



re·spon·si·bil·i·ty

*noun*

1. the state or fact of being accountable for something or someone

## 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 linking to related information. Click the links to access more details, additional resources, supporting videos and case studies. Let us know if this interactive PDF format meets your needs. And if you can't find what you'd like to read about, please contact us at [crreport@td.com](mailto: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:** Craig Fox knows responsibility. He works for the new McLean's Mountain Wind Farm, a renewable energy project co-owned by local First Nations communities around Ontario's Manitoulin Island. TD is a proud supporter of this project, which protects First Nations rights, promotes responsible land development and will provide economic opportunities for First Nations communities in this remote area for years to come.

**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 ("Ernst & Young"), 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. »

[+ Online GRI Index](#)

## Symbol Key

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Supporting content (external links)

Navigate to a different section

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

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

**PR5** Indicates a GRI disclosure. Click to view the full GRI Index online.

## Goals and Targets

Did not meet

Made progress

Fully achieved

Exceeded



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# Key Facts About TD

**+** For more details on TD's financial performance, view the [Investor Overview](#).



22 million customers.



1 in 3

Canadians have an account with TD.

2,495 branches.



8 million

active online users.

Headquartered in Toronto, Canada



## Our businesses

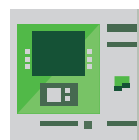
TD's premium earnings mix is built on a North American retail focus – a lower-risk business with consistent earnings.

34,000

Canadians offered financing options to help regain control of their finances through TD Helps.

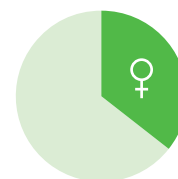
4,709

ATMs.



6,832

current and aspiring leaders participated in TD leadership programs.



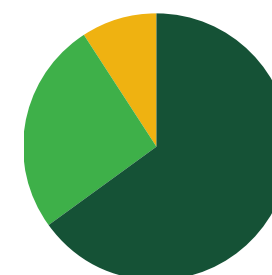
35.7%

of Board directors are female.



Named highest in customer satisfaction for the eighth year in a row.

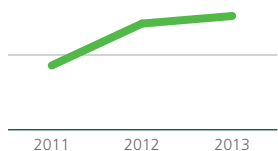
## TD'S Premium Retail Earnings Mix



Canadian Retail	65%
U.S. Retail	26%
Wholesale Banking	9%

<sup>1</sup> Based on total assets, total deposits, total loans, tier 1 capital ratio, total capital ratio, full-time employees and market capitalization. See Q4 2013 Quick Facts available at [www.td.com/document/PDF/investor/2013/2013-Q1\\_QuickFacts\\_EN.pdf](http://www.td.com/document/PDF/investor/2013/2013-Q1_QuickFacts_EN.pdf).

# 2013 Business Highlights<sup>1</sup>



Record retail adjusted earnings of \$6.5 billion

Record earnings contributions from Canadian P&C, U.S. P&C and Wealth Management, respectively.<sup>2</sup>



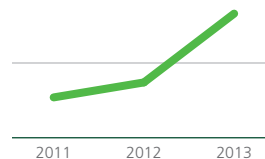
TD maintained mobile banking leadership position in Canada

Ranked #1 for mobile subscribers accessing financial services via their mobile devices.<sup>3</sup>



TD is now the primary credit card issuer for Aeroplan

TD became the primary credit card issuer for Aeroplan on January 1, 2014 and, also expects to acquire about half of the existing CIBC Aerogold credit card accounts.<sup>4</sup>



TD increased its annual dividends paid 12% from the previous year

Including two additional dividend increases paid in fiscal 2013.

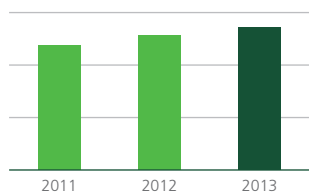


TD Bank, America's Most Convenient Bank reaches milestone in New York City

TD opened its 100th store in NYC this year and ended the fiscal year with 108.

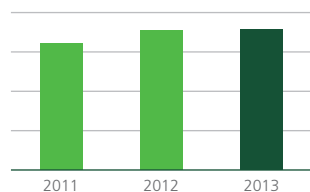
Total Revenue – Adjusted (\$M)<sup>1</sup>

**\$27,191**



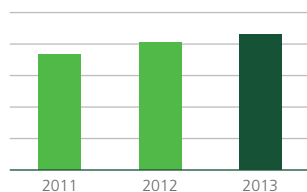
Net Income – Adjusted (\$M)<sup>1</sup>

**\$7,158**



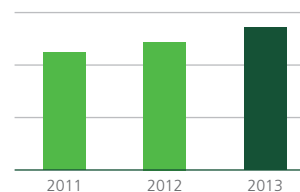
Total Assets (\$B)

**\$862.5**



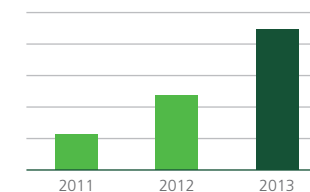
Total Deposits (\$B)

**\$543.5**



Total Shareholder Return (1 year)

**22.3%**



<sup>1</sup> Effective November 1, 2011, The Toronto-Dominion Bank (“the Bank” or “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. The Bank also utilizes non-GAAP financial measures to arrive at “adjusted” results (i.e., reported results excluding “items of note,” net of income taxes) to assess each of its businesses and measure overall Bank performance. See “How the Bank Reports” in the accompanying Management’s Discussion and Analysis (MD&A) for further explanation, a list of the items of note and a reconciliation of non-GAAP financial measures. The Bank’s financial results for fiscal 2011 have been presented in accordance with IFRS for comparative purposes in the Bank’s 2013 Annual Consolidated Financial Statements and MD&A (unless otherwise noted).

<sup>2</sup> Reference to retail earnings include the total adjusted earnings of the Canadian Personal and Commercial Banking, Wealth and Insurance and US Personal and Commercial Banking segments.

<sup>3</sup> Comscore reporting current as of October 31, 2013 based on an audience of approximately 23 million Canadian mobile subscribers above the age of 13.

<sup>4</sup> On September 16, 2013, TD, Airma Canada Inc., and Canadian Imperial Bank of Commerce (CIBC) confirmed that they have signed agreements under which TD would become the primary issuer of Aeroplan Visa credit cards on January 1, 2014. TD has also entered into an agreement to acquire approximately 50% of the existing Aeroplan credit card portfolio from CIBC.

# 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

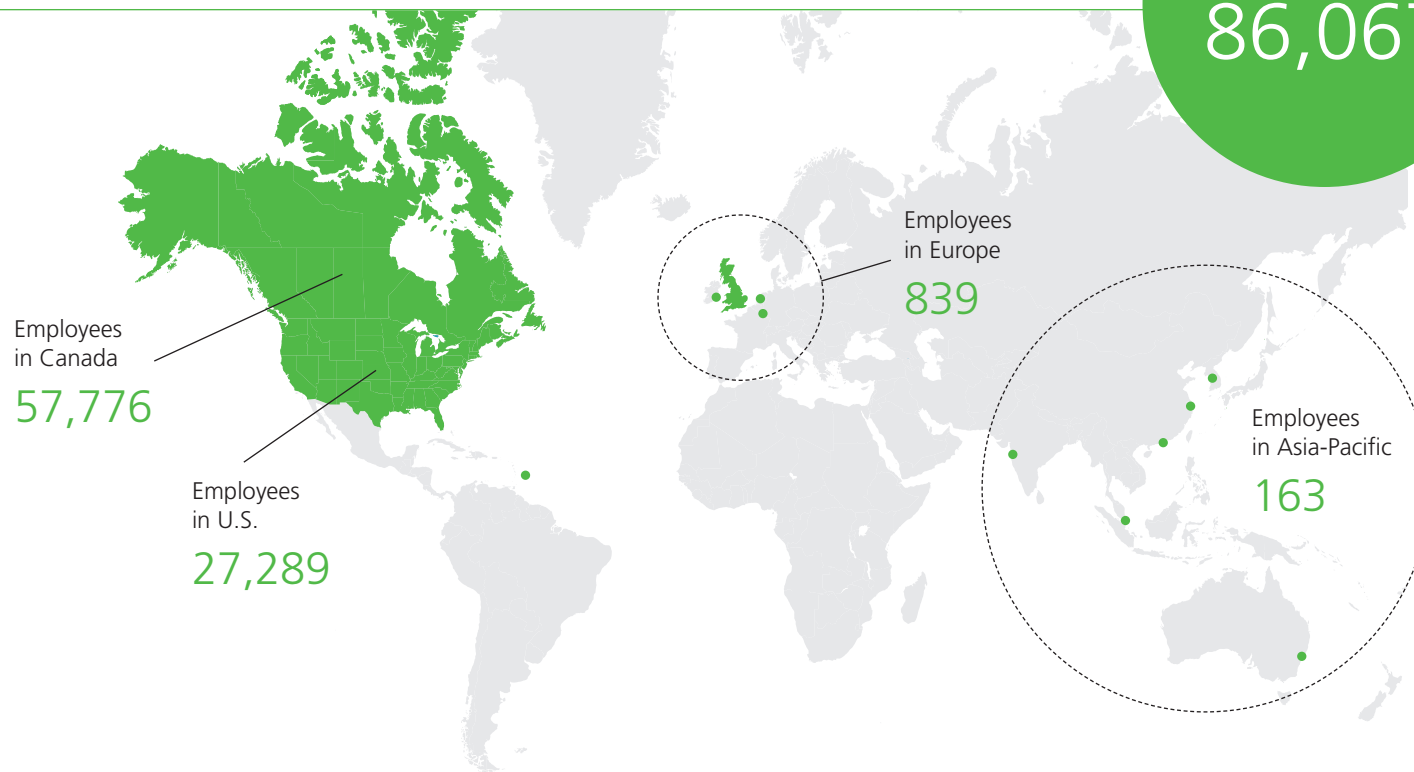
- Barbados
- Canada
- United States

## EUROPE

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

## ASIA-PACIFIC

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



**9.9** million sq. ft.  
of corporate real estate.

**14.8** million sq. ft.  
of retail real estate.

# CEO's Message

## What does responsibility mean at TD?

Since I took the helm in 2002, TD has gone through some remarkable changes while also weathering the financial crisis. We have doubled the number of employees, customers and retail locations, our market cap has grown from \$22 to \$88 billion and TD's brand is now ranked as one of the most valuable of all companies in Canada and in the world.

Throughout all this growth, remaining accountable for our actions has been a key part of staying on course and delivering TD's business strategy. Our view has always been that if you stand up for your customers and the employees who serve them and stand by your communities, you will fulfill the best interest of shareholders. We've done that with programs such as TD Helps, which has enabled more than 230,000 Canadians to regain control of their finances through the economic challenges of the last seven years. In the U.S., our TD Cares program helped 500 federal employees stay financially afloat during the furlough of last fall.

We had bumps of our own in 2013 in the immediate aftermath of the Alberta and Ontario floods. The severe weather events reminded us yet again how important it is to be there for our customers when they need us most. As always, the key is in the recovery. We listened and we learned from these experiences. Can we get better at what we do and how we do it? In all instances, we can – and we will.

## Embedding responsibility is a continual process

We continue to embed corporate responsibility practices across our business to guide who we lend to, invest in and purchase from. In 2013, we implemented a Responsible Procurement Policy that improves our ability to select suppliers who demonstrate sound social and environmental practices.

## Responsibility means being inclusive

I am proud of the progress we have made to be more inclusive, from our Board of Directors through our leadership teams and at every level of the bank. We see the value in building a diverse workforce, one that will keep TD competitive and relevant to the diverse populations we serve. We have not been shy about this message of inclusion across all of TD's areas of focus. For example, 10 years ago TD sponsored our first Pride festival. Now sponsoring 25 Pride events across North America, including World Pride in 2014, TD continues to demonstrate support to LGBT employees and customers.

## Responsibility means environmental leadership

We continue to drive an environmental perspective into our business strategy. In 2013 our TD Economics team produced a landmark report on the greening of the economy. Through our commitment to

reducing the environmental footprint of our business operations, we have transformed the way we build and operate our facilities – 2013 marked the completion of our 114th LEED-certified green building. Through the TD Forests program, we have helped to protect over 10,000 hectares of critical forest habitat, and in 2013 our employees planted 48,000 trees in urban areas. Through our financing activities, we supported responsible development of North America's energy resources – including over \$3 billion of financing to low-carbon energy initiatives.

## Responsibility means strengthening communities

While it's typically the big numbers that get the attention – the \$74 million donated to organizations across North America and the U.K. – let's not forget the smaller numbers which highlight the true work of strengthening communities. The five TD volunteers who read books to children in London, Ontario, the 20 volunteers who helped at their community food bank in New Jersey or the 28 volunteers who planted trees in Dartmouth, Nova Scotia. These are the stories, multiplied by the thousands, that generate the real social impact that strengthens our local communities.

## Responsibility means leadership

An organization should be stronger than when its leader first took the helm, and we've worked hard to build a culture of



leadership and develop capable successors who will continue to deliver on TD's strategy of long-term, sustainable growth. Great transitions involve change with continuity of the things that matter, and I am confident we will see a continuity of what makes TD great. My successor, Bharat Masrani, has played a central role in key decisions that defined our bank over the years and will continue to foster the things that matter at TD.

We are a vastly different organization – operating in a vastly different world – than we were just 10 years ago. It's hard to predict the social, environmental and economic challenges that the next 10 years will bring. But TD is up for the task. We will continue to play a key role in our communities and Build 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 outlines 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 to 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.



## 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**



▶ WATCH THE VIDEO

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



# Engaging Stakeholders: The Art & Science of Listening

## lis·ten

verb

1. Give one's attention

It's not always easy to listen to what others say about you, but it's important that you do. 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. Here are the many ways TD listens to feedback from our stakeholders.

A summary of customer feedback received in three months through TD's social media channels.



## Ways We Interact

Customers	Employees	Shareholders and Investors	Government	Suppliers	Industry Associations	Communities	Non-Governmental Organizations
<ul style="list-style-type: none"> <li>• Customer satisfaction surveys by phone, online email and focus groups</li> <li>• Mechanism for handling complaints</li> <li>• TD Ombudsman</li> <li>• Consumer associations</li> </ul>	<ul style="list-style-type: none"> <li>• Employee satisfaction surveys</li> <li>• Focus groups and HR meetings</li> <li>• Workplace health and safety committees</li> <li>• Intranet comment engine</li> <li>• Employee Ombudsman</li> </ul>	<ul style="list-style-type: none"> <li>• Annual shareholder meeting and quarterly earnings call</li> <li>• Shareholder proposals</li> <li>• Dedicated Shareholder Relations team for retail investors</li> <li>• Periodic meetings with investors on results, TD's strategy and outlook</li> <li>• Dedicated website for Investor Relations</li> <li>• Respond to investor queries via e-mail, phone calls and webcasts</li> </ul>	<ul style="list-style-type: none"> <li>• Government Relations team for Canada and the U.S.</li> <li>• Ongoing dialogue with regulators and policy-makers</li> </ul>	<ul style="list-style-type: none"> <li>• Emails monitored by Strategic Sourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Industry association memberships, such as the Canadian Bankers Association</li> <li>• Memberships with various multi-stakeholder groups</li> <li>• Participation in financial centre bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Community Relations team for Canada, the U.S and the U.K.</li> <li>• Meetings, phone calls, emails and focus groups</li> <li>• Dedicated website for some community programs</li> <li>• TD Friends of the Environment Foundation chapters</li> </ul>	<ul style="list-style-type: none"> <li>• Open-door policy</li> <li>• Meetings, phone calls and face-to-face consultation</li> <li>• Funding research projects</li> <li>• Conferences and forums</li> </ul>

## 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.

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. In 2013, we had over 34,000 servicing interactions on social platforms including Twitter, Facebook, blogs and forums.

## Listening to Thousands of Voices

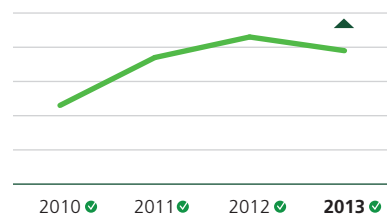
Social media interactions help us hear what individuals are saying. For stakeholder engagement to drive overall business performance, we use surveys that reach a broader employee and customer population.

Delivering “legendary customer experiences” is core to TD's business strategy. In 2013, 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.

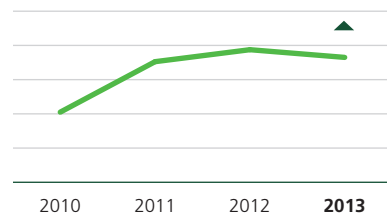
### Customer Experience Performance

▲ Targets

#### TD Canada Trust

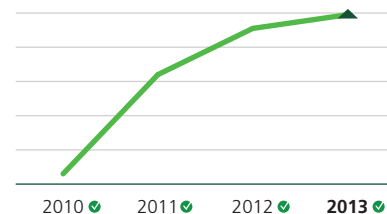


#### TD Wealth Management

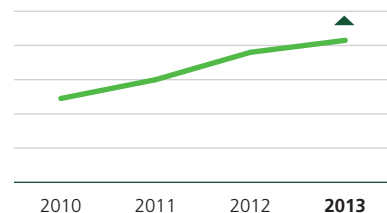


The results of these surveys form our Customer Experience Index (CEI) in Canada and our Customer WOW! Index (CWI) in the U.S. We use CEI and CWI to help set targets and drive improvement, and the results have a direct impact on all employees' compensation. As a key driver of performance, we continue to set aggressive internal CEI and CWI targets. We strive to deliver “legendary” experiences for our customers at every interaction and challenge ourselves to deliver beyond industry standards.

#### TD Bank



#### TD Insurance



## 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 attract top talent by creating 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.

» [Read more on our 2013 TD Pulse Results](#)

## Ways to Reach Us

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. If you would like to contact TD with feedback, here are a few ways to reach us:

Customers: [Customer.support@td.com](mailto:Customer.support@td.com)

Shareholders: [tdsinfo@td.com](mailto:tdsinfo@td.com)

Investors: [tdir@td.com](mailto:tdir@td.com)

Suppliers: [tdsource@td.com](mailto:tdsource@td.com)

Community groups:

[td.communitygiving@td.com](mailto:td.communitygiving@td.com)

Feedback on this report: [crreport@td.com](mailto:crreport@td.com)

# Stakeholder Panel

*"We don't have the context we need to know how TD is doing in relation to its peers, its targets and its business strategy."*

*"TD is doing some good things it isn't even talking about [in the report], like the Simply Save program that makes it easier for low-income people to save."*

*"Have the CEO tell a compelling story and use the report to back it up."*

*"What's leadership? Something that goes beyond compliance, beyond current best practice and sets the agenda for the sector on an issue."*

*"Reporting exercise lacks credibility because it is all good news; TD does not state enough challenges."*

*"Where is your money and what is your money doing?"*

*"The fact that TD's Environmental and Social Risk Process applies to 100% of wholesale and commercial banking transactions exemplifies good performance."*

These are just some of the comments offered during a stakeholder panel we convened in 2013.

The panel was facilitated by an independent consultant from Solstice Sustainability Works, who brought together a group of external stakeholders to provide feedback on TD's 2012 Corporate Responsibility Report, validate the proposed material topics for 2013 and help shape and improve TD's approach.

The panel included representatives from the following groups: Export Development Canada, Aon Hewitt, WWF-Canada, The Works Design, MSCI, Bentall Kennedy, Purpose Capital, the University of Toronto, Corporate Knights, the Atkinson Foundation, McGill University, SHARE and the Co-operators Group Ltd.

The following table features highlights of the panel's feedback. The panel was 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

### Provide More Context

Show TD's performance in relation to industry benchmarks, ratios, peer performance and regulatory requirements. Demonstrate TD's impact in relation to overall conditions.



We've made some progress in our 2013 report on providing more contextual information to help readers understand how TD's performance compares. In some cases, the benchmarking data is considered proprietary, and we're not able to include it.

### Link Targets and Goals to TD's Vision

TD's corporate responsibility goals as a whole did not give the panel a clear picture of how TD is doing in relation to its vision. Include multi-year goals and milestones toward goal attainment.



While we have some 2015 goals and targets in place, there is more work to be done in this area as we build forward-looking targets for environmental and social performance.

### Layer Information to Build a Complete Picture

Employ a number of different methods of communication to tell the story of corporate responsibility at TD – such as a clear story line, performance criteria, an explanation of TD's systems to manage risk, more examples to bring concepts to life and increased future plans to show trajectory toward TD's vision.



This is great feedback! We've implemented a new story-telling template to outline the context, materiality and strategy, targets and performance highlights for each material topic.

### Affordable Housing

Increase your focus on product development and public policy advocacy for affordable housing in Canada.



TD does meaningful work on affordable housing in the U.S., but it is not currently one of our giving priorities in Canada. While there are many worthwhile causes to support, we focus our support on three giving priorities: financial literacy and education, the environment and creating opportunities for young people. [Learn more. »](#)

### Executive Compensation

While the panel commended the fact that TD has an advisory vote on executive compensation, it was noted that executive compensation was an ambiguous indicator. It needs more context to be better understood.



In 2013, TD was one of six Canadian banks to participate in a research paper that provides context about executive compensation. [Learn more. »](#)

### Security, Privacy and Fraud

Provide more details on steps taken to address any threats, as well as explain the results of security monitoring. Increase the prominence of customer protection in the report.



We agree that the materiality of security, privacy and fraud is increasing for the entire banking industry. As we need to stay one step ahead of those who wish to harm the bank, we're not able to share details on all security initiatives. [Learn more. »](#)

## Panel Feedback

## Our Response

### Supply Chain Management

Strengthen your disclosure on supply chain management. Include the scoring system or conditions for suppliers, as well as how many have been discontinued for not meeting TD requirements.



With the Responsible Procurement Policy now in effect for a full year, we are able to provide more metrics on supplier performance. [Learn more.](#)

### Disclosure

Demonstrate where you are going beyond compliance to help give TD's performance context. Help the reader understand if TD's actions are exemplary or the norm.



We have added performance benchmarks in each section to show how we measure up to our peers and in some cases disclosed industry best practices and standards.

## Evolution of Material Topics

In addition to commenting on TD's current material topics, panel members were asked to advise on how they saw material issues changing in priority over the next five years.

### Panel Feedback

#### Customer Service and Convenience

The panel believed that this is one area where TD truly has the ability to distinguish themselves over the next five years since the increase of mobile and automated banking is causing a shift in the world of branch banking.

#### Financial Literacy

The panel stated that financial literacy will become more important in the next few years since it is critical to how people support themselves and their families.

#### Security, Privacy and Fraud

While this issue is already of great concern to the bank and to stakeholders, the panel believed that it will only increase in significance as they believed that the full extent of this threat has yet to be felt.

#### Eco-Efficiency

The stakeholders were more concerned about environmental implications of lending and investment than the impacts of bank operations, including its use of energy and paper.

#### Diversity and Inclusion

While some panellists believed that the value of diversity in the workplace has already been established, others felt that society's failure to close real gaps in equal opportunity, including board diversity, will keep this issue a concern for the future.

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

# Defining Materiality

Each year we conduct a formal materiality analysis to identify, prioritize and validate the evolving material issues we face. This process involves research, media scans, stakeholder consultations and internal sustainability discussions which lead to the filtering and defining of our material topics. We use this annual “radar” to track stakeholder interests and concerns and identify new issues as they emerge.

TD’s primary stakeholders include customers, employees, shareholders/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 have an impact on and where we can effect change.

The results of our 2013 materiality assessment appear in the matrix to the right, with our top 18 material topics plotted according to level of impact and concern. Each topic links to further discussion in the report. As our understanding and application of materiality improves, it’s clear that some topics will always be significant because they are hard-wired into our business approach, while other topics will be more short-lived – aspects or gaps that we need to address before moving on.

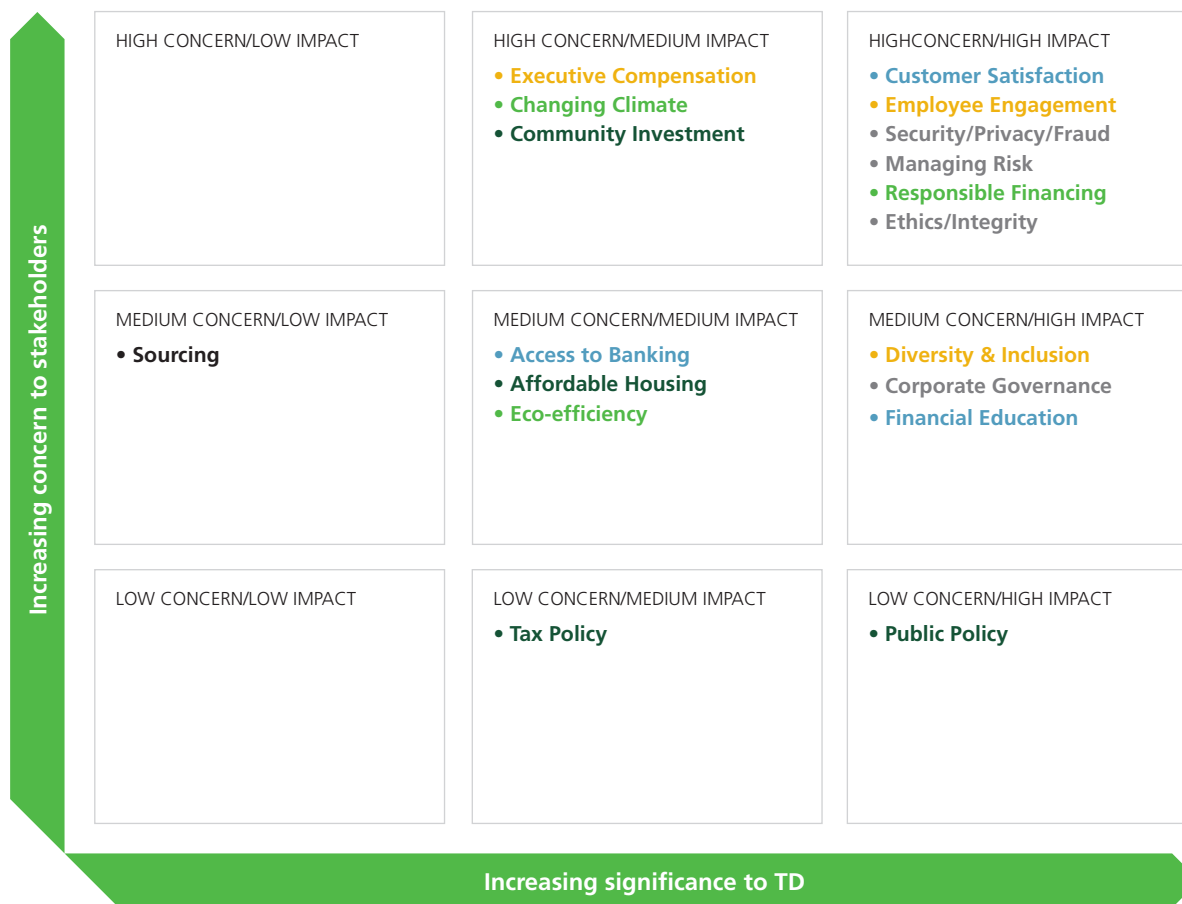
[+ Overview of TD’s Materiality Assessment \(PDF\)](#)

## Materiality Matrix

How We Operate  
Be Customer-Focused

Build an Extraordinary Workplace  
Be an Environmental Leader

Strengthen Our Communities



## Our Understanding of Corporate Responsibility



## Corporate Responsibility Governance

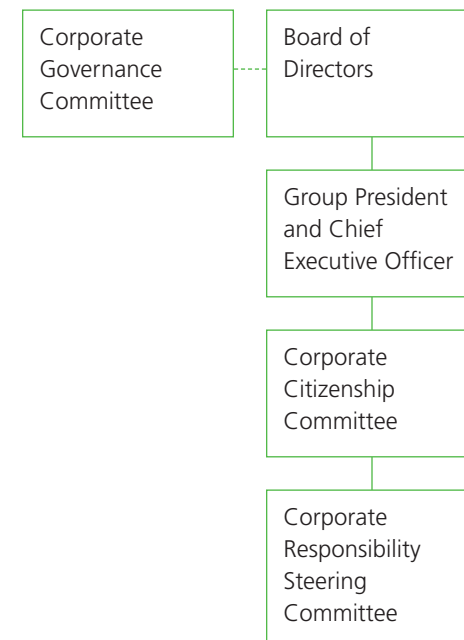
Corporate responsibility is a key part of TD's strategy and is managed within a governance structure which balances broad engagement across the organization while also providing line-of-sight accountability.

**The Corporate Governance Committee** oversees TD's corporate responsibility strategy and performance. Each year, the Committee reviews the draft Corporate Responsibility Report and Public Accountability Statement. The Corporate Responsibility team keeps the committee informed of international trends and best practices in corporate disclosure of non-financial performance.

