



How we are building  
The Better Bank

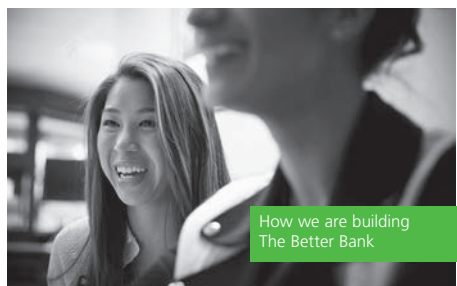
2014 Corporate Responsibility Report



# Designed to be viewed online

This report is designed to be **viewed online**. The links provide access to more details, additional resources, supporting videos and case studies.

## On the cover



2014 Corporate Responsibility Report



▲ Lisa Nguyen, a Customer Service Representative at the TD Canada Trust Woodward branch in Downtown Eastside Vancouver. Watch the video to learn more about this remarkable branch.

**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.

**GRI:** TD has used the Global Reporting Initiative (GRI) framework for corporate responsibility reporting since 2007. TD’s 2014 Corporate Responsibility Report is written in accordance with the G4 framework and fulfils the requirements for a Core report.

+ [Online GRI Index](#)

**Materiality Disclosure Service:** TD’s 2014 Corporate Responsibility Report has successfully completed the Materiality Disclosure Service.

**External Assurance Reports:** Selected performance indicators were independently assured by Ernst & Young LLP. Ernst & Young performed a limited assurance engagement for a selected number of TD’s performance indicators including TD’s greenhouse gas emissions and Carbon Neutral Schedule, and TD’s paper usage figures. The results of Ernst & Young’s assurance engagements are documented in its assurance statement.

+ [Assurance Statement for the 2014 Greenhouse Gas Emissions](#)

+ [Assurance Statement for the 2014 Carbon Neutral Schedule](#)

+ [Green Bond Assurance Report](#)

**Appendix:** All of TD’s 2014 detailed social and environmental data, including three-year performance trends can be found in a separate online PDF.

+ [Appendix: Performance Data](#)

## Symbol key

- ☰ Table of Contents
- + 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
- EN7 Indicates a GRI disclosure. Click to view the full GRI Index online.

## Ways to reach us

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

On Twitter: [@TD\\_Canada](https://twitter.com/TD_Canada) or [@TDBank\\_US](https://twitter.com/TDBank_US)

By text: TDHELP (834357)



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## Building The Better Bank

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### Progress In 2014

We delivered strong financial results in a challenging operating environment while making meaningful progress in our Corporate Responsibility performance. I want to highlight some of our governance and sustainability milestones.

We were the first Canadian commercial bank to issue a green bond, demonstrating that market instruments can deliver a return and drive an environmental mandate. We continued to champion diversity and inclusion through many initiatives, including our platinum sponsorship of WorldPride, hosted in Toronto. In the U.S., TD Bank, America's Most Convenient Bank® was recognized by DiversityInc as a Top 50 Company for Diversity.

For our customers and colleagues, a highlight of 2014 was our [#TDThanksYou campaign](#). TD ATMs were transformed into Automated Thanking Machines to create special experiences for customers. #TDThanksYou captured our commitment to legendary customer service.

Building a better bank is a journey of continuous improvement. It's a process that begins with a commitment to being a responsible bank and is reinforced with feedback from our stakeholders to ensure that we're on the right track.

At TD, we are profoundly aware of our role in society and continue to embed corporate responsibility principles and practices to ensure that each transaction is well-managed and remains within our risk appetite.

TD's sustainability performance also received significant global recognition. We were named one of the Global 100 Most Sustainable Corporations, and were included in the Dow Jones Sustainability World Index, which recognizes the top 10% of sustainable banks worldwide. TD was the only Canadian bank listed on the global climate performance leadership index produced by CDP to recognize actions to reduce climate change.

### Building Better Communities

Many of the social and environmental challenges facing the world today require forward thinking and investment. We are helping improve our communities through affordable housing, green spaces and financial education. We are supporting our neighbours, community leaders, women and minorities. We are making investments in which the return on investment, while perhaps not immediately apparent, will deliver value over the long term.

### The View Ahead

It is a privilege to lead more than 85,000 extraordinary TD colleagues who live our commitment to our communities. With our strong team and our better-business model we are well-positioned to continue delivering long-term value to our customers, shareholders and communities.

