

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are dark, and many windows are illuminated from within, creating a grid of light points against the sky. The perspective is from a lower level, looking up at the towering structures.

# FY2023 Sustainability Update

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**TD Bank Group**

March 2024

# TD Bank Group

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# 2023-2024 Sustainability Performance Highlights



Confirmed that TD's Climate Action Plan is the Bank's **transition plan**, which describes the actions we are taking to adapt to the low-carbon economy of the future. It is guided by two key goals – to be net zero in our operations and financing by 2050 and to reach \$500 billion in sustainable and decarbonization business activities by 2030.



Expanded **financed emissions footprint to cover all carbon-intensive sectors**, as defined by the NZBA.



Achieved a **12% reduction in total Scope 3 absolute financed emissions footprint** in 2021 relative to 2019 baseline.<sup>1</sup>



**Exceeded goal to engage with clients responsible for 50% of our financed emissions** for two initial sectors (Energy and Power Generation), where efforts have been led by TD Securities, and **extended our goal to engage with clients responsible for 75% of our financed emissions in 2024** for sectors for which we have set an interim financed emissions target.



Achieved \$69.5 billion of our \$500 billion **Sustainable & Decarbonization Finance Target** and introduced our Sustainable Finance Strategy.



Introduced a **financed emissions enhanced due diligence process** within our existing E&S Risk Assessment process for the Energy and Power Generation sectors, expanding to Automotive Manufacturing and Aviation sectors in early 2024.



Disclosed five new targets for our social framework, **TD Pathways to Economic Inclusion**.

Recognized as a **S&P Global Sustainability Yearbook Member** in 2024, as a company within the top 15% of banks globally based on their 2023 S&P Global Corporate Sustainability Assessment Scores.  
Listed on the DJSI North America Index for the 12<sup>th</sup> consecutive year.

<sup>1</sup>. Due to data latency, there is a two year lag in our financed emissions reporting.

# TD's Sustainability Strategy

TD is focused on driving progress toward a more socially, environmentally and economically inclusive and sustainable future. We aim to operationalize our ESG Framework across the Bank, working toward positive change, capturing sustainability-focused social, environmental and economic opportunities across our business, and delivering on our purpose to enrich the lives of our customers, communities and colleagues.

## Environmental

We are supporting **solutions to environmental issues** affecting the sustainability of our business and communities, and the vitality of our planet. Our efforts include taking action to address climate risk and nature loss through greenhouse gas (GHG) emissions reduction targets and encouraging responsible resource use.

## Social

We are contributing to **inclusive financial and economic outcomes** through our business, philanthropy, employment activities and supply chain.

## Governance

We are committed to **sound corporate governance**. Key governance matters on which we are focused include risk management, corporate governance, ethics and integrity, human rights, data security and privacy.

## Sustainable Finance

TD's Sustainable Finance Strategy focuses on **meeting our clients' evolving needs**. We intend to help our clients further their social and environmental goals, and support a more sustainable future for local communities, while supporting progress toward the Bank's broader sustainability strategy.