**Group President and Chief Executive Officer** Ed Clark has primary responsibility for ensuring TD acts as an exemplary corporate citizen.

The **Corporate Citizenship Council** is a senior executive committee that represents business group heads from Retail Banking, Wholesale, Human Resources, Compliance, Marketing and Corporate Communications. Meeting four times a year, the council is tasked with providing input on TD's corporate responsibility strategy, assessing our performance and looking ahead to emerging environmental and social issues that may have an impact on TD and our stakeholders.

The **Corporate Responsibility Steering Committee** operates at the vice-president level and includes representation from many functions across TD. The committee's mandate is to direct the ongoing development of TD's corporate responsibility strategy and program improvements.



## Review of TD's Corporate Responsibility Performance

Sustainability rankings provide a useful tool for benchmarking our progress and help focus our efforts to strengthen TD's corporate responsibility performance. The table on this page shows improvements made over time. We wish to be clear that sustainability rankings are an outcome and not the reason for our efforts.

### Looking For More Ways to Embed Sustainability

As one of nine Canadian companies involved in the Embedding Sustainability Working Group, TD is pleased to be part of a three-year research project through the Network for Business Sustainability (NBS). Supported by academic researchers, the project will create an important bridge between sustainability research and practical business application. In addition to sharing insights from the working group, NBS will also release tools and resources to help other companies on their sustainability journey.

Reviewer	2013	2012
<b>Carbon Disclosure Project (CDP)</b>	Score: 94 for disclosure (out of 100) and A for performance <ul style="list-style-type: none"> <li>Listed on the Top 500 Global Carbon Performance Leadership Index</li> <li>Listed on the Canada 200 Disclosure Leadership Index (among top 20)</li> </ul>	Score: 78 for disclosure (out of 100) <ul style="list-style-type: none"> <li>Listed on the Canada 200 Disclosure Leadership Index</li> </ul>
<b>Dow Jones Sustainability Indexes</b> (RobecoSAM score)	Score: 78 (out of 100) <ul style="list-style-type: none"> <li>Included in North American Index</li> </ul>	Score: 70 (out of 100) <ul style="list-style-type: none"> <li>Included in North American Index</li> </ul>
<b>Sustainalytics</b>	Score: 73 (out of 100) Position: 19 (out of 349 global financial peers)	Score: 74 (out of 100) Position: 14 (out of 414 global financial peers)
<b>FTSE4Good Index Series</b> (EIRIS score)	Included	Not included
<b>Global 100 Most Sustainable</b> (Corporate Knights)	Not included	Not included
<b>Canada's Top 50 Socially Responsible Corporations</b> (Maclean's/Sustainalytics)	Included	Included
<b>Best 50 Corporate Citizens in Canada</b> (Corporate Knights)	Ranked: 14 (out of 50)	Ranked: 31 (out of 50)





# Key Performance Indicators

		Target	2013	2012	2011
<b>Be Customer-Focused</b>					
Customer Experience Index	TD Canada Trust	35.4 in 2013	<b>33.8</b> ✓	34.6 ✓	33.4 ✓
	TD Bank	40.0 in 2013	<b>39.9</b> ✓	39.1 ✓	36.4 ✓
Improve financial literacy skills	Number of participants in a TD-sponsored program	200,000 by 2015	<b>125,410</b>	–	–
<b>Build an Extraordinary Workplace</b>					
Employee Engagement Index			<b>4.17</b> ✓	4.16 ✓	4.18 ✓
Diversity and inclusion	Women in leadership – Canada (%)		<b>36.54</b>	35.29 ✓	34.46 ✓
	Visible minorities in leadership – Canada (%)		<b>10.37</b>	8.82 ✓	9.14 ✓
	People with disabilities – Canada (%)		<b>5.23</b>	5.01 ✓	3.55 ✓
	Aboriginal Peoples – Canada (%)		<b>1.22</b>	1.20 ✓	1.09 ✓
Turnover rate	Turnover rate for TD		<b>19.17</b>	19.26	–
	Voluntary turnover – Canada (%)		<b>8.74</b>	8.97	8.6
	Voluntary turnover – U.S. (%)		<b>22.24</b>	20.97	17.6
<b>Be an Environmental Leader</b>					
Responsible financing	% of general corporate purpose, project and fixed-asset financing transactions are reviewed under TD's Environmental and Social Credit Risk Management Process <sup>1</sup>	100%	<b>100</b>	100	–
GHG emissions intensity	CO <sub>2</sub> e per employee (tonnes)	Reduce 1 tonne/employee by 2015 relative to 2008 baseline 3.58 CO <sub>2</sub> e/employee.	<b>2.95</b>	2.94	3.14
Total paper	Tonnes	Reduce 20% by 2015 relative to our 2010 baseline 15,159 metric tonnes.	<b>12,920</b> ✓	14,605 ✓	14,674 ✓
<b>Strengthen Our Communities</b>					
Community giving	Total donations (in millions of dollars)		<b>74.7</b>	65.3	66.2
	% of five-year average net pre-tax profits – Canada <sup>2,3</sup>	1%	<b>1.3</b> ✓	1.3 ✓	1.3 ✓
	% of net pre-tax income – U.S.	1%	<b>0.87</b> ✓	0.96 ✓	0.95 ✓
Supply chain	Suppliers assessed for responsible practices		<b>85</b>	–	–
<b>How We Operate</b>					
Board diversity	Women on Board (%)		<b>35.7</b>	33.3	37.5
Business conduct	Number of privacy complaints – Canada	0	<b>0</b>	5	1

<sup>1</sup> Goal established in 2012.

<sup>2</sup> Average five-year profits used in calculation are for the five years ended Oct. 31, 2012.

<sup>3</sup> Donations include Canadian, U.S. and international charities and other community organizations made by the Canadian firm.



re·la·tion·ship

*noun*

1. the way in which two people, groups or countries behave toward each other or deal with each other or someone

# Be Customer-Focused

# Be Customer-Focused

## MATERIAL TOPICS IN 2013:

- ★ Customer Experience
- ★ Access to Banking
- ★ Financial Education

## Headline Performance

 TD Canada Trust ranked “Highest in Customer Satisfaction Among the Big Five Retail Banks” for the eighth year in a row.<sup>1</sup>

 TD Bank, America’s Most Convenient Bank®, was named Best Big Bank in MONEY’s Best Banks 2013 list.<sup>2</sup>

TD Helps supported 34,000 Canadians by offering financing options to help individuals regain control of their finances.

## Facts and Figures

22 million customers.

2,495 branches.

8 million online Customers.

4,709 ATMs.

7.1 million downloads of the TD app.<sup>3</sup>

60% increase in mobile transactions.

## Trends and Challenges

- The global banking industry is under pressure to adapt quickly to customer needs and deliver multi-channel service and convenience.
- The growing use of smartphones and tablets has led increasing numbers of customers to seek the accessibility of online and mobile banking.

## re·la·tion·ship

noun

Strong, positive customer relationships are at the heart of TD’s business, and we are continually defining what it means to meet the needs of our customers. It’s why our first [Guiding Principle](#) is to be customer-focused in all of our decision-making and makes us strive to be accessible, inclusive and innovative.

<sup>1</sup> TD Canada Trust received the highest numerical score among the big five retail banks in the proprietary J.D. Power and Associates 2006–2013 Canadian Retail Banking Customer Satisfaction Studies™. 2013 study based on 21,815 total responses and measures opinions of consumers with their primary banking institution. Proprietary study results are based on experiences and perceptions of consumers surveyed May 2013. Your experiences may vary. Visit [jdpower.com](#)

<sup>2</sup> From MONEY Magazine, October 2013<sup>®</sup> 2013. Time Inc. MONEY is a registered trademark of Time Inc. and is used under license. MONEY and Time Inc. are not affiliated with, and do not endorse products or services of TD Bank, N.A.

<sup>3</sup> As of October 31, 2013

## Issue in Focus: **Sustaining Customer Relationships in a Digital World**

Mobile banking has grown 76% in just two years, with an estimated 530 million users in 2013, up from 300 million in 2011.<sup>1</sup> And there's more to come. Industry watchers predict there will be more than one billion mobile banking users in 2017.<sup>2</sup>

TD has seen its share of this rapid growth. For many of our customers today, their primary connection with us is through a screen and their fingertips, which makes managing relationships a lot more complicated than it used to be.

The big questions now are: What exactly constitutes a relationship in a mobile world and how do we provide it? How do we create the personal touch we know our customers still want?

TD is addressing this trend in a number of ways:

1. We aim to differentiate ourselves through the quality of the online experience we provide.
2. The TD Helps online platform was launched as a response to our customers' desire for an accessible resource to answer their financial questions. See Financial Literacy on page 33. »
3. We recognize that solving customer problems efficiently is more important than ever as a tangible way to show how much we value a relationship. See how we're tackling this in the Problem Resolution section on page 24. »

4. Although mobile banking has dramatically changed how customers complete their day-to-day financial transactions, many still value their branch. We're ensuring that our branch design and service make customers of all ages feel comfortable. An example is the SEED (Sustainable Energy Efficient Design) branch design on page 59. »
5. Our Bank Human approach in the U.S. aims to build relationships through a commitment to listening, as well as in small gestures in our stores like giving out dog treats and letting customers take our pens.



<sup>1</sup> [www.bankrate.com/financing/banking/massive-mobile-banking-growth/#ixzz2rBK0GDLI](http://www.bankrate.com/financing/banking/massive-mobile-banking-growth/#ixzz2rBK0GDLI)  
<sup>2</sup> The new Juniper report, [Mobile Banking: Handset & Tablet Market Strategies 2013-2017](#).

★ MATERIAL TOPIC

# Customer Satisfaction

## Context

- Three years ago we were the first Canadian bank to open branches seven days a week. However, we are well aware that continued success requires us to constantly re-evaluate how our customers define service and convenience in a world of 24/7 banking.
- The number of U.S. households using online banking increased by 17% in the last year alone, and across the U.S. banking industry there has been a 20% reduction in teller visits since 2010.<sup>1</sup>

## Materiality and Strategy

Our strategy is to differentiate TD by delivering legendary customer experiences and unparalleled convenience. We aim for legendary experiences 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 influences how we make decisions at the bank – from the products we create and how we market them to the credit and investment advice we give and the way we resolve problems.

## Headline Performance

TD Canada Trust ranked #1 in customer service excellence among the Top Five banks by Synovate.<sup>2</sup>

TD Bank, America's Most Convenient Bank®, was named Best Big Bank in MONEY's Best Banks 2013 list.<sup>3</sup>

TD Bank, America's Most Convenient Bank, was "Highest in Customer Satisfaction with Small Business Banking in the Northeast Region" by J.D. Power.<sup>4</sup>

<sup>1</sup> Source: U.S. Consumer Financial Life Survey 2012, FDIC Consumer and Mobile Financial Survey 2012  
<sup>2</sup> Rated #1 among Canada's five major banks for "Overall quality of customer service" by independent market research firm Ipsos (formerly Synovate) from 2005 – 2013.  
<sup>3</sup> From MONEY Magazine, October 2013<sup>®</sup> 2013. Time Inc. MONEY is a registered trademark of Time Inc. and is used under license. MONEY and Time Inc. are not affiliated with, and do not endorse products or services of TD Bank, N.A.  
<sup>4</sup> TD Bank received the highest numerical score in the northeast region in the proprietary J.D. Power 2013 Small Business Banking Satisfaction Study<sup>SM</sup>. Study based on 9,102 total responses, measuring 10 financial institutions in the northeast region (CT, ME, MA, NH, NJ, NY, PA, RI, VT) and measures opinions of small business customers with annual revenues from \$100,000 to \$10 million. Proprietary study results are based on experiences and perceptions of customers surveyed in July–August 2013. Your experiences may vary. Visit [jdpower.com](http://jdpower.com).

Goals and Targets			
2013 Goal	Rating	2013 Result	2014 Target
Improve Customer Experience Index (CEI) and Customer WOW! Index (CWI) scores.	○	CEI: TD Canada Trust 33.8 (2012: 34.6)	36.1
	●	CWI: TD Bank 39.9 (2012: 39.1)	41.0
	○	CEI: TD Wealth 16.6% (2012: 17.5)	22.0
	●	CEI: TD Insurance 18.8% (2012: 17.2)	20.0

## 2013 Initiatives to Improve Service and Convenience

### Cross-Border Banking

As more Canadians are choosing to winter, shop, travel or get an education in the U.S., TD has responded by delivering comfortable banking on a North American scale. Our research shows that there has been a significant increase in the number of Canadians making transactions in U.S. dollars – from 28% in 2007 to 59% in 2013.

We have developed convenient cross-border banking services to make it easier for customers to complete their financial transactions in Canadian or U.S. dollars, with a debit card or credit card, online, at an ATM or in person at a branch. TD is the only North American bank currently offering customers a full suite of functionality including moving money across the border free of charge and reaching a Cross-Border Banking specialist 24/7/365 for assistance.

### ATM Upgrades

By the end of 2015, all ATMs across Canada will accept envelope-free deposits and allow customers to see images of scanned cheques on the receipt following a transaction. [View the video.](#)

### Coin Counters

We built on the success of TD Bank's Penny Arcade coin-counting service in the U.S. by installing more than 350 automatic coin-counter machines in branches across Canada. With no fee to use for TD personal customers, the Canadian machines also process coin donations to selected charities.



Customers can now enjoy the added convenience of coin counters in our Canadian branches and U.S. stores.

# Mobile Banking

## 2013 Activities

- Mobile Deposit:** TD Bank mobile banking customers in the U.S. can now instantly deposit a cheque simply by sending us a photograph of it on their mobile phone.
- TD Money Transfer Service** is a low-cost, safe and secure way to help customers send money to friends or family members around the world. With fees as low as \$8.95, the service is a fraction of the cost of a wire transfer.
- Canada's First Open Mobile Wallet:** Together with PC Financial, TD announced Canada's first open mobile wallet to combine multiple payment and loyalty programs in one convenient and secure mobile solution: Ugo™. One of Canada's largest retailers, Loblaw Companies Limited, has joined as Ugo's first retail partner, bringing its PC Plus loyalty program into the wallet. Ugo will allow consumers to pay, earn and redeem loyalty points in a single tap using their smartphones. This innovative solution offers functionality that could ultimately replace a customer's physical wallet. Ugo's commercial launch is set for June, 2014.

### Performance Benchmark

- ✓ In 2013 Keystone Competitive Research ranked TD Canada Trust number 1 of Canada's Big Five Banks in Digital Customer Experience. The survey highlighted the layout, look and feel of our online site, as well as the availability of tips and ease of access to customer support.<sup>1</sup>

"These results show that TD Canada Trust clearly understands that performance matters..."  
Keystone Competitive Report 2013

*"Consumers carry their mobile phone everywhere they go; Ugo™ allows us to stay with them and is a natural extension of TD's long history of delivering comfort and convenience to our customers."*



Teri Currie, Group Head, Direct Channels, Corporate Shared Services, Marketing and People Strategies, TD Bank Group

Goals		
Activity	2013 Result	2014 Goal
Number of active online users <sup>2</sup>	8 million	Increase number of active online users
Number of mobile active users <sup>2</sup>	Canada: 1.8 million U.S.: 1.3 million	Increase number of mobile active users

<sup>1</sup> TD Canada Trust Scores Big Win with Major Site Improvements: [http://blogs.keynote.com/the\\_watch/2014/01/td-canada-trust-scores-big-win-with-major-site-improvements.html](http://blogs.keynote.com/the_watch/2014/01/td-canada-trust-scores-big-win-with-major-site-improvements.html)

<sup>2</sup> As of October 31, 2013.

## Customer Satisfaction

# Problem Resolution

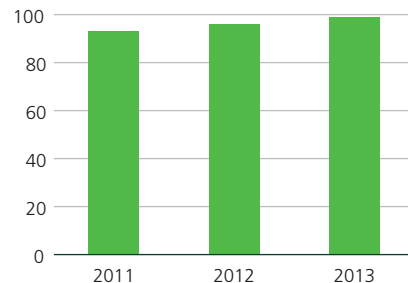
In 2013 we made customer problem resolution improvement a bank-wide priority. A team including representatives of all customer-facing areas of the bank and the TD Ombudsman created a simple framework for resolving customer problems based on a thorough review of best

practices and customer needs. When problems arise, we strive to respond quickly, solve them by consistently doing the right thing for our customers and work to understand and address the root causes.

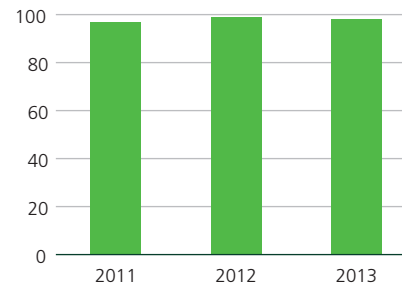
Goals			
2013 Goal	Rating	2013 Result	2014 Goal
Resolve customer complaints fairly and quickly.			
a) Reduce the time to resolve customer complaints (TD Canada Trust)	○	Complaint handling time remained the same year-over-year.	Continue into 2014.
b) Resolve 98% of escalated customer complaints coming into the Chairman's Service Center within three days (U.S.).	●	98% resolution achieved.	Continue into 2014.

## Headline Performance

Percentage of escalated problems resolved by the TD Ombudsman Office within 90 days.



**U.S.:** The Chairman's Service Center seeks to resolve 98% of escalated customer problems within three days.



*"The manager apologized for the situation and invited to me to speak to his team about what happened. He said they need to learn to prevent it from happening again in the future. I can very much appreciate that."*

Mr. Randi Altschul, TD Bank customer and local businessman in New Jersey



## Empowering Front-Line Employees

- New training initiatives in both Canada and the U.S. are helping employees feel empowered to resolve issues for customers without the need to request approval from management. Employees are trained to listen, be empathetic, apologize when mistakes are made and work with the customer to develop an appropriate solution.
- In Canada, the most common complaints relating to our branches remain unchanged from previous years and include:
  - service levels and service delays;
  - processing errors;
  - hold funds policy; and
  - decline decisions on credit applications.
- We continue to work on ways to reduce the time taken to resolve customer problems. In 2013, 79% of our Branch Banking employees completed our problem resolution training. This training provides a consistent framework to help employees resolve more problems at the first point of contact.
- In the U.S., escalated problems are referred to the Chairman's Service Center, which seeks to resolve 98% of problems within three business days. In 2013, we implemented a new tracking system to better understand how and why customer problems occur, address the root causes and prevent a recurrence. The volume of problems referred to the Chairman's Service Center increased dramatically compared to 2012; 2,000 of these referrals can be attributed to the new tracking system.
- The nature 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.

### Escalated Complaints

When problems are not resolved through the processes outlined above, 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 intermediaries, striving to provide resolutions that are timely, fair and reasonable to both the customer and the bank.

**+ TD Ombudsman Annual Report (including detailed case studies)**

Customer Problem Resolution Statistics			
	2013	2012	2011
<b>Canada</b>			
Number of problems referred to Branch Banking Customer Care (Branch Channel)	6,838	6,979	6,855
Number of customers who contacted the TD Office of the Ombudsman (many of whom are redirected to the first point of contact)	2,647	2,796	2,789
Number of problems investigated by TD Office of the Ombudsman	435	453	428
Percentage of problems resolved by TD Ombudsman within 90 days (target 90%)	99%	96%	93%
Problems in which TD Ombudsman ruled in full or partial agreement with the customer	219	235	210
Problems referred to ADR Chambers Banking Ombuds Office (Canada)	115	167	191
Problems investigated in which ADRBO recommendation differed from the TD Ombudsman	16	23	27
<b>U.S.</b>			
Total number of problems referred to the Chairman's Service Center	7,606	4,520	4,087
Percentage of escalated customers problems resolved by the Chairman's Service Center within three days (target 98%)	98%	99%	97%

# Helping Customers in Tough Times

## Goals

### 2013 Goal

Continue to provide financing options to support Canadian customers facing tough economic times.

### Rating



### 2013 Result

38,263 customers were granted TD Helps financing options (down from 43,467 in 2012).

Financial challenges can strike customers at any time. They can be a result of economic turbulence, catastrophic weather or an unanticipated life event that 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.

**Canada:** TD Helps is a program that encourages customers facing financial challenges to talk to us so we can help get them back on track before it's too late. It means customers don't have to resort to potentially more costly and time-consuming alternative means of financing, and we retain customers and avoid costly writeoffs.

- Since its introduction in 2009, the program has helped 231,369 customers in Canada. In 2013 we helped restructure \$140.5 million in loans, down from \$164 million in 2012. We see this reduction in loans as a positive sign that indicates better stability in the economy and less need for special intervention in managing household debt.
- 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 2013, 4,446 customers received emergency TD Helps funds.

### Foreclosure Avoidance in the U.S.:

In 2013, TD Bank expanded the loss mitigation treatments available to reach more homeowners, support homeowner retention and reduce foreclosures. TD Bank's Loss Prevention team continued to focus on strengthening customer outreach efforts by expanding the options available and helping customers avoid losing their home.

**TD Cares:** In advance of the first missed pay period for furloughed U.S. federal government employees, TD Bank launched TD Cares, a program that allowed federal workers access to up to \$1,000 credit at no cost, late fee refunds on TD Bank Visa cards and mortgage assistance. During the two-week furlough period we helped 500 customers who would otherwise have found themselves in financial difficulty.

## Foreclosure Avoidance

(in millions of U.S. dollars)

	2013	2012	2011
Value of troubled real estate assets restructured by TD Bank	31.9	8	11

## TD Rallies to Help Customers After Super Storm Sandy



Read the full story of how TD teams on both sides of the border had 90% of TD locations up and running within a week – dispatching mobile banking units to the hardest-hit areas.

[+ Full Story](#)

## Issue in Focus: **Southern Alberta Flooding – Home Insurance Coverage**

In June 2013, severe weather in southern Alberta caused significant damage to homes and other property and displaced over 100,000 people. TD's immediate response to this disaster was to ensure the continuity of financial services in the area and support relief efforts through its employees, branches and a \$100,000 donation to the Canadian Red Cross.

Many TD Insurance customers suffered damage to their homes as a result of overland flooding, and some were evacuated. While we encountered many challenges, TD Insurance worked hard to help our customers deal with the immediate aftermath of the flood and to settle claims as quickly as possible.

We learned many lessons from this event. TD Insurance is currently working hard to help customers better understand the coverage provided by their insurance policies. In addition, we are enhancing our internal processes so that in the event of a natural disaster, our customers can be assured of receiving the same high level of service that they normally expect from us.

With the recent escalation of severe weather events, the entire property and casualty insurance industry continues to pay close attention to the impacts of a changing climate. Along with industry associations, TD Insurance is working to develop risk mitigation solutions for these events.

**+ TD Special Report – Natural Catastrophes: A Canadian Economic Perspective**



[▶ WATCH THE VIDEO](#)  
**TD's response to the High River flood**

## ★ MATERIAL TOPIC

# Access to Banking

## Context

- It is estimated that 13% of Canadian adults<sup>1</sup> do not have an active bank account, and 30% of American households do not have a savings account.<sup>2</sup>
- Access-to-banking initiatives are designed to remove barriers and make banking more available, particularly for vulnerable and underserved populations.

## Materiality and Strategy

TD serves a broad diversity of customers across more than 2,500 communities in North America. Inclusion is a foundation for the customer experience we want to provide, ensuring that all customers feel welcomed and have fair access to our facilities and services.

Through TD's Customer Diversity and Inclusion strategy, we are working to remove barriers, increase access and raise awareness of banking in several communities, such as new immigrants and Aboriginal Peoples. We also see technology advancements in mobile banking as another key component in providing access for customers.

## Performance Benchmark

- ✓ TD is the number 1 financial institution among new Canadians according to the 2013 Environics New Canadians Financial Syndicated Study report.

## Goals

2013 Goal	Rating	2013 Result	2014 Goal
Support low-income families through the Right Step Program.	●	239 families supported in the first year.	Increase uptake of the Right Step Program.

## Headline Performance

# Over 2,400

branches in Canada and the U.S.

# 1 in 3

Canadians have an account with TD.

<sup>1</sup> Canadian Community Reinvestment Coalition, Access to Basic Banking Services, CCRC Position Paper #2, 1997, accessed at [www.cancrc.org/english/access.html](http://www.cancrc.org/english/access.html).

<sup>2</sup> [www.fdic.gov/news/news/speeches/spdec0513.pdf](http://www.fdic.gov/news/news/speeches/spdec0513.pdf)



# Low-Cost Banking Options

A variety of options makes it easier for seniors, students, youth and low-income customers to start and maintain a banking relationship with us. TD opens personal accounts regardless of whether a person is unemployed, is or has been bankrupt or is unable to make an initial deposit, as long as required conditions are met.

## 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, right for them and offer value. By doing what's right for our customers, we also help limit the bank's financial risk.

**+ More on product design and responsible sales**

## Low-Cost Banking Options

**Canada:** All customers can select the Minimum Chequing Account, a low-fee, basic banking option.

**U.S.:** TD Bank provides accounts and services to lower-income families, those on government assistance and students:

- TD's Convenience Checking Account offers free chequing if a customer maintains a \$100 minimum daily balance. This is one of the lowest minimum balance accounts in the industry.
- Our Simple Checking Account has a \$5.99 monthly maintenance fee (\$4.99 with paperless statements) and does not require a monthly minimum balance.
- In November 2012, TD Bank began offering its Right Step Program, which provides low- and moderate-income families with the opportunity to obtain mortgage financing by offering more flexible down payment terms and accessing down payment assistance programs and gifts through local, county, state and government entities. The program has already helped 239 families.

## Seniors

In addition to low-cost account options, we offer a broad range of convenient cross-border banking services for Canadians who winter in the U.S.

- For individuals who are 60 years of age or older, TD Canada Trust provides a 25% monthly plan fee rebate for selected accounts
- In the U.S., our 60 Plus Account has a low minimum balance requirement and comes with free standard cheques, money orders/cashier's cheques and discounts on safe deposit boxes.

## Students

- For students (full-time post-secondary), TD Canada Trust offers the no-monthly-fee Every Day Chequing Account with Student Discount that includes 25 monthly transactions. We also give students a "Back to School Survival Guide," which includes advice on budgeting, saving and managing student debt.
- In the U.S., our Student Checking Account has no fee and no minimum balance requirement for students who are under age 24. Student Checking Account customers can also open a maintenance-fee-free Simple Savings Account.

## Youth

For young people, we offer a Youth Account, providing free unlimited transactions for those under 19 years of age.

## Serving Diverse Communities

We serve and work with a broad range of communities, which include LGBT, Asian, Aboriginal and new-to-Canada groups and we strive to represent these communities through our employees, our branches and our services.

### 2013 Initiatives

- In the U.S., TD Bank increased our presence at New York Pride and also supported 14 other Pride events in our local communities.
- Our advertising both in mainstream publications and in our branches and stores depicted the full diversity of our customer base and included same-sex couples and their families.
- In 2013, TD Bank launched a Bank Human Again campaign in English and Spanish.
- We offer multi-language information materials and services in branches and on the phone, as well as free interpreting assistance in almost 200 languages to non-English-speaking customers.
- We support over 60 festivals a year, which range from Pride festivals to Chinese New Year festivals to Black History Month events.

**+ More information on serving diverse needs**

### In Focus: **Serving Aboriginal Communities**

Aboriginal business in Canada is growing rapidly. TD Economics has predicted that the size of the Aboriginal market will reach \$32 billion by 2016. TD is committed to being the bank of choice for Aboriginal People and their communities. We currently have branches in four Aboriginal communities.

As long-time supporters, TD was an important partner in helping establish First Nations Bank of Canada 17 years ago. Today, First Nations Bank is over 80% Aboriginal-owned, providing a range of banking products and services to its Aboriginal customer base. TD remains a minority shareholder with 19.2% ownership.



In 2013, we established an Aboriginal Banking Team, with Clint Davis (former president and CEO of the Canadian Council for Aboriginal Business) in the newly created position of Vice-President, Aboriginal Banking, and launched an Aboriginal commercial banking strategy.

# CASE STUDY: Renewable-Energy Project Creates Long-Term Economic Opportunities for First Nations

## The Project

McLean's Mountain Wind Farm  
in Northern Ontario

## The Financing

\$20.1 million term loan

## The Reason

To be the bank of choice for Aboriginal communities by supporting their economic development efforts.

McLean's Mountain is a 2,000-hectare wind farm project located on Ontario's Manitoulin Island in Lake Huron. The development is now in its final phase. Once completed in 2014, the 24-turbine wind farm will provide 60 megawatts (MW) of power to the Ontario grid.