Thank you for your support.

**Bharat Masrani**  
Group President and Chief Executive Officer

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**TD Named to the Global 100 Most Sustainable Companies**  
TD was one of only five companies from Canada to make the international list.

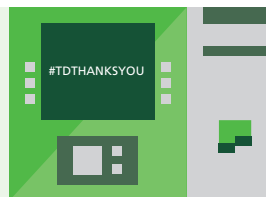


January

**Diverse and Inclusive**  
TD Bank, America's Most Convenient Bank® was recognized as a 2014 DiversityInc Top 50 Company for Diversity.



April



**TD Says Thanks In a Big Way**  
We turned ATMs into "Automated Thanking Machines" to surprise loyal customers with trips, cash and more, with the moments captured in a YouTube video that received 18+ million views. Over 30,000 customers using branches, phone and online banking received a thank-you gift.

July

**Continued Recognition in Sustainability**  
TD was the only Canadian bank recognized on the 2014 A List: The CDP Climate Performance Leadership Index for our efforts to combat climate change and reduce carbon emissions.



September

**CEO Transition**  
November 1, 2014 marked Bharat Masrani's first day as Group President and CEO of TD Bank Group – an exciting new chapter for the organization.



November

March



**TD Issues Green Bond**  
TD became the first commercial bank in Canada to issue a green bond. The \$500 million three-year bond supports the low-carbon economy.



**Loud and Proud**  
TD was the Platinum Sponsor of **WorldPride 2014** in Toronto. TD is a longtime sponsor of Pride celebrations across much of North America.

June

**TD Continues To Be a Leader in Customer Satisfaction with Retail and Business Banking in Canada**  
TD Canada Trust was named "Highest in Customer Satisfaction Among the Big Five Retail Banks" for the ninth year in a row by J.D. Power in the Canadian Retail Banking Study.<sup>1</sup>



August



**TD Forests - Art For Trees**  
TD Bank and the New York Restoration Project turned 115 of our NYC stores into a city-wide art gallery, displaying tree-inspired works of art by 10 New York based artists, with proceeds given to local conservation groups.

October

<sup>1</sup> TD Canada Trust received the highest numerical score among the big five retail banks in the proprietary J.D. Power 2006-2014 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup>. Study based on 17,183 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-June 2014. Your experiences may vary. Visit [jdpower.com](http://jdpower.com)



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## KEY FACTS

85,000+  
employees



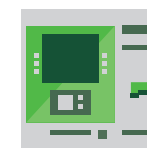
23M+  
customers globally



2,483  
retail locations across  
North America



4,833  
ATMs



## 2014 FINANCIAL PERFORMANCE

Total Adjusted Revenues<sup>1</sup>  
**\$29,681M**

Record TD Adjusted  
Earnings of  
**\$8.1 billion in 2014<sup>1</sup>**

TD announced record  
adjusted earnings for the sixth  
consecutive year.

Strong TD  
Shareholder  
Returns<sup>2</sup>

TD shareholders benefited from a  
20% Total Shareholder Return (TSR)  
in fiscal 2014 and a 14% year-over-  
year increase in dividends paid.

TD Market  
Capitalization  
Reaches Milestone

TD's market capitalization exceeded  
the \$100-billion milestone for the  
first time in fiscal 2014.

Total Assets  
**\$944.7B**

Total Deposits  
**\$600.7B**

## 2014 NON-FINANCIAL PERFORMANCE

**\$18.8 billion<sup>3</sup>**  
economic value distributed

**\$5+ billion saved**  
by TD Canada Trust customers  
through automated savings  
plans in 2014

**60,000**  
questions answered through  
TD Helps online platform

**294,000**  
participants in a TD-sponsored  
financial literacy program

**52%**  
increase in women in VP and  
above roles from 2005 to 2014

**\$82 million**  
donated to communities across  
North America and the U.K.

<sup>1,2,3</sup> Footnotes (PDF)



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These are the values that apply to all employees and directors for all bank activities, all of the time.

### OUR VISION:

To Be The Better Bank

### OUR MISSION:

We will be the Best Run, Customer-focused, Integrated Financial Institution with a Unique and Inclusive Employee Culture

### OUR STRATEGY:

To produce long-term, profitable growth by building great franchises and delivering value to our Customers, Shareholders and Communities

### OUR GUIDING PRINCIPLES:

- Deliver Legendary Customer Experiences
- Be an Extraordinary Place to Work
- Operate with Excellence
- Understand Our Business
- Take Only Risks We Understand and Can Manage
- Enhance Our Brand
- Increase Shareholder Value

Our **Corporate Responsibility Strategy** is built on four themes that contribute to TD's overall vision.



