensive; there are thousands of organizations we support that are making a difference. This year we have taken a different approach to our community reporting. We have shortened this section to capture our key performance highlights and challenges in 2012 and have enhanced our Community website with more details on the many programs we support. As samples of our broader approach, we share four stories to represent TD's ongoing commitment:

- [Making a Neighborhood](#) »
- [Building on 20 Years of Environmental Conservation in Canada](#) »
- [Literacy: A Key Skill For the Future](#) »
- [Supporting Economic Development in the U.S.](#) »

We continue to explore additional ways to track and measure the value and long-term outcomes of our support, while at the same time not wanting to place too much burden on charities that are already operating under constrained resources. In 2012, we asked the community organizations that we fund to complete a short, standardized impact report to help us see how our donations are advancing their cause and making a tangible difference. The results were used to build the scorecard on page 61. Admittedly, we rely on self-reported figures through this process and depend upon the knowledge of our community managers to verify the results.

Making a Neighborhood



▶ Making a Neighborhood

When it comes to tackling one of America's most widespread problems – affordable housing – a community development corporation in Chelsea, Mass., has a clear vision: Great neighborhoods empower people to grow and prosper.

Since 1979, [The Neighborhood Developers](#) (TND) has been creating great neighborhoods by revitalizing distressed areas of this city and engaging community members in the cause.

Housing for Everyone

Using funding provided by the TD Charitable Foundation in 2012, the not-for-profit will rehabilitate an historic American Legion hall, built in 1933, into nine units of permanent housing for individuals, primarily veterans, who are moving out of homelessness. There is a demonstrated need for housing for homeless veterans in Chelsea. The project will commence construction in 2013, with full occupancy expected in October 2014.

TND is one of 25 organizations awarded \$2.5 million in grants last year from the TD Charitable Foundation for transitional housing and homeless shelter initiatives through the seventh annual Housing for Everyone grant competition. It is the TD Charitable Foundation's signature program to bolster affordable housing efforts in communities we serve.

Affording housing is the starting point

Organizations like The Neighborhood Developers understand that a great neighborhood is the sum of its parts. Broad community development strategies are needed to achieve meaningful revitalization; building affordable homes is a starting point.

"We take a three-pronged approach to create great places to live, work and raise a family," said George Reuter, communications manager for The Neighborhood Developers. "Besides affordable housing, we help low-income people improve their financial literacy, which is so integral to increasing family prosperity, and our Community Engagement Program opens up opportunities for neighbors to meet and work together."

Long-term investment

As a proud partner, the TD Charitable Foundation, the charitable giving arm of TD Bank, has contributed nearly \$200,000 to The Neighborhood Developers since 2006, demonstrating our long-term relationship and sustained investment in their work. In addition to these initiatives, our funding has enabled:

- Training for their employees;
- Energy-efficiency improvements at 55 units in their affordable housing portfolio;



- The development of Highland Terrace, a 32-unit multi-family project for extremely low-income households; and
- Delivery of financial education and credit counseling classes, free tax preparation services and financial literacy coaching.

Added George, "TD has supported us on all these different levels, and this has been very critical to our community development efforts."

Building on 20 Years of Environmental Conservation in Canada

Nature-Action Québec is a Quebec-based organization dedicated to guiding people and organizations in adopting best practices relating to the environment. It is one of many organizations that received funding last year from the TD Friends of the Environment Foundation (TD FEF), a national charity established to support environmental initiatives across the country.

Since 1990, TD FEF has provided more than \$60 million to over 20,000 projects that protect and enhance the environment.

In 2012 TD FEF continued to make an impact – with \$4.8 million in funding distributed to 1,089 projects including tree plantings, energy conservation initiatives, environmental education programs for kids and much more. Funding recipients have effected positive environmental change in countless ways, and we share some of their stories on [TD FEF's website](#).

TD FEF's national programs [TD Tree Days](#) and [TD Green Streets](#) underscore the importance of our urban forests. As part of [TD Forests](#) these initiatives bring to life TD's ongoing commitment to forest protection and stewardship.

"I started volunteering for TD FEF because I know first-hand the positive impact it has had on local projects."

TD's Lucy Belier, who has volunteered on the Kitchener-Waterloo board of TD FEF since April 2010.

Our target: 200,000 donors by 2015

United in their concern for the environment, TD FEF is supported by hundreds of thousands of Canadians across the country who give on a monthly basis. TD FEF is proud that 100% of every dollar that is donated to the Foundation goes right back into funding local projects. In addition to contributing over \$1 million annually, TD covers the management costs of running the Foundation.

In 2012, TD FEF announced the goal of growing its donor base from 140,000 to 200,000 monthly donors by 2015. In doing so, TD FEF will be able to fund more projects in communities across Canada.



New structure for better impact

To achieve this goal, TD FEF simplified its structure, amalgamating 87 chapters into 38. These chapters are now managed by eight volunteer Regional Advisory Boards, each made up of 12 members, split equally between local TD employees and local community members with environmental expertise. The revised structure streamlines the decision-making process and lessens the administrative burden on charitable organizations by making it easier to apply for funding when their project covers a number of communities.

Literacy: A key skill for the future

TD strives to create opportunities for youth, and one way we do that is by promoting children's literacy, which is a critical cornerstone of a child's development.

Why it matters

In today's skills-based economy, robust literacy is not a nice-to-have, it is a must-have.

Numerous studies demonstrate the impact of improved literacy on an individual's education, health, income and career opportunities. Competence in basic literacy is also a necessary foundation for skills development in other fields, such as financial literacy.

There are several barriers, however, constraining the ability of children to become fully literate. Among them are access to books and opportunities to read – things many of us take for granted. Literacy experts also cite another challenge: that literacy is deeply underappreciated.