The project is jointly owned by Mnidoo Mnising Power – a company formed by the United Chiefs and Councils of Mnidoo Mnising First Nations (UCCMM), a tribal council based on and around Manitoulin Island – and Northland Power Inc., an independent power producer. While delivering renewable energy, the project will generate considerable economic opportunities for local First Nations communities, including jobs and revenues for the next 20 years or more.

In 2013, TD was approached to help finance the project after another bank backed out at the last minute, and we seized the opportunity. TD's experience with Aboriginal banking and knowledge of renewable energy financing made this a very good fit.

### TD and Aboriginal Communities in Canada



*"We're very grateful for TD coming on board to quickly arrange and close the financing on a project that benefits our people and promotes responsible development of our natural resources," said Art Jacko, project manager, UCCMM. "McLean's Mountain will generate significant revenues for the six First Nations tribes involved, help address shortfalls our communities are experiencing and ensure a better future for our youth."*



WATCH THE VIDEO  
**A Northern  
Partnership**

# Accessible Products and Services

Barriers to access to banking services can be both physical and social.

We address physical barriers through branch and ATM design and retrofits, but this 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.

## + Summary of accessible products and services



## 2013 Initiatives

### Promoting Physical Inclusion

- Supporting Customers with Disabilities training educates TD employees about our accessibility services and about serving all customers, including those with disabilities.
- We provide video remote interpretation (VRI) in three Canadian branches that are located near schools for the deaf. 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.
- We continue to improve our websites, adding accessibility features such as high-contrast text, support for screen reader software and closed-captioning for video content.

### Promoting Social Inclusion

Social barriers to accessing financial products and services can include not having a fixed address or a poor credit rating that prevents traditional bank loans. Here are some examples of how TD is working with community organizations to create access to underserved groups:

- Named one of CNN's top 10 microlenders in America, Accion East and Online provides necessary lending and education to "micro entrepreneurs" – owners of the smallest businesses, typically those with fewer than five employees and capital needs ranging from \$500 to \$3,500. Many of the owners are minorities and women. TD Bank, through the TD Charitable Foundation, committed \$500,000 over three years to accelerate Accion's microlending work from Maine to Florida.
- TD is the founding sponsor of the Financial Literacy Strategy with United Way. TD employees contribute as part of a multi-pronged approach that includes workshops, tax clinics & one-on-one counseling for low-income Torontonians.

These innovative programs explore ways to remove social barriers and increase access to financing. Our main effort to increase access to banking is through TD's financial education initiatives. By equipping people with the tools and knowledge to manage their accounts, we can help improve their financial stability and personal well-being.



## ★ MATERIAL TOPIC

# Financial Education

## Context

Studies 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 concepts:

- 42% of U.S. adults give themselves a grade of C, D or F on their knowledge of personal finance.<sup>1</sup>
- Less than 5% of household income in Canada is put into savings, compared to 20% 30 years ago.<sup>2</sup>
- 31% of Americans say that credit card debt keeps them from reaching their financial goals.<sup>3</sup>
- For every dollar earned, Canadians have an average of \$1.63 in debt – a record high.<sup>2</sup>

## Materiality and Strategy

As a major financial institution, TD aims to promote responsible attitudes toward money. We believe a business like ours can help educate consumers so that they are better equipped to make good financial decisions. Our strategy is to lead with education, through community outreach and consumer education. In 2014, a newly formed Financial Education Council, with cross-business representation, will work to champion financial education initiatives.

## Headline Performance

# 14,000

financial questions answered through TD Helps Online.

# 125,410

people reached through a TD-sponsored financial education program.

# 620,000

number of visitors to TD Helps Online.<sup>4</sup>

### Goals and Targets

2013 Goal	Rating	2013 Result	Target
Increase financial awareness through TD Helps Online.	●	Over 14,000 financial questions were answered in one year.	Increase in 2014.
Help 200,000 people improve financial literacy skills through a TD-sponsored program by 2015.	○	On track. In 2013 we reached 125,410 people.	Help 200,000 people improve financial literacy skills through a TD-sponsored program by 2015.

<sup>1</sup> National Foundation for Credit Counseling, 2012 Financial Literacy Survey.

<sup>2</sup> Statistics Canada.

<sup>3</sup> Nationwide survey by LearnVest and Chase Blueprint 2012.

<sup>4</sup> Since July 2012.

# Financial Education for Consumers

## Social Media

- TD Helps is an online community that encourages Canadians, customer or not, to submit a question and receive information to help make a good financial decision.
- Topics range from buying a home, dealing with debt and budgeting to saving, investing and planning for retirement. Unlike other sites that simply offer FAQs, TD Helps' answers are specific to the questions asked and are provided in a matter of hours.
- We expanded the program in 2013: Assistance TD, brings the TD Helps social media community to French speakers across Canada.
- TD Helps Online will be offered in the U.S. in 2014.

**+ View a real example of TD Helps advice**

## Systematic Savings Tools

- We encourage customers to build their savings through the use of free automated savings plans. Customers pick the dollar amount and frequency of the payment plan; they also have the option to cancel at any time without penalty.
- By the end of 2013, more than two million TD Canada Trust customers had set up an automated savings plan, helping them save more than \$3 billion. We will continue our efforts to help customers build a disciplined approach to saving.
- Our automated savings plans include options that are designed to help customers reach their savings goals faster. For instance, Simply Save helps customers save money every time they use their debit card. We have solutions to help customers transfer funds between their banking accounts, as well as a solution to allow them to transfer their funds to a TD Mutual Fund account.

## Tools and Resources

- In 2013, we launched [Advice on Everyday Finances](#) – a new website dedicated to helping Canadians with money management. The site provides many tips, tools and resources to help users manage their debt and begin a savings program.
- A dedicated [Spending Smart at School](#) website provides financial tips and advice for students on navigating the unique challenges of college and university.
- We are also working to make our product materials and website information easier to understand. In the U.S. we offer a simple, easy-to-read, one-page description of chequing fees, based on a recommendation by the Pew Charitable Trusts.

## Raising Awareness

- Every November, we launch an ad campaign throughout our Canadian network to raise awareness of the need to improve financial literacy and draw attention to the tools and resources available.
- Across our footprint, TD offers hundreds of free seminars each year on topics such as buying a home and making investments. In 2013, we delivered 386 small business workshops in the U.S., with 8,085 small business owners gaining knowledge about cash flow analysis, business planning and more.

**+ Financial Literacy Website**

## Saving for Tuition

- The Canada Learning Bond (CLB) is a government grant that encourages customers to save for a child's future education costs.
- In 2013, we recognized a need to do more to increase the number of savings accounts with an associated CLB payment. We worked with the government (HRSDC) so that 17,000 TD customers received a personal letter encouraging them to apply for the CLB grant.
- We also took steps to increase internal awareness of the CLB among employees. Since the mailing in July, we have facilitated \$1.6 million in CLB payments.
- We recognize there is more work to be done and we will look for ways to improve customer uptake of CLBs and increase the range of investment products that allow for a CLB option.



## in·clu·sion

*noun*

1. the action or state of including or of being included within a group

# Build an Extraordinary Workplace

# Build an Extraordinary Workplace



Chosen as one of Canada's Top 100 Employers.

Mediacorp



Recognized as one of the Top 50 Companies for Diversity in the U.S.

DiversityInc



TD Securities (U.K.) named one of the 30 Best Workplaces

Great Place to Work Institute

## MATERIAL TOPICS IN 2013:

- ★ Employee Engagement
- ★ Diversity and Inclusion

## in·clu·sion

verb

We strive to build an extraordinary workplace. 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 difference.



**WATCH THE VIDEO**  
**Being Myself at Work**

## Trends and Challenges

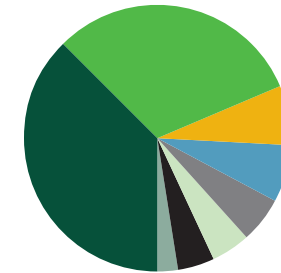
- There is unprecedented global competition to attract the best and brightest.
- Work is increasingly virtual, mobile and hyper-connected. We now have more tools to be flexible and choose how, when and where we work. But these tools also blur the lines between work and personal time.
- Demographic shifts continue to have an impact on the workforce and the prospective labour market. For example, almost one in five Canadians are immigrants and are projected to account for 75% of the country's future population growth.<sup>1</sup> Minority groups comprise 37% of the U.S. population, and that is expected to climb to nearly 50% by 2050.<sup>2</sup>
- Social media platforms such as LinkedIn are the new frontier for professional networking, referrals and targeting jobs/talent. Social media literacy is now considered a key skill set.

These issues require fresh approaches and innovative solutions to how we recruit and retain talent at TD. We are focused on understanding and embracing change to ensure we get the right people in our organization and that our talent management practices remain current and effective and contribute to TD's competitive edge.

### + TD's Workforce Profile

## TD Employee Count

### Employees by Business 2013



- Canadian Personal and Commercial
- U.S. Personal and Commercial
- Corporate Functions
- Wealth
- Insurance
- Wholesale Banking
- Direct Channels & Distribution
- Credit Cards and Merchant Services

<sup>1</sup> TD Economics, [An Overview of the Immigrant and Visible Minority Populations in Canada](#), May 22, 2013.

<sup>2</sup> Pew Research Center, [A Milestone En Route to a Majority Minority Nation](#), November 7, 2012.

★ MATERIAL TOPIC

# Employment Engagement

## Context

Employee engagement metrics can be reliably correlated with business results such as customer satisfaction, earnings per share (EPS), return on assets (ROA) and total shareholder return (TSR).<sup>1</sup>

## Materiality and Strategy

We aim to employ a highly engaged workforce. TD's business model – to provide legendary customer service – fully relies on having engaged and well-trained employees to deliver the customer experience we strive for.

One of our strategic business goals is to differentiate TD as a "best employer," which we measure through our employee engagement score, voluntary turnover rates and external recognition from ranking organizations.

## Performance Benchmark

✓ In 2013, 81% of TD employees were "engaged." This is a high level of engagement compared to industry benchmarks such as the Aon Hewitt Employee Engagement Index (Canada) and the Great Place to Work survey (U.S.)

## Targets

### 2013 Targets

Show continuous improvement in employee engagement scores.

### Rating

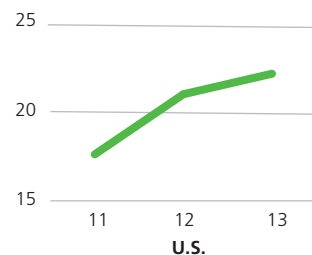
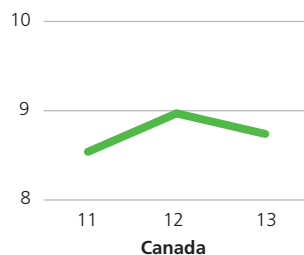


### 2013 Results

Show continuous improvement in employee engagement scores.

## Performance Trends

### Voluntary Turnover (%)



### Employee Engagement Index (EEI) Score

2013	4.17 ✓
2012	4.16 ✓
2011	4.18 ✓

<sup>1</sup> Beyond Engagement: The Definitive Guide to Employee Surveys and Organizational Performance: Kenexa: an IBM Company, 2012.

## Tracking the Employee Experience

Our confidential global engagement survey, TD Pulse, includes 42 questions that help us understand and take action on what matters most to employees. The Employee Engagement Index is our measure of overall engagement and is calculated using the average response (on a scale of one to five) to three key questions: feelings of accomplishment, pride in TD and plans to be with TD in one year.

Aggregate survey results can be analyzed by business, region and demographic groups, allowing management to identify emerging trends and issues and respond appropriately. For example, several businesses have taken action on recognition practices based on employee feedback on the survey.

### TD PULSE INTERNAL SURVEY

- Is company-wide
- Identifies what matters most to employees
- Helps leaders deliver an exceptional experience for employees



## Responding to Results

- Managers receive detailed TD Pulse results for their team, which activates an action planning process that is repeated at the micro level across the bank. While individual responses to TD Pulse remain confidential, the process provides a forum for managers and teams to compare aggregate scores and develop plans to improve the work environment.
- In 2013, we added 20 questions to the survey to provide greater insight into what matters to employees.
- The survey frequency was reduced to once per year instead of twice to give management and teams more time to act on the survey results.

### Sustainability-Related Questions

	2013 <sup>1</sup>	2012
TD is genuinely committed to the well-being of its employees.	78%	77%
TD is doing the right things to make a positive impact on the communities in which it does business.	87%	86%
TD is doing the right things to make a positive impact on the environment. <sup>2</sup>	87%	
TD supports employees' ambition to get involved in corporate responsibility initiatives. <sup>2</sup>	86%	

<sup>1</sup> Percentage of respondents who agreed or strongly agreed with the statement.

<sup>2</sup> New question in 2013 TD Pulse questionnaire.

## Employee Turnover

TD's global turnover for 2013 is 19.17%. We know U.S. turnover rates are an area of concern; reducing voluntary turnover is a priority for our U.S. business for 2014 and 2015. While U.S. turnover rates will always be higher than in Canada we recognize a pressing need to retain employees. Among several approaches, we continue to compare our compensation to the marketplace and have made investments to increase pay levels. We are also working to provide more development opportunities in retail banking so that employees choose to build their careers at TD.

### 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.

## 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

## Labour codes

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 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.

### Performance Trends: Employee Turnover

		2013	2012	2011
<b>Average turnover rate for TD Bank Group</b>		<b>19.17%</b>	19.26%	
<b>Canada</b>	Voluntary <sup>1</sup>	<b>8.74%</b>	8.97%	8.60%
	Involuntary <sup>2</sup>	<b>3.60%</b>	3.78%	3.30%
	Retirement	<b>1.16%</b>	1.27%	1.10%
	<b>TOTAL</b>	<b>13.50%</b> ✓	14.02% ✓	13.00% ✓
<b>U.S.</b>	Voluntary <sup>1</sup>	<b>22.24%</b>	20.97%	17.60% <sup>3</sup>
	Involuntary <sup>2</sup>	<b>8.75%</b>	9.00%	8.40% <sup>3</sup>
	Retirement	<b>0.67%</b>	0.52%	0.40% <sup>3</sup>
	<b>TOTAL</b>	<b>31.71%</b> ✓	31.43% ✓	26.42% <sup>3</sup> ✓

<sup>1</sup> A voluntary exit from TD occurs when the employee chooses to leave TD.

<sup>2</sup> An involuntary exit from TD occurs when employment is terminated.

<sup>3</sup> 2011 U.S. data excludes TD Auto Finance, which was acquired in April 2011, because this data is not available and cannot be estimated.

### Employee Turnover by Age and Gender (Canada only)

	Female	Male	<30 Yr.	30–50 Yr.	>50 Yr.	Total
2011	11.79% ✓	14.78% ✓	19.72% ✓	9.23% ✓	10.23% ✓	13.00% ✓
2012	12.80% ✓	16.12% ✓	21.45% ✓	9.94% ✓	12.21% ✓	14.02% ✓
<b>2013</b>	<b>12.66%</b> ✓	<b>14.91%</b> ✓	<b>20.75%</b> ✓	<b>9.85%</b> ✓	<b>11.23%</b> ✓	<b>13.50%</b> ✓

★ MATERIAL TOPIC

# Diversity and Inclusion

## Context

- North America is becoming increasingly diverse. Immigrants account for almost one in five Canadians and are projected to represent 75% of the country's future population growth.<sup>1</sup>
- Young Aboriginal People are Canada's fastest-growing demographic segment.<sup>2</sup>
- Minority groups comprise 37% of the U.S. population, and that is expected to climb to nearly 50% by 2050.<sup>3</sup>
- A series of Catalyst studies found that companies with women as board directors and women in senior leadership had better financial performance than other companies.<sup>4</sup>

## Materiality and Strategy

Our success depends on reflecting the communities and cultures where we operate, while having diverse perspectives in our boardrooms, branches and stores helps guide better business decisions. 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.

The Diversity Leadership Council oversees diversity and inclusion across TD. The council is supported by a 300+ strong network of active subcommittees and regional councils, a Corporate Diversity Office and diversity policy and management systems. Our diversity strategy also includes training, internal mentoring programs and resource groups run by and available to all employees.

**+ More about TD's diversity governance**

**» Diversity of Board Members**



*"Diversity is not a project; it's not an initiative – rather, it's core to who we are."*

Bharat Masrani, COO, TD

## Performance Benchmark

- ✓ TD Bank recognized as one of the Top 50 Companies for Diversity in the U.S. (DiversityInc)
- ✓ In Canada, we compare our representation results against labour market availability.
- ✓ By participating in annual surveys, such as Top Diversity Employers and the AON Hewitt Best Employer survey, we're able to track improvements as scored by an independent third party year over year.

## 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

<sup>1</sup> TD Economics, [An Overview of the Immigrant and Visible Minority Populations in Canada](#), May 22, 2013.

<sup>2</sup> TD Economics, [A Demographic Overview of Aboriginal Peoples in Canada](#), May 15, 2013.

<sup>3</sup> Pew Research Center, [A Milestone En Route to a Majority Minority Nation](#), November 7, 2012.

<sup>4</sup> Catalyst, [Why Diversity Matters](#), July 23, 2013.



Goals			
2013 Goals	Rating	2013 Results	2014 Goals
Expand mentoring and networking programs to diverse groups and their allies	●	383 employees participated in the Corporate Group Mentoring program	Grow the participation in our mentoring and networking programs by 20%.



**▶ WATCH THE VIDEO**  
**TD's biggest lesson about diversity and inclusion**

**Performance Trends: Workforce Diversity in TD (Canada)<sup>1,2,3</sup>**

		Labour Market Availability <sup>4</sup>	2013	2012	2011	2004
<b>Women</b>	Overall	57.89	<b>61.58%</b>	62.29% ✓	63.38% ✓	68.11%
	Senior Management <sup>5</sup>		<b>36.54%</b>	35.29% ✓	34.46% ✓	23.00%
	Middle & Other Management <sup>6</sup>		<b>45.71%</b>	46.58% ✓	46.83% ✓	44.08%
<b>Visible Minorities<sup>7</sup></b>	Overall	21.29	<b>28.31%</b>	28.03% ✓	27.49% ✓	22.71%
	Senior Management <sup>5</sup>		<b>10.37%</b>	8.82% ✓	9.14% ✓	3.54%
	Middle & Other Management <sup>6</sup>		<b>23.51%</b>	22.13% ✓	20.79% ✓	14.87%
<b>Aboriginal Peoples<sup>7</sup></b>	Overall	1.74	<b>1.22%</b>	1.20% ✓	1.09% ✓	1.06%
	Senior Management <sup>5</sup>		<b>1.23%</b>	0.98%	0.51%	0.39%
	Middle & Other Management <sup>6</sup>		<b>0.81%</b>	0.90%	0.78%	0.61%
<b>People With Disabilities<sup>7</sup></b>	Overall	4.61	<b>5.23%</b>	5.01% ✓	3.55% ✓	2.00%
	Senior Management <sup>5</sup>		<b>4.44%</b>	4.66%	3.34%	1.57%
	Middle & Other Management <sup>6</sup>		<b>5.18%</b>	5.16%	3.06%	1.54%

<sup>1</sup> Represents the amounts reported to the Canadian federal government as at December 31, 2012. Statistics for 2013 will be reported to the Canadian federal government by June 2014.

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

<sup>3</sup> Includes full-time and part-time employees.

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

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

<sup>6</sup> See glossary for definition of Middle and Other Management.

<sup>7</sup> Data is voluntarily disclosed by employees.

More employees felt comfortable sharing their identity at work. A higher number of people with disabilities, for example, self-identified in our Canadian employment equity survey. That comfort level also extended to their growing participation in internal blogs, social media and other employee forums.

**+ TD's 2012 Employment Equity Report (PDF)**

**» Supplier Diversity**

## In Focus: Diversity and a Strong Bottom Line

More and more organizations are realizing that diversity isn't just a matter of corporate responsibility; it's a competitive asset with real business benefits. "We note a continued positive correlation between achievement in diversity and overall positive stock performance. Both the 2013 and the 2012

DiversityInc Top 50 lists outperformed the S&P 500 over a five-year basis," says Luke Visconti, CEO of DiversityInc, a leading consultancy in the area that compiles a yearly stock index of the top 50 companies for diversity in America. Inclusion in the index is based on four areas of measure-

ment: CEO commitment, human capital, corporate and organizational communications, and supplier diversity. In 2013, TD Bank earned a spot in the DiversityInc Top 50, with our leadership cited as a key strength: "COO TD Bharat Masrani meets quarterly with resource groups and

personally reviews and signs off on diversity metrics and progress. He chairs the executive diversity council, which meets monthly." TD's leadership has long regarded diversity as a key aspect of superior business performance and effective corporate governance.



## 2013 Diversity Initiatives

### Awareness and Training

- We continued to grow our diverse employee networks as a resource for the organization, with 10,166 employees participating, up from 6,000 in 2012.
- Across North America, we provided 383 employees with group mentoring related to their diverse needs.
- We delivered training on micro inequities to 560 members (30.6%) of our executive population as part of our ongoing effort to go deeper on identifying and removing barriers to advancement.
- TD executives initiated 25 diversity-themed blogs, and our Diversity website continued to be one of the most visited areas of our intranet, with 36,000 visits in 2013.

### Women in Leadership

- We hosted a 10-city Women In Leadership road show across Canada, engaging nearly 3,500 of our talent pipeline in discussion about the representation of women at TD, challenges women have shared with us and ways they can take the lead to develop their careers.
- We've just completed our fourth year as lead sponsor of the University of Toronto's Rotman School of Management's Back to Work program, which helps professional women rejoin the workforce after long absences. TD provides funding for the program and contributes to the development and delivery of the curriculum, which focuses on leadership, business strategy, job market information and the latest communication trends. We also have a strong track record of hiring graduates from the program.

### People With Disabilities

- We deployed 891 technology solutions to enable 586 employees with disabilities to do their jobs.
- TD continued to create awareness of disabilities, and our focus expanded to include invisible disabilities such as depression and ADHD. For example, we held five road shows in the U.S. to draw attention to the issue of invisible disabilities and inform employees of TD's support tools.
- In Canada we developed and delivered a mental health awareness program for employees.
- More employees felt comfortable sharing their identity at work. A higher number of people with disabilities, for example, self-identified in our Canadian employment equity survey. That comfort level also extended to their growing participation in internal blogs, social media and other employee forums.

### Visible Minorities

- We held a symposium in Calgary for 90 of our visible minority employees to discuss TD's commitment to expanding leadership opportunities for them and to hear their perspectives on diversity in our workplace.
- In the U.S., we held a speed mentoring event for minority employees to get tips and advice from TD executives on how to demonstrate leadership and further a career path within the bank.

### Aboriginal Peoples

- We supported National Aboriginal Day celebrations in which over 750 employees participated.
- In four First Nation communities, we organized TD Tree Day plantings engaging over 60 TD volunteers.

### LGBT

- To support initiatives that matter to our employees and customers, we participated in 14 Pride events across our U.S. footprint, which engaged many TD employee volunteers.
- In Canada, we organized seven Pride receptions for employees and conducted three focus groups to understand the ongoing needs of the LGBT community.

# Issue in Focus:

## Attracting Aboriginal Talent

Cheryl Popik, a TD Branch Manager in Calgary, Alberta, joined TD's Aboriginal Employee Circle to celebrate her culture and stay connected to her community as part of her everyday work. A 25-year employee of the bank, she wasn't always so forthcoming about her heritage.

"Earlier in my career, while I didn't hide my heritage, I would only tell people if they asked," said Cheryl. "I had worked very hard to get where I was and I wanted to be recognized for what I brought to the role, rather than for being a minority. What I have learned over the years is that TD recognizes people for their talent and performance while encouraging them to be themselves at work."

Cheryl is one of approximately 700 Canadian employees at TD who have self-identified as Aboriginal. We see progress in creating an inclusive environment for Aboriginal employees through resource groups, celebrating culture, removing barriers to advancement, and other support. Yet it remains challenging to attract more talented Aboriginal People like Cheryl into our organization. Aboriginal representation at TD has increased only slightly over time. It was 1.2% in 2013, compared with 1.04% a decade ago, and it continues to be our largest gap versus labour pool availability of 1.74%.

Research published last year by TD Economics demonstrates Aboriginal Peoples are under-represented in post-secondary school business programs and over-represented in degree programs related to education, health care and public administration. Aboriginal graduates don't often view banking and general business as a career of choice. While there are many inherent reasons for these choices, the fact remains that there tends to be a lack of awareness surrounding what a career in financial services entails and the variety of opportunities that exist within the sector.

In 2013, we intensified our efforts to recruit and retain Aboriginal employees by:

- Creating a new position focused on sourcing Aboriginal talent;
- Promoting the breadth of careers at TD to Aboriginal students/graduates and encouraging them to apply; and
- Growing our Aboriginal Circle – a resource group of both Aboriginal and non-Aboriginal employees who share ideas and provide valuable insights to TD – to 530 people, a jump of 150% from the previous year.

TD is also building stronger relationships with Aboriginal customers, communities and businesses and developing products and services that help them thrive. Click the links to learn more.



**Cheryl Popik, a TD Branch Manager in Calgary, Alberta**

#### More:

- + [TD Economics Special Report: Employment and Education Among Aboriginal Peoples](#)
- + [TD and Aboriginal Communities in Canada](#)

# Employee Development

- TD's Leadership Profile forms the basis of our hiring requirements as we look for individuals who are a good cultural fit.
- 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.
- TD supports a strong develop-and-promote-from-within culture to ensure the long-term sustainability of our culture and business.

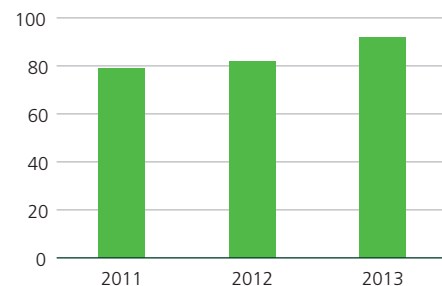
## Performance Benchmark

- ✓ TD University was recognized for the seventh year in a row as a Top 125 Training Company (Training Magazine).
- ✓ In the U.S. we benchmark our training programs against an industry average of 22 hours of training per employee per year (Bersin & Associates 2013).

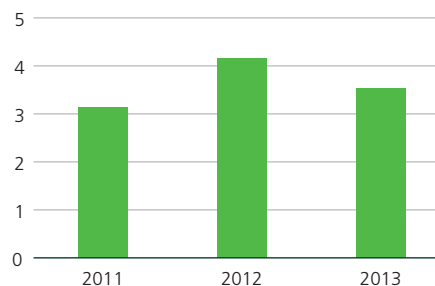
## Performance Trends

### Global Spend on Training and Development

(in millions of dollars)<sup>1</sup>



### Number of Days of Training Per Employee<sup>2</sup>



These totals include the courses available through TD's Learning Management System, as well as external courses, certifications and accreditations.

<sup>1</sup> 2013 includes training and development spend from TD Auto Finance (TDAF) Canada and TD Auto Finance U.S., which was not included in previous years.

<sup>2</sup> An average day is considered eight hours for U.S. employees and 7.5 for all other employees.

## 2013 Activities

- In addition to traditional job posting methods, we are using new tools, such as LinkedIn, to seek referrals, build relationships and source diverse talent.
- We continue to implement FlexWorkPlace, a program that accommodates changing and flexible work patterns. The program features redesigned floors that provide a good mix of formal and informal work settings such as phone rooms, huddle rooms and a “collaborative” café where employees can meet and work in a comfortable setting.

*“This new environment has increased my productivity. The flexibility in work environments has been great, and it often feels like I’m not even at work.”*

TD employee on the new FlexWorkPlace space



WATCH THE VIDEO  
**FlexWorkPlace:  
Giving Employees  
Options**

## Learning and Development

Employees and their managers are encouraged to meet at least twice a year to discuss the employee’s strengths, needs and career aspirations in formal performance and development reviews. These discussions set the underpinning for career planning at TD.

We encourage employees to take ownership of their careers and offer help in the form of a broad range of tools and support, including:

- Career coaching;
- Group, peer and individual mentoring programs;
- Over 1,000 internal training courses through classroom and virtual learning; and
- A dedicated Career Month, with in-person and virtual events educating employees about career planning resources and required skills for various business lines.

Our suite of leadership development programs (in some cases facilitated by TD’s CEO and senior executive team) orient executives and managers to TD’s business strategy, leadership values, culture and talent priorities.

**More about TD’s leadership programs**

## Talent Development in 2013

**2 million+**

courses completed through TD’s online Learning Management System.

**5,000+**

employees across North America participated in TD’s Career Month.

**6,832**

current and aspiring leaders at TD participated in our leadership programs.

**1,200+**

employees participated in mentoring programs.

**\$24.1 million**

granted through TD’s Tuition Assistance for external learning.

**617**

employees completed TD’s Leadership 360° survey.