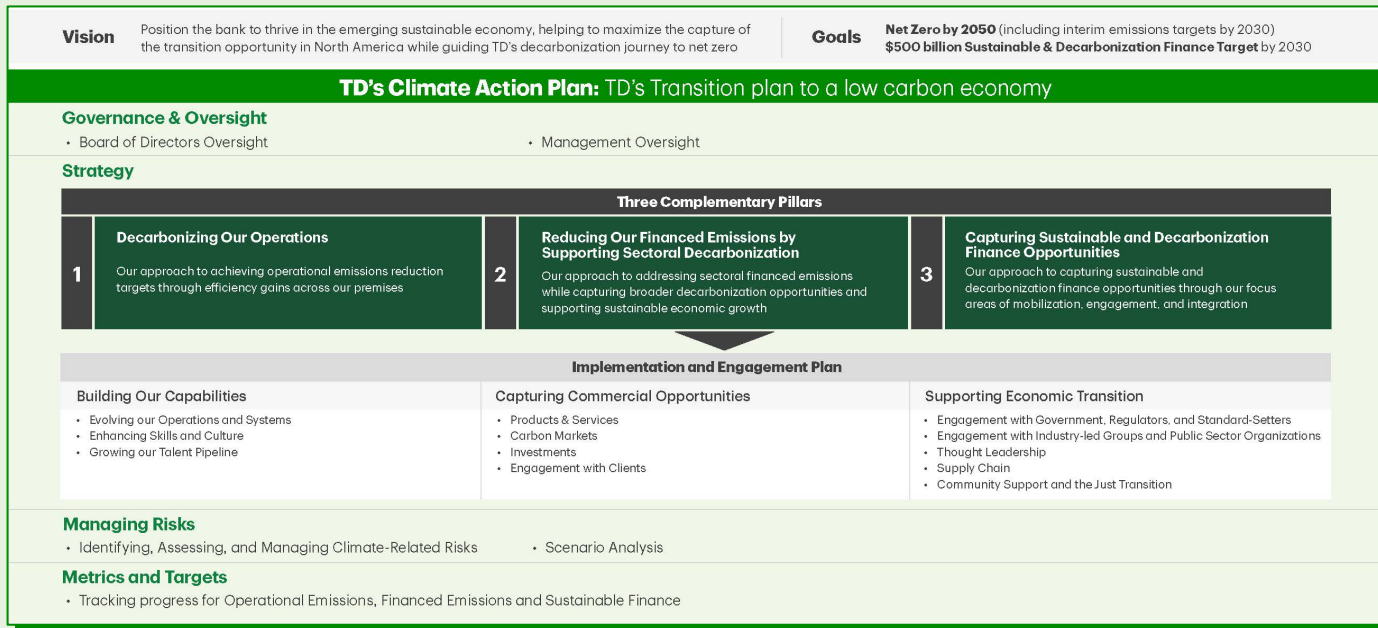
# TD Performance Against Goals

	Goal	FY22 Result	FY23 Result	Status
<b>Environmental</b> Supporting solutions to environmental issues affecting the sustainability of our business and communities, and the vitality of our planet, including taking action on climate change and nature loss through setting greenhouse gas (GHG) emissions reduction targets and encouraging responsible resource use.				
<b>Operational Emissions</b>				
Proportion of TD's operational GHG emissions that have been compensated through the purchase of carbon credits and renewable energy certificates (RECs) <sup>1</sup>	100%	100%	100%	Met
Absolute reduction in location-based Scope 1 and 2 GHG emissions from our operations <sup>2</sup>	25% reduction by 2025, relative to a 2019 baseline of 162,849 tCO <sub>2</sub> e <sup>3,4,5</sup>	24.3% reduction	28% reduction	On track
<b>Financed Emissions</b>				
Number of carbon-intensive sectors covered by financed emissions targets	Continue to develop financed emissions targets for the sectors defined by NZBA to cover the significant majority of our financed emissions, where data and methodologies allow	4 sectors covered	4 sectors covered	On track
<b>Social</b> Contributing to inclusive financial and economic outcomes through our business, philanthropy, employment activities and supply chain.				
Overall Employee Engagement <sup>6</sup>	85%	85%	87%	Met
Total donations, cumulative from 2019 <sup>7</sup>	\$1 billion by 2030	\$528 million	\$685 million	On track
Women in roles titled Vice President and above in Canada <sup>8,9</sup>	45% by 2025	✓ 40%	✓ 41.6%	On track
Black, Indigenous and minority representation in roles titled Vice President and above across North America <sup>8,10</sup>	25% by 2025	23%	24.3%	On track
<b>Governance</b> Remain committed to sound corporate governance.				
Women on the Board of Directors <sup>8</sup>	At least 30% - 40% of the Board of Directors	✓ 44%	✓ 44%	Met
Independent Directors	Substantial majority	94%	94%	Met
Directors that voluntarily self-identified as a visible minority, an Indigenous person, 2SLGBTQ+, or a person with a disability <sup>11</sup>	n/a	44%	56%	
Eligible employees who completed the Code of Conduct and Ethics training <sup>12</sup>	n/a	100%	100%	
Legendary Experience Index (LEI) – TD Composite Score <sup>13</sup>	70.76	✓ 70.69	✓ 73.23	Met
<b>Sustainable Finance</b> Help our clients further their social and environmental goals, and support a more sustainable future for local communities, while supporting progress toward the Bank's broader sustainability strategy.				
TD's support of eligible environmental, decarbonization and social activities through lending, financing, underwriting, advisory services, insurance and the Bank's own investments <sup>14</sup>	\$500 billion by 2030	—	\$69.5 billion	On track