Breaking down barriers to literacy

TD wants to help break down these barriers and has partnered with many organizations working on the front lines to end illiteracy. Our investment of \$4 million in 2012 supported and promoted children's literacy initiatives across our footprint, such as:



- Summer reading programs across North America, which helped almost 600,000 children keep their minds active during their summer break;
- Children's literature awards, which support children's authors and foster new reading resources for kids.
- The distribution of half a million free books to Canadian children through the TD Grade One Book Giveaway;
- Our employees also helped advance children's literacy last year. For example, TD volunteers participated in summer reading programs in the U.S. and at schools in the U.K. to assist kids with their reading skills as part of the Right to Read program.
- First Book, a not-for-profit that provides books for children in underserved communities throughout North America; and

Supporting Economic Development in the U.S.

Every day, Accion East and Online empowers individuals and families with hope for their futures, thanks to the impact that a small loan can have on their businesses and lives.

Named one of CNN Money's top 10 microlenders in America, Accion East and Online provides necessary lending and financial education opportunities to "microentrepreneurs" – owners of the smallest of businesses, typically those with fewer than five employees and capital needs ranging from \$500 to \$35,000. Many of the owners are minorities and women. Last year TD Bank, through the TD Charitable Foundation, made a three-year pledge of \$500,000 to support and accelerate Accion's microlending work from Maine to Florida.

Stepping stones to success

Microloans in the U.S. average \$7,000. They serve as stepping stones to economic self-sufficiency: people can invest in, and grow, their companies and income-earning capacity. Complementing the loans, Accion provides financial coaching and tools to help people manage their microloan and build a business.

Helping accelerate economic recovery

Studies show that microfinance is a catalyst for economic development in underserved communities. Microfinance products often reach a segment of the U.S. population that is un- or underbanked or those whose financial needs aren't met by traditional financial institutions.

By igniting ideas and empowering self-starters, Accion transforms neighborhoods and fuels the economy by driving job creation through a trickle-up approach. Our support of Accion – as well as many other microlenders throughout the U.S. – reflects TD's belief that strong financial education and the best financing options to meet the needs of small, start-up businesses will ultimately help rebuild the American economy and create more jobs in our communities.



Accion provided three loans to Niorca Mejia to support her small business, which provides tax preparation, family law filings and translation services to people seeking U.S. citizenship.

"We are grateful beyond words for the commitment this represents and the impact it will have on entrepreneurs throughout the Atlantic Coast."

Paul Quintero, CEO of Accion East and Online

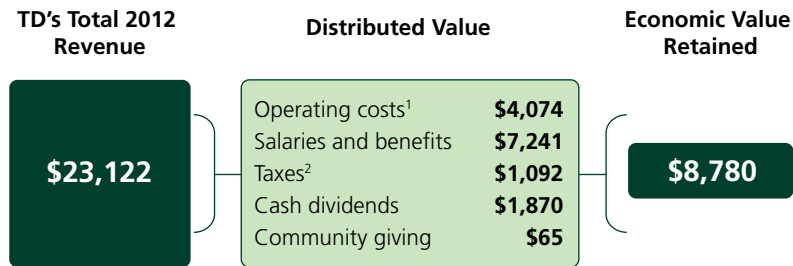


TD's economic contribution

As a major employer, purchaser, taxpayer and financial services provider, TD's role in the economy is extensive. The most direct contribution comes through maintaining a strong business with solid earnings, which allows us to pay employees and suppliers, contribute taxes and revenues to government and provide dividends to our shareholders.

Direct Economic Value Generated in 2012

(in millions of dollars)



¹ Operating costs include occupancy, equipment, marketing, professional services, communications and some taxes (payroll taxes, transaction and sales taxes, capital and insurance premium taxes and property and business taxes). Refer to the 2012 Consolidated Financial Statements for more information.

² Tax amount reflects income taxes. Refer to page 72 for more information on taxes borne by TD.

The global numbers above help tell the story of TD Bank Group's direct value, but we wanted to explore TD's indirect contributions to the economy. As our methodology is based on modelling from Statistics Canada, the analysis below refers only to Canada.

Supporting Small Business Owners

Since the economic health of our communities depends to a large degree on the viability of their small and medium-sized businesses, TD is committed to helping those enterprises succeed. Our services to them include financing, specialized services and advice, and education. Over half our Canadian branches have Small Business Advisors who can advise on innovative solutions, products and services to meet each customer's unique needs.

- In 2012, TD Bank was the top Small Business Administration (SBA) lender (by dollar volume) in Vermont, New Hampshire, Maine and South Carolina.
- TD is also providing support to microlenders across America as a catalyst for economic development in underserved communities.
- In 2012 TD Canada Trust provided small business customers with over \$2 billion in new and increased credit authorizations.

Reinvesting in Our U.S. Communities

In 2012, TD Bank provided in excess of US\$450 million through community development investment programs in underserved areas:

- The Low Income Housing Tax Credit program supports the development of multi-family housing for low-income individuals and families in need of affordable rental housing options.
- The New Markets Tax Credit program supports the revitalization of communities in low-income and distressed communities through improving access to capital for job creation and economic opportunities.
- The Small Business Investment Company program supports the growth of new and existing small businesses by providing access to equity capital, long-term loans and management assistance.

Analysis From TD Economics

TD helps support the Canadian economy and job market through direct and indirect channels. The direct channels reflect TD's actual hiring and spending. TD pumped \$5.1 billion into the economy via its purchases of goods and services. If part-time positions are combined into their full-time

equivalent, TD employed a total of 53,000 Canadians and paid \$5.4 billion in salaries and benefits. TD also provided shareholders with \$1.8 billion in cash dividends.

TD also positively contributes to the Canadian economy through indirect channels. First, part of the salaries and dividends gets spent within Canada, generating demand for Canadian businesses.

TD's spending also generated knock-on effects, which would have led to increased economic activity and hiring among other industries.

Over all, it is estimated that in 2012 TD helped support a total of 116,000 full-time equivalent jobs and generated \$11.4 billion in economic activity within Canada, both directly and indirectly.

Sources: TD Bank Group 2012 Annual Report and Statistics Canada.