GO DEEPER

CORPORATE RESPONSIBILITY GOVERNANCE STRUCTURE



HOW WE OPERATE

Guiding Principles / Leadership Profile / Code of Conduct / Ethics and Integrity / TD's Risk Appetite



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This table summarizes the key performance indicators that help us track our progress against our corporate responsibility objectives.

Objective		Measure (2014 target if applicable)	2014 Actual	2015 Target
<b>RESPONSIBLE BANKING</b>				
<b>1. Deliver legendary customer service</b>	Customer Experience Index - TD Canada Trust	CEI score (36.1)	<b>35.4</b>	54.1*
	Customer WOW! Index - TD Bank	CWI score (37.4)	<b>37.8</b>	56.8*
<b>2. Create value in the real economy</b>	Distributed economic value <sup>1</sup>	\$ millions	<b>\$18,812</b> (increase of 12% from 2013)	
<b>3. Increase financial literacy</b>	Questions answered through TD Helps	#	<b>60,000</b>	
	Number of participants in a TD-sponsored program # (150,000)		<b>Over 294,000</b>	300,000
<b>BUILD AN EXTRAORDINARY WORKPLACE</b>				
<b>4. Provide a great place to work</b>	Increase Employee Engagement Index	#	<b>4.20</b> (up from 4.17 in 2013)	Increase year-over-year
	Reduce voluntary turnover in the U.S.	%	<b>20.20</b> (down from 22.24% in 2013)	Reduce year-over-year
<b>5. Be diverse and inclusive to reflect the communities we serve</b>	Women on Board	%	<b>31.0%</b>	
	Women in Leadership <sup>2</sup>	% in Canada	<b>33.7%</b>	
	Minorities in Leadership <sup>2</sup>	% in Canada	<b>11.2%</b>	
	People with Disabilities	% in Canada	<b>4.4%</b>	
	Aboriginal Peoples	% in Canada	<b>1.4%</b>	
<b>BE AN ENVIRONMENTAL LEADER</b>				
<b>6. Embed the environment into our financing decisions</b>	100% of transactions reviewed against TD's Environmental & Social Credit Risk Management process, which includes the Equator Principles	% (100)	<b>100%</b>	100%
<b>7. Reduce our environmental footprint</b>	Maintain carbon neutrality as TD continues to grow	carbon-neutral	<b>Y</b>	Y
	20% reduction in paper use by 2015	% relative to 2010 baseline	<b>9% reduction</b>	
	Migrate entire real-estate portfolio to Energy Star Portfolio Manager®		<b>Achieved</b>	
<b>STRENGTHEN OUR COMMUNITIES</b>				
<b>8. Give financial support to create change</b>	Total donations	\$ millions	<b>\$82</b> (up from \$74.7 in 2013)	
<b>9. Encourage volunteerism in our communities</b>	Number of hours volunteered by TD employees	hours	<b>96,323</b> (up from 65,000 in 2013)	Increase year over year
<b>10. Influence suppliers to use responsible practices</b>	Number of suppliers assessed for responsible practices	#	<b>108</b> (up from 85 in 2013)	

All data represents the fiscal year ending October 31, 2014.

\*TD Canada Trust and TD Bank will be moving to a new Experience metric in 2015. 2014 results are not comparable to 2015 targets.

<sup>1</sup> Economic Value Distributed as defined by the Global Reporting Initiative. Please see page 17 for more details.

<sup>2</sup> Leadership defined as executive and senior management roles.





# This is how we Identify Our Material Issues

In the highly competitive landscape of financial services, we know that understanding what matters to our stakeholders is vital to TD's continued success.

We conduct a formal materiality analysis each year to identify, prioritize and validate the evolving environmental, social and governance issues for TD. This process involves research, media scans, stakeholder consultations and internal discussion which lead to the refining of our material topics. We use this annual process to track stakeholder concerns and identify new issues as they emerge.