# Environmental: TD's Climate Action Plan

## TD's Climate Action Plan is the Bank's Transition Plan

- The plan outlines our approach to **mitigating climate risks**, **decarbonizing our operations**, and the **actions we are taking as a financial institution to support our clients in their own low-carbon transition journeys** while also **supporting the transition in the broader economy**.
- Two goals are the foundation of our Climate Action Plan: to achieve **net zero in our operations and financing by 2050**, and to reach **\$500 billion in sustainable and decarbonization business activities by 2030**.
- Our Climate Action Plan includes three complementary components that focus on **decarbonizing our operations**, **reducing our financed emissions sector-by-sector**, and **capturing climate-related opportunities**. These components guide our broader transition implementation and engagement plans.



# Environmental: TD's Climate Action Plan (cont'd)

## 2023-2024 Highlights

- Achieved a **28% reduction in our Scope 1 and 2 operational emissions** relative to 2019 baseline.
- Achieved a **12% reduction in total Scope 3 absolute financed emissions** footprint in 2021 relative to 2019 baseline.<sup>1</sup>
- Expanded **financed emissions footprint to cover all carbon-intensive sectors**, as defined by the NZBA.
- Covered **70% of our combined retail/non-retail financed emissions footprint** through our four interim 2030 financed emissions targets.
- Advanced our financed emissions work by performing **feasibility assessments for two new sectors, Agriculture and Residential Real Estate**, to assess data quality and feasibility of setting targets, evaluate emissions profiles, and identify sector-specific decarbonization strategies.
- **Exceeded our 50% client engagement goal** for two initial sectors (Energy and Power Generation), where efforts have been led by TD Securities, and **extended our goal to engage with clients responsible for 75% of our financed emissions in 2024** for sectors for which we have set an interim financed emissions target.
- Developed our **approach to climate advocacy** for our Canadian business operations, which articulates TD's key areas of focus when engaging with government and regulators.



1. Due to data latency, there is a two year lag in our financed emissions reporting.

# Environmental: Financed Emissions Targets

## How we align our Transition Activities with our Sectoral Emissions Reduction Targets

Our modelling considers two types of measures for emissions reduction: **active measures**, those that the Bank can actively use to move towards our targets, and **passive measures**, where decarbonization occurs through the actions of others.

TD's active and passive measures for emissions reduction are **sector-specific**, and for each sector, the composition of measures are unique to the Bank in light of the Bank's strategy.

## Active Measures

- **Sustainable Finance:** we leverage sustainable and decarbonization finance to capture commercial opportunities in low-carbon growth areas.
- **Client Engagement:** our focus on client engagement helps us to identify opportunities for decarbonization and to drive business growth while moving towards our targets. Efforts have been led by TD Securities.
- **Supporting Decarbonization Across the Economy:** our advocacy work, corporate philanthropy, and thought leadership are critical ways in which we support the broader transition.
- **Supporting Emerging Climate Technologies:** we will seek opportunities to assess the efficacy and support the growth of novel decarbonization technologies.

## Passive Measures

- **Client Progress on Decarbonization Targets:** the transition to the low-carbon economy in carbon-intensive industries is underway, and is reinforced through client engagement efforts, resulting in many of our clients having set their own decarbonization targets.
- **Impact of External Factors:** we are beginning to explore methods for embedding and testing assumptions around government policy and associated impacts to emissions

**We believe that TD has the resources and expertise to help clients across all sectors as they adapt and contribute to a low-carbon economy.**



# Sustainable Finance: Sustainable Finance Strategy

## TD's Sustainable Finance Strategy

- TD's Sustainable Finance Strategy is designed to support our clients in advancing their own social and environmental goals and support a more sustainable future for our communities, as well as the Bank's broader Sustainability Strategy.
- The Sustainable Finance Executive Council (SFEC), a council that consists of executives across TD, oversees the Sustainable Finance Strategy and the Bank's work on sustainable finance.