Taxes

The taxes we pay and collect

TD pays corporate income taxes on the profits we earn, as well as various taxes incurred in our business operations. These include:

- Income taxes paid on profits;
- Payroll taxes for 87,109 employees across 16 countries;
- Unrecoverable transaction and sales taxes (VAT, HST and GST);
- Taxes on capital investments and insurance premiums; and
- Taxes on property and business operations.

\$2.1 billion

Amount TD contributed in taxes borne in 2012

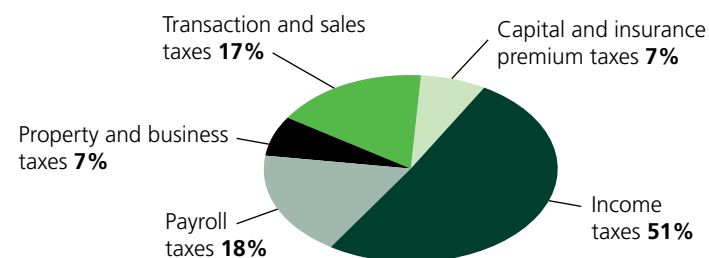
Taxes Borne by TD Bank Group (in millions of dollars)

	2012	2011	2010
Income taxes	1,092	1,326	1,262
Payroll taxes	383	367	316
Transaction and sales taxes	352	339	222
Capital and insurance premium taxes	141	147	207
Property and business taxes	156	149	133
Total	\$2,124	\$2,328	\$2,140
Effective income tax rate	14.9%	18.6%	21.8%
Effective total tax rate	29.0%	32.7%	37.0%

The income taxes paid by TD were lower in 2012 as a result of corporate tax rate reductions in Canada and the United Kingdom.

[+ More on TD's Tax Strategy and Approach \(PDF\)](#)

Types of Taxes Borne by TD



TD collects taxes on behalf of governments in the countries and regions where we operate. Although there are administrative costs associated with this activity, we understand and support the benefits to the broader economy. The taxes we collect include:

Employee-related

- The employee portion of payroll taxes
- Income tax on behalf of employees

Customer-related

- Property tax on behalf of customers who are mortgage holders
- Transaction tax on customer transactions to which sales taxes apply
- Withholding taxes on behalf of investors

\$1.7 billion

collected in employee-related and customer-related taxes on behalf of governments

Supply chain

Responsible Procurement

We look for products and services that safeguard human rights, ethics and the environment from suppliers who demonstrate that they share our values. Therefore, we screen according to wide-ranging criteria, including social, ethical and environmental responsibility. We also consider elements such as suppliers' privacy and security policies, standards and financial stability.

TD's North American Strategic Sourcing Group uses a disciplined process for the selection of significant suppliers and provides support to all TD businesses for sourcing initiatives. In addition to regulatory requirements, our policies and processes consider many other aspects of the supplier relationship, including conflict of interest, technology and compatibility between the supplier's culture and TD's Guiding Principles, business objectives and service philosophies.

\$5.1 billion

amount TD spent on goods and services from suppliers across North America in 2012.

A Fair and Transparent Process

The selection methodology we use when sourcing is designed to be fair and transparent for our supplier community. Suppliers that are not successful are offered the opportunity for a debriefing session so they may better understand the rationale for our decision and take steps for improvement if necessary.

A Broader Policy

This year, after evaluating our sustainability research findings from 2010 and 2011, we worked to broaden TD's existing Environmental Procurement Policy (effective 2009) to go beyond environmental considerations. Effective November 1, 2012, the newly titled Responsible Procurement Policy now includes the human rights, ethical and environmental criteria and performance standards that our suppliers must meet. The new policy commits that TD will, whenever possible, source products and services that safeguard human rights, ethics and the environment and buy from suppliers that have responsible policies and practices.

How We Procure Responsibly

During sourcing initiatives when we are engaging suppliers, the suppliers are asked to complete a questionnaire describing their own human rights, ethical and environmental policies and practices. The broader scope includes:

- Corporate responsibility performance;
- Health and safety record;
- Human rights and labour, including child or forced labour;
- Diversity and inclusion;
- Code of conduct, ethics, anti-bribery/anti-corruption; and
- Environmental sustainability efforts.

[Responsible Procurement Policy Summary \(PDF\)](#)

Suppliers are also asked to disclose details of any violations or incidents and, if any, to describe the steps taken to correct the problem. Using a risk-based approach and depending on the products or services being sourced, additional questions may be asked and further scrutiny applied. During the assessment process, other internal partners, such as Human Resources or TD Environment, may be asked to provide a recommendation on the supplier selection.

Supported by a transparent sourcing process, this questionnaire, together with appropriate analysis of the products or services being bought, helps ensure that TD extends its values into the supply market.

Supplier Diversity

Diversity and inclusion are an integral part of how we conduct business at TD, and our Supplier Diversity Program reflects this commitment. Effective since November 1, 2011, the Supplier Diversity Program covers both Canada and the U.S. It is designed to create a level playing field for suppliers certified as being minority-owned who are interested in providing goods and services to TD Bank Group.

TD's Supplier Diversity Program works to include women, visible minorities, Aboriginal Peoples, LGBT, persons with disabilities, veterans and other minority groups in its supply chain. TD is a corporate partner with the six main certifying organizations in Canada and the U.S.

Best and good-faith efforts are made to provide meaningful opportunities for diverse suppliers. TD's process for developing potential vendor pools includes the search of certified diverse supplier databases for candidates. We also look for and create opportunities to contribute to the development of suppliers through educational workshops and through individual mentorship meetings or calls with suppliers.

Our strategy includes increased interaction and engagement with TD's Diversity Team so that we can take advantage of all opportunities to raise awareness of the Supplier Diversity Program through local and regional activities and initiatives.

 [Prospective Supplier Website](#)

Public policy

TD is committed to being open and forthcoming about our corporate public policy activities and political contributions.