## 2013 Activities

- We converted several classroom courses to virtual training to realize business benefits, including reduced travel costs and time and greater employee accessibility.
- We expanded Build for the Future, our flagship leadership development program, to include new interactive workshops. TD executives also increased their involvement in the program, replacing external trainers to give participants more direct access to current leaders.

## Compliance Training

Anyone working on behalf of TD is required to complete compliance training related to customer protection and responsible business conduct to mitigate the risk of employee misconduct that could lead to customer harm, reputational damage or legal liability.

In 2013, our online compliance training for Canada was overhauled to ensure content was targeted, concise and meaningful for the individual. The benefit was a 65% reduction in time to complete the improved training. We also continued to enhance the bank's anti-money laundering (AML)/ anti-terrorist financing (AML/ATF) awareness/sanctions and anti-bribery/anti-corruption training to ensure our employees understand current and evolving risks.

### Average Hours of Training Per Employee Category

	Canada <sup>1</sup>			U.S. <sup>1</sup>		
	2013 <sup>2</sup>	2012	2011 <sup>3</sup>	2013	2012 <sup>3</sup>	2011
Average hours of training per executive <sup>4</sup>	8.00 ✓	14.06 ✓	13.99 ✓	22.12 ✓	17.73 ✓	–
Average hours of training per People Manager <sup>5</sup>	20.89 ✓	23.89 ✓	23.29 ✓	34.92 ✓	43.85 ✓	–
Average hours of training per individual contributor <sup>6</sup>	19.68 ✓	24.52 ✓	27.89 ✓	42.39 ✓	52.23 ✓	–

<sup>1</sup> TD General Insurance and TD Auto Finance (Canada and U.S.) are excluded in 2011 and 2012 because the data is not available and cannot be reasonably estimated.

<sup>2</sup> The 2013 data excludes a portion of training hours that are tracked outside TD's learning management system. This data is not available and cannot be reasonably estimated.

<sup>3</sup> 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.

<sup>4</sup> Executive includes TD job levels Assistant Vice President and above.

<sup>5</sup> People Manager includes an employee who has one or more direct reports.

<sup>6</sup> Individual contributor includes an employee who does not have any direct reports.

## Training and Development

	2013	2012	2011
Investment in training per employee (dollars) <sup>1</sup>	\$1,054	\$945	\$949
Average number of days of training <sup>2</sup>	3.53	4.15	3.14
Amount employees received through TD's Tuition Assistance for external learning (millions of dollars)	\$24.1	\$27.1	\$19.5

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

<sup>2</sup> An average day is considered eight hours for U.S. employees and 7.5 for all other employees.

- The reduction of hours of formal training (e.g., courses and workshops) can be attributed to a greater focus on training and development activities that incorporate more use of informal training methods (such as mentoring relationships, job shadowing, on-the-job experiences, social media, communities of practice, etc.).
- TD now offers more virtual classroom workshops to more effectively reach a geographically dispersed employee population, while also reducing business travel.
- The reduction in training hours for Canadian executives can largely be attributed to a change in the Build for the Future course duration from four to three days.

# Compensation and Benefits

Our strategy is to provide employees with market-competitive compensation that appropriately aligns pay with performance. This includes incentive compensation that rewards employees according to their personal contribution and business performance.

We regularly complete a comprehensive review of the compensation program to validate our competitive positioning. As part of this process, compensation in each region is benchmarked against relevant peer organizations. We use information from this process to:

- Stay informed about current compensation trends;
- Confirm our salary ranges continue to reflect a competitive market range of pay; and
- Ensure our incentive plans continue to provide us with a competitive total compensation offering.

## Performance Trends

### Global Spend on Compensation and Benefits

(in billions of dollars)



In addition, we periodically make targeted investments to enhance the competitive positioning for specific roles or employees. During 2013, annualized investments totalling \$11 million were made for employees in Canada and the U.S. A significant portion of these investments were targeted to entry-level front-line employees who are critical to delivering the customer service and convenience that TD is known for. In addition, we continue to fine-tune our benefits programs to ensure we provide appropriate and meaningful coverage to our employees.

### » Executive Compensation

## Benefit Programs

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, which vary by country, to meet their needs and those of their immediate dependants. TD's retirement programs ensure every employee will have a retirement income.

### + Summary of Benefit Programs (PDF)

## Recognition Programs

In addition to compensation and benefits programs, we have a large number of recognition programs that acknowledge and celebrate the behaviours, accomplishments and successes of employees for the difference they make every day. In addition to a variety of bank-wide and business-specific recognition programs, all employees

around the world participate in our industry-leading Global Service Recognition program, which features awards of TD shares at significant milestone anniversaries.

## Health and Safety

Employee health, safety and wellness are paramount to TD.

We have a wide range of programs and processes to help prevent accidents and injuries in our day-to-day operations, including best-practice ergonomic standards in design and refurbishments, Health and Safety (H&S) Representatives, a dedicated H&S intranet resource and mandatory health & safety training for Canadian managers. Our focus is on mitigating safety risks relevant to our business, which primarily include slips, trips and falls; ergonomics (e.g., repetitive strains); and injuries related to lifting.

We also promote general health and wellness by providing opportunities for employees to assess, manage and improve their physical and mental well-being. For example, we offer a robust health benefits program; a variety of flexible work options, from job sharing and compressed schedules to gradual back-to-work transitions; and an employee assistance program, which provides third-party counselling to help deal with a wide range of life events.

### + Summary of flexible work options

### + 2013 health and safety performance



## green·ing

*noun*

1. the process of making or becoming more aware of environmental considerations

# Be an Environmental Leader



# Be an Environmental Leader

## MATERIAL TOPICS IN 2013:

- ★ Responsible Financing
- ★ Eco-Efficiency
- ★ Changing Climate

## Headline Performance

# 18%

decrease in carbon intensity from our baseline 2008.

# 15%

decrease in metric tonnes of paper from our baseline 2010.

# 87%

employees who agree that TD is an Environmental Leader.

# \$500 million

TD was the first Canadian commercial bank to offer a green bond.

## green·ing of the economy

The relationship between the environment and the economy has been the subject of debate for more than 20 years. It's often assumed that protecting the environment comes at the cost of economic growth. Our research examines the opportunities that arise from considering the environment as an enabler of economic growth. We call this the greening of the economy.

"Labelling some sectors of the economy as 'green' and others as 'brown' can diminish the real progress that industry, government and citizens have made," says TD's Chief Economist, Craig Alexander. "We view the greening of the economy as a progressive process that is occurring throughout the economy."

In 2013, TD hired an environmental economist to explore the relationship between the economy and the environment. TD Economics published three reports demonstrating thought leadership on these topics and a desire to accelerate the dialogue on key civic and economic issues:

### **Greening of the Canadian Economy:**

Develops a working definition of the greening of the economy and a framework for measuring progress.

**Greening of New York City:** Applies the greening of the economy framework to show how progressive municipal policy can stimulate economic growth, while improving the environment and human health and well-being.

**Green Bonds: A New Era of Environmental Finance:** Examines innovations in financial capital markets to support efforts aimed at greening the economy.

### Performance Benchmark

TD was recognized as a leader in carbon performance:

- ✓ Global 500 Carbon Performance Leadership Index – the only Canadian bank to be included
- ✓ Canada 200 Disclosure and Performance Leadership Index
- ✓ 2013 Green Power Leadership Award from the U.S. Environmental Protection Agency



## Our Approach

TD's goal is to be an environmental leader. We believe that by incorporating environmental considerations into our business strategy we can make TD stronger, while also improving environmental quality and positively contributing to the economy.

We strive to make the environment an integral part of how we do things at TD by focusing on the following key areas:

- Understanding the transition toward a low-carbon economy;
- Eco-efficiency in our business operations;
- Supporting and enabling responsible financing and investing;
- Providing customers with green product options and services;
- Valuing natural capital; and
- Creating opportunities for our customers, employees and stakeholders to take action.

## Trends and Challenges

- Collaboration is key to tackling sustainable development in the face of growing populations. By working together with usual and unusual partners we are finding new approaches and solutions.
- Eco-efficiency means doing more with less. While we've greatly improved the eco-efficiency of our facilities, we plan to continue to evaluate and invest in innovative green building design and technologies.
- Our customers and stakeholders are seeking more transparency – and that includes gaining a better understanding of how environmental considerations factor into our financing and investing decisions.
- TD customers and employees value our active participation and support of community-based environmental initiatives.

## Governance and Risk Management

Management of TD's environmental risks, impacts and opportunities is integrated within the TD Bank Group risk management framework and governance structure. Designated as a strategic risk, environmental risk is defined as "the possibility of loss of strategic, financial, operational or reputational value resulting from the impact of environmental issues or concerns within the scope of short-term and long-term cycles."

Management of environmental risk is an enterprise-wide priority. Key environmental risks include:

- 1) direct risks associated with the ownership and operation of our business, which include management and operation of company-owned or managed real estate, fleet, business operations and associated services;
- 2) indirect risks associated with the environmental performance or environmental events such as changing climate patterns that may have an impact on our retail customers and clients to whom TD provides financing or in which TD invests;
- 3) identification and management of emerging environmental regulatory issues; and
- 4) failure to understand and appropriately leverage environment-related trends to meet customer and consumer demands for products and services.

[+ TD Environmental Policy \(PDF\)](#)

[+ Environmental Governance and Management](#)

# Toward a Low-Carbon Economy

In 2010, TD committed to being carbon neutral, the first North-American-based bank to do so. We made this commitment to challenge ourselves to separate TD's business growth from our greenhouse gas (GHG) emissions.

In managing carbon, TD aims to:

- Improve the eco-efficiency of our business operations;
- Understand risks related to financing of high-carbon-emitting industries;
- Create innovative financial products to support renewable energy development and fuel-efficient vehicles; and
- Increase employee awareness and support community energy initiatives.

## Be Carbon Neutral: Our Approach

### Step 1

Reduce energy use.

### Step 2

Green our energy supply through the purchase of renewable energy credits and incorporation of renewable energy generation into our facilities.

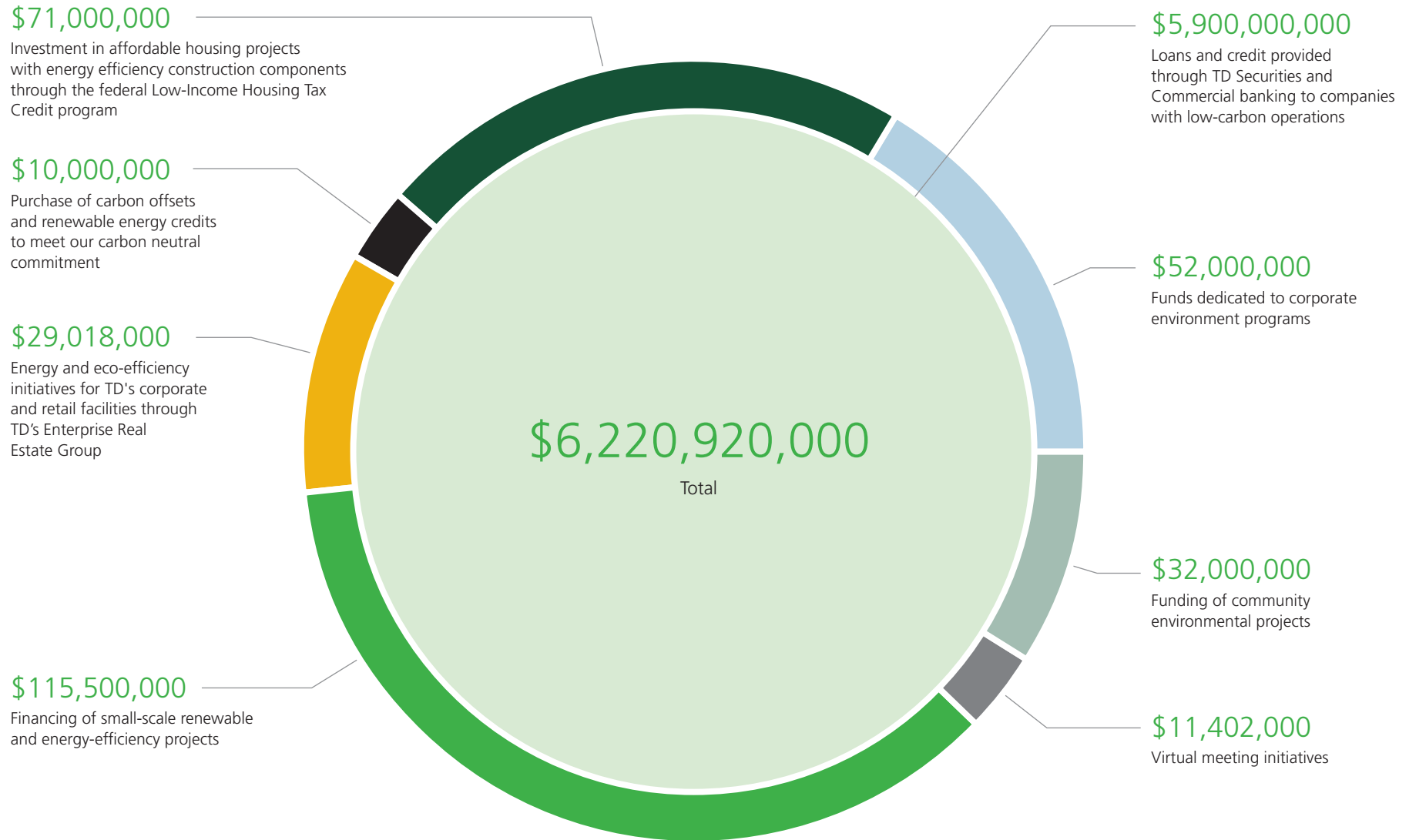
### Step 3

Develop innovative, North-American-based carbon offsets with commercial and social partners.

Goals and Targets			
2013 Goals & Targets	Rating	2013 Results	2014 Targets
1. Be carbon neutral.	●	Maintained carbon neutrality as TD continues to grow.	Be carbon neutral.
2. Reduce GHG emissions by 1 tonne CO <sub>2</sub> e per employee by 2015.	○	GHG emissions reduced by 0.63 tonnes CO <sub>2</sub> e per employee since 2008.	Reduce GHG emissions by 1 tonne CO <sub>2</sub> e per employee by 2015.
3. Set specific targets for employee business travel.	○	Made progress by completing a detailed analysis of travel patterns.	Implement travel reduction plan in 2014.
4. Improve technology to encourage video-conferencing to reduce business travel.	●	Increased video-conferencing units by 57% and saved over 3.4 million kilometres in travel and 1,339 metric tonnes of CO <sub>2</sub> e through the use of virtual meeting technology.	Develop metrics and targets to track use of virtual meeting technology.
5. At least 40% of emissions from electricity will be offset with renewable energy credits.	●	Offset 73% of GHG emissions from electricity.	At least 40% of emissions from electricity will be offset with renewable energy credits.
6. At least 50% of carbon offsets will be developed through impact investing projects.	●	50% of carbon offsets were developed through impact investing projects.	At least 50% of carbon offsets will be developed through impact investing projects.



# TD's Investment in the Low-Carbon Economy 2006 to 2013



## GHG Emission Reduction

### Headline Performance

Despite 23% growth in our occupied space, TD's total GHG emissions from energy decreased by 11% since 2008.

GHG Emissions per dollar of revenue have decreased by 49% since 2008.

24,162 tonnes of CO<sub>2</sub>e in absolute reductions from initiatives since 2008 – 9% relative to our baseline.

### Greenhouse Gas Emissions

#### 2013 Performance:

- Canada: GHG emissions reduction of 9%.
- U.S.: GHG emissions increase of 7% due to the purchase of properties that needed energy retrofits and are located in parts of the country where electricity is supplied through coal-fired generation.
- 10,845 tonnes of CO<sub>2</sub>e saved from our energy-efficiency and video-conferencing initiatives in 2013, down 4% relative to 2012 levels.

### Renewable Energy Credits and Carbon Offsets

TD supports the growth of North American renewable power generation projects through our purchase of renewable energy credits (RECs). Since 2010, we have invested more than \$3.6 million into renewable energy projects that create 1.3 million MWh of RECs and lower the carbon content of North America's energy supply grid.

TD purchases high-quality RECs from renewable-energy projects that have achieved EcoLogo™ or Green-e® Energy certification. These RECs represent renewable power generation added to the electricity grid within the last three years.



#### 2013 Performance:

- RECs were used to offset 54% of our electricity use which translates to 73% of our emissions from electricity.
- Over \$6.4 million spent on North American carbon offsets projects amounting to 575,000 tonnes of CO<sub>2</sub>e since 2010.
- At least 50% of TD's carbon offsets are generated through impact investing projects, such as the case study on page 56. »

#### + TD Renewable Energy Credits and Carbon Offsets Map

### TD's Internal Price on Carbon

We achieved carbon neutrality by reducing our energy use, greening our energy supply and developing innovative carbon offsets. We measure our "cost of carbon" based on the costs of our carbon commitment, measured through the purchase of renewable energy credits (RECs) and carbon offsets. These costs are calculated on an annual basis and are charged back to our businesses based on their relative contribution, representing an internal price of carbon of approximately \$10 per tonne of CO<sub>2</sub>e.

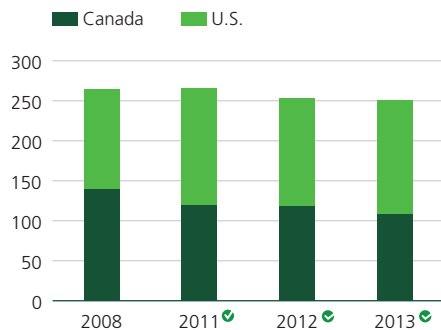
Calculating carbon benefits is a relatively new activity for TD because we wanted to quantify what segment of our business revenues and financing activities are related to low-carbon. In 2014 we will continue to identify additional revenues that contribute to the low-carbon economy.

#### » TD's Approach to Internal Carbon Pricing

#### + Carbon Neutral Schedule (PDF)

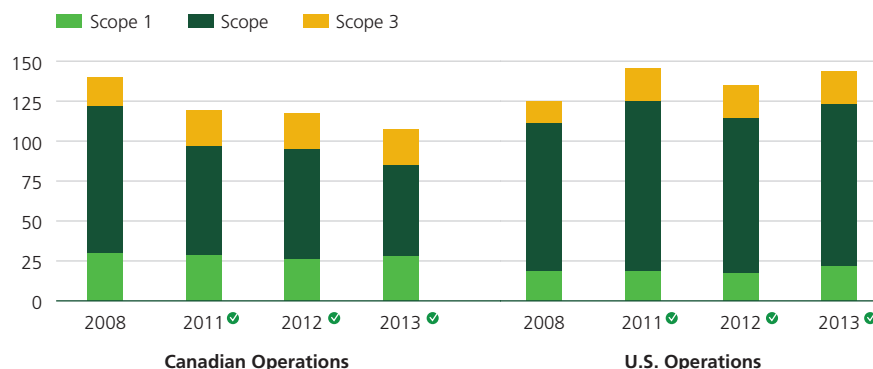
### Total Greenhouse Gas Emissions

(thousands of tonnes CO<sub>2</sub>e)



### Detailed Emissions Breakdown

(thousands of tonnes CO<sub>2</sub>e)



- [+ Detailed Environmental Performance \(PDF\)](#)
- [+ 2013 Carbon Neutral Schedule \(PDF\)](#)
- [+ Notes \(PDF\)](#)

Greenhouse Gas Emissions – North America				
	2013	2012 <sup>2</sup>	2011	2008
<b>GHG emissions (tonnes CO<sub>2</sub>e)<sup>1</sup></b>				
Direct CO <sub>2</sub> e (GHG Scope 1)	49,386 ✓	43,289 ✓	47,265 ✓	48,539
Indirect CO <sub>2</sub> e (GHG Scope 2)	157,995 ✓	166,087 ✓	174,754 ✓	184,406
<b>Other indirect and non-controlled (GHG Scope 3)</b>	<b>43,661 ✓</b>	<b>43,501 ✓</b>	<b>43,173 ✓</b>	<b>31,425</b>
<b>Total CO<sub>2</sub>e</b>	<b>251,041 ✓</b>	<b>252,877 ✓</b>	<b>265,192 ✓</b>	<b>264,370</b>
<b>GHG intensity (per employee) by scope of emissions</b>				
Total CO <sub>2</sub> e (tonnes)	2.95	2.94	3.14	3.58
Direct CO <sub>2</sub> e (GHG Scope 1)	0.58	0.50	0.56	0.66
Indirect CO <sub>2</sub> e (GHG Scope 2)	1.86	1.93	2.07	2.50
<b>Other indirect and non-controlled (GHG Scope 3)</b>	<b>0.51</b>	<b>0.51</b>	<b>0.51</b>	<b>0.43</b>
<b>GHG intensity (per employee) by source of emissions</b>				
Total CO <sub>2</sub> e (tonnes)	2.95	2.94	3.14	3.58
Energy component – CO <sub>2</sub> e (tonnes)	2.33	2.33	2.54	3.02
Travel component – CO <sub>2</sub> e (tonnes)	0.62	0.61	0.60	0.56

<sup>1</sup> For further details on GHG emissions see [accompanying notes](#) and [TD's 2013 Carbon Neutral Schedule](#).

<sup>2</sup> For the prior period ending October 31, 2012 the Bank has restated its GHG emissions and GHG intensity (per employee) values to remove transmission and distribution losses included in its Scope 2 emissions to be in accordance with the GHG Protocol. The restatement resulted in a 4% decrease in total GHG emissions and in the GHG intensity (by employee) values for 2012. 2010 and 2011 Scope 2 emissions were not restated as the difference was not material.

**Additional notes:** Scope 1 emissions include direct emissions from heating and cooling, leased aircraft and corporate fleet. Scope 2 emissions include indirect emissions from electricity, heating and cooling. Scope 3 emissions include business travel emissions and energy from subleased locations.

# TD's Approach to Internal Carbon Pricing

By committing to be carbon neutral we have put a price on carbon of \$10 per tonne of CO<sub>2</sub>e. Our businesses are charged for the emissions that they produce and in turn, we invest in actions that improve efficiency and reduce our environmental impact, while generating value and prosperity in the economy.

What else do we do to support a low-carbon economy? We:

## Eco-Efficient Operations

We are doing more for our business, using less resources and reducing our environmental impact. TD is driving eco-efficiency through technological innovation and behavioural change within the bank.



94 locations

use solar energy.

116+ million kWh

saved in two years through our Green IT strategy.

100+

LEED-certified facilities.

Net-Zero Energy

branches designed to generate more energy than they consume

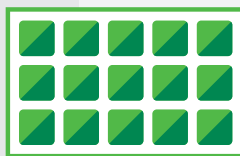
New sustainable energy efficient branch design (SEED).

3.4 million kms

of business travel saved through virtual meeting initiatives – 1,339 tonnes of CO<sub>2</sub>e saved.

## Renewable Energy Credits

TD supports the growth of North American renewable power generation projects through our purchase of renewable energy credits (RECs). Since 2010 we have invested in renewable energy projects that create RECs and lower the carbon content of North America's energy supply grid.



\$3.6 million and 1.3 million kWh

across North America since 2010.



## Carbon Offset Projects

TD is committed to developing innovative carbon offsets from projects in North America. 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.



\$6.4 million and 575,000 tCO<sub>2</sub>e

across North America since 2010.



**Provide financing to companies with low-carbon operations**

\$3.3 billion in 2013.



**Provide Green Products**

Loans for small scale renewables and energy efficiency projects – \$115 million since 2010.

Insurance discounts for hybrid and electric vehicles – 12,300 tCO<sub>2</sub>e saved by our customers.



**Engage our employees**

TD green nation site – Over 47,000 tonnes of CO<sub>2</sub>e saved through employee acts of green since 2012.

## Carbon Offsets

# CASE STUDY: Ontario Biodiversity Afforestation Project

### The Objective

Increase the natural capital value of abandoned farmlands and benefit the local community through forest stewardship.

### The Collaboration

Launched by TD and the Forest Carbon Alliance Inc. (FCAI), a joint venture between Carbonzero and First Resource Management Group Inc.

### The Commitment

\$800,000 over four years to restore natural forests to hundreds of hectares of former farmland lying within the boreal region of northeastern Ontario.

» [More on Natural Capital](#)

### How the Project Works

- Eligible owners of abandoned farmland are offered the chance to have native trees planted on their land at no cost to them.
- To participate, landowners agree that the forest will remain intact for at least 100 years.
- As the funder of the project, TD receives the associated carbon credits.

In 2013, forestry staff worked to identify sites and reach initial agreements with landowners. In 2014 local contractors will begin planting trees on the land, which will continue through 2016. Restoring natural forest will not only reduce greenhouse gases in the atmosphere, but will increase habitat for many wildlife species, including some that are threatened. The project has other benefits too – it's bringing jobs and an increased awareness of the value of our forests.



*“This is an excellent example of the benefits of collaboration among various sectors. We have a major bank, a forest management company, carbon experts, First Nations entrepreneurs, landowners, local contractors and others all working together to make a major environmental contribution. This is sustainable development in action.”*

David Sharpless, Chief Executive Officer, Forest Carbon Alliance Inc.



★ MATERIAL TOPIC

# Eco-Efficiency

## Context

- Smart cities need to embody the principle of eco-efficiency – doing more with less. We are at the early stages of a green building revolution.
- The drive to eco-efficiency will occur through technological innovation and through behavioural change.

## Materiality and Strategy

TD operates out of more than 3,000 facilities located in urban and suburban centres. These include corporate and business centres, data centres, call centres and our extensive retail banking network.

Our environmental strategy is founded on a commitment to continuously improve the eco-efficiency of our business operations. We focus on reducing energy use, paper, waste and water.

Energy use associated with building operations is the source of 62% of our carbon emissions, with information technology (IT) representing an additional 18% of emissions. Improving the eco-efficiency of our buildings and business operations is key to reducing carbon emissions.

## Headline Performance

8%

reduction in electricity use from energy reduction initiatives in 2013.



We've improved the energy efficiency of our building portfolio by 15% over the last five years.

116 million kWh

saved in two years through our green IT strategy.

13.9 million kWh and 5,800 tonnes of CO<sub>2</sub>e saved from our energy reduction initiatives in 2013.

## Goals and Targets

2013 Goals & Targets	Rating	2013 Results	2014 Targets
Continue to apply green building standards to new and renovated spaces in 2013.	●	Green building standards applied to 50 facilities in 2013. We will continue to apply these standards as part of our regular business operations.	Set energy target.
Virtualize 70% of all new servers and achieve greater storage efficiency to save 145 million kWh of energy by 2015.	●	Virtualized 70% of all new servers, resulting in 25 million kWh of energy saved in 2013.  Storage optimization was achieved, resulting in 1.6 million kWh of energy saved in 2013.	Develop a comprehensive three-year green IT strategy.
Initiate a printer reduction program to save three million kWh of energy per year.	●	Removed 600 printers, saving 165,000 kWh of energy and 18 tonnes of CO <sub>2</sub> e.	Reduce electricity use in IT operations by 233 million kWh by 2015.



## Leadership in Green Building Design

- TD pioneered the net-zero-energy retail branch in both Canada and the U.S.
- Our Sustainable Energy Efficient Design (SEED) is the basis for our new Canadian retail building standard. See Case Study on page 59. »
- From 94 of our retail locations, we have 1.6 megawatts of generation capacity of solar energy, avoiding nearly 620 tonnes of CO<sub>2</sub>e. This includes more than 235 kWh generated from our LEED Platinum data centre.

- TD manages over three million square feet in Canada through Green Leases. Green Lease provisions include a focus on water and energy reductions, responsible construction waste management, environmentally friendly cleaning programs, building recycling programs, and energy data reporting.

### Examples of Energy-Efficiency Initiatives in 2013

- Retail branch and corporate optimization initiatives.
- Increased development of [FlexWorkPlace](#) options.

- Energy retrofits of interior lighting and exterior signage.
- Building performance management using Energy Star portfolio manager to track and assess energy consumption.
- Piloting LEED Commercial Interiors rating system for some of our Canadian corporate space.

These activities resulted in energy reduction of an estimated 8.9 million kWh and over 5,200 tonnes of CO<sub>2</sub>e.

### Performance Benchmark

- ✓ In 2013 TD won a CoreNet REmmy award for Innovation – Canadian Real Estate Leadership Excellence.
- ✓ TD's net-zero store in Fort Lauderdale was recognized with a Viva – Best of the Best Award from the International Council of Shopping Centers.

### CHALLENGE

*TD has successfully reduced the electricity intensity of our building portfolio by 15% (relative to 2008 levels). Achieving greater energy reductions will be more complex and require transformational technologies.*

### RESPONSE

*We recognize the need to consider a life-cycle costing approach and accommodate longer returns on investment.*

### Something We're Working On

TD is working with our facilities management companies (Johnson Controls and Brookfield Johnson Controls) to apply a new innovative approach called "vested outsourcing." One of the goals is to design and deliver sustainable real estate solutions. Goals and targets are built into the process to ensure that all parties have a vested interest in achieving success.