### Example: Green Bond

- In December 2023, TD issued a US\$500 million three-year green bond, led by a syndicate of underwriters including minority-, women- and veteran-owned enterprises (MWVBEs).
- This is TD's fourth green bond issuance, and its second green bond under the current [TD Bank Group Sustainable Bond Framework](#).

# Sustainable Finance: Sustainable and Decarbonization Finance Target

## Methodology

- In 2023, we set a **\$500 billion Sustainable & Decarbonization Finance Target by 2030**, which covers key business activities, including, financing, underwriting, advisory services, insurance, and the Bank's own investments in eligible environment, decarbonization, and social categories.
- For more information on the target and eligible activities, please see our [Sustainable & Decarbonization Finance Target Methodology](#).

**Across all eligible business activities, the progress towards the target was \$69.5 billion in fiscal 2023.**

TD's goals to achieve net zero in our operational and financed emissions by 2050 and to meet our \$500 billion Sustainable & Decarbonization Finance Target by 2030 are complementary in helping to enable decarbonization in the real economy.

- Our **interim financed emissions targets** are focused on **high-emitting sectors** to support financing our clients' transition, while our **Sustainable & Decarbonization Finance Target** is focused on supporting financing to **scale lower-carbon technologies and social investments** to facilitate sustainable growth for our clients.
- **Additional work needs to be done** to more accurately quantify the impacts of our sustainable and decarbonization business activities on the Bank's financed emissions footprint.
- Challenges including **methodological differences** between our targets and **limited emissions data availability** have been barriers to advancing this understanding.
- Over time, **as data availability improves and more standardized methodologies are developed**, we anticipate being able to quantify more of the link between the Bank's sustainable and decarbonization finance activities and its financed emissions footprint.