In all jurisdictions where TD operates, we carefully monitor economic and policy issues that may impact our business and our customers. We engage in discussions with elected officials, public servants and regulators to keep abreast of these matters and to educate them on TD's position. We also strive to play an active role in policy development processes in an effort to help build a stronger global financial system. TD is transparent about its interactions and aims to meet both the letter and the spirit of the laws that apply to all contact with governments. [TD's Code of Conduct and Ethics](#) outlines our policy on political activities.

Government Relations in Canada

In Canada, TD's Government Relations group coordinates the bank's dialogue with politicians and public servants on policy issues of interest to the bank, as well as coordinating much of the bank's relationships with industry associations, such as the Canadian Bankers Association. TD's Regulatory Relations group coordinates the bank's contact with both Canadian regulators and regulators in foreign jurisdictions other than the U.S.

The majority of TD's interactions take place with the federal government, which has jurisdiction over all banking activities and many other financial services. TD complies with all federal lobbyist reporting requirements and reports all of its activities to the Office of the Commissioner of Lobbying, as required. Those activities undertaken at the provincial and municipal levels follow all of the rules and/or reporting requirements that exist for these jurisdictions.

Government Relations in the U.S.

In the U.S., the Regulatory and Government Affairs team manages the bank's contact with regulators, elected officials and other government employees at the federal, state and local levels. In addition, the Government Affairs team coordinates the bank's relationships with financial services trade associations.

TD Bank complies with all reporting requirements related to its interactions with government officials and with all other laws, rules and regulations that govern such interactions. Further, given the wide array and complexity of such restrictions, we adopted a comprehensive Gifts and Entertainment Policy that prohibits gifts of any kind from bank employees to government officials. Finally, the bank provides in-depth ethics training to its employees who interact with government officials.

Significant Public Policy Positions and Activities in 2012

Issue	Audience	Outcomes
<i>Regulatory Changes</i>		
Implementation of the Dodd-Frank Act	U.S. Congress and regulators	TD participates in the consultation processes on a number of aspects related to implementation of the Dodd-Frank Act.
Implementation of Basel III Accord	Financial Stability Board and Office of the Superintendent of Financial Institutions (OSFI)	TD is currently implementing the Basel III Accord under OSFI requirements.
Global and Domestic Systemically Important Banks (G-SIBs and D-SIBs)	Financial Stability Board and OFSI	TD has participated in consultations with the Financial Stability Board on both G-SIB and D-SIB capital surcharge. The bank will continue to consult with OSFI on D-SIB requirements.
Foreign Account Tax Compliance Act (FATCA)	U.S. Congress and regulators	TD and other Canadian banks have emphasized common interest in cooperating with U.S. efforts to combat tax evasion without undermining legitimate cross-border transactions and imposing unnecessary rules on tax-compliant citizens. U.S. Treasury regulations and additional intergovernmental agreements are expected by early 2013.
<i>Consumer/Economic Issues</i>		
Household debt levels and mortgages	OSFI and the Government of Canada	In response to rising household debt levels in Canada, TD continued to encourage the federal government to tighten lending requirements for mortgages. The Minister of Finance took policy actions combined with regulatory measures, which led to a slowing of the housing market and, in turn, mortgages. TD continues to monitor developments in the housing markets.
Third-party dispute resolution	Government of Canada and Members of Parliament	TD advocated for a dispute resolution regime that would allow for multiple providers and be overseen by a regulator for the first time.

Political Contributions

TD's political contributions are minimal in Canada and nil in the U.K. In the U.S., TD Bank N.A. has established a federal political action committee through which its employees may participate in the political process.

Canada

In 2012, TD donated to both ruling and official opposition parties in the provinces that allow corporate donations. Currently, five provinces do not allow political donations – nor are they permitted at the federal level. Our contributions have no political bias, are all on public record and can be accessed at the websites of provincial election offices.

2012 Political Contributions in Canada

	2012	2011	2010
Federal	–	–	–
Provincial	\$173,620	\$204,150	\$129,500
Municipal	–	–	\$1,700
TOTAL	\$173,620	\$204,150	\$131,200

U.S.

Federal law in the U.S. prohibits national banks from making political contributions to candidates for federal, state or local office. Contributions are allowed, however, from separate segregated funds established by national banks and other corporations. Such funds are known as political action committees or PACs. There are more than 4,600 active PACs in the U.S.

TD Bank N.A. established TD PAC in August 2011, registering it with the Federal Election Commission, as required by law. The PAC allows eligible, interested employees to make political contributions to candidates for federal office who support a strong financial services sector and sound economic policies. TD PAC is non-partisan and funded solely by voluntary contributions from eligible TD employees. The bank has established a payroll deduction system to facilitate employee contributions to the PAC. All contributions from the PAC are reported to the Federal Elections Commission and are a matter of public record. Employee contributions that aggregate to \$200 or more each year are reported as part of the public record. More information about TD PAC may be found on the [FEC database](#).

A board of directors operating according to its articles of association governs TD PAC. This ensures accountability for proper administration and operation of the PAC and reflects the importance of and TD's commitment to strong governance. TD PAC contributed a total of \$52,000 to 36 candidates, with disbursements balanced between both parties. These contributions were made from August 2011 to December 2012. TD PAC makes political contributions that are allowed by federal law and that are consistent with the bank's strict guidelines for public policy activities and advocacy. No contributions are made to gain an unfair or inappropriate advantage. TD PAC does not independently advocate the election or defeat of specific candidates for federal office.

About This Report

The 2012 Corporate Responsibility Report is designed to inform our stakeholders about TD's environmental, social and economic performance. TD's Public Accountability Statement is included as an appendix to this report and meets our obligations under Canada's *Bank Act*.

Report Scope

This report presents the material issues and impacts of our activities during the fiscal year ending October 31, 2012, and provides a three-year performance trend where possible. Reports from previous years are available online:

www.td.com/responsibility



The scope of this report encompasses all of TD's wholly owned operations and activities, which are organized around the following operating business segments: Banking, Wealth, Securities and Insurance.