**+ Details on TD's energy efficiency initiatives**

**+ LEED projects**

## 116 LEED

projects completed  
(48 added in 2013)

= over one million square feet  
= 4% of our building portfolio

## 87%

of LEED projects achieved LEED Gold or Platinum certification.

## 100%

of new stores in the U.S. built to LEED standards.

Total Energy Use <sup>1</sup>	2013	2012	2011	2008
Electricity (kWh)	606,113,198	601,017,360	594,663,113	577,439,867
Heating and cooling (GJ)	914,803	803,311	867,137	–
Electricity intensity (per square foot) kWh	24.4	24.4	24.7	28.6
Electricity intensity (per employee) kWh	7,125	6,994	7,047	7,823

<sup>1</sup> For further details see [accompanying notes](#).

# CASE STUDY: Sustainable Energy Efficient Design (SEED)

## What is the SEED Branch?

TD opened its new sustainable and energy-efficient concept branch in Mississauga, Ont., which is designed to reduce our environmental impacts and create a setting for legendary customer experiences.

## A Branch as Green as Our Logo

At the leading edge of green design, the branch is the first of its kind for any bank in Canada and is expected to be 45% more energy-efficient than a traditional branch of its size.

## Details

Among the more than 40 environmental features:

- Solar panels that help power the branch.
- Clean energy-efficient geo-exchange heating and cooling system.
- Low-energy lighting, technology and appliances.
- Occupancy sensors and timed switches to make sure lights operate only when people are present.
- Abundant natural light, reducing the need for artificial lighting.
- Wood throughout that has been sourced responsibly.
- Low-flow faucets and dual-flush toilets to reduce water use.
- A modular design, which means future changes – including to walls, fixtures and teller stations – will have little impact on the environment.



- A green housekeeping program.
- A public garden planted with native and adaptive plants to reduce the need for irrigation.

## A Learning Branch

We are studying the design in action to see where improvements can be made. New branches in Canada will be based on this prototype, and we will also apply elements of the design to branches undergoing renovations.

# 45%

more energy-efficient  
than a traditional branch  
of its size.

# Green IT

## Headline Performance

Reduced electricity use in IT operations by an estimated **38.7 million kWh in 2013, saving over 5,500 tonnes of CO<sub>2</sub>e.**

Saved an estimated **116 million kWh and 15,262 tonnes of CO<sub>2</sub>e since 2011.**

TD's ability to serve our customers is dependent upon information technology (IT). We have developed a multi-year approach to reducing electricity use in IT solutions, including:

- Device efficiency enhancements through server and storage virtualization, printer consolidation and cloud printing;
- Installation of thin client devices;

- Utilization of power management capabilities;
- Increasing use of virtual meeting technology; and
- Migration to a LEED Platinum data centre.

We're on target to reduce electricity use in IT operations by 233 million kWh by 2015.

Cumulative Electricity Savings From Green Information Technology (IT) Solutions (2011 to 2013)	
Cumulative savings	Electricity savings (kWh)
Data centre	88,000,000
PC power management	27,000,000
Thin client	542,000
Printer reduction	165,000
Total to date:	115,070,000

# Business Travel

## Headline Performance

**3.4 million km and 1,339 tonnes of CO<sub>2</sub>e saved.**

**94%** of employees have access to virtual meeting software.



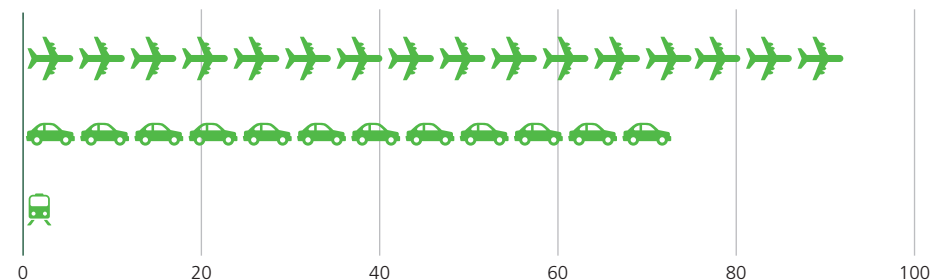
- In 2013 travel-related emissions represented 21% of our total GHG emissions.
- Air travel accounts for 64% of our travel-related emissions.

We continue to invest in technology solutions that help employees conduct business while reducing the need for travel. The business case for reducing business travel is compelling; but in

order to change behaviour, we are working to create incentives and make virtual meetings readily accessible and easier to use. In 2013, we saw a 57% increase in the installation of video-conferencing facilities.

- [+ Detailed Environmental Performance \(PDF\)](#)
- [+ Details on TD's Energy Efficiency Initiatives \(PDF\)](#)

### Business Travel in 2013 – North America (millions of km)



# Paper, Waste and Water

## Headline Performance

**15% decrease**  
in total metric tonnes of paper since 2010.

Saved over  
**67 million sheets**  
of office paper in 2013.

Developed a “total cost of ownership” model for paper management.

Paper Targets			
2013 Goals & Targets	Rating	2013 Results	2014 Targets
Reduce paper by 20% by 2015 relative to a 2010 baseline.	○	Reduced total metric tonnes of paper by 15% relative to our 2010 baseline.	Reduce paper by 20% by 2015 relative to a 2010 baseline.
Maintain a minimum 30% post-consumer content for office paper procurement.	●	Our office paper contained 30% post-consumer content.	Continue into 2014.
Develop a standard and target for post-consumer content for commercial printing.	●	Developed a standard and target for post-consumer content for statements and envelopes, commercial printing and business forms.	All of our paper will contain 30% post-consumer content by 2017.
Develop a target for use of certified paper in all paper types.	●	Developed a target for the use of certified paper in all paper types.	100% of our paper will be certified from sustainably managed forests by 2017.

## Paper Usage and Standards

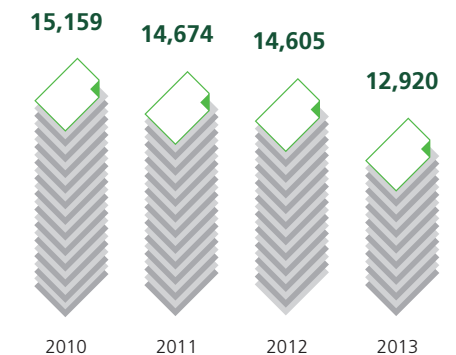
Through the TD Forests program, launched in 2012, TD has made a significant commitment to reducing the environmental impact of our paper use by:

- Offering more paperless banking options to our customers;
- Reducing the paper we use in our business operations; and
- Increasing the use of post-consumer recycled paper and certified papers from sustainably managed forests.

TD gives preference to paper and wood products derived from sustainably managed forests. We purchase products certified through the Forest Stewardship Council (FSC), the Canadian Standards Association Sustainable Forest Management (CSA SFM), the Sustainable Forestry Initiative (SFI) and the Programme for the Endorsement of Forest Certification (PEFC).

[+ Paper Reduction Schedule \(PDF\)](#)

### Total paper (metric tonnes)



### TD's Total Cost of Ownership Approach

When it comes to paper consumption, we've learned that to only focus on the amount of paper purchased or recycled is to miss a significant piece of the picture. In 2013, TD developed a total cost of ownership model – which factors in the life-cycle costs of paper management.

**+ Life-Cycle Approach to Paper**

Waste Targets			
2013 Goals & Targets	Rating	2013 Results	2014 Targets
1. Set North American targets for waste recycling.	○	We continue to work through the complexity of municipal recycling standards in the U.S. in order to reach our goal of setting a North American target.	Set North American targets for waste recycling. Increase the number of properties included in waste reporting.
2. Raise awareness among employees to increase recycling behaviours.	○	Conducted employee education initiatives and competitions.	Incorporate waste-reduction campaigns into employee engagement programs.
3. Divert 100% of electronic waste from landfill.	●	100% of electronic waste was diverted	Continue to divert 100% of electronic waste from landfill.

### Waste Diversion

Reducing our waste is an important and highly visible indication of TD's commitment to reducing our environmental footprint. TD has been steadily reducing our waste through eco-efficiency, recycling and reuse programs.

- TD currently recycles 62% of our combined paper and non-paper waste at approximately 88% of our facilities.
- In 2013, 92% of our used electronic equipment was refurbished, and 8% was broken down for recycling. The proceeds are donated to charity, generating \$99,000.
- In 2010 we joined the Boise Closed Loop System for paper recycling, which guarantees at least 1,500 tonnes of paper from TD's operations in Canada and the U.S. is diverted from landfills and used in the production of recycled office paper. TD then purchases the recycled paper for use in its operations – hence the closed loop system. Since 2010 we have diverted over 40,000 metric tonnes of paper waste to the closed loop system.

#### CHALLENGE

*Reporting waste data across TD's large, decentralized retail network continues to be a challenge due to the wide range of landlord-tenant relationships and the lack of municipal recycling programs in a number of U.S. states.*

#### RESPONSE

*We continue to work through the complexity of municipal recycling standards in the U.S. in order to reach our goal of setting a North American target.*

### Water

We recognize that water and water scarcity are environmental issues of global importance. Although we are not intensive users of water, we have fully integrated smart water usage into TD's green building standards, including:

- Drought-tolerant and native plant species for landscaping and maintenance;
- Low-flow fixtures that meet LEED standards;
- Aerators in Canadian retail branches; and
- Smart irrigation systems at key U.S. corporate locations.

In 2013, we worked with our landlords to obtain water data. Our 2013 performance represents 64% of our real estate portfolio. In 2014, we will continue to obtain water data and provide a more complete picture of TD's water consumption.

**Full details of our 2013 paper, waste and water performance is available online:**

**+ Detailed Environmental Performance (PDF)**

★ Material Topic

# Responsible Finance

## Context

- There is increased demand by environmental stakeholders for comprehensive and transparent risk management processes in the financial services industry – including the management of environmental and social (E&S) risk.
- Although E&S risks are more difficult to quantify, they have the potential to have an impact on project budgets and schedules and corporate reputation. These factors can affect financing decisions.

## Materiality and Strategy

Environmental risk is integrated into TD's risk management framework. Our goal is to make balanced, informed and transparent decisions by proactively identifying and mitigating environmental and related social risks based on both short-term and long-term considerations.

Our primary business is retail lending, which comprises 72% of the dollar value of our financing activities. Wholesale banking and commercial lending account for 28% of our financing and are focused on companies based in North America, with approximately 2% involving clients operating in environmentally sensitive sectors.

Targets			
2013 Targets	Rating	2013 Results	2014 Targets
100% of general corporate purpose, project and fixed-asset financing transactions are reviewed under TD's Environmental and Social Credit Risk Management Process, which includes the Equator Principles.	●	100% of transactions were reviewed against TD's E&S Credit Risk Management Process.	Further align the E&S review processes within our commercial bank.  Continue to 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.
100% of project finance transactions are reviewed under the Equator Principles.	●	100% of project finance transactions were reviewed under the Equator Principles.	Update our Environmental Management Systems for the recent revisions to the Equator Principles III.
Meet our commitments as a signatory to the United Nations Principles for Responsible Investing (UNPRI).	●	Met our commitments as a signatory to the UNPRI.  Embedded ESG factors as part of investment risk analysis for research process for investments.	Meet our commitments as a signatory to the UNPRI.  Continue to integrate ESG factors into our research process, including the analysis behind proxy votes.



## Managing Credit Risk

We manage E&S risk based on a “life-cycle” approach that begins during the due diligence process before our engagement with a client and continues throughout our relationship. Key elements of our risk management approach include:

- Engaging with multiple stakeholders to gain an understanding of key current and emerging E&S issues by sector;
- A continuous improvement approach to training our credit managers on E&S issues and policy;
- Ongoing support to the credit management team by TD Environment subject matter experts and provision of third-party research; and
- Active engagement with our clients on current and emerging issues.

### Environmental and Social Risk Policy

TD’s Environmental and Social Risk (ESR) Policy for Non-Retail Credit Business Lines applies to all general corporate purpose, project finance and fixed-asset financing. Our risk review process is a progressive five-step process that includes a review of the borrowers’ policy, process and performance:

1. A high-level screen to assess for bank financing policy exclusions.
2. An environmental and social risk assessment.
3. Sector-specific due diligence for transactions undertaken in the following sectors: forestry, mining, oil sands, thermal power generation, and oil and gas pipelines.
4. An Equator Principles evaluation.
5. Final credit scoring.

**+ TD’s Environmental and Social Credit Risk Process (PDF)**

**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 Finance 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. »

### Headline Performance

# 100%

of transactions were reviewed against TD’s E&S Credit Risk Management Process.

# 100%

of project finance transactions were reviewed under the Equator Principles.

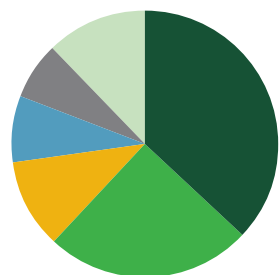
## All credit risk managers were trained on environmental and social risk.



### 2013 Performance

- All credit risk managers were trained on environmental and social risk.
- 286 corporate lending transactions were reviewed under the ESR process.
- Of these transactions, 88% were subject to sector-specific due diligence involving a review of environmental policies, processes and performance.
- As a result of TD's proactive approach to managing E&S risk, transactions that are not expected to meet TD's stringent risk requirements are not advanced for financing consideration. For this reason, we have not declined a deal under the Environmental and Social Credit Risk Management Process during the last three years.

### Lending Transactions Reviewed by Sector (%)



Oil and gas extraction	37
Power and utilities	25
Mining	11
Oil and gas pipeline	8
Forestry	7
Other	12

### Equator Principles (EP)

TD has been a signatory to the Equator Principles since 2007. We participate in a number of Equator Principles Financial Institutions (EPFI) working groups. In 2013, TD contributed by:

- Participating in the revisions to EPIII that were launched in June 2013; and
- Leading a working group to develop a long-term strategic direction for the EP.

The revised EPIII include the following enhancements:

- A broader scope of application to cover project-related corporate loans;
- Additional reporting requirements;
- Project reporting requirements on greenhouse gas emission levels for projects emitting more than 100,000 tonnes of CO<sub>2</sub>e; and
- The inclusion of the Designated Countries list, which is similar to the current High-Income OECD Country list.

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

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

### 2013 Project Finance Transactions Assessed Under the Equator Principles

Sector	Country	EP Category	Number of Transactions
Mining	Canada	C	1
Oil and gas	Canada	C	1
Utilities	United States	C	1
Real estate	Canada	C	5
Pipeline transport	Canada	C	1
<b>Total</b>			<b>9</b>

### Issue in Focus: Environmental and Social Due Diligence

TD's business strategy is built on developing long-term relationships with our clients. Within TD Securities, our focus is on general corporate purpose lending – not project-specific lending. Consequently we undertake a high level of due diligence before engaging with a client. We need to fully understand a company's policies, performance, management processes and controls to ensure they are within TD's risk appetite, including our environmental policy and standards. If we find that this is not the case, we do not engage with the client. It also means that if our due diligence processes are properly applied, we are seldom put in a position of having to turn down a financing request with an existing client.

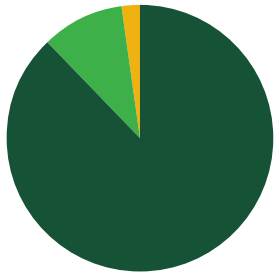
As our lending and credit operations are relationship-based, we expect to have ongoing client engagement. This is equally true for environmental and related social issues as for any other aspect of the business. TD seeks to advise and support our clients on emerging environmental trends, and identify opportunities to engage in multi-stakeholder forums aimed at advancing dialogue on key issues. Should a concern be identified, we work with clients to gain assurances that the appropriate management or mitigation measures have been put in place.

### Carbon-Related Risk

We define carbon risk as risk driven by changes in carbon-related regulation, resource constraints and the changing climate within our financing activities to carbon-intensive industries.

#### Portfolio Exposure to Carbon Risk Canada and U.S.

(as of October 31, 2013)



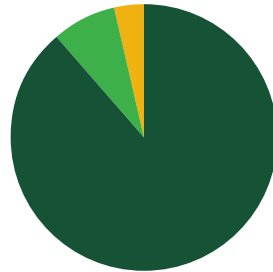
● Low Risk	<b>87.2%</b>
● Medium Risk	<b>10.7%</b>
● High Risk	<b>2.1%</b>

### Water-Related Risk

We define water-related risk based on the potential economic and environmental impacts 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.

#### Portfolio Exposure to Water Risk Canada and U.S.

(as of October 31, 2013)



● Low Risk	<b>88.0%</b>
● Medium Risk	<b>8.6%</b>
● High Risk	<b>3.4%</b>

### Environmental Sensitivity Risk by Sector

	Carbon-Related Risk	Water-Related risk
<b>Low Risk</b>	Residential & personal, residential real estate, financial, government & public sector, professional services, health & social services, media, entertainment, retail, telecommunications	
<b>Moderate Risk</b>	Non-residential real estate, agriculture, automotive, food & beverage, industrial construction, manufacturing, transportation	Non-residential real estate, automotive, chemical, industrial construction, manufacturing
<b>High Risk</b>	Chemical, forestry, mining, oil & gas, pipelines, power & utilities	Agriculture, food & beverage, forestry, metals & mining, pipelines, oil & gas, power & utilities

In 2014 TD launched a \$500 million TD Green Bond – the first commercial bank in Canada to offer a bond dedicated to funding green initiatives.

[+ Details on TD Green Bond](#)



# Sustainable Investing

## Headline Performance

**48** companies

engaged on governance issues through the Canadian Coalition for Good Governance.

**107** shareholder proposals

supported on environmental and social issues.

**ESG considerations applied to 100%**

of TDAM's investment research process.

### Performance Benchmark

✓ TD is the top holding among the big five Canadian banks in more than 100 SRI funds that represent some US\$25 billion in assets under management.

Based on fund holding data collected in November 2013 from public sources, including fund filings, and other sources. The big five Canadian banks include TD, Bank of Montreal, CIBC, Royal Bank and Scotiabank.

TD Asset Management (TDAM) manages more than \$220 billion in assets on behalf of retail and institutional investors. TDAM is a fiduciary for its clients and a signatory to the United Nations Principles for Responsible Investing (UNPRI).

A recent survey of fund managers reported that there continues to be a lack of understanding from investors and a lack of clarity from managers on the value of including environmental, social and governance (ESG) matters as part of investment decision-making.<sup>1</sup>

TD believes that integrating relevant ESG factors into investment decision-making provides an enhanced analysis of investment risk. As a signatory to the UNPRI, TDAM is the only investment business of a major Canadian financial institution to make this commitment.

TDAM integrates ESG factors into its research and investment decision-making process and is an active owner. They directly engage with companies through:

- Management meetings with company leaders to understand the potential impacts of ESG risks on company earnings and on the processes in place to manage those risks;
- Formal written communications on specific ESG issues; and
- Proxy voting on items presented at portfolio meetings.

<sup>1</sup> ESG Interest and Implementation Survey, Callan Associates, 2013.



TDAM participates in collaborative engagements with other investors, including the Carbon Disclosure Project (CDP), the CDP Water Program, the CDP Forests Program, Carbon Action and the Canadian Coalition for Good Governance.

TDAM maintains a proprietary ESG matrix that scores companies on ESG factors to be incorporated in new investment research reports.

### CHALLENGE

*In 2013, TDAM decided to close the TD Global Sustainability Fund.*

### RESPONSE

*This was partly due to a lack of investor demand, but mostly because our preferred approach is to integrate ESG considerations as part of mainstream equity and corporate fixed-income processes. We believe this to be a more progressive approach that aligns with TD's goal to be an environmental leader.*

### 2013 Performance

TDAM engaged with companies across a broad range of industries, including oil and gas exploration and production, oil and gas drilling and fracturing, mining, consumer staples, consumer discretionary, railroads, pipelines, utilities and telecommunications. The topics discussed included:

- The use, disposal and treatment of water in oil and gas extraction and mining;
- The management of greenhouse gas emissions in oil and gas extraction and railroads;
- The leaking of potentially hazardous materials at the site of extraction during oil and gas extraction;
- Pipeline safety and integrity issues;
- Safety procedures for railroads;
- Disclosure of environmental targets in the auto sector;
- Community relations in extractive industries, including discussions with Canadian Aboriginal groups;
- Executive remuneration in the gold mining sector;
- Dual class share structure and director independence;
- Upstream supply chain safety standards in developing countries; and
- Anti-bribery efforts in the construction sector.

Since 2008 TDAM has supported over 300 environmental and social proposals, including 107 proposals in 2013 on the following topics:

### Environmental Proposals

Proposal subjects included the nomination of Directors with environmental expertise, environmental risk-reduction efforts, spill mitigation efforts, water use, hydraulic fracturing, greenhouse gas emissions, effects of climate change, energy efficiency and overall sustainability reporting.

### United Nations Principles for Responsible Investment (PRI)

The PRI launched their new Reporting Framework ("the new Framework") on September 30, 2013, and the first round of reporting under the new Framework is due on March 31, 2014. The new Framework is divided into specialist asset class modules with each module containing quantitative information and qualitative descriptions. The new Framework will be used by signatories for reporting publicly on their progress in implementing the principles. As part of preparing for the new Framework, TDAM participated in last year's pilot reporting exercise and provided feedback to the PRI.

## Issue in Focus: Engaging With Pipeline Companies

Pipeline safety was a key area of focus for TDAM in 2013. TDAM wrote to TransCanada and Enbridge, Canada's two largest pipeline companies. TDAM asked about a wide range of environmental issues, including pipeline degradation, safety features of new and altered pipelines, and risks to groundwater. The companies gave extensive responses on how they managed and mitigated their environmental issues. TDAM will continue to pay attention to these issues.

### Plans for 2014

TDAM plans to improve the research performed by sector analysts by utilizing more information from both the ESG matrix results and the proxy voting results. This integration of data will create a more enhanced analysis of investment risk, consistent with TDAM's approach to ESG factors.

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

[+ 2012 Engagement Report \(PDF\)](#)

[+ Disclosure on Proxy Practices](#)

# Green Product Options

## Headline Performance

**\$3.3**  
billion financing  
provided to companies with  
low-carbon operations.

**37%** increase  
in customers opting for paperless  
statements.

**15%** growth  
in hybrid and electric vehicle  
insurance discounts.

### Goals and Targets

2013 Goals & Targets	Rating	2013 Results	2014 Targets
Encourage customers to switch to paperless statements; conversion rate targets: Canada 30%, U.S.	★	Achieved 34% conversion in Canada and 39% in the U.S.	Achieve an additional conversion rate of 37% for Canadian customers and 46% for U.S. customers.
Increase the number of online statement accounts; targets: Canada 2.6, U.S. 2.2 (millions).	●	Achieved 2.6 million in Canada and 2.2 million in the U.S.	Achieve an additional 2.8 million in Canada and 2.9 million in the U.S.
TD Waterhouse: Save 6 million paper statements and 12.6 million paper confirmations.	★	Achieved savings of 6.9 million paper statements and 12.9 million paper confirmations.	Achieve savings of 6 million paper statements and 12.6 million paper confirmations.

### Performance Benchmark

- ✓ TD ranked the number 1 brand in Canada by Interband (the environment mentioned as a factor).
- ✓ TD Forests campaign wins nine international marketing awards.

The majority of consumers, if given the opportunity, will select products that are good both for the environment and for their finances. In fact, research shows that more than 40% of consumers are willing to pay a higher price for green products.<sup>1</sup>

Our goal is to embed environmental attributes into TD's existing products and services.

- We focus on the elimination of paper by encouraging customers to make the switch to online and mobile banking.
- We also provide a range of products related to energy efficiency and carbon reduction.

<sup>1</sup> Marketing to the Green Consumer, Mintel, 2013.

## Green Product Options

### Low-Carbon Financing



- \$3.3 billion financing provided to companies with low-carbon operations.

### Paperless Banking



- In 2013 we continued to develop our e-banking and mobile product options to meet growing market demand.
- We stopped printing over 67 million paper statements, saving almost 1,000 metric tonnes of paper and 23,000 trees.
- In the past year, the number of paperless accounts has risen by 37% from 3.5 to 4.8 million accounts.

### Lending for Small-Scale Renewables and Energy Efficiency Projects



- In 2010 TD launched an innovative financing program for the development of small-scale renewables projects focused on ground-mounted and rooftop solar energy. This initiative was largely linked to the Ontario Green Energy Act, which includes a feed-in tariff program. TD's lending program has generated over 6 million kWh in electricity since 2010.
- In 2013 we also began reporting on the value of home improvement loans for energy efficiency.
- Since 2010 TD has lent over \$60 million for these projects.

### Insurance for Hybrid and Electric Vehicles



- TD has offered financing and insurance of hybrid vehicles in Canada since 2008. In 2011 the program was extended to electric vehicles.
- With a 15% growth in 2013 alone, our business reflects a steady increase in consumer purchases of these fuel-efficient vehicles.
- We estimate TD Auto Insurance customers have reduced their GHG emissions by over 12,000 tonnes CO<sub>2</sub>e through the use of hybrid and electric vehicles.

### Advice to Our Small Business Customers



- We see a great opportunity to share what we have learned about the environment with our customers. We took our first step this year by supporting the Network for Business Sustainability in their development of an online guide, How to Make Money by Going Green. Using the recommended actions, a business can cut costs, enhance their reputation and sales and motivate employees – all while helping the environment. The guide provides information on the payback period for various sustainability actions, recommended actions and examples from other businesses.

*“This guide made the business case for the greening of small businesses – they can save costs, build reputation, uncover new markets and motivate employees. Read it and you realize going green has a positive impact on the bottom line and can improve the environment. I believe TD is a leader in this space and I was proud to have them as a partner.”*

Dr. Tima Bansal, Executive Director, Network for Business Sustainability

**+ How to Make Money by Going Green**

## ★ Material Topic

# Adapting to a Changing Climate

## Context

- Rising temperatures in North America are resulting in regional impacts including flooding of rivers and coastal areas, more frequent and intense storms, increased drought conditions, reduced ice cover and melting permafrost in northern regions.
- These changes can directly affect buildings and infrastructure, managed forests and agricultural lands. They also affect natural ecosystems, leading to changing distributions of plant and animal species.

## Materiality and Strategy

As a carbon neutral bank, we seek to understand and manage our impacts and activities relating to climate change. We track the exposure of our financing activities by assessing the carbon and water sensitivity of our lending portfolio and undertaking management planning to protect the continuity of our business operations from climate-related crises.

## Business Continuity

TD's Business Continuity Management (BCM) Group manages operational risk at TD and routinely undertakes scenario testing and simulations to assess the potential impact of a range of natural events such as hurricanes, earthquakes, tornadoes, flooding and severe weather. We assess the impact on TD assets, clients, employees and our overall ability to continue conducting business. In 2013, our BCM Group began broadening and deepening its understanding of natural events directly affected by climate change and their potential impact on our business.

## Understanding the Impacts of a Changing Climate

Weather-related impacts vary in nature and potential significance across North America by region. TD Insurance is involved in a number of industry initiatives aimed at helping us understand the potential impacts on our customers and on our own facilities. Examples of specific activities include:

- Membership and participation in the Insurance Bureau of Canada Adaptation to Climate Change Committee;
- Membership and participation in the Advisory Committee of the Institute for Catastrophic Loss Reduction;

- Sponsorship of and membership on the board of the Alberta Severe Weather Management Society (Alberta hail seeding); and
- Our sponsorship of the Atmospheric and Environmental Research (AER) Emerging Risk research program.

**+ TD Special Report – Natural Catastrophes: A Canadian Economic Perspective**

## Engaging With Environmental Stakeholders

### Headline Performance

Over 50 engagements

with environmental stakeholders.

Thought Leadership

TD Economics publishing reports on key environmental and social topics.

Advancing Civic Dialogue

on environmental impacts to the economy through TD Economics papers.

TD engages in dialogue with a broad range of environmental stakeholders who have specific interests in the indirect environmental impacts arising from our financing and investing activities. These stakeholders represent shareholders, customers, industry associations, governments, Aboriginal organizations, environmental advocacy groups and academia.

Specific areas of focus in 2013 included:

- Energy-related issues;
- Sustainable forestry and forest conservation; and
- Free, prior and informed consent of Canada's Aboriginal Peoples.

The shareholder resolution process has presented opportunities to engage on a number of environmental topics. Through proactive dialogue, we have been able to reassure concerned shareholders that TD is making progress on the topics raised.

All shareholder proposals on environmental topics have formally been withdrawn for the last three years.

### Demonstrating Thought Leadership

In 2013, TD Economics expanded its program scope by hiring a specialist in environmental economics enabling TD to issue research linking the environment and the economy. TD Economics has recently published a number of reports to advance civic dialogue on key environmental and social topics, including pipelines, greening the economy, greening a city and green bonds, and a white paper on impact investing.