# Environmental & Social Risk Management

## 2023-2024 Achievements

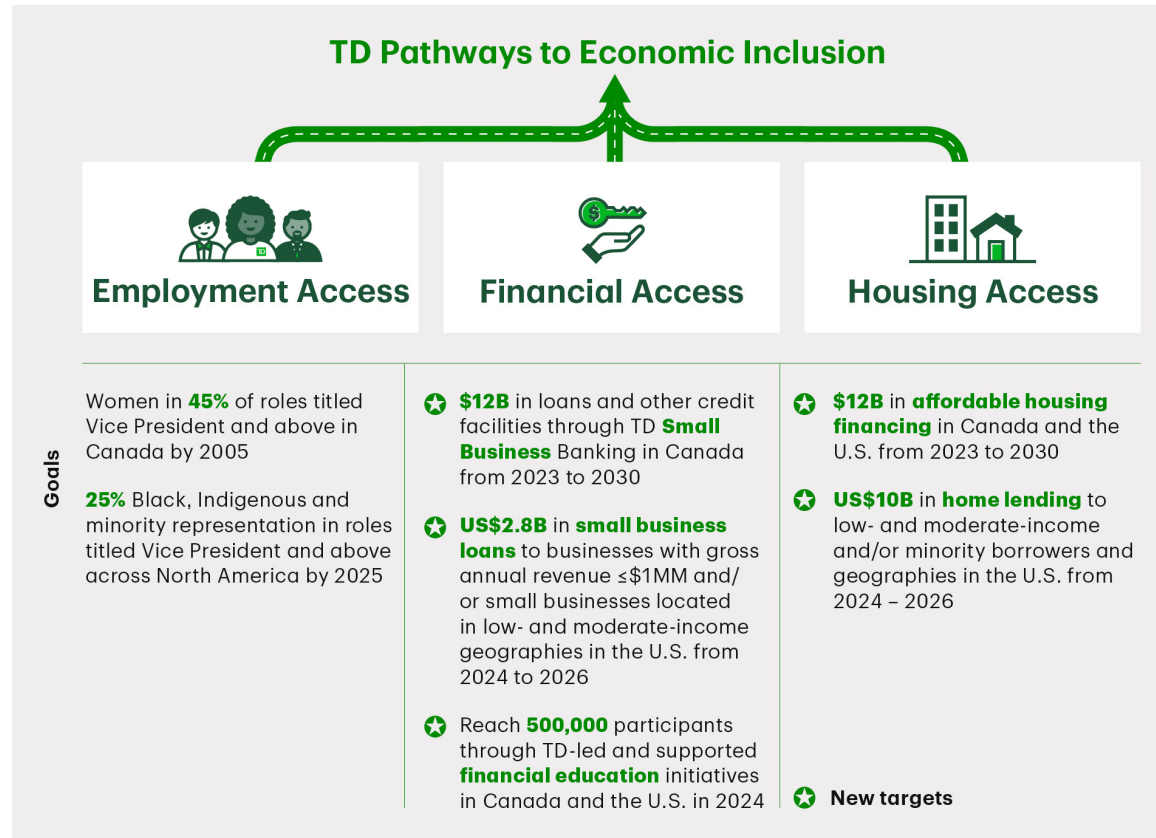
- Operationalized our **enterprise-wide Environmental and Social (E&S) Risk Policy**, which resulted in increased awareness of climate-related risks within our lines of business.
- Introduced a **financed emissions enhanced due diligence process** within our existing E&S Risk Assessment process for the Energy and Power Generation sectors, expanding to Automotive Manufacturing and Aviation sectors in early 2024. This enhanced due diligence assessment serves as one of several inputs into the overall risk assessment process for a transaction.
- Expanded the scope of our **climate risk heatmap** to include assessment of acute physical risk of climate change to our own (real estate) operations.
- Piloted the development of a **Nature Dependency Heatmap**, to establish an understanding of industry sector dependencies on ecosystem services.

## Environmental and Social Due Diligence

- We manage E&S risk based on a **life-cycle approach** that continues throughout the client relationship.
- Our approach for assessing risk includes a **set of due diligence tools** that are applied within the Bank's non-retail lending portfolios on the applicable borrower and/or transaction to identify and evaluate risks associated with the lending activity, including applicable E&S risks.
- Transactions with higher E&S risks undergo **enhanced due diligence** which may include escalation to the ESG Management team for additional review. The ESG Risk Management team assess the transaction request and may require the request to be escalated to the business segment-level and/or the enterprise-level reputational risk committee for further review and deliberation.

**We have embedded E&S risk considerations in our processes for evaluating applicable non-retail lending transactions.**

# Social: TD Pathways to Economic Inclusion: Overview and Targets



**New targets have been set to support the delivery of the Bank's Social Framework, TD Pathways to Economic Inclusion.**

# Social: TD Pathways to Economic Inclusion: 2023 Achievement Examples



## Employment Access

- Achieved **women representation** of 41.6% in roles titled Vice President and above in Canada, and on track with aspirational goal of 45% by 2025.
- Achieved **Black, Indigenous and minority representation** of 24.3% in roles titled Vice President and above across North America, and on track with aspirational goal of 25% by 2025.
- Achieved 87% **Employee Experience Index score**, meeting target which is based on 75<sup>th</sup> percentile of global benchmark.



## Financial Access

- Announced the **Black Entrepreneur Credit Access Program** in Canada that aims to provide more equitable access to credit for Black entrepreneurs.
- Introduced **TD Clear**, a no-interest, subscription-based, monthly fee credit card for customer in the U.S.
- Introduced the ability for Canadian retail and business banking customers to add their **pronouns and preferred or chosen name** to their profiles on EasyWeb and mobile applications.



## Housing Access

- Introduced TD's **First Home Savings Account**, a tax-free registered account that allows Canadians to save for a first home purchase.
- Continued to focus on serving lending and homebuyer education needs of Black and Hispanic borrowers in the U.S., including increasing number of **mortgage loan officers hired in diverse communities** by over 20% compared to 2021.
- Made **proactive calls** to approximately 34,000 households to discuss the impact of interest rate increases and offer financial advice.