Reporting Standards

This report has been prepared in accordance with the G3 [Global Reporting Initiative](#) (GRI) Guidelines version 3.1 including the GRI's Financial Services Sector Supplement. These guidelines ensure the credibility and quality of sustainability reporting across all industries and sectors. To learn more about our GRI performance, please refer to the [GRI Index](#).

GRI version 3.1 has been adopted for our 2012 report and, where requirements under the protocol have changed from GRI version 3.0, data has been restated where possible.

Independent Assurance

Selected performance indicators were independently assured by Ernst & Young LLP. Ernst & Young performed a limited assurance engagement for a selection of TD's 2010, 2011 and 2012 performance indicators and TD's 2010 and 2011 greenhouse gas emissions and carbon neutral schedule. Facts and figures over which Ernst & Young provided limited level of assurance are identified with the symbol . Facts and figures over which Ernst & Young provided reasonable level of assurance are identified with the symbol . The results of Ernst & Young's assurance engagements are documented in their assurance statements:

[Assurance Statement for the 2012 Corporate Responsibility Report](#)

[Assurance Statement for the 2011 Carbon Neutral Schedule](#)



Statement GRI Application Level Check

GRI hereby states that **TD Bank Group** has presented its report "2012 Corporate Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 February 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because TD Bank Group has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI Table

Performance data that TD considers to be material is included within the body of the 2012 Corporate Responsibility Report. The table below provides additional data on other performance topics to broaden TD's GRI disclosure.

TD self-declares its corporate disclosure process to GRI Application Level B+ using the G3 version 3.1 guidelines. The GRI table has been checked by the [Global Reporting Initiative](#) and selected performance indicators were independently assured by Ernst & Young LLP, which allows us to submit the report at a B+ level (GRI checked). The results of Ernst & Young's assurance engagements are documented in their assurance statement.

Legend	
F	Full Disclosure
P	Partial Disclosure
NA	Not applicable to our industry
NM	Not material
NR	Not reported
AR	Annual Report
PC	Proxy Circular

Profile Disclosures

1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	F	CEO's Message (p6)
1.2	Description of key impacts, risks, and opportunities.	F	Material Topics (p14); Governance (p25); Scorecard (PDF) ; AR-Environmental Risk (p82)
2. Organizational Profile			
2.1	Name of the organization.	F	TD Bank Group
2.2	Primary brands, products, and/or services.	F	Corporate Profile
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	F	Corporate Profile AR – Principal Subsidiaries (p184)
2.4	Location of organization's headquarters.	F	Toronto, Ontario, Canada
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	F	Where We Operate (p5)
2.6	Nature of ownership and legal form.	F	Corporate Profile
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	F	Where We Operate (p5) AR – pages 21-26
2.8	Scale of the reporting organization.	F	Corporate Profile AR – pages 6, 21–22 , Where We Operate (p5)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	F	AR – Significant events pages 11–12
2.10	Awards received in the reporting period.	F	Awards



3. Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	F November 1, 2011 to October 31, 2012.
3.2	Date of most recent previous report (if any).	F 2011 Corporate Responsibility Report
3.3	Reporting cycle (annual, biennial, etc.)	F Annual
3.4	Contact point for questions regarding the report or its contents.	F Email: crreport@td.com Community Relations TD Bank Group TD Tower, 17th floor Toronto, ON Canada M5K 1A2
3.5	Process for defining report content.	F Engaging Stakeholders (p9) ; Material Topics (p14) ; Overview of TD's Materiality Process (PDF)
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	F About This Report (p77)
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	F About This Report (p77) Exclusions are noted through footnote disclosure throughout the report.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	F About This Report (p77) AR – Principal Subsidiaries (p184)
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	F Ernst & Young LLP Notes (PDF) About This Report (p77) Carbon Neutral Schedule Paper Reduction Schedule (PDF)
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	F About This Report (p77) LA10 Explanation of transition of using FTE to headcount (p40)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	F About This Report (p77)
3.12	Table identifying the location of the Standard Disclosures in the report.	F GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	F About This Report (p77) Ernst & Young Assurance Statement (p89)
4. Governance, Commitments and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	F Governance (p25)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	F Governance (p25)
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	F Governance (p25)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	F PC – Measures for receiving stakeholder feedback (p63)

4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	F	PC – Performance and compensation (p33-35) TD's Approach to Compensation (PDF)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	F	PC – Conflicts of interest (p66)
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	F	PC – Nomination of Directors (p66)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	F	What We Value (p7) Ethics and Compliance (p26) Scorecards (PDF)
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	F	Corporate Responsibility Governance (p25) AR – Environmental Risk (p82-3) Environmental Governance Diversity Governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	F	PC – Assessment (p69) Environmental Governance Diversity Governance
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	F	AR – Environmental Risk (p82-3) Water Risk (p55)
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	F	United Nations Principles for Responsible Investing Equator Principles
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	F	Affiliations
4.14	List of stakeholder groups engaged by the organization.	F	Engaging Stakeholder (p9) Material Topics (p14) List of Stakeholder Groups and Discussion Topics (PDF)
4.15	Basis for identification and selection of stakeholders with whom to engage.	F	Engaging Stakeholder (p9) Full Report on Stakeholder Panel (PDF)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	F	Engaging Stakeholder (p9) With teams across TD dedicated to maintaining relationships, we interact with several stakeholder groups on a daily and/or weekly basis, responding to the issues and concerns brought to our attention.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	F	Engaging Stakeholder (p9) Material Topics (p14) Full Report on Stakeholder Panel (PDF) List of Stakeholder Groups and Discussion Topics (PDF)