### Priorities for 2014

We will continue to engage in areas relating to resource development and maintain our focus on developing practical guidance for securing free, prior and informed consent. We will also continue to expand our environmental engagement strategy with U.S. stakeholders.

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

### Issue in Focus: Keystone Pipeline

In the spring of 2013 TD Bank became a target of environmental activists from a group known as Tar Sands Blockade who were seeking to influence U.S. federal energy policy relating to the Keystone Pipeline. TD was targeted due to our provision of corporate financing to TransCanada PipeLines Ltd.

In response, we published a summary of our energy position and our rationale for supporting responsible energy programs. We provided this summary to interested customers, employees and environmental groups.

- + [TD's Position Statement on Responsible Energy Development \(PDF\)](#)



# CASE STUDY

## Free, Prior and Informed Consent (FPIC)

### Why

TD has a long-standing commitment to supporting economic development of Aboriginal enterprise and communities.

### How

Through our Environmental Policy and Management Framework we are committed to supporting the Principle of Free, Prior and Informed Consent.

In 2013 we continued to progress in these areas.

### Dialogue and Practical Guidance on FPIC

- Through the Boreal Leadership Council, TD developed and supported a multi-stakeholder workshop on the implementation of FPIC, with over 60 attendees.
- TD Bank and the Forest Stewardship Council (FSC) Canada are working toward rigorously applying the values of FPIC into FSC's Forest Management Standards.

### Carbon Offsets

- **First Nations Carbon Collaborative:**

TD is sponsoring the first phase of a research initiative that will examine how First Nations across Canada access and participate in the voluntary carbon market.

- **Ontario Biodiversity Afforestation Project:**

TD is sponsoring and participating in a carbon forest project in the boreal and Great Lakes St. Lawrence regions of Ontario for the purpose of carbon offsetting and restoring fallow farmland to native forest conditions. See full case study on page 56. [»](#)

### Aboriginal-Led Renewable Power Projects

In 2013 TD financed a project supporting the development of wind, run-of-river hydroelectric and solar power generation. See full case study on page 31. [»](#)



*“As the key financial supporter for this work, TD is helping FSC Canada to get on the ground and talk to Aboriginal Peoples and communities regarding their participation in the decision-making process when it comes to FSC forest management practices. This project will benefit Aboriginal Peoples and communities and provide forest management companies with clear direction and tools to help them apply the values of FPIC in forests across Canada.”*

François Dufresne, President, Forest Stewardship Council Canada

# Taking Action – Involving Employees

## Headline Performance

**450,000**  
acts of green  
completed by the 17,500 members of TD green nation.

**38,000**  
tonnes of CO<sub>2</sub>e  
saved through TD employee acts of green.

**87%**  
of employees  
agree that TD is a leader on the environment.

Goals and Targets			
2013 Goals and Targets	Rating	2013 Results	2014 Targets
Increase employee engagement on the environment.	●	Increased employee members of TD green nation' by 154% year over year.  Amended TD Pulse (employee survey) to include a question on environmental leadership.	Increase engagement by 10% in 2014.  Maintain score in TD annual employee survey.  Update Canadian employee engagement strategy.
Increase employee volunteer participation in TD Tree Days by 10%.	●	Increased participation by over 10%.	Increase volunteer participation by 5%.

### Performance Benchmark

- ✓ TD was named one of Canada's Green 30 Companies by Mediacorp.
- ✓ A recent article, "TD Bank, Where Going Green Is Going Viral," profiled our employee engagement program as an industry best practice and was featured by several CSR websites, including Sustainable Brands, 2 Degrees and JCI.

According to a Sirota study<sup>1</sup>, employees who are satisfied with their organization's commitment to social and environmental responsibility are likely to be more positive, more engaged and more productive than those working for less responsible employers.

TD's employee engagement strategy is led by our executives through a working group of TD's Environmental Steering Committee and a U.S. Green Council, which includes executives from across TD Bank.

- TD has approximately 70 Green Teams (purely voluntary groups) in our corporate offices across Canada. In each one of our 1,100 Canadian branches, a Green Leader acts as a point person for environmental initiatives and campaigns.
- In 2013 we developed a Green Network and Green Leaders group for our U.S. employees.

<sup>1</sup> [www.management-issues.com/news/4153/social-responsibility-boosts-employee-engagement/](http://www.management-issues.com/news/4153/social-responsibility-boosts-employee-engagement/)

## Getting Employees Involved

TD's employee engagement program in Canada has grown organically over many years and now has an established network across our corporate offices and retail locations. With no established green network in the U.S., there was an opportunity to build an engagement program from the ground up. Our goal was to develop a best-in-class program, with clear governance and performance metrics to measure the program's effectiveness. Many of the things we have learned can be applied to employee engagement programs in other organizations.

### + TD Bank, Where Going Green Is Going Viral (PDF)

## TD Green Nation

TD Green Nation is a web-based employee engagement tool that allows employees to pledge and accomplish green acts in the workplace, at home or through volunteering in the community. In 2013 membership in TD Green Nation grew to over 17,500 members representing 20% of our employee base. TD employees recorded a total of 450,000 "acts of green" at work, at home and in the community. Our collective actions since 2012 have resulted in a reduction in carbon emissions of over 47,000 tonnes of CO<sub>2</sub>e, equivalent to taking over 10,000 cars off the road.

In 2014 we will take the lessons learned from our U.S. employee program and use them to refresh our Canadian employee engagement strategy, with a particular focus on driving engagement within our Canadian retail business.

### CHALLENGE

*TD has a wealth of programs that our employees can participate in at work and in the community. We recognize that time is precious and we want to make sure that our employees are enjoying balance between work engagement and home life.*

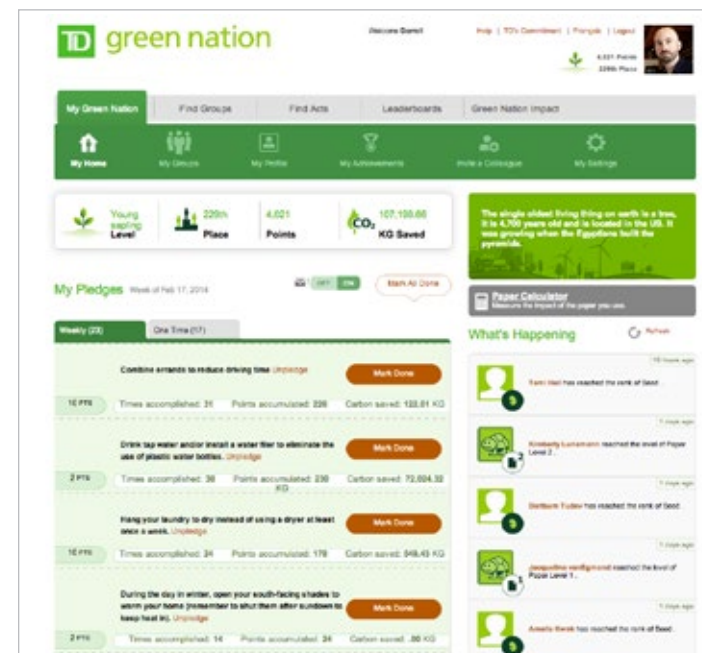
### RESPONSE

*We need to do a better job of integrating programs and providing a "one-stop shop" for employees to identify and select opportunities to participate. We are working on developing a more integrated process.*

### Activity Through TD Green Nation

	2013	2012	2011
Number of TD Green Nation users	17,859	7,021	2,043
Carbon savings from acts pledged (tonnes CO <sub>2</sub> e) <sup>1</sup>	37,686	9,660	–

<sup>1</sup>TD began measuring the carbon savings from acts pledged in 2012.



Employees can pledge and accomplish green acts to reduce their environmental impact at home, work and in the community.

# Natural Capital

## Headline Performance

# 25,400

acres of critical forest habitat protected.

# 137,000

trees planted in 204 communities since 2010.

# 165 communities

benefited from TD's tree planting in 2013.

Targets			
2013 Targets	Rating	2013 Results	2014 Targets
Offset 100% of our paper volume by protecting critical forest habitat.	●	We protected critical forest habitat equivalent to 100% of our 2013 paper volume.	Continue target into 2014.

Natural capital comprises our natural resources and ecosystems, parks and urban green spaces. By maintaining the ecological health and biodiversity of natural ecosystems we increase natural capital for future generations. Bringing nature into our urban lifestyle is critical to our health and well-being.

TD has supported the conservation and growth of natural capital for over 20 years through our purchase of carbon offsets, the Friends of the Environment Foundation, our community giving programs and, more recently, the TD Forests program.

## TD Forests

### TD Forests has three goals:

1. Reduce the amount of paper that we use and ensure that the paper we purchase comes from sustainably managed forests.
2. Grow the area of protected natural forest ecosystems across North America.
3. Enhance and grow urban forests and green space across North America.

We developed TD Forests, which was launched in 2012, in response to customer feedback that the amount of paper used by the bank was the largest detractor from our environmental performance. We saw an opportunity to increase awareness of the value of natural capital by linking TD's paper reduction initiatives to forest conservation.

## TD Forests

### Goal 1: Responsible Paper Use



- 12% reduction in paper year over year; 15% reduction relative to our 2010 baseline.

- 5% increase in usage of certified papers sourced from sustainably managed forests.

### Goal 2: Protect Critical Forest Habitats



Working with the Nature Conservancy of Canada and the Nature Conservancy, we helped to protect eight additional areas – 24,000 acres in total:

- Interior Douglas fir forest habitat in Midgeley, British Columbia
- Aspen parkland forest fringe habitat, Saskatchewan
- Black spruce bog habitat in Kurian, Manitoba
- Great Lakes mixed forest Boreal forest habitat, Cockburn Island, Ontario

- Maritime mixed forest, Pointe Verte, Quebec
- Maritime mixed forest habitat, Long Tusk Lake, Nova Scotia
- Northern Appalachian forest habitat, Shed Antler, New York
- Oak, hickory, cabbage palm and upland mixed forests, Hollywood Pines, Florida

Since TD Forests began in 2012, we have helped to protect 13 forested areas located in seven provinces and two states.

### Goal 3: Grow Urban Forests



- TD Economics published a report on the natural capital contribution of urban forests and green space.
- [The Greening of New York City](#) highlights the value of urban forest and green space to our increasingly urban lifestyle – measured not just in dollars, but also in enhanced biodiversity, human health and well-being.

- Through [TD Tree Days](#), over 8,000 volunteers planted more than 48,000 trees in 165 communities. Since TD Tree Days began in 2010, 137,000 trees have been planted in 204 communities.

### Working Together

Last year, TD worked with over 750 organizations to increase the natural capital within North America. Collaboration is key to making progress on these issues of protecting critical forest habitats and incorporating green space into the design of sustainable cities.

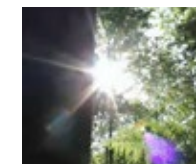
**+ More details about natural capital collaboration**

#### CHALLENGE

*The TD Forests program and its focus on reducing paper are interpreted by some as a criticism of the forestry industry.*

#### RESPONSE

*In 2013 we continued to engage with the forestry sector to ensure that TD Forests properly reflected the value of working forests and best practices in sustainable forest management.*



**▶ WATCH THE VIDEO**  
**TD Forests**

*“As a paper industry leader in sustainability, we champion TD’s efforts to highlight the benefits of using products from well-managed forests, as well as using and disposing of paper responsibly. We share TD’s view that paper is a valuable resource that should be used responsibly and applaud them for their commitment to help protect High Conservation Value Forests. TD’s dedication to the health of our ecosystems is admirable and also a priority for Domtar.”*

Paige Goff, Vice President Sustainability and Business Communications, Domtar

# CASE STUDY

## MillionTreesNYC

### The Cause

Increase green space in New York City by planting one million trees.

### The Contribution

A multi-year commitment of US\$1.5 million.

### The Reason

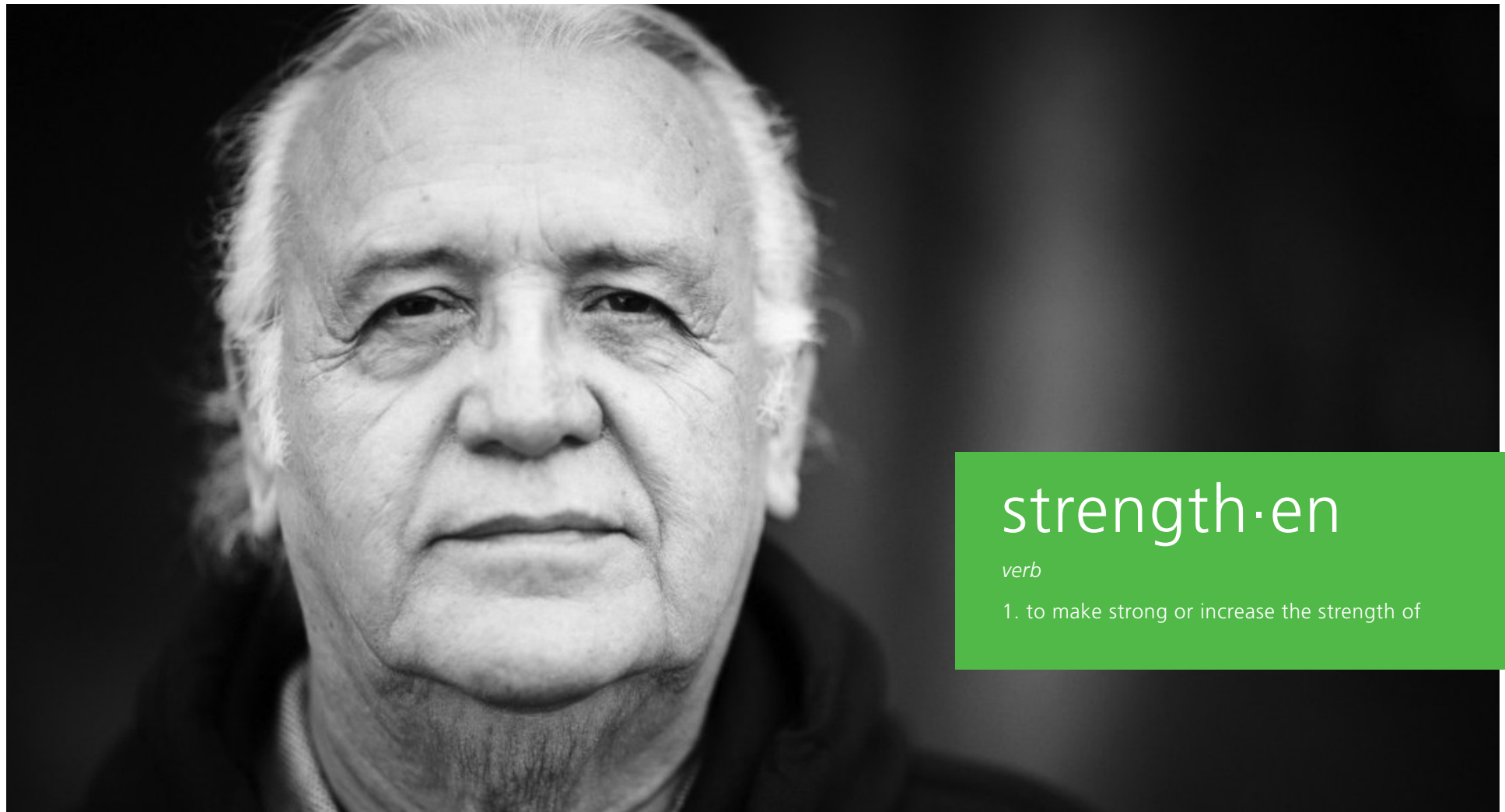
To support NYC's sustainability initiative.

Composed of more than five million trees and 168 species, New York City's urban forest is one of the most valuable environmental assets along the East Coast and a critical component of the city's long-term health and sustainability. TD Bank's commitment will enable MillionTreesNYC to achieve its goal of planting and caring for one million trees across the five boroughs of New York by 2015 – two years earlier than projected.



*“TD’s passion for the environment and long commitment to tree planting make them an ideal partner to help us achieve our ambitious goal. TD is helping us make New York a stronger, more environmentally resilient city.”*

Deborah Marton, Executive Director, New York Restoration Project



strength·en

*verb*

1. to make strong or increase the strength of

# Strengthen Our Communities



## Strengthen Our Communities

### MATERIAL TOPICS IN 2013:

- ★ Community Investment
- ★ Public Policy
- ★ Tax Policy
- ★ Sourcing

### Headline Performance

**\$74.7 million**

donated in 2013 to non-profit groups in North America and the U.K.

Over **65,000**

hours volunteered by TD employees.

**5,000+**

community organizations supported by TD in 2013.

TD awarded a **United Way Spirit of Community Award**

**11,091**  
**volunteers**

registered in the TD Volunteer Network.

strengthen  
*verb*

We strive to make a positive impact where we do business and where our customers and employees live and work. For us, that means contributing to the social and economic development of our communities in meaningful, long-lasting and innovative ways.

### Trends and Challenges

- In corporate responsibility reporting, companies are eager to describe their contribution in more meaningful terms, beyond the dollars contributed to the impact of the funding. It is challenging to find the right balance between an increased need for metrics and data without putting undue strain on a charity's already limited resources.
- TD often receives funding requests for similar projects in the same communities. Where possible, we help organizations connect and pool their resources.
- As charities and non-profits continue to feel the effect of public-funding cutbacks, the challenge of securing funding to run their day-to-day operations has increased. TD understands this challenge and tries to be supportive, especially for our giving priorities.
- In 2013, 26% of shareholder resolutions filed in North America asked for increased transparency on political donations and lobbying activities.<sup>1</sup>

<sup>1</sup> [www.iccr.org/iccrs-shareholder-resolutions](http://www.iccr.org/iccrs-shareholder-resolutions)



★ MATERIAL TOPIC

# Community Investment

## Context

- With some 165,000 charities and non-profits in Canada<sup>1</sup> and 1.1 million in the U.S., we see a growing need for more collaboration within the sector.
- In the past five years, the impact investing industry has grown tremendously. Impact investing is one form of socially responsible investing, with the intention of generating social and environmental impacts as well as a financial return. In 2010, global assets under management in impact investing were estimated to be approximately \$50 billion and are expected to reach at least \$400 billion by 2020.<sup>2</sup>

## Materiality and Strategy

Our success as a company depends on the well-being of the communities we serve, and we believe in playing an active role in their development, whether it be through volunteering or providing community investment. While there are many worthy causes to support, focusing our efforts on our key priorities allows TD to maximize our contribution and impact.

TD's giving priorities were chosen based on research that included customer and employee feedback, as well as insight on where TD could be most effective in creating positive change within our local communities.

For the last decade we have used strategic philanthropy to guide TD's giving to focus on four priority areas:

- Financial literacy and education;
- The environment;
- Creating opportunities for young people in Canada;
- Affordable housing in the U.S.

In addition, we look for opportunities to invest in initiatives that touch on two or more giving priorities (e.g., environmental education) and support diversity across our giving priorities.

**+ More on TD's community strategy**

Goals and Targets			
2013 Goals and Targets	Rating	2013 Results	2014 Targets
Maintain our charitable giving at or above standards: the Imagine Canada target and the Giving USA Foundation target of 1%.	●  ○	% of five-year average pre-tax profits donated was 1.3% in Canada.  % of net pre-tax income donated was 0.87% in the U.S.	Continue target into 2014.
50% of giving is applied to TD's giving priorities.	●  ●	Canada: 56.2% applied to areas of focus.  U.S.: 58.6% applied to areas of focus. <sup>3</sup>	Continue target into 2014.

## Performance Benchmark

✓ We use Imagine Canada and the Giving USA Foundation standard of 1% of pre-tax profit as a benchmark for corporate donations. Giving amounts from the largest 100 companies in the Fortune 500 average 0.96% of pre-tax profit.<sup>4</sup>

<sup>1</sup> Imagine Canada. [Sector Monitor Highlights](#) 2012.

<sup>2</sup> O'Donohue, N., C. Leijonhufvud and Y. Saltuk (2010). Impact Investments: An Emerging Asset Class (New York: J.P. Morgan Global Research). Available at [www.jpmorgan.com/pages/](http://www.jpmorgan.com/pages/)

<sup>3</sup> Charitable giving percentage reflects only giving from TD Charitable Foundation. Sponsorship dollars are not tracked for area of focus.

<sup>4</sup> [Giving in Numbers CECP](#), 2013, page 6.

## Measuring Our Financial Impact

In both Canada and the U.S., corporate giving increased from 2012 levels. In the U.K. corporate donations are generated through an employee matching program. The reduction in giving can be attributed to a lower number of employees in the U.K. office compared to 2012.

When measuring our financial impact, TD takes a conservative approach as to what types of donations to include. Our corporate giving total does not include in-kind donations, program management costs (i.e., salaries of the community relations team), marketing sponsorships or the value of hours volunteered by employees.

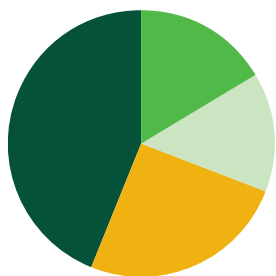
### + London Benchmarking Group Canada Summary

Corporate Giving			
	2013	2012	2011
Canada <sup>1</sup> (millions of Canadian dollars)	50.9	45.3	42.6
U.S. <sup>2</sup> (millions of U.S. dollars)	22.9	19.5	23.6
U.K. (thousands of pounds sterling)	55	64	74

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

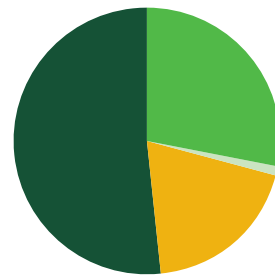
<sup>2</sup> Includes US\$16.38 million from the TD Charitable Foundation (2012 – US\$15.8 million, 2011 – US\$16.2 million).

### Community Giving in Canada



Education and Financial Literacy	16.4%
Environment	14.5%
Opportunities for Young People	25.3%
Other	43.8%

### Community Giving in U.S.



Education and Financial Literacy	28.1%
Environment	1.1%
Affordable Housing	19.3%
Other	51.5%

## Impact Investing

A relatively new term, “impact investing” describes a range of finance and investment activities that have the dual goal of creating positive social impact in their communities and providing a financial return. Impact investments range from clean technology financing, social impact bonds and microfinance to investments in community-based initiatives such as affordable housing, Aboriginal-led businesses and social enterprises.

TD has been committed to the principles of impact investing for over a decade, both within our own operations and through participation in external initiatives. Our activity can be grouped into the the four areas outlined below:

Building on our range of work in impact investing, in 2013 we increased our engagement by finding ways to further promote and support development of this growing industry. Beyond its relevance to TD and our customers, we are eager to play a bigger role in tapping its potential to help resolve some of the complex social challenges we see around us.

Among our activities during the past year, TD became a founding sponsor of the Ontario Catapult Microloan Fund, the first of its kind in Canada to support enterprises that address social, environmental, cultural or economic challenges while generating revenue. This social finance initiative between CSI, the Province of Ontario, Alterna Savings, Microsoft Canada, TD Bank Group, KPMG and Social Capital Partners provides early-stage entrepreneurs and innovators with low-interest loans of \$5,000–25,000 and support services such as mentorship.

### Responsible Lending

- Environmental and Social Risk Policy »
- Lending for Renewable Energy Projects »

### Sustainable Investment

- Signatory to the United Nations Principles of Responsible Investing (UNPRI) »

### Impact Products

- TD is the largest Canadian green bond underwriter.<sup>1</sup>
- Green product offering for customers »

### Community Development

- Community development loans in the U.S. to help economic development of underserved areas »

<sup>1</sup> [www.climatebonds.net/2014/01/green-bond-underwriters-league-table-released-for-2013-10-billion-biggest-issuance-year-yet-seb-boaml-morgan-stanley-credit-agricole-and-jp-morgan-on-top/](http://www.climatebonds.net/2014/01/green-bond-underwriters-league-table-released-for-2013-10-billion-biggest-issuance-year-yet-seb-boaml-morgan-stanley-credit-agricole-and-jp-morgan-on-top/)

# Financial Literacy and Education

Targets			
2013 Target	Rating	2013 Result	2014 Target
Help 100,000 participants improve financial literacy through a TD-sponsored program.	●	125,410 people reached through a TD-sponsored financial literacy program.	Reach 150,000 in 2014. Reach 200,000 in 2015.
Help 10,500 students pursue post-secondary education in Canada through TD-funded outreach programs.	●	11,309 students reached.	Continue target into 2014.

## Goals

Work with community organizations to raise financial literacy levels, with a focus on underserved communities.

Promote access to post-secondary education.

## Financials

**\$2.9 million**

donated to support financial literacy initiatives across North America and the U.K.

**\$3.6 million**

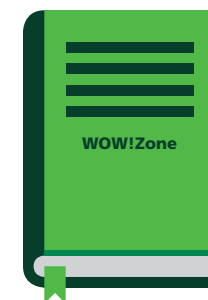
given for bursaries and scholarships to create access to post-secondary education.

## 2013 Highlights

- In London, Ontario, TD volunteers delivered a two-hour financial literacy program to more than 50 students at Western University. We are exploring ways to expand this pilot program to more university students.
- For the 18th year, 20 exceptional young Canadians were selected as TD Scholars for Community Leadership, each receiving an award valued at \$70,000 that covers both tuition and living expenses and includes summer employment for four years.
- We contributed \$15,000 to Rutgers Business School's Center for Urban Entrepreneurship & Economic Development in New Jersey. The funding is for the Entrepreneurship Pioneers Initiative, which provides participants with intensive training, business and financial counselling, and mentoring to help them grow and improve their businesses.
- TD WOW!Zone is our signature financial education program in the U.S. Approximately 1,800 trained TD Bank instructors volunteer an average of 320 hours each month to teach students the importance of building good financial habits early in life. More than 1.2 million American students have learned valuable money skills since the program was launched in 1990.
- TD has an ongoing relationship with SEDI and the Canadian Centre for Financial Literacy (CCFL). To date, the TD Financial Literacy Grant Fund has awarded approximately \$8 million to 105 diverse community organizations across Canada. Grants are awarded for innovation, research and development, and strategic program development in the area of community-based financial literacy. A few examples of grant recipients include:
  - Credit Counselling Service of Sault Ste. Marie;
  - The Immigrant and Refugee Community Organization of Manitoba; and
  - The Prince George Aboriginal Business Development Association.

## Additional Links

- + [Summary of TD's flagship financial literacy and education programs](#)
- + [TD WOW!Zone](#)
- + [TD Scholarships for Community Leadership](#)



# CASE STUDY

## Girls Count – A New Initiative With Girl Guides of Canada (GGC)

### The Cause

The Girl Guides of Canada

### The Contribution

\$90,000 and female employee volunteers

### The Reason

To help teach financial literacy skills to young Canadian girls to set them up for a future of financial success.

TD and the Girl Guides of Canada launched an exciting new program to increase financial literacy skills for young girls. Girls Count encourages girls to gain essential money management know-how.

In addition to providing \$90,000, TD's support for the program involves female employee volunteers from local branches to deliver the interactive learning modules. Girls aged five to 13, from Sparks to Rangers, can complete the curriculum to earn a new Girls Count badge (pictured). During 2014, the project will reach nearly 40 communities and will expand to over 9,000 girls within three years.



*“Financial literacy skills are crucial to helping girls make informed financial decisions, whether it be running a lemonade stand to fund their GGC camping experience, paying for post-secondary education, starting a business or buying a home.”*

Deborah Del Duca, Chief Executive Officer, Girl Guides of Canada

# CASE STUDY

## Spotlight on Money Matters



### The Cause

Money Matters

### The Contribution

An SROI study on the Money Matters program

### The Reason

To determine the social return on investment of financial literacy and the benefit it can bring individuals.

Money Matters is a financial education savings program developed by ABC Life Literacy Canada. This free program teaches adult learners about budgeting, savings, credit and other financial topics in communities across Canada. In 2013, TD commissioned an SROI study (social return on investment) through SiMPACT Strategy Group to help assess the impact of the Money Matters program. The study found that every dollar invested in Money Matters financial literacy workshops for adult learners creates \$2.21 SROI.

People with low literacy skills and low incomes are especially vulnerable to financial crisis: they have difficulty saving, are more likely to use high-fee outlets for payday loans and cheque cashing and miss out on opportunities for government contributions to their children's education. Adult learners who participate in Money Matters workshops develop important financial literacy skills, decrease their anxiety about working with financial institutions and increase their knowledge and confidence about managing money.

The research found the following:

- Through debt management, an estimated \$96,000 can be saved across all participants in reduced interest payments on debts paid down.