## Racial Equity Assessment

- TD Bank Group commissioned a racial equity assessment (REA) conducted by Covington & Burling LLP and WeirFoulds LLP to assess our Canadian and U.S. employment policies, practices and strategies related to diversity, equity and inclusion (DEI) in the workforce.
- Published in 2023, TD's REA reinforces the Bank's commitment to DEI and sets out recommendations for further progress, which TD is incorporating into its strategic plans. We also see opportunities to apply the insights of the assessment to our customer service practices.

# Sustainability Governance

TD's Board of Directors and management are committed to sound corporate governance practices that contribute to the effective management of the Bank and to achieving the Bank's strategic and operational plans, goals and objectives.

## ESG Responsibility Highlights

- **Board of Directors:** includes approving TD's strategy and business objectives and overseeing the implementation, execution and monitoring of performance, including with respect to TD's corporate citizenship and E&S strategy and goals.
- **Corporate Governance Committee:** includes overseeing and monitoring TD's alignment with its purpose and its strategy, performance and reporting on corporate responsibility for E&S matters.
- **Risk Committee:** includes approving TD's Enterprise Risk Framework (ERF) and its major risks as set out in the ERF.
- **Human Resources Committee:** includes overseeing and monitoring the Bank's people strategy, organization structure and compensation strategies, plans, policies, including that practices are consistent with the sustainable achievement of the Bank's strategic ambitions, business objectives, prudent management of its operations and risks, and safeguarding of its unique and inclusive culture.
- **Audit Committee:** includes overseeing financial reporting and disclosures and the effectiveness of internal control systems and processes in the areas of reporting (financial, operational and risk) and operations.

## Linking ESG Factors in Executive Total Rewards:

- In 2021, the Bank formally incorporated a number of ESG factors into the key metrics used to help determine the variable compensation pool for the **Senior Executive Team (SET)**.
- These ESG metrics supplemented the existing customer experience metrics, and are related to the Bank's overall sustainability strategy, including goals related to **climate change, DEI, and employee engagement**.
- For fiscal 2024, the Bank extended the consideration of ESG metrics to **all Senior Vice Presidents and above** who participate in the Executive Compensation Plan.

For details on the ESG metrics, results and impact on the variable compensation pool, please see the [2024 Management Proxy Circular](#).

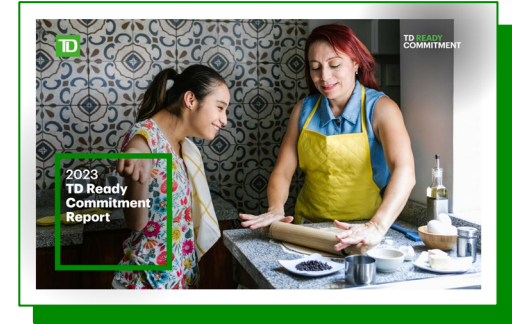
# Additional Information



[2023 Sustainability Report](#)



[2023 Climate Action Plan Report](#)



[2023 TD Ready Commitment Report](#)