Performance Indicators

Economic Performance			
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	F	Economic Contribution (p71) Community Giving (62-64)
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	F	AR – Environmental Risk (p82) TD's Environmental and Social Credit Risk Process
EC 3	Coverage of the organization's defined benefit plan obligations.	F	Summary of TD's Benefit Programs
EC 4	Significant financial assistance received from government.	F	Our ongoing objective is to make sure that TD businesses are taking on only risks they understand and can manage. And because of our disciplined approach to risk management, TD is one of the few global financial institutions that has not required significant financial government assistance.
EC 5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	NR	
EC 6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	F	Currently, we do not survey suppliers on their overall satisfaction in doing business with TD, nor do we track or set requirements for spending on local suppliers at our major locations of operations. TD's Diverse Supplier Program is intended to increase opportunities for diverse suppliers within our supply chain.
EC 7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	P	Hiring local populations The large majority of TD's employees are hired from the local population. When the opportunity or need arises, relocation of employees from other geographies typically occurs at the executive level. While we don't have specific policies about local hiring of employees or management, we do strive to make our branches and workforce reflect the communities we serve.
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	NR	
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NR	

Environmental Performance			
EN 1	Materials used by weight or volume.	NA	
EN 2	Percentage of materials used that are recycled input materials.	NA	
EN 3	Direct energy consumption by primary energy source.	F	Operational Footprint (p46) Detailed Environmental Performance (PDF) Notes
EN 4	Indirect energy consumption by primary source.	F	Operational Footprint (p46) Detailed Environmental Performance (PDF) Notes
EN 5	Energy saved due to conservation and efficiency improvements.	F	Renewable Energy and Carbon Credits (p48) ; Improving Energy Efficiency (p49-51) ; Case Study: Greening Our Buildings: Green IT (p50) ; Waste (p51) ; Detailed Environmental Performance (PDF)
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	F	Green Options for Customers (p57)
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	F	Improving Energy Efficiency (49-51) TD green nation encourages employees to reduce their carbon footprint (p59)
EN 8	Total water withdrawal by source.	P	Water (p52)
EN 9	Water sources significantly affected by withdrawal of water.	NM	
EN 10	Percentage and total volume of water recycled and reused.	NM	
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	F	TD does not own or lease facilities in environmentally sensitive habitats.
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	F	Through the TD Forests program, TD has helped to protect 487 hectares of forest in North America in 2012. See TD Forests Interactive Map for more details.
EN 13	Habitats protected or restored.	F	Through the TD Forests program, TD has helped to protect 487 hectares of forest in North America in 2012 (20). See TD Forests Interactive Map for more details.
EN 14	Strategies, current actions, and future plans for managing impacts on biodiversity.	NR	
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NM	
EN 16	Total direct and indirect greenhouse gas emissions by weight.	F	Operational Footprint (p46) Detailed Environmental Performance (PDF) Notes
EN 17	Other relevant indirect greenhouse gas emissions by weight.	F	Detailed Environmental Performance (PDF)
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	F	Green Buildings (p49)
EN 19	Emissions of ozone-depleting substances by weight.	NM	
EN 20	NOx, SOx, and other significant air emissions by type and weight.	NM	



EN 21	Total water discharge by quality and destination.	NM	
EN 22	Total weight of waste by type and disposal method.	NR	
EN 23	Total number and volume of significant spills.	NA	
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NA	
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NM	
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	F	Case Study – Greening Our Buildings Embedding the Environment in our Business (p19) Green Options for Customers (p57)
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	NM	
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	F	There have been no incidents of environmental fines or non-compliance since TD began reporting to the GRI standard in 2007.
EN 29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	NR	
EN 30	Total environmental protection expenditures and investments by type.	F	Emerging Risk – Carbon and Water (p55)

Social Performance: Labour Practices and Decent Work

LA 1	Total workforce by employment type, employment contract, and region, broken down by gender.	P	Workforce Profile (PDF)
LA 2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	P	Retention (p38)
LA 3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	F	Summary of Benefit Programs
LA 4	Percentage of employees covered by collective bargaining agreements.	F	TD General Insurance has a long-established bargaining unit of 310 employees, or 0.36% of our total employee population, represented by the Teamsters Union at one of our Montreal locations.
LA 5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	P	TD's Approach to Job Loss
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	F	In Canada, we have a National Policy Health and Safety (H&S) Committee, H&S representatives at each work location (over 1,500) and H&S training for all managers and H&S representatives. In the U.S., TD Bank has 13 Safety committees involving 185 employees who meet quarterly.

LA 7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.

F The majority of disabling injuries within the financial services industry are a result of slips or falls on icy surfaces or due to tripping on a loose cord or irregular carpeting. The difference in relative numbers of employee days absent in Canada and the U.S. is a function of different reporting requirements in each country. In Canada, the requirement is to report accidents, such as slips, trips and falls. In the U.S., all health insurance claims must be reported, which inevitably includes a broader category of incidents and illnesses.

Workplace Accident Statistics: Canada ¹			
	2011	2010	2009
Minor injuries ²	199 (0.38%)	216 (0.43%)	199 (0.42%)
Disabling injuries ³	73 (0.14%)	62 (0.12%)	79 (0.16%)
Employee days absent beyond day of injury	430	618	323

¹ Latest data available. The 2012 data will be reported to the Canadian federal government in spring 2013. Figures in parentheses indicate accident statistics as a percentage of the Canadian employee population as at the end of the 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, there were no workplace fatalities or disabling injuries that resulted in permanent loss or loss of use of a body part or function.

Claims Filed Through Workers' Compensation: U.S. ¹			
	2011	2010	2009
Medical/report only ²	690 (2.63%)	605 (2.55%)	682 (3.06%)
Indemnity claim ³	95 (0.36%)	85 (0.35%)	61 (0.27%)
Employee days absent beyond day of injury	5,754	6,505	4,758

¹ Latest data available. The 2012 data will be reported to the U.S. federal government in spring 2013. Figures in parentheses indicate accident statistics as a percentage of the U.S. employee population as at the end of the year.
² Workers' compensation claims below \$2,500 or any claim that requires no payment or activity other than generating a report.
³ Workers' compensation claims greater than \$2,500 and indemnity-paid claims.