- Money Matters participants are more likely to open and contribute to RESPs. Even \$10 in an RESP creates an expectation that a child will attend post-secondary education in some form.
- In 2012, 202 TD volunteer tutors contributed more than 2,000 volunteer hours; 97% said they were eager to teach another Money Matters session.
- In 2012, 683 adult learners participated in Money Matters workshops; 9 out of 10 said Money Matters helped them feel more confident and comfortable about managing their money.

**+ Read the full SROI study on the Money Matters program**

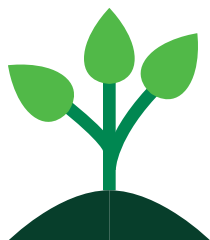
# Environment

Targets			
2013 Target	Rating	2013 Result	2014 Target
Plant 45,000 trees and enlist 7,000 volunteers to participate in TD Tree Days.	●	Over 48,000 trees planted in 165 communities in Canada, the U.S., the U.K. and Luxembourg.  7,200 volunteers; double the participation in 2012.	Plant 50,000 trees and enlist 8,000 volunteers in 2014.
Reach over 500,000 children through TD- or TD FEF-sponsored environmental education programs.	●	802,964 children participated.	Continue target into 2014.
Increase urban canopies through the TD Green Streets program.	●	33 cities "greened" in North America.	Expand TD Green Streets to the U.K.

## Goals

Green our urban environment and enhance biodiversity.

Promote environmental education.



## Financials

# \$4.4 million

distributed to 937 community environmental projects through the TD Friends of the Environment Foundation.

An additional

# \$7.4 million

from TD's community giving budget was used to support environmental projects.

## 2013 Highlights

- We pledged a multi-year commitment of \$1.5 million to the New York Restoration Project to support MillionTreesNYC, a city-wide tree-planting program. [Read more about the TD Forests program.](#) »
- TD Green Streets, a funding program supporting municipal forestry projects in Canada since 1994, was expanded into the U.S.
- TD provided \$50,000 to Sustainable Waterloo Region in Ontario to establish the Sustainability CoLab, a national non-profit whose mission is to enable community-driven approaches to business sustainability, with a focus on GHG reduction.



**+ CASE STUDY**  
**TD Green Streets**

## Additional Links

- [+ TD Friends of the Environment](#)
- [+ TD Forests](#)

# CASE STUDY

## Outdoor Classrooms Support Environmental Learning



▶ WATCH THE VIDEO  
**Taking It Outside**



### The Cause

Outdoor classrooms in school communities

### The Contribution

\$7 million and climbing plus support resources

### The Reason

To give students the opportunity to experience nature and help nurture an environmental ethic.

In an age of smartphones, tablets and YouTube, modern kids have fewer interactions with the natural world. But a growing body of research shows that playing outdoors and engaging with nature is important to a child's development, physical and mental health, and environmental awareness.

At TD, we believe in the value of green experiences for children so they learn in and about the environment. Since 2000, the TD Friends of the Environment Foundation (TD FEF) has provided over 3,300 grants, totalling over \$7 million, to schools across the country to build "outdoor classrooms" – spaces within school grounds that allow teachers and students to integrate nature into learning. By giving students the opportunity to experience nature, they can bring learning to life.

**Thought Leadership:** Beyond funding the creation of outdoor classrooms, TD FEF has identified opportunities to help schools and teachers understand how to optimize these spaces for student instruction. This is in response to a third-party audit we had commissioned last year to assess the success of these projects at 50 schools. When used effectively, the spaces proved highly valuable, with strong student and teacher involvement; in some schools, however, the spaces were underutilized due to a lack of teacher training/supports.

### To address this, in 2013:

- TD FEF is working with Focus on Forests, a national forest education program, to develop a free resource on developing and implementing outdoor classrooms. It includes planning templates, inspiring case studies and ideas to make learning accessible and engaging for students.
- TD FEF also provided funding to the Ontario Institute for Studies in Education (OISE) to develop a best-practices document to help teachers learn how to integrate and deliver outdoor/environmental education as part of their curriculum.
- The executive director of TD FEF shared the results of the OISE research at an international conference with leading experts on outdoor education.

# Creating Opportunities for Young People

Targets			
2013 Target	Rating	2013 Result	2014 Target
1.3 million kids to benefit from a children's literacy program supported by TD.	●	1.8 million children participated.	2 million children by 2017.
Provide opportunities for young people in diverse and underserved communities.	●	205,000 participants.	Continue target into 2014.
Give young people access to arts and culture.	●	172,824 participants in discounted ticket programs.	Continue target into 2014.

## Goals

- Promote children's literacy.
- Support young people from diverse and underserved communities.
- Help youth access arts and culture.



## Financials

**\$12.9 million** in total given to programs creating opportunities for young people.

**\$4 million** donated across North America to support children's literacy programs.

## 2013 Highlights

- We launched **TD Reads** – a comprehensive online resource for parents and teachers looking for information and tools to help young children get excited about reading. Averaging 1,500 new visitors each week, the site is proving to be a valuable resource.
- **TD Reading Parties:** These reading initiatives reach more than 1.4 million kids across Canada every year. Partnering with First Book, we created a North American employee volunteer initiative with in-class reading events. Several "reading parties" were held on both sides of the border, helping to ensure children from low-income communities have access to high-quality books.
- Employees in the U.K. were trained to provide one-to-one reading support to primary-aged children in local schools as part of the Read to Succeed literacy program.

## Additional Links

- [+ TD Reads](#)
- [+ Summary of all the children's literacy initiatives supported by TD](#)



# CASE STUDY

## Remixing Young Lives for Success



### The Cause

The Remix Project

### The Contribution

\$625,000 over several years plus TD volunteers

### The Reason

To help disadvantaged youth gain skills and experience that will assist them in finding meaningful employment.

Kim had always dreamed of a career in the world of film, but her aspirations of becoming a director seemed improbable. That is, until she discovered the Remix Project, a nine-month alternative education program in Toronto.

Formed in 2006, the free program serves 50 youth (aged 16–22) each semester in creative fields like music, photography, film, business and more. Remix participants are incredibly talented but face barriers to employment. The Remix Project aims to level the playing field by providing a positive environment, hands-on experiences and the resources young people need to thrive, such as mentoring from professionals in their field.

Through the program Kim excelled, advancing her skills in film directing/editing while having the chance to work with some big-name Toronto artists. She filmed an original script about post-partum psychosis, entitled “Baby Half Lie,” which went on to play at international film festivals and in 2013 won the ReelWorld Award for Outstanding Canadian Short Film.

This isn’t the Remix Project’s only success story. The program has served as a launching pad for some of Toronto’s most notable young urban talent. A recent evaluation showed that almost three-quarters of those who completed the program pursued further education or secured employment, work experience or an internship.

TD has worked with the Remix Project since its inception in 2006, reflecting our own passion about creating opportunities for young people. Remix’s results have been so impressive that in 2013 we pledged another \$300,000 in support through to 2016, bringing our total contribution to date to \$625,000. Local TD employees also volunteer at Remix facilities to teach life skills such as budgeting using the curriculum from United Way’s Financial Literacy Volunteer Program (another initiative supported by TD).

# Affordable Housing in the U.S.

## Goal

Improve the quality and availability of affordable housing units.

## Financials

# \$4.45 million

donated to organizations dedicated to improving and expanding affordable housing from the TD Charitable Foundation.

## Targets

### 2013 Target

25 grants totaling \$2.5 million issued through the Housing for Everyone competition.

### Rating



### 2014 Target

25 grants totaling \$2.5 million

## TD Charitable Foundation Activities

Through the Housing for Everyone grant, TD Charitable Foundation provided \$2.5 million to 25 organizations to develop or rehabilitate affordable housing units. Now in its eight year, the competition enables community organizations to apply for grants of \$100,000 to bolster affordable housing efforts in local communities. Here are some examples of the award-winning projects:

- The development of 48 new units of affordable rental housing in Brewer, Maine, contributing to a broader downtown revitalization project.
- Supporting the renovation of seven foreclosed homes in Gainesville, Florida, helping the city's efforts to revitalize blighted neighborhoods.
- Supporting the new construction and renovation of a five-building development in Asheville, North Carolina. This project will provide 62 affordable apartments, new commercial space apartments and 7,000 square feet of commercial space (50 new jobs expected).

## Community Development Activities

**Community Development Lending:** In 2013, we made 60 community development loans to help address affordable housing in the U.S. communities we serve. These loans represent US\$136 million in funding.

### Community Development Investments:

TD funded \$381 million last year in low-income housing tax credits in support of safe, affordable housing for families, individual and elderly residents. Here are some examples of those projects:

- A \$16.4 million investment in a new 77-unit affordable housing project in New Haven, Connecticut, located on the site of a demolished housing project, targeted to families earning at or below 80% of the area median income.
- A \$8.5 million investment in a new 60-unit residential housing unit in Brooklyn, New York, for formerly homeless adults with persistent mental health illness.
- A \$7.4 million investment in a 60-unit affordable housing project located in Jacksonville, Florida, to support the renovation and preservation of affordable housing for families earning at or below 60% of the area median income.



[▶ WATCH THE VIDEO](#)

**Making a Neighborhood**

## Additional Links

- [+ TD Bank Community](#)
- [+ List of 2013 Housing for Everyone recipients](#)

# Community in Focus: TD's Investment in Greater Philadelphia in 2013



A responsible business is one that contributes to its local community and economy. Corporate responsibility reports typically default to a macro view of the story. We wanted to provide a close-up of what our contribution looks like on the ground through the various ways TD interacts with a community. We picked the great city of Philadelphia to provide a case study.

## \$31.2 million

in small business loans helping local businesses develop and grow.

## 416

employees.

## \$560,000

donated to non-profit organizations through the TD Charitable Foundation.

## \$318,000

contributed to United Way of Greater Philadelphia to address important community needs such as providing food and shelter.<sup>1</sup>

## \$17 million

invested in New Markets and Historic Tax Credits for the redevelopment of Oxford Mills, a vacant historic factory, into 114 affordable apartments for teachers and 38,000 sq. ft. of collaborative office space for education-focused non-profits.

## 19

stores, including seven in low- to moderate-income neighbourhoods.

## 41

financial education classes taught by TD employees in schools as part of the TD WOW! Zone program, helping 1,062 students learn to build good money habits.



## 800

books provided to schools and children in need through the Banking on Books program.<sup>1</sup>



## \$4.5 million

provided in community development loans to five community organizations serving low- to moderate-income people and neighbourhoods, including Latino communities of Eastern North Philadelphia, which are challenged by issues of poverty, access to health care and unemployment.

## 37

grants provided to non-profit organizations by the TD Charitable Foundation.

## \$7.1 million

invested in Low-Income Housing Tax Credits for the development of Beckett Gardens Apartments, a 132-unit affordable housing project.

## \$400,000

contributed to four different organizations through the TD Charitable Foundation's Housing for Everyone competition, including Latino-based non-profit, Asociación Puertorriqueños en Marcha (APM), to support their Affordable Housing Preservation Project.

## 424

new loans to small businesses – 55% were to small businesses and 83% were in amounts less than \$100,000.

## 527

new mortgage loans provided, 42% of which were in low- to moderate-income neighbourhoods.



Information is for TD's 2013 fiscal year (Nov 1, 2012 to Oct 31, 2013). All dollar amounts are in U.S. dollars.  
<sup>1</sup> Donation made through the TD Charitable Foundation.

# Diversity and Inclusion

We participate in many outreach efforts with the aim of recognizing, encouraging and celebrating diversity and building long-term relationships with the diverse communities which we serve. In Canada, we designate at least 15% of TD's giving to diversity-related organizations.

**DIVERSITY AT TD**  
Part of our Values

TD is committed to building a unique and inclusive environment where every employee and customer is valued, respected and supported.

**6 DIVERSITY AREAS**

- Women in Leadership
- Visible Minorities in Leadership
- Aboriginal Peoples
- Serving Diverse Communities
- People with Disabilities
- Lesbian, Gay, Bisexual, Transgender and Allies (LGBT+)

**TD's Commitment to Diversity**

- ✓ It's not just the right thing to do, it's critical to our ongoing success as a leading North American bank.
- ✓ TD is a place where every employee can bring their whole self to work.
- ✓ TD's employees reflect the customers and communities we serve.
- ✓ Creating an inclusive environment is everyone's accountability.

## 2013 Activities

- We implemented an explicit Anti-Discrimination Policy for all North American donations and sponsorships. Any funding requests must comply with this policy.
- TD donated \$40,000 to the Out in Schools anti-bullying campaign as part of our ongoing commitment to the LGBT community.
- Together with the Black Artists' Network and Dialogue (BAND), TD presented its fifth annual Then & Now series of cultural events showcasing the many accomplishments of black Canadians.
- We increased our support for Canada's Aboriginal communities, which included sponsorship of the Assembly of First Nations 34th Annual General Assembly in Whitehorse, the 20th Métis Nation of Ontario Annual General Assembly in Ottawa and the second Queen's Conference on Indigenous Issues in Post-Secondary Education. TD also made a major gift to the Ottawa Inuit Children's Centre and supported numerous scholarship programs for Aboriginal students.
- The Minerva Foundation runs a comprehensive program that supports Aboriginal women seeking sustainable employment. TD provided \$70,000 for the Helping Women Work and Combining Our Strength community outreach programs, which help mentor and coach Aboriginal women about career opportunities through culturally sensitive and relevant initiatives.
- Acces Employment facilitates a Talk English Café, which is a place for those new to Canada and looking for employment to come together and practice their English, network and prepare for interviews. The initiative has a strong participation rate, with over 1,300 participants in 2013.
- The Women Moving Forward program helps women break the cycle of poverty by reducing welfare dependence among single mothers. The program not only teaches women the skills needed to pursue a career but also equips them to overcome systemic barriers. We provided \$50,000 in support of this project, and funds previously donated by TD helped complete a social return on investment study, which demonstrated the long-term value of the program.

### + TD and Aboriginal Communities in Canada

# Volunteering and Engagement

*“We see programs like the TD Volunteer Network as a win for everyone: the bank, the community, our employees and especially the lives of the people they touch. Enabling employees to combine what they’re passionate about with what they do day to day at work helps them feel more connected to the organization.”*

Teri Currie, Group Head, Direct Channels, Corporate Shared Services, Marketing and People Strategies



## Connecting Communities and Employees

We’ve created several initiatives to make it easier for employees to support and connect with communities in need:

**TD Volunteer Network:** In 2013, we introduced a new system to take volunteering to the next level. The TD Volunteer Network is an online platform that connects willing volunteers to local opportunities. TD employees can build a profile, specify skills, find activities that fit their interests and professional development, track volunteer hours and apply for a TD Volunteer Grant. Most volunteer platforms go this far, but we took it a step further by inviting organizations to directly post volunteer opportunities, giving them access to over 85,000 employees.

In the first six months after launching the TD Volunteer Network, 11,091 employees registered on the system and logged over 29,000 hours volunteering.

**Volunteer Grants program:** For every 40 hours or more employees spend volunteering with a registered charity in a 12-month period, they are eligible to receive a \$500 grant that TD will make on their behalf to the charity.

In Canada, TD donated \$317,500 in Volunteer Grants to 510 different organizations where TD employees volunteered. In the U.S., employee Volunteer Grants totalled \$103,000.

**TD-sponsored opportunities:** We’ve developed our own campaigns, such as TD Tree Days, to engage employees in helping their communities.

**Volunteering for United Way:** The largest employee fundraising campaign at TD is for the United Way. Employees get involved through local agency tours, silent auctions, volunteerism and events such as bake-off or paint-off competitions. In 2013, employees increased their giving by raising \$14.7 million.

## 2013 Activities

TD employees volunteered in many different ways. Here are three examples:

- More than 70 TD employees in the U.K. undertook three weeks of “intensive” volunteering last fall in Leeds, with activities ranging from neighbourhood litter cleanups to serving hot meals to homeless and vulnerable adults at St. George’s Crypt.
- In the U.S., employees donated more than six truckloads of necessity items for our troops overseas. Fifty volunteers contributed 115 hours over two days organizing the donations and creating 1,228 care packages to be sent to the troops through Operation Shoebox.
- In Quebec, 102 TD volunteers visited nine schools to teach L’économie pour le succès, a Junior Achievement (JA) program that outlines the advantages of staying in school. Our employees represented 33% of JA’s entire volunteer base for school programs last year.

### TD’s Employee Giving to United Way

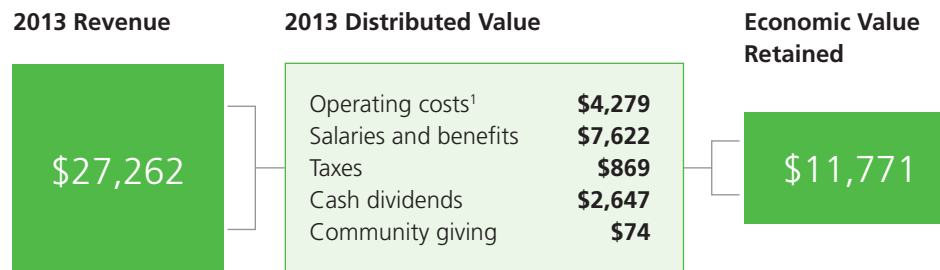
(in millions of dollars)	2013	2012	2011
<b>Total</b>	<b>14.7</b>	14.0	12.5

# 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 to government revenues and provide dividends to our shareholders.

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

## Direct Economic Value Generated in 2013 (in millions of dollars)



<sup>1</sup> Operating costs include occupancy, equipment, marketing, professional services and communications. Refer to the 2013 consolidated financial statements for more information.

## Analysis From TD Economics

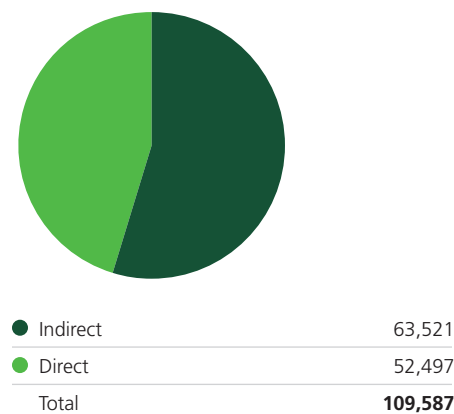
TD helps support the Canadian economy and job market through direct and indirect channels. The direct channels reflect TD's actual hiring and spending. TD pumped \$5.7 billion into the economy via its purchases of goods and services. If part-time positions are combined into their full-time equivalent, TD employed a total of 57,000 Canadians and paid \$7.6 billion in salaries and benefits. TD also provided shareholders with \$2.6 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.

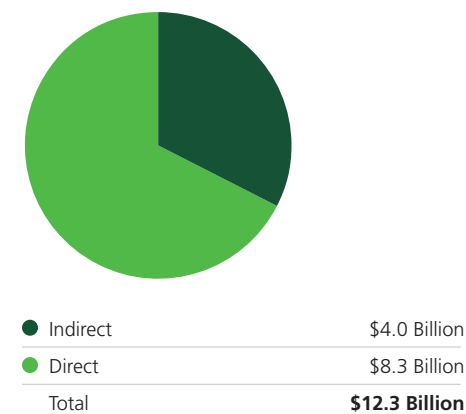
Overall, it is estimated that in 2013 TD helped support a total of 109,587 full-time equivalent jobs and generated \$12.3 billion in economic activity within Canada, both directly and indirectly.

Sources: TD Bank Group 2013 Annual Report and Statistics Canada.

### TD's Impact on Canadian Full-Time Equivalent Jobs in 2013



### TD's Impact on Canadian Economy in 2013

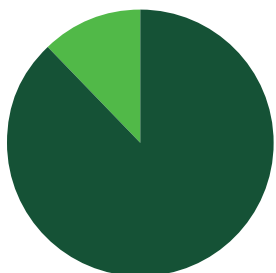


## Supporting Small Business Owners

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.

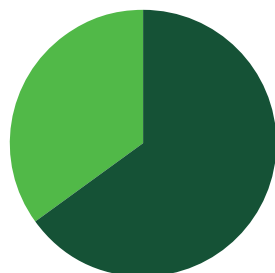
- In 2013, TD Canada Trust provided small business customers with over \$1.6 billion in new and increased credit authorizations.
- TD Bank is also providing support to microlenders across America as a catalyst for economic development in underserved communities.
- A significant majority of the small business loans issued by TD Bank in 2013 were for the smallest amounts to the smallest of businesses.

### 2013 Small Business Loans in U.S.



88%

of loans were for amounts less than \$100,000.



64%

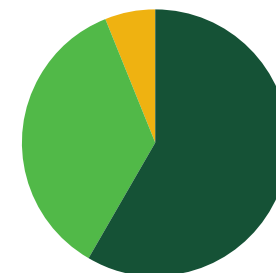
of loans were to businesses with less than \$1 million in revenue.

## Reinvesting in Our U.S. Communities

In 2013, TD Bank funded in excess of US\$422 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.

### Number of Community Development Loans for Low- to Moderate-Income Groups



Affordable housing	58%
Community services	35%
Revitalization	6%

- TD issued 79 community development loans for low- to moderate-income groups, totalling US\$140 million.
- The affordable housing loans funded the creation of 1,021 low- to moderate-income housing units.

## ★ MATERIAL TOPIC

# Public Policy

## Context

**Banking is a highly regulated industry that requires frequent interactions with governments to discuss the impact of policies, on both the sector and general public. Governments are also increasingly engaging businesses and a wide range of stakeholders in policy development to find innovative solutions to challenging public policy issues.**

## Materiality and Strategy

**In all jurisdictions where TD operates, we take an interest in major public policy issues that may have an impact on our business, communities and society. These include issues identified in our annual materiality analysis, such as tax reform, access to banking, affordable housing and adapting to a changing climate. Operating in a highly regulated industry, TD is especially affected by changes in financial services regulations and policies, and we are naturally concerned about building a healthy, sustainable financial marketplace.**

TD engages in public policy matters in a variety of ways:

- We monitor government activity, upcoming legislation and regulatory developments to keep abreast of relevant issues.
- We dialogue with elected officials, public servants, regulators and advocacy organizations to educate them on TD's viewpoints.
- We participate in relevant policy development processes (e.g., public/industry consultations) by offering constructive ideas and expertise, with the aim of shaping sound policy solutions.

We are committed to being transparent about our public policy interactions and political contributions, with all of our activities guided by TD's Code of Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy.

## Government Relations in Canada

In Canada, TD's Government Relations group coordinates the bank's dialogue with politicians and public servants, as well as many of the bank's relationships with industry associations and other advocacy organizations. For example, TD works with the Canadian Bankers Association on banking-specific issues and the Toronto Financial Services Alliance on broader economic and financial sector matters.

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. Our activities at the provincial and municipal levels follow all of the rules and/or reporting requirements that exist for these jurisdictions.

TD played an important and constructive role in the Basel III discussions with both the Basel Committee on Banking Supervision and OSFI. The bank maintained a continuous

dialogue throughout the consultative period with regulators, both on a bilateral basis and through the Canadian Bankers Association. The dialogue included important feedback on Basel III's potential impact on the Canadian banking industry, as well as on the overall macro economy. TD's participation in the Basel III discussions helped lead to the implementation of more balanced capital rules than those that were originally proposed.

## 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 team coordinates the bank's relationships with trade associations, such as the American Bankers Association and the Financial Services Roundtable.

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. We have a comprehensive Gifts and Entertainment Policy that prohibits gifts of any kind from bank employees and Directors to U.S. government officials, and we provide in-depth ethics training to employees who interact with government officials.

**+ Key Public Policy Decisions in 2013**

**+ Political Contributions**



★ MATERIAL TOPIC

# Tax Policy

## Context

In the last two years, government task forces in North America and Europe have asked well-known multinational companies to explain their tax policies, particularly relating to how they reduce the taxes paid in their home and host countries.

## Materiality and Strategy

TD continues to work transparently and co-operatively with tax authorities in all jurisdictions in which we operate. Our strategy includes maintaining assets in diverse locations in order to compete with non-traditional competitors and:

- Establishing and managing robust tax governance processes that ensure full compliance with tax disclosure and filing obligations in all jurisdictions;

- Consulting with leading law and accounting firms to obtain expert, objective advice and opinions on tax matters; and
- Working in a proactive way with policy-makers and revenue authorities over the long term.

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 86,067 employees across 16 countries;
- Unrecoverable transaction and sales taxes (VAT, HST and GST);
- Taxes on capital and insurance premiums; and
- Taxes on property and business operations.

### Cash Taxes Borne by TD (restated for IFRS II adjustments)<sup>1</sup>

(in millions of dollars)	2013	2012	2011
Income taxes	1,135	1,085	1,326
Payroll taxes	404	383	367
Transaction and sales taxes	380	352	339
Capital and insurance premium taxes	140	141	147
Property and business taxes	169	156	149
<b>Total</b>	<b>2,228</b>	<b>2,117</b>	<b>2,328</b>
Effective income tax rate – reported	15.1%	14.8%	18.6%
Effective total tax rate	25.9%	25.4%	28.6%

<sup>1</sup> Due to the IFRS II adjustment, values will not tie to financial statements.

## The Taxes We Pay and Collect

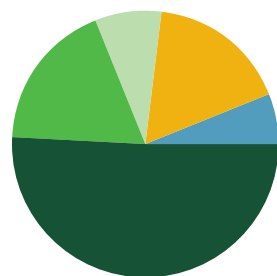
**\$2.2 billion**

contributed by TD in taxes borne in 2013.

**\$1.9 billion**

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

### Types of Taxes Borne by TD



● Income taxes	<b>51%</b>
● Payroll taxes	<b>18%</b>
● Property and business taxes	<b>8%</b>
● Transactions and sales taxes	<b>17%</b>
● Capital and insurance premium taxes	<b>6%</b>

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

#### 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

## Our Tax Policy

We strongly support the view of the Organization for Economic Co-operation and Development (OECD) that both taxpayers and tax authorities benefit from increased disclosure and transparency. Improved relationships mean tax authorities can make more effective risk assessments and reduce enforcement costs, and taxpayers can better manage tax risks and reduce compliance costs.

To help tax authorities keep abreast of changes in the banking business, we hold Commercial Awareness Sessions on a wide range of aspects of banking. These sessions provide a forum for the discussion of tax trends and issues. Should a dispute arise with a tax authority as to how the law should be interpreted and applied, our policy is to resolve any issue promptly in a transparent and collaborative manner.

**+ Fair share and fair taxation; a balancing act (PDF)**

★ MATERIAL TOPIC

# Sourcing

## Context

- Supply chain management is transforming and growing in complexity. Global supply markets and increasing interconnectedness of buyers and suppliers require careful navigation.
- In 2013, supply chain issues came into sharp focus through the tragedies in Bangladesh as more consumers made the connection between products on the shelf and working conditions in factories on the other side of the world.

## Materiality and Strategy

Working with thousands of suppliers each year, TD is committed to using our influence to improve ethical, social and environmental practices across our supply chains. TD will, wherever possible, buy products and services from suppliers who share our values and demonstrate responsible practices.

In collaboration with TD corporate governance and risk groups, TD's Strategic Sourcing Group undertakes a variety of activities to ensure that our suppliers work effectively with TD to deliver high-quality and appropriate goods and services to our customers and colleagues.

## Performance Benchmark

- ✓ DiversityInc named TD Bank a Top 50 diversity organization, based in part on our supplier diversity practices.

## Headline Performance

**\$5.7 billion**  
spent on goods and services.

**100%**  
of sourcing  
initiatives

over \$250,000 included a responsible procurement evaluation.

Goals			
2013 Goals	Rating	2013 Result	2014 Goal
Implement the Responsible Procurement Policy that came into effect on November 1, 2012.	●	Achieved.	Implement a process for the ongoing evaluation of suppliers against the Policy.
Expand opportunities for diverse suppliers.	●	275 diverse suppliers registered interest as prospective suppliers.	Continue goal into 2014.

## TD's Supply Chain

As a services industry, our supply chains support and underpin the delivery of goods and services to our customers and colleagues. Over 99% of our expenditure is with suppliers based in North America.

### Overview of TD's Supply Chain Spend: \$5.7 billion

Business Operations	25%
Professional Services	24%
IT and Communications	21%
HR Services, Travel and Marketing	16%
Real Estate	14%

## Responsible Procurement

In November 2012, we implemented a new Responsible Procurement Policy that embeds a wide range of sustainability criteria into TD's sourcing practices and decisions. The new policy describes the human rights, ethical and environmental criteria and performance standards that our suppliers must meet. Prospective suppliers involved in a sourcing initiative are required to complete a questionnaire that encompasses their:

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

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

- In the questionnaire, suppliers are asked to disclose details of any violations or incidents and, if any, to describe the steps taken to rectify the root causes.
- TD's risk assessment process assigns a risk rating to the type of product or service being sourced. We apply enhanced due diligence to proposals in the higher-risk categories.
- During the assessment process, Human Resources or TD Environment may be consulted to help evaluate the social or environmental performance of the supplier.