## MATERIAL ISSUES

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

### Important for multiple stakeholder groups

- Customer Satisfaction
- Managing Risk
- Privacy and Data Security
- Corporate Governance and Integrity
- Diversity and Inclusion
- Financial Education
- Responsible Finance
- Economic Value Created

### Important for a smaller group of stakeholders

- Employee Engagement
- Eco-Efficiency
- Products and Services
- Community Investment
- Affordable Housing
- Changing Climate
- Access to Banking

### Other Issues

- Employee Health and Well-Being
- Sourcing
- Executive Compensation
- Tax Policy



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**Material Issues**

**Stakeholder Panel**

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TD's Materiality Assessment process includes the convening of an external stakeholder panel. Our 2014 panel included 17 individuals representing various stakeholder groups, such as community organizations, institutional investors, consumer advocacy groups, peer reporters and sustainability experts. The panel was facilitated by an independent sustainability consultant.

The role of the panel is to help TD take stock of our corporate responsibility performance, acknowledging where we have done well and identifying areas where more needs to be done.

**STAKEHOLDER PANEL**

The panel included representatives from:

- Sustainability Accounting Standards Board (SASB)
- Trucost
- Wells Fargo
- Haas School of Business, Berkeley
- University of British Columbia
- Alan Willis and Associates
- SHARE
- Addenda Capital
- PwC Canada
- Credit Counselling Society
- Sustainability Context Group
- International Institute for Sustainable Development
- Simon Fraser University
- Export Development Canada
- Tim Hortons
- SVN Marketing

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.

We find great value in this dialogue as it provides an opportunity to assess how TD is performing compared to external stakeholder expectations.

**GO DEEPER**

2014 PUBLIC POLICY AND POLITICAL CONTRIBUTIONS +

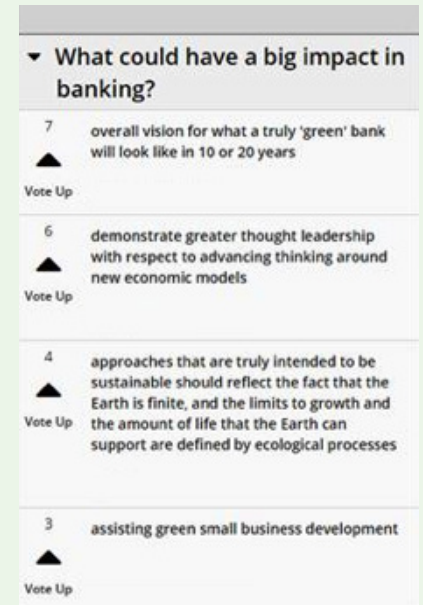
LIST OF ENVIRONMENTAL STAKEHOLDER GROUPS AND DISCUSSION TOPICS +

LIST OF EXTERNAL VOLUNTARY COMMITMENTS +

LIST OF MEMBERSHIPS AND AFFILIATIONS +

WAYS WE LISTEN TO STAKEHOLDERS +

The stakeholder panel used an online platform to engage in a highly interactive web dialogue. Participants were able to post comments, provide constructive feedback on a variety of topics and cast votes for high priority items. See the example below.



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The table below provides a summary of the key recommendations from our Stakeholder Panel and TD's response:

Comments on TD's CR Performance	TD's Response	Comments on TD's CR Reporting	TD's Response
<p><b>Develop a long-term vision and the roadmap to get there.</b></p> <p>"[build] longer term goals anchored in a vision of what kind of bank TD thinks it would like to become."</p>	<p>We are in the process of developing a corporate responsibility roadmap with longer-term goals and objectives. The key deliverable for 2014 was to transition to the G4 standard.</p>	<p><b>Provide context for your performance.</b></p> <ul style="list-style-type: none"> <li>• Compare TD's Greenhouse Gas Emissions to its share of the global emissions associated with the IPCC's 2 degree threshold.</li> <li>• Compare TD's turnover in the U.S. to sector benchmarks and analysis.</li> <li>• Provide more commentary on your diversity performance, in addition to labour-market availability.</li> </ul>	<p>While TD's direct and indirect GHG emissions represent only a very small fraction of global GHG emissions, we are committed to leading by example in enabling the low-carbon economy and, where possible, quantifying the benefits.</p> <p>Commentary on our U.S. turnover can be found on page 29.</p> <p>Additional commentary and analysis of TD's Diversity performance is available online: <a href="#">Employee Equity Annual Report</a>.</p>
<p><b>Continue to play a leadership role by building on TD's strengths in:</b></p> <ul style="list-style-type: none"> <li>• Eco-efficiency</li> <li>• Responsible financing</li> <li>• Financial education</li> <li>• Diversity and inclusion</li> <li>• Access to banking</li> </ul>	<p>These are all areas where we strive to make a difference. A discussion of TD's future plans in each of these areas is included in this report.</p>	<p><b>Develop the ability to report on impacts of TD's activities.</b></p> <ul style="list-style-type: none"> <li>• Go beyond input and output metrics and develop the ability to assess the wider impact of TD's actions</li> </ul>	<p>We agree that impact metrics often provide a more meaningful story. We have made some progress in our community investment stories by measuring, in addition to dollars donated, the number of people benefiting from TD programs.</p>
<p><b>Use TD's influence with customers, suppliers and other decision-makers to:</b></p> <ul style="list-style-type: none"> <li>• Tackle climate change with customers</li> <li>• Educate customers and the public about environmental issues</li> <li>• Support green suppliers</li> <li>• Advocate as an investor</li> </ul>	<p>We seek to lead by example. Engaging with our many stakeholders in constructive two-way dialogue is foundational to our environmental leadership goal. While there is certainly more to do, we are pleased with the progress made so far.</p> <p>▶ <a href="#">See the case study on page 37.</a></p>	<p><b>Strive for greater integration.</b></p> <ul style="list-style-type: none"> <li>• The panel would like to see more examples of integration – Workplace linked to Strengthening Communities etc.</li> </ul>	<p>We continue to find ways to make our reporting more integrated. For example, by showing diversity targets for community giving and volunteering goals for employee engagement.</p>
<p><b>Provide thought leadership on new economic models for sustainability.</b></p> <ul style="list-style-type: none"> <li>• Deal with the sustainability implications of economic growth</li> <li>• Draw a tighter connection between natural capital and the business of the bank</li> </ul>	<p>Both TD Environment and TD Economics actively provide thought leadership on many relevant topics. TD was the first North American bank to appoint an environmental economist. Our publications include:</p> <ul style="list-style-type: none"> <li>• <a href="#">Greening the Economy</a></li> <li>• <a href="#">Natural Capital</a></li> <li>• <a href="#">Impacts of Income Inequality</a></li> </ul>	<p><b>Be transparent about controversial topics.</b></p> <ul style="list-style-type: none"> <li>• The panel did not point to any specific under-reported controversy, but cautioned TD that "financing of even one controversial transaction can negate all your good work."</li> </ul>	<p>We strive for transparent corporate responsibility reporting.</p> <p>TD's Reputational Risk committee is tasked with the responsibility of evaluating every transaction that could potentially be controversial. We also have an Environmental and Social Credit Risk Assessment process to identify the implications of pending transactions.</p> <p>TD has strong governance practices to uphold ethical practices throughout our organization.</p>
		<p><b>Reflect the materiality of issues in your CR reporting.</b></p> <ul style="list-style-type: none"> <li>• There is no clear relationship between the ranking of material issues and the quality and depth of reporting. "What are the most important areas, issues and metrics that are actually monitored most closely in the C-suite and by the Board for TD to stay on course?"</li> </ul>	<p>The content of this report is driven by material topics raised by our stakeholders. The discipline of moving to G4 reporting has helped address some of the imbalance between materiality and the depth of information provided in our annual disclosures.</p>

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STAKEHOLDER PANEL FULL REPORT