LA 8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

F Some of our initiatives include:

- Best-practice ergonomic standards, which are applied to branch and building design and refurbishments;
- Tools to support employees working away from a typical office environment;
- A comprehensive H&S training program, including mandatory courses for all managers and H&S representatives; and
- A dedicated intranet resource with information on a range of health issues and communicable diseases, such as malaria and tuberculosis.

LA 9 Health and safety topics covered in formal agreements with trade unions.

NR

LA 10 Average hours of training per year per employee by gender, and by employee category.

F Personal Performance and Career Development (p40)

LA 11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

F Personal Performance and Career Development (p40)
[Developing Leaders](#)
[TD's Approach to Job Loss](#)

LA 12 Percentage of employees receiving regular performance and career development reviews, by gender.

NR

LA 13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

P Areas of Focus (p37)
Board Diversity (p25)

LA 14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

NR

LA 15 Return to work and retention rates after parental leave, by gender.

NR



Social Performance: Human Rights			
HR 1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	NR	
HR 2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	NR	
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	NR	
HR 4	Total number of incidents of discrimination and corrective actions taken.	F	In 2010, 2011, and 2012, TD had no substantiated complaints or incidents alleging discrimination upheld by a human rights tribunal.
HR 5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	F	There have been no incidents during 2010, 2011 or 2012.
HR 6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	F	<p>Respecting Human Rights in our Supply Chain</p> <p>TD implemented a Responsible Procurement Policy, effective Nov 1st, 2012, and we now screen prospective suppliers for incidents of human rights discrimination, approach to freedom of association, child labour and forced labour. See page 73 for more details.</p>
HR 7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	F	
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	NA	
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	NR	
HR 10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	NR	
HR 11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	NR	



Social Performance: Society			
SO 1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	NR	
SO 2	Percentage and total number of business units analyzed for risks related to corruption.	NR	
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures.	NR	
SO 4	Actions taken in response to incidents of corruption.	NR	
SO 5	Public policy positions and participation in public policy development and lobbying.	F	Public Policy (p74)
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	F	Political Contributions (p76)
SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	F	There were no incidents in 2010, 2011 and 2012. We determine a significant fine to be incidents that are of a regulatory nature and involve a fine of \$1 million and above. Penalties of an administrative nature are not considered material.
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	F	There were no incidents in 2011 and 2012. On December 17, 2009, the Financial Services Authority U.K. fined Toronto Dominion Bank (London Branch) £7,000,000 (CDN\$11,236,000) for repeat systems and controls failings around the pricing of sophisticated financial products.
SO 9	Operations with significant potential or actual negative impacts on local communities.	NR	
SO 10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	NR	

Social Performance: Product Responsibility											
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	NA									
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	NA									
PR 3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	P	Responsible Sales and Marketing (p32) Product Information Voluntary and Public Codes of Commitment								
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	F	There were no incidents in 2010, 2011 and 2012.								
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	F	Engaging Stakeholders (p9)								
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	F	Responsible Sales and Marketing (p32) Voluntary and Public Codes of Commitment								
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	F	<p>There were no incidents in 2012.</p> <p>In 2011, there was one incident. Advertising Standards Canada raised concerns about a claim in a newspaper advertisement that TD Canada Trust offered a “No Down Payment Mortgage” after the product was no longer available. An outdated, inaccurate version of the advertisement was placed by an individual mortgage specialist, in error, and without the approval of TD. TD placed a correction notice in the local newspapers that carried the advertisement.</p> <p>In 2010, there was one incident. Advertising Standards Canada raised concerns about a claim in a television ad that TD Canada Trust is open from “8 ‘til late.” They determined our reference to branches that do not open at 8 a.m. was not communicated in a sufficiently clear manner. The ad had already been withdrawn before the complaint was received.</p>								
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	F	<table border="1"> <thead> <tr> <th>Substantiated Privacy Complaints in Canada</th> <th>2012</th> <th>2011</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Privacy complaints made by customers in which the Office of the Privacy Commissioner of Canada ruled in favour of the customer.</td> <td>5</td> <td>1</td> <td>5</td> </tr> </tbody> </table> <p>¹Effective March 28 2012, the OPC revised its investigative findings and other dispositions under PIPEDA. The 2012 results reflect this change in approach by the OPC. This change does not impact the prior years' disclosures.</p>	Substantiated Privacy Complaints in Canada	2012	2011	2010	Privacy complaints made by customers in which the Office of the Privacy Commissioner of Canada ruled in favour of the customer.	5	1	5
Substantiated Privacy Complaints in Canada	2012	2011	2010								
Privacy complaints made by customers in which the Office of the Privacy Commissioner of Canada ruled in favour of the customer.	5	1	5								
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	NR									

Sector Supplement

Financial Services			
FS 1	Policies with specific environmental and social components applied to business lines.	F	Environment Policy ; Responsible Financing (p53); Flexible Work Options Diversity Governance Responsible Procurement Policy Summary (PDF)
FS 2	Procedures for assessing and screening environmental and social risks in business lines.	F	TD's Environmental and Social Credit Risk Process
FS 3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	F	TD's Environmental and Social Credit Risk Process
FS 4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	F	TD's Environmental and Social Credit Risk Process Diversity Governance Diversity and Inclusion employee networks and training (p23)
FS 5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	F	Green Options for Customers (p57) List of Stakeholder Groups and Discussion Topics (PDF)
FS 6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	NR	
FS 7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	NR	
FS 8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	P	Clean Energy (p58)
FS 9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	F	Environment Policy (PDF) ; TDAM Sustainable Investing Policy (PDF) London Benchmarking Group Review (PDF)
FS 10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	NR	
FS 11	Percentage of assets subject to positive and negative environmental or social screening.	F	Emerging Risk – Carbon and Water (p55)
FS 12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	NR	
FS 13	Access points in low-populated or economically disadvantaged areas by type.	F	Access to Banking ; Supporting Economic Development in the U.S. (p67 and 70)
FS 14	Initiatives to improve access to financial services for disadvantaged people.	F	Taking the Fear Out of Finance (p16); Access to Banking ; Supporting Economic Development in the U.S. (p67 and 70); Building Diversity into TD's DNA (p22)
FS 15	Policies for the fair design and sale of financial products and services.	F	Responsible Sales and Marketing (p32); Product Information Voluntary and Public Codes of Commitment