The questionnaire and assessment process helps ensure TD extends its responsible procurement agenda into the supply market. We have been pleased by the positive reaction of suppliers and their willingness to address identified gaps. One supplier commented, "We knew that we should already have had these policies in place and expect other customers will be asking for these requirements as well."

In 2014, we plan to implement the ongoing evaluation of suppliers against our Responsible Procurement Policy.

## Supplier Code of Conduct

TD's Supplier Code of Conduct provides further transparency on TD's expectations. The code reflects and frames the principles set out in TD's Responsible Procurement Policy, as well as the minimum performance standards and obligations that suppliers and their subcontractors must meet when doing business with TD.

[+ Supplier Code of Conduct \(PDF\)](#)

## Issue in Focus: Conflict Minerals

The conflict mineral component of the U.S. Dodd-Frank Act will come into effect on May 31, 2014, requiring companies to report their exposure to minerals mined in the Democratic Republic of the Congo (DRC) and other regions of armed conflict and human rights abuses. While manufacturers are directly affected, TD's procurement could also be affected through the goods we buy and the companies we purchase from. We continue to closely monitor this issue to ensure TD suppliers are in compliance with with the Dodd-Frank requirements on conflict minerals.

### 2013 Supplier Evaluation Performance

Initiatives In Progress	We have 58 initiatives in progress at the time of reporting, a sourcing initiative can potentially include many suppliers under one project.	
Initiatives Concluded	Total Number of Suppliers who completed TD's Questionnaire	85
	Total Number of Suppliers Selected	37
<b>Of which</b>		
	• All TD requirements were met	16
	• Requirements agreed to and a future follow-up date set	17
	• Short-term engagements – no follow-up required	4

## Supplier Diversity

Diversity and inclusion are an integral part of how we conduct all of our business, and our North American Supplier Diversity Program reflects this commitment. Launched in November 2011 to create a level playing field for diverse firms in our procurement selection processes, the program works to include women, visible minorities, Aboriginal Peoples, LGBT, people with disabilities, veterans and other minority groups in TD's supply chain. Through the program TD builds inclusive supplier relationships and supports local economies.

To help us find qualified suppliers in designated groups, TD is a corporate partner with the six main diverse supplier organizations in North America that certify a supplier's diversity credentials. We also educate our own employees and leverage all of TD's Diversity Teams so that we raise awareness of our Supplier Diversity Program.

[+ Prospective supplier website](#)

## 2013 Activities

- We continued to work with certified diverse suppliers and proactively searched for potential new contacts. Last year 13 new diverse suppliers were invited to participate in sourcing initiatives. Of the initiatives that have been concluded, eight suppliers were successful in being awarded meaningful new business.
- TD contributed to the development of diversity suppliers by providing:
  - Mentoring and networking opportunities to help them gain insights, share ideas, develop their business capabilities and build relationships with TD and other companies; and
  - Educational workshops and webinars on topics such as responsible procurement and how to do business with TD.
- TD's supplier diversity leader was appointed to the board of a Canadian certifying organization.
- TD brought together representatives from four U.S. organizations for an information session about the certification process. The event was attended by a cross-section of diverse business owners who were considering certification.

## Issue in Focus: Responsible Procurement

Caroline Booth joined TD in 2010 to lead the bank's global supply chain strategy and management. She is also the author of the bestselling business book *Strategic Procurement: Organizing suppliers and supply chains for competitive advantage*. We asked Caroline for her thoughts on responsible procurement.

### Q: Why is responsible procurement important to TD?

**A:** TD spends more than \$5 billion annually on goods and services to run our operations and support our customer services. As we work to continually improve and embed responsible practices throughout this company, to not extend that effort to our supply chain would miss a key piece of the puzzle. Corporate responsibility is important to TD, and it needs to be important to our suppliers as well. It just makes good common sense and is an extension of everything we are trying to do as employees.

### Q: Why does supplier diversity matter?

**A:** It's a reflection of the values that we embrace. Some of our customers are business owners who could also become TD suppliers. By committing to supplier diversity, we are investing in our communities and strengthening our relationships.

### Q: Is it getting harder to procure responsibly?

**A:** The supply chain is not a chain anymore. It's a geographically spread complex web, and we need to have a proper understanding of both the value and the risks we have created around us. Responsible procurement is an important tool in managing that complexity and is always evolving – as, too, is our understanding of social and environmental impacts.



### Q: What surprised you about implementing this new policy?

**A:** I expected more reluctance from suppliers because of our increased demand for information. But, in fact, it's been quite the opposite. Every supplier who received the questionnaire not only completed it but often benefitted. Where we identified gaps, suppliers wanted to close those gaps and recognized the value in doing so.

### Q: What lies ahead?

**A:** We will continue working to embed responsible procurement practices through our business. A robust assessment is now in place during the supplier selection process, and we need to build similar assessments into the process during the life of a contract. This work will continue in 2014.



# lead·er·ship

*noun*

1. the action of leading a group of people or an organization

## How We Operate

# How We Operate

## MATERIAL TOPICS IN 2013:

- ★ Corporate Governance
- ★ Executive Compensation
- ★ Managing Risk
- ★ Ethics and Integrity
- ★ Security, Privacy, Fraud

## Headline Performance

TD increased its annual dividends paid 12% from the previous year

including two additional dividend increases paid in fiscal 2013.

Corporate Knights' Diversity in the Boardroom Report ranked TD #7

in its Top 10 for Female Representation on Canadian Boards (2012).

Best Bank in North America by Euromoney

three years running.

# lead·er·ship

*noun*

At TD, leadership means being a part of something that is bigger than yourself. We expect our leaders to help set this bank apart from all the others. We aspire to grow our business, but only in a way that allows TD to “keep its soul” and not at the expense of losing what has made us who we are. The Leadership Profile is lived here – through the actions, decisions and dialogues of leaders.

In a large and complex organization, you cannot assume people will learn the culture and values just by working here. We have made significant investments through our Build for the Future program to create the space for TD’s culture of leadership to be learned, discussed, explored and passed on to the next generation of leaders.

Over 1,500 executives have completed the course, with many modules taught by TD’s own leadership team. The program includes a two-hour question time hosted by Ed Clark, our CEO, which allows for a frank discussion on many topics, including culture, values and the bank’s actions and role in society.

The Leadership Profile and the Build for the Future program have helped create a shared understanding of leadership among all employees at TD. Although the CEO role is transitioning, we are assured that there will be continuity in leadership, strategy, culture and values.

★ MATERIAL TOPIC

# Corporate Governance

## Context

- We continue to be reminded of the need for robust internal governance, effective regulation and strong organizational culture to help maintain responsible conduct.

## Materiality and Strategy

TD is committed to conducting its affairs to the highest standards of ethics, integrity, honesty, fairness and professionalism – in every respect, without exception and at all times.

While reaching our business goals is critical to our success, equally important is the way we achieve them. Every employee and Director of TD is expected and required to assess every business decision and every action on behalf of the organization

in light of whether it is right, legal and fair. This applies at all levels of the organization, from major decisions made by the Board of Directors (“the Board”) to day-to-day business transactions.

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

*“We should not be doing anything that does not create value to society.”*

Ed Clark – Build for the Future Q&A

## TD’s Board of Directors (information as of October 31, 2013)

### Board Diversity

% of female Directors	35.7%
% of visible minority Directors	7.1%
% of independent Directors	Over 92%

**Number of independent Board members** 13

**Board and Chair are separate** Yes

### Committees of the Board and number of meetings (for the 12-month period ending October 31, 2013)

Full Board	12
Corporate Governance Committee	6
Risk Committee	9
Audit Committee	10
Human Resources Committee	6



**▶ WATCH THE VIDEO**  
**How is TD responding to the loss of trust in banking?**



## 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

The Board believes it should be composed of members with a broad spectrum of educational backgrounds and industry expertise. The Corporate Governance Committee, which is charged with recommending Director candidates, also strives to promote diversity at the highest level of governance at TD. The Board is committed to demonstrating leadership with respect to its own composition and believes this commitment to diversity is an integral part of TD's strategy and overall operations in an increasingly global business environment.

An overview of the process for recruiting new Directors and of the competencies the Board considers most relevant to fulfill its many responsibilities can be found on our website.

**+ Disclosure of Corporate Governance Practices**

## CEO Succession

The appointment of a new CEO is a critical part of any board's responsibility to oversee an effective transition of leadership. In 2013, TD's Board completed an effective CEO succession process that will result in continuity of leadership, strategy, culture and values critical to the long-term success of TD. The Board announced that Mr. Bharat B. Masrani would serve as Chief Operating Officer beginning July 1, 2013, and will become Group President and CEO on November 1, 2014.


## Additional Board Committee Activities in 2013

- A review of pension investment strategies and performance for TD's retirement plans for employees
- A review of compensation for front-line employees in Canada and the United States
- Approved and oversaw the implementation of a new Global Privacy Policy
- Oversaw the effectiveness of the bank's internal controls
- Approved and oversaw the execution of the Global Anti-Money Laundering strategic priorities
- Reviewed progress made on complaint resolution and approved a new Complaint Handling and Disclosure of Information to Customers Policy
- Approved the bank's Crisis Management Recovery Plan, which contributes to the effectiveness and sustainability of the bank's governance, risk and control framework
- Reviewed quarterly enterprise risk dashboards
- Oversaw the further development of a formal emerging risk identification framework

**+ More details on the Board's and its committees' activities can be found in the 2014 Proxy Circular.**

## 2013 Awards

 TD won the Chartered Professional Accountants of Canada Award of Excellence for Corporate Governance Disclosure.

 TD received eight awards from *IR Magazine*, including best corporate governance, best financial reporting, best investment community meetings and the Grand Prix for best overall IR in the large cap category.

★ MATERIAL TOPIC

# Executive Compensation

## Context

Executive compensation continued to attract attention around the world in 2013, including the following:

- In the U.S., the SEC proposed rules regarding the disclosure of the ratio between CEO and median employee pay.<sup>1</sup>
- In Switzerland, a referendum was held (and declined) on whether a maximum ratio between CEO and employee pay should apply.<sup>2</sup>

## Materiality and Strategy

TD has a balanced approach to executive compensation that is intended to attract, retain and motivate high-performing executives to create sustainable value for shareholders over the long term.

Our Proxy Circular outlines the six key compensation principles we follow and provides detailed disclosure of our approach, including how compensation is aligned with performance over time.

A key part of our approach is to defer a significant portion of the

compensation awarded to our executives and many other employees. This deferred compensation vests at the end of a minimum of three years, is tied to the bank's share price and promotes decision-making that is in the best long-term interests of the bank and its stakeholders.

Please review the [2014 Proxy Circular](#) for full details on executive and Board compensation.

## 2013 Activities

During 2013, six Canadian banks, including TD, received shareholder proposals on the topic of horizontal benchmarking. In response, the banks jointly commissioned a report to understand if the practice of horizontal benchmarking had unintended effects on executive compensation.

The report was completed by an independent firm, Meridian Compensation Partners, who specialize in providing counsel to boards on executive compensation. Their research, which drew largely from existing academic literature, identified several safeguards to be used in conjunction with horizontal benchmarking to prevent unintended outcomes.

The report findings were reviewed and discussed by the Human Resources Committee of the Board.

**+ Canadian Banks – Review of Horizontal Benchmarking and Its Impact on CEO Compensation and Pay Disparity**

<sup>1</sup> [www.sec.gov/News/PressRelease/Detail/PressRelease/1370539817895?dm\\_i=HTX,1UJ3B,2IJMRU,6M7ZG,1](http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370539817895?dm_i=HTX,1UJ3B,2IJMRU,6M7ZG,1)

<sup>2</sup> [www.globalcompensationinsights.com/2013/12/switzerlands-112-initiative-failed-but-the-hot-debate-for-pay-equality-continues-as-grassroots-organizations-in-switzerland-push-for-basic-income-guarantee/](http://www.globalcompensationinsights.com/2013/12/switzerlands-112-initiative-failed-but-the-hot-debate-for-pay-equality-continues-as-grassroots-organizations-in-switzerland-push-for-basic-income-guarantee/)

## Notable Findings in the Report

- After significant increases in bank CEO pay prior to 2000, CEO pay has generally remained relatively flat, and the ratio of CEO to broader employee pay has declined.
- The causes of increasing executive pay are complex and numerous, and there is no strong causal connection between horizontal benchmarking and increasing pay levels.
- The increase in company size and complexity may explain some of the growth in pay disparity between CEOs and other employees. The CEO has responsibility for managing the whole of a large and complex organization, radically changing the nature of the role and level of CEO responsibility; whereas, typical employee duties/roles may not be affected by the size of the company.
- The six Canadian banks in the report have increased in size significantly since 1995. In aggregate, the banks have increased more than 315% in asset size and 739% in market capitalization between 1995 and 2012, relative to an increase in aggregate CEO compensation of 240% (in nominal terms) over the same period.

## Conclusions of the Research Report

- Horizontal pay comparisons, when used properly, provide relevant context and an important input for board committees when setting executive pay.
- Although vertical benchmarking is unlikely to be sufficient on its own to guide committees, it can provide additional context to assist decision-making.

In light of this report, we took the opportunity to review TD's current practice and found our overall approach to be in alignment with the report recommendations. One of the safeguards we're adopting is to evaluate pay decisions for executives in the context of decisions for the broader company. The Human Resources Committee of the Board will continue to discuss broad-based compensation, pension and benefit programs regularly to ensure appropriate context when making executive compensation decisions.

## Say-on-Pay

All Canadian banks adopted "say-on-pay" in 2010. This process allows shareholders an opportunity to express concerns regarding executive compensation and provides a means to hold compensation committees accountable for their decisions.

The positive results suggest that shareholders are in favour of the Board's approach to compensation as outlined in the Proxy Circular.

### Say-on-Pay Vote Results (% in favour)

	2013	2012	2011
<b>TD</b>	<b>94.5%</b>	93.7%	96.6%
<b>Canadian average</b>	<b>89.2%</b>	91.8%	93.9%
<b>U.S. average</b>	<b>91.3%</b>	90.2%	90.9%

## Linking ESG Factors in Executive Compensation

Incentive compensation is based on a combination of financial and non-financial measures. For the majority of employees and executives, non-financial measures include Customer Experience Index and Customer WOW! Index results. On an individual basis, all executives and employees are encouraged to establish meaningful

performance objectives across five major categories, including customer, business operations, financial, employee and community. These objectives are used to evaluate performance, which has a direct impact on compensation in alignment with the bank's pay-for-performance philosophy.

## ★ MATERIAL TOPIC

# Managing Risk

## Context

- The “too big to fail” theory has placed increased scrutiny on banks and their approach to managing risk.
- It is widely agreed that high-quality, transparent disclosure about risk management practices will help restore confidence in the banking industry and ensure financial stability.<sup>1</sup>

## Materiality and Strategy

TD’s CEO and Senior Executive Team set the tone for TD’s Risk Appetite, which helps determine our missions, vision and Guiding Principles. These governing objectives guide TD’s risk culture, where the only risks taken are those that can be understood and managed. Through our Enterprise Risk Framework and our Risk Appetite Statement, our shareholders and employees can have a common understanding of how we manage risk.

### TD’s Risk Appetite Statement

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

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

## Risk Management at TD

- TD employs a “three lines of defence” model that describes the role of the businesses, governance, risk and oversight groups, and Internal Audit in managing risk across TD.
- TD monitors and reports on risk levels on a regular basis within the context of TD’s risk appetite and reports on monitoring activities to senior management, the Board and its committees.
- Education and communication take place throughout the organization through enterprise risk communication programs, employee orientation and training, and participation in internal risk management conferences.
- Five members of the Board have experience in risk management.

## 2013 Highlights

- In addition to the review and approval of the enterprise risk and risk appetite frameworks, further enhancement and development of risk frameworks for all of the bank’s major risk categories continue.
  - TD applied our Environmental and Social Credit Risk Management Process to credit and lending in the wholesale, commercial and retail businesses.
  - TD actively monitors, manages and continues to enhance the ability to mitigate technology and security risks through enterprise-wide programs, industry best practices and robust threat and vulnerability assessments and responses.
  - Management self-assessments relating to the risk governance provisions of OSFI’s Corporate Governance Guideline, supplier risk management leading industry practices, regulatory requirements and risk data aggregation reporting were completed.
- Please refer to TD’s Annual Report for a thorough discussion on TD’s approach to risk management.

**+ TD’s Approach to Risk Management and 2014 Proxy Circular**

<sup>1</sup> Enhancing the Risk Disclosure of Banks. Page 1. [www.financialstabilityboard.org/publications/r\\_121029.pdf](http://www.financialstabilityboard.org/publications/r_121029.pdf)

★ MATERIAL TOPIC

# Ethics and Integrity

## Context

- News of misdeeds in the financial industry continued to make headlines in 2013.
- For any business, reputation is a priceless asset earned over many years and it must be maintained and safeguarded by every employee.

## Materiality and Strategy

While reaching our business goals is critical to TD's success, equally important is the way we achieve them. TD is committed to conducting its affairs to the highest standards of ethics, integrity, honesty, fairness and professionalism – in every respect, without exception and at all times.

The actions of our employees are subject to a number of internal policies, standards and guidelines, including those that cover:

1. Our Code of Conduct and Ethics;
2. Anti-money laundering and anti-terrorist financing and sanctions;
3. Anti-bribery and anti-corruption;
4. Privacy compliance;
5. Security of information systems and premises; and
6. Fraud protection.

## Promoting Responsible Conduct

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. The attestation includes a reminder of our whistleblower policy and hotline. A version of the Code applies to contract workers in North America.

In 2013 we updated the Code to assist in promoting ethical behaviour and enhancing TD's culture of integrity by:

- Providing greater clarity about conduct that violates the Code and may result in criminal offences, including behaviour that constitutes forgery, conflicts of interest and nepotism.
- Protecting the privacy of employee information. Employees now have the privacy of employee information. Employees now have clearer information about their rights and what to do in an event that has led or may lead to a privacy issue.
- Promoting a deeper understanding of the Code through fact sheets to help employees make better decisions.

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

## Whistleblower Hotline

We encourage employees or any member of the public to report concerns relating to the integrity of TD accounting, internal accounting controls or auditing matters; possible breaches of the Code of Conduct and Ethics; other ethical, legal or regulatory matters; or retaliation allegations through the TD Whistleblower Hotline. This independent, confidential and anonymous reporting channel allows TD to ask questions and allows the complainant to provide us with additional information and, where helpful, participate in an anonymous online chat.

TD employees and members of the public are protected against retaliation as a result of having made, in good faith, a complaint that the person reasonably believes to be valid or as a result of having otherwise assisted in the investigation of a complaint.

[+ Whistleblower Hotline](#)

## Anti-Money Laundering/ Anti-Terrorist Financing/ Sanctions/Anti-Bribery

We are committed to taking all reasonable and appropriate steps to prevent people engaged in money laundering or terrorist financing from utilizing TD products or services and operating in full compliance with applicable anti-money laundering, anti-terrorist financing, sanctions and anti-bribery legal and regulatory requirements, as well as our risk policies.

[+ AML/ATL/Sanctions Policy Summary](#)

[+ Anti-Bribery, Anti-Corruption Policy Summary \(PDF\)](#)

## ★ MATERIAL TOPIC

# Privacy, Security and Fraud

## Context

With incidents of data theft affecting major retailers in 2013, we are critically aware that the challenges of data security are increasingly sophisticated and require constant vigilance.

## Materiality and Strategy

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 are an ongoing priority for TD. We are committed to creating a safe and secure environment for our employees and customers. TD continues to

make significant investments to protect and regularly upgrade our controls and defences to meet legal and regulatory requirements and address new threats as they emerge.

## 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.

In the world of mobile banking with apps and virtual wallets on smart devices, privacy and data management become essential. When innovating, TD ensures that all technology meets regulatory and industry requirements and expectations, with efforts including piloting new mobile options.

### + Our Privacy Commitments

## Protecting Customers Against Fraud

Cyber criminals use a variety of tools and techniques, including phishing and malicious software (malware) to defraud banks and their customers and steal data. TD provides web pages on privacy and security in Canada and the U.S. to 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.

In 2013 we partnered with leading software suppliers to offer our customers two ways of proactively protecting themselves against malware. TD customers are offered free protection through McAfee Internet Security for one year and at a discounted rate for the second year, as well as through Trusteer Rapport at no cost to them. Through Internet advertising and information on



our [EasyWeb](#), [WebBroker](#) and U.S. Online Banking sites, we encourage our customers to protect themselves using these tools.

In the unlikely event that customers experience a loss from an [EasyWeb](#) or [WebBroker](#) transaction they did not authorize, they would receive 100% reimbursement.

### + Online Security Guarantee

## Security

Our dedicated global security 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. 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.

# About This Report

The 2013 Corporate Responsibility Report is designed to inform our stakeholders about TD's environmental, social and economic performance. TD's Public Accountability Statement is included in 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, 2013, and provides a three- to five-year performance trend where possible. Reports from previous years are available online:

[www.td.com/responsibility](http://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 was 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 performance indicators and TD's 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 2013 Corporate Responsibility Report](#)
- » [Assurance for the 2013 Carbon Neutral Schedule](#)
- + [Online GRI Index](#)



## Statement GRI Application Level Check

GRI hereby states that **TD Bank Group** has presented its report "2013 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](http://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, 28 March 2014



Ásthildur Hjaltadóttir  
Director Services  
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](http://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 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.





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

### Our responsibilities

Our limited assurance engagement has been planned and performed in accordance with the following international standards published by the International Federation of Accountants:

- ▶ International Standard for Assurance Engagements (“ISAE”) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, (together, “ISAE 3000”); and,
- ▶ ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, (together, “ISAE 3410”).

### 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 2013 Corporate Responsibility Report (the “Report”) for the year ended October 31, 2013. 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 (Canadian and United States operations);
  - employee engagement (TD Bank Group);
  - average hours of training per year by employee category (Canadian and United States operations);
  - percentage of five-year average pre-tax profits donated to charities and other community organizations (Canadian operations); and,



- 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 Canadian operations as reported in the Report as at December 31, 2012. 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; and,
  - percentage of aboriginal peoples employed, overall.
- ▶ **Subject matter 3:** A limited assurance engagement in relation to selected performance indicators for the Bank's Canadian and United States operations as reported in the Report for the year ended October 31, 2013. The scope of our engagement, as agreed with management, included the following performance indicators:
  - paper purchased; and,
  - recycled content for paper purchased.
- ▶ **Subject matter 4:** A limited assurance engagement in relation to the Bank's carbon neutral schedule (the "Schedule"), for its Canadian and United States operations for the year ended October 31, 2013.
- ▶ **Subject matter 5:** A limited assurance engagement in relation to the Bank's scopes 1, 2 and 3 greenhouse gas emissions as reported in the Schedule and the Report for its Canadian and United States operations for the year ended October 31, 2013.

Subject matters 1, 2, 3 and 4 were carried out in accordance with ISAE 3000. Subject matter 5 was carried out in accordance with ISAE 3410.

### **Subject matter and criteria**

- ▶ **Subject matters 1, 2 and 3:** The subject matter consists of selected social, economic, and environmental performance indicators as defined by management and the Global Reporting Initiative (“GRI”) G3.1 Guidelines.

The criteria used to evaluate 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.

- ▶ **Subject matters 4 and 5:** The subject matters consist of the Bank’s Schedule and the scopes 1, 2 and 3 greenhouse gas emissions for the Bank’s Canadian and United States operations. The Bank’s greenhouse gas emissions were prepared and calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (“GHG Protocol”).

The criteria used to evaluate the two subject matters consisted of the relevant guidance contained within the GHG Protocol.

### **Toronto-Dominion Bank management responsibilities**

The Report and the Schedule were prepared by the management of the Bank, who are responsible for the collection and preparation of the subject matters and the criteria used in determining that the information is appropriate for the purpose of disclosure in both the Report and the Schedule. 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 or a carbon neutral schedule.

### **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 and the Schedule?
- ▶ 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; and,
- ▶ validating that data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report and the Schedule 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 and Schedule, such as information contained on its website;
- ▶ management's forward looking statements;
- ▶ any comparisons made by the Bank against historical data;
- ▶ the appropriateness of definitions for internally developed criteria;
- ▶ the Report being in accordance with requirements of the GRI 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 consumption; and,
- ▶ 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.

Additionally, environmental and energy-use data are subject to inherent limitations given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

#### **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 five subject matters are not, in all material respects, fairly presented in accordance with the GRI G3.1 Guidelines, the GHG Protocol and internally developed criteria.

7 April 2014  
Toronto, Canada

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants



# Glossary

## Allies

A person or a group of people who help build a more inclusive environment and work to find common ground with others.

## ATM (Automated teller machine)

A computerized telecommunications device that provides clients of a financial institution access to their funds and/or banking in a public space without the need for a physical teller or cashier to process the transaction.

## Carbon dioxide equivalent (CO<sub>2</sub>e)

The standard unit for measuring Greenhouse Gases (GHGs). Each GHG has a different global warming potential and CO<sub>2</sub>e standardizes them for comparability purposes.

## Carbon (or GHG) footprint

The total set of greenhouse gas emissions caused directly and indirectly by an individual, event, organization, product or service expressed as carbon dioxide equivalent (CO<sub>2</sub>e).

## Carbon-neutral

The end result of an individual, business, or organization whose efforts to eliminate their impact on the environment result in no net greenhouse gas emissions being contributed to the atmosphere. It does not mean that an organization produces zero GHG emissions, but rather balances the amount of carbon released with the equivalent amount of reductions and offsets.

## Carbon offset

A compensatory measure paid by one party for a reduction in carbon emissions made by another party. Carbon offsets are measured in metric tonnes of carbon dioxide-equivalent (CO<sub>2</sub>e). One carbon offset represents the reduction of one metric tonne of carbon dioxide or its equivalent in other greenhouse gases.

## Certified paper

A certification given by certified sources indicating that the paper product is from responsibly managed forests and verified recycled sources. The Forest Stewardship Council (FSC) is one example of a certification system. Under FSC certification, forests are certified against a set of strict environmental and social standards.

## CSA (Canadian Standards Association)

A not-for-profit members-based association that works in Canada and around the world to develop standards for businesses, consumers, industries and governments regarding issues such as quality of life, public health and safety, trade facilitation and the environment.

## Equator principles

A set of voluntary standards designed to help banks evaluate the social and environmental risks associated with financing large infrastructure projects, such as pipelines and mining.

## FSC (Forest Stewardship Council)

An international not-for-profit membership-based organization that was founded in 1993, the FSC promotes responsible management of the world's forests. It gives customers the opportunity to choose from socially and environmentally responsible forestry by setting standards and conducting independent certification and labeling of forest products.

## Horizontal Benchmarking

In this context, horizontal benchmarking is the process of looking across to peer organizations to compare CEO/executive salaries.

## Labour Market Availability

This figure shows the availability of designated groups in the labour pool from which an employer may reasonably be expected to recruit. The number is derived from census information and helps provide context.

## Learning Management System (LMS)

An online portal that allows employees to sign up for courses and other learning activities.

## LEED

A designation that stands for Leadership in Energy and Environmental Design. LEED standards reduce a building's environmental impact by considering: materials, building envelope, roofing, windows, glass, high efficiency HVACs, lighting, water usage, furnishings, equipment and appliances, and where viable, includes the reuse or recycling of construction materials.

## Middle and other management

The category of "middle and other management" as determined by the Canadian Federal government for employment equity reporting: "Middle and other managers receive instructions from senior managers and administer the organisation's policy and operations through subordinate managers or supervisors." Refer to the HRSDC website for more information

## Phishing

A form of fraud whereby an attempt is made to acquire information via electronic communication while masquerading as a trustworthy entity; this information can include passwords, credit card information and usernames, along with personal information such as addresses and dates of birth. Phishing often includes the use of a fake website that looks and feels like the legitimate version.

## SFI

A type of paper certification that is governed by the Sustainable Forestry Initiative, which is an independent non-profit organization. The SFI promotes responsible forest management across North America.

## Stakeholder

A group or individual that has a more or less direct interest in the life of an organization or is likely to be affected by the organization's decisions.

## The TD Charitable Foundation (The Foundation)

The charitable giving arm of TD Bank in the U.S. whose mission is to serve the individuals, families and businesses in all the communities where TD Bank operates. The efforts of the Foundation are coordinated locally through TD Bank's community relations departments and are focused on the areas of affordable housing, education and financial literacy, and the environment.

## Thin client

The practice of hosting software on a central server, thereby reducing the power needed to run the application on the end-user's computer.

## Too Big to Fail

The "too big to fail" theory asserts that certain financial institutions are so large and so interconnected that their failure would be disastrous to the economy, and they therefore must be supported by government when they face difficulty. (Source Wikipedia)

For more information about our Corporate Responsibility Report, please contact us at [crreport@td.com](mailto:crreport@td.com).

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