# Material Issues

## 2014 Matrix and Trends

Top material issues that matter for 2014

G4-2 G4-18 G4-21

Building The Better Bank

### Material Issues

Stakeholder Panel

#### ▶ 2014 Matrix and Trends

Contextual Trends

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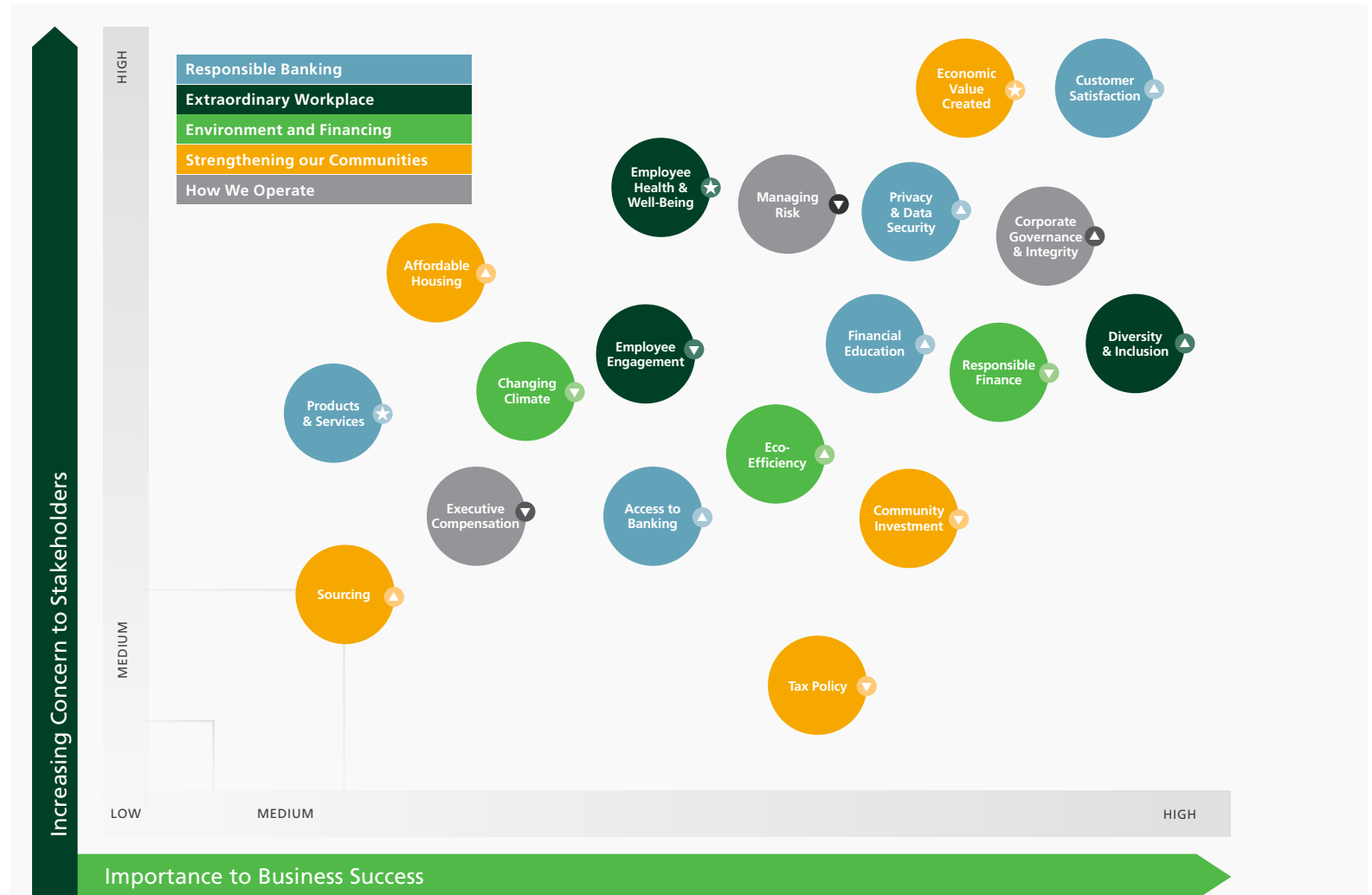
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This 2014 Corporate Responsibility Report is based on disclosing TD's approach to managing and addressing these issues.



▲ ▼ Trends Indication: A topic which is likely to increase/decrease/remain stable in terms of relevance to TD stakeholders and significance to TD performance.

★ New topic in 2014

⊕ Details of TD's Materiality Assessment Process



# Material Issues

# Contextual Trends

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## LOW INTEREST RATES

The sustained climate of low interest rates continued to impact our business.

Low interest rates have kept debt affordable for the average household and lending in Canada and the U.S. has continued at a moderate pace.

If perpetually low interest rates encourage additional borrowing, we may see increased risk of households unable to meet debt obligations in the event of a sudden rise in interest rates.



## URBAN GROWTH AND DENSIFICATION

Over half of the world's population now lives in cities – in North America the number is over 80%<sup>2</sup>. Urban growth is occurring both horizontally and increasingly through vertical densification. This puts tremendous strain on the demand for natural resources. Adding to this challenge is the need to adapt to a changing climate and build resilience into our cities.

As the majority of TD employees and customers live in urban centres, we see the need for smarter cities, with more efficient use of resources.