To the Board of Directors and Management of Toronto-Dominion Bank (the “Bank”)

Our responsibilities

Our assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

Scope of our engagement

We have carried out the following assurance activities:

- ▶ **Subject matter 1:** A limited assurance engagement in relation to selected performance indicators as reported in the 2012 Corporate Responsibility Report (the “Report”) for the year ended October 31, 2012. The scope of our engagement, as agreed with management, included the following performance indicators:
 - Customer Experience Index (TD Canada Trust and TD Bank business segments)
 - Employee retention (Canada and United States operations)
 - Employee engagement (TD Bank Group)
 - Average hours of training per year by employee category (Canada and United States operations)
 - The percentage of five-year average pre-tax profits donated to charities and other community organizations (Canada operations)
 - The percentage of net pre-tax income donated to charities and other community organizations (TD Bank business segment);

- ▶ **Subject matter 2:** A limited assurance engagement in relation to selected performance indicators for the Bank's Canada operations as reported in the Report as at December 31, 2011. The scope of our engagement, as agreed with management, included the following performance indicators:
 - Percentage of women in senior management positions
 - Percentage of women in middle and other management positions
 - Percentage of women employed, overall
 - Percentage of visible minorities in senior management positions
 - Percentage of visible minorities in middle and other management positions
 - Percentage of visible minorities employed, overall
 - Percentage of persons with disabilities employed, overall
 - Percentage of aboriginal peoples employed, overall; and,

- ▶ **Subject matter 3:** A limited assurance engagement in relation to selected performance indicators for the Bank's Canada and United States operations for the periods listed below. The scope of our engagement, as agreed with management, included the following performance indicators:
 - Paper purchased for the years ended October 31, 2010, 2011 and 2012
 - Recycled content for paper purchased for the year ended October, 31 2012.

Subject matter and criteria

The subject matter consists of selected social, economic, and environmental performance indicators as defined by management and the Global Reporting Initiative ("GRI") G3 and G3.1 Guidelines.

The criteria used to evaluate the majority of the three subject matters consisted of the relevant guidance contained within the GRI G3.1 Guidelines, including the Financial Services Sector Supplement, as well as internally developed criteria. The criteria used to evaluate Employee retention (Canada and United States operations) consisted of the relevant guidance contained within the GRI G3 Guidelines.

Toronto-Dominion Bank management responsibilities

The Report was prepared by the management of the Bank, who are responsible for the collection and preparation of the subject matter in the Report and the criteria used in determining that the information is appropriate for the purpose of disclosure in the Report. In addition, management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process. There are currently no legislative or regulatory requirements requiring the Bank to prepare, publish or have verified a corporate responsibility report.

Level of assurance

Our procedures were designed to obtain a limited level of assurance on which to base our conclusions. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable level of assurance. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagements were not designed to provide assurance on internal controls and, accordingly, we express no conclusions thereon.

Work performed

In order for us to express a conclusion in relation to the above subject matters, we have considered the following questions:

Completeness

- ▶ Has the Bank fairly presented the subject matter with respect to the organizational and operational boundaries and time period defined in the Report?
- ▶ Has the Bank accurately collated corporate data relating to the subject matter from all material entities in its defined boundary?
- ▶ Has the Bank collated corporate data relating to the subject matter from all relevant operations level data?

Accuracy

- ▶ Is the subject matter accurate and sufficiently detailed for stakeholders to assess the Bank's performance?

The procedures we undertook to form our conclusions included, but were not limited to:

- ▶ Interviewing selected personnel to understand the key corporate responsibility issues related to the data and processes for the collection and accurate reporting of the subject matter

- ▶ Where relevant, performing walkthroughs of systems and processes for data aggregation and reporting
- ▶ Inquiring of management regarding key assumptions and the evidence to support the assumptions
- ▶ Validating the accuracy of calculations performed, on a sample basis, primarily through inquiry and analytical procedures
- ▶ Validating that data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report through observation

Limitations of our work performed

Our procedures did not include providing conclusions in relation to:

- ▶ The completeness or accuracy of data sets or information relating to areas other than the subject matters
- ▶ Information reported by the Bank other than in its Report, such as information contained on its website
- ▶ Management's forward looking statements
- ▶ Any comparisons made by the Bank against historical data
- ▶ The Report being in accordance with requirements of the GRI G3 or G3.1 Guidelines other than those contained within the scope of our work, as set out above, or to a particular application level
- ▶ The appropriateness, sufficiency or completeness of the internally developed criteria to convert tonnage of paper to hectares of forest to be conserved and the appropriateness of using forest conservation as an "offset" for paper purchases
- ▶ Whether the obligations of the Nature Conservancy of Canada ("NCC") or The Nature Conservancy ("TNC") under agreement with the Bank to help to protect an agreed-upon amount of forested area were fulfilled by the NCC and TNC

Our conclusions

Subject to the limitations of our scope noted above, and based on our work as described in this report, we conclude that nothing has come to our attention that causes us to believe that the three subject matters are not, in all material respects, fairly presented in accordance with the GRI G3 and G3.1 Guidelines and internally developed criteria.

March 4, 2013
Toronto, Canada



Chartered Accountants
Licensed Public Accountants

For more information about our Corporate Responsibility Report, please contact us at crreport@td.com.

Our 2012 Corporate Responsibility Report is also available in alternative formats. You can request a copy by calling us at **1 416-308-6371**.

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PDF only (03/2013)