## ESG Reporting Hub

### Endnotes (Slide 5)

- TD annually retires voluntary carbon credits and RECs equivalent to 100% of its operational GHG emissions, defined as TD's market-based Scope 1 and 2 emissions, Scope 3 business travel emissions and non-renewable energy consumption, which forms part of TD's location-based Scope 2 emissions. In 2023, 3,083 RECs were sourced for TD locations outside of the U.S. and Canada. A small share of these RECs could not be sourced from the same market in which TD's electricity consumption occurs. We will continue to focus on prioritizing market-specific projects when purchasing RECs in future years. The reporting period for real estate data (e.g., electricity and natural gas) is August 1 to July 31; the reporting period for business travel data is aligned with TD's fiscal year (November 1 to October 31).
- Scope 1 GHG emissions include direct emissions from heating and cooling, leased aircraft and corporate fleet. Scope 2 GHG emissions include indirect emissions from electricity, heating and cooling. For additional information on our Scope 1 and 2 targets, please see the Climate Change section and our Climate Change Data.
- This interim target was set using a science-based approach and is in line with the 1.5°C trajectory recommended by the Paris Agreement. We used the SBTi absolute contraction approach, which allows for equal annual decreases in absolute emissions to zero by 2050. Given the significant volatility in 2020 and 2021 from global events (e.g., COVID-19 lockdowns and subsequent reopenings), we have used 2019 as our operational GHG baseline for all targets established to date so that the baseline reflects "normal" operations. Recalculation of baseline year (and prior year) GHG inventories are undertaken when one or multiple events result in a significant change to GHG emissions. Although we apply quantitative thresholds, we also consider qualitative factors when concluding upon when recalculations are required to be performed, which will be described in the footnotes as applicable. EY has provided limited assurance on the 2019 total Scope 1 and 2 (location-based) GHG emissions.
- In 2023, we restated our 2019, 2020, 2021 and 2022 Scope 1 & 2 results to incorporate data from Cowen, Inc. This entity was acquired by TD in 2023. The acquisition results in an uplift of 3,544 tCO<sub>2</sub>e in 2019, 3,368 tCO<sub>2</sub>e in 2020, 2,819 tCO<sub>2</sub>e in 2021, and 3,221 tCO<sub>2</sub>e in 2022 for location-based emissions, which was estimated using the square footage of the Cowen real estate portfolio, multiplied by the emissions intensity from other assets within TD's real estate portfolio, for each respective year. EY has provided limited assurance over 2019, 2021 and 2022 total Scope 1 and 2 (location-based) GHG emissions. Note that the total figures in this table may not add up due to rounding.
- International GHG emissions are primarily estimated based on energy consumption per square foot using other TD assets as a proxy, multiplied by applicable emissions factors, for each respective year.
- TD measures overall employee engagement using the TD Pulse Survey, which asks colleagues to rate their level of commitment and connection to TD and their role along three dimensions (intention to stay, pride in working at TD and job satisfaction) on a scale of one to five: Strongly Disagree (1), Disagree (2), Neither Agree Nor Disagree (3), Agree (4) and Strongly Agree (5). The percentages under "Overall Experience" represent the average proportion of respondents in each group who either agreed (4) or strongly agreed (5) with the first three statements shown in the "Pulse Survey Results" table. In 2023, the TD Pulse Survey response rate was 92%.
- Figures are disclosed in CAD equivalent and include any donation commitments recognized as a legal obligation or a constructive obligation and expensed in 2023 before they were paid out. Figure does not include donations made through TD Friends of the Environment Foundation.
- The Bank's representation goals are aspirational. All nomination, appointment, hiring and other employment decisions are made on a non-discriminatory basis, consistent with applicable laws.
- The goal of 45% women in roles titled Vice President and above in Canada by 2025 applies to women in Senior Management (Vice President and above) in TD's Canadian businesses. The goal was set in 2021, and the result for that year was 40%.
- For the purpose of this goal, "minority" means non-Caucasian in race or non-white in colour, other than an Indigenous person. Data is voluntarily disclosed by colleagues and therefore may not be reflective of the actual workforce.
- "Visible minority" is defined as non-Caucasian in race or non-white in colour, other than an Indigenous person. "Indigenous person" is defined as First Nations, Inuit, Métis, American Indian, Alaska Native, Native Hawaiian or other. "2SLGBTQ+" is defined as a member of the Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer, Plus community. "Person with a disability" is defined as a person having a long-term or recurring visible or invisible physical, mental, sensory, psychiatric or learning impairment, including impairment relating from or related to hearing, seeing, vocal, mobility, agility, pain, neurological, memory, development, psychological or addiction.
- Completion rates for Code of Conduct and Ethics training are based on the applicable definitions of eligible and exempt employees pursuant to the Code of Conduct and Ethics.
- Refer to page 27 of the 2023 Sustainability Report for information on TD's performance compared to its LEI target.
- For more information on the Sustainable & Decarbonization Finance Target, please see the [TD Sustainable & Decarbonization Finance Target Methodology](#).