## DATA SECURITY

There were several high-profile security hacks in 2014 that drew international attention and raised many questions.

All stakeholders are understandably concerned about privacy and security in the digital age. Companies are increasingly aware of the investment required to eliminate vulnerabilities in their technology. For more on how TD is addressing data security, refer to [privacy and data security](#).



## CHANGING DEMOGRAPHICS

Demographic shifts continue to have an impact on the workforce and the prospective labour market. Almost one in five Canadians are immigrants and are projected to account for 75% of the country's future population growth by 2017<sup>3</sup>.

Recognizing the impact of an aging population and other demographic shifts, TD is focused on innovative solutions to recruit, retain and build strong talent for the future.



## INCREASINGLY MOBILE

The global mobile-phone market is expected to reach 5.1 billion users by 2017<sup>1</sup>. Mobile banking is dramatically changing the way customers complete their day-to-day financial transactions.

All banks are seeking to understand the best model to sustain customer relationships in an increasingly digital world. While most transactions are now done virtually, the majority of customers still prefer to receive complex financial advice in person.



## RISING INCOME INEQUALITY

There is a growing concern that rising income inequality in advanced economies is posing a threat to economic growth and long-term prosperity.

A major concern with rising income inequality levels in Canada and the U.S. is that if pushed higher, they could jeopardize social mobility.

A full discussion on this topic can be found here: [TD Economics: The Case for Leaning Against Income Inequality in Canada](#).



A number of global trends continued to make headlines during the course of our materiality assessment. While these trends are not within TD's direct control, they nevertheless influence the economic context in which we operate and inform our business decisions.

<sup>1</sup> <http://www.emarketer.com/Article/Smartphone-Users-Worldwide-Will-Total-175-Billion-2014/1010536>

<sup>2</sup> <http://esa.un.org/unpd/wup/Highlights/WUP2014-Highlights.pdf>

<sup>3</sup> Statistics Canada *Population Projections of Visible Minority Groups, Canada, Provinces and Regions, 2001 to 2017*





# This is how we operate

## Governance, Ethics and Integrity

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

Every employee and Director of TD is expected and required to assess each business decision and each action in light of whether it is right, legal and fair.



### MATERIAL ASPECTS IN THIS CHAPTER

- Corporate Governance and Integrity
- Executive Compensation
- Managing Risk

### HEADLINE PERFORMANCE

## Safest Bank

in North America and one of the World's 50 Safest Banks - *Global Finance* magazine

## Over 30%

women on Board of Directors

## TD Named Best Investor Relations

in the financial sector by *IR Magazine Awards*





# How We Operate

# Corporate Governance and Integrity

Building The Better Bank

Material Issues

## How We Operate

### ▶ Governance, Ethics and Integrity

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### WHY IT'S MATERIAL TO TD +

The Board is elected by the shareholders to oversee management and to assure that the long-term interests of shareholders are advanced responsibly while the concerns of other stakeholders and interested parties including our employees, customers, regulators, communities and the public are also addressed.

### GO DEEPER

CODE OF CONDUCT AND ETHICS +

WHISTLEBLOWER HOTLINE +

AML/ATF/SANCTIONS POLICY SUMMARY +

ANTI-BRIBERY, ANTI-CORRUPTION POLICY SUMMARY +

### OUR APPROACH

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

- Setting the tone for risk, integrity and compliance culture throughout TD
- Overseeing the strategy and fundamental goals of the bank
- Overseeing the identification and monitoring of the principal risks affecting the bank's business

TD is committed to diversity and inclusion at all levels in the workplace and on the Board. This includes a commitment to ensuring there are no systemic barriers or biases in the bank's policies, procedures and practices. The Corporate Governance Committee considers diversity when reviewing qualified candidates for recommendation for appointment or election to the Board.

TD has extensive information about corporate governance practices available on our website:

- + [The Board of Directors and its Committees](#)
- + [Disclosure of Corporate Governance Policies and Practices](#)
- + [2015 Proxy Circular](#)



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▲ Brian M. Levitt, Chairman of the Board

Policy/Standard/Guideline	Description
<b>Code of Conduct and Ethics</b>	<ul style="list-style-type: none"> <li>▪ A framework for how we interact</li> <li>▪ Clearly states that irregular business conduct will not be tolerated</li> <li>▪ Applies to employees and directors</li> <li>▪ Requires annual attestation</li> <li>▪ A version of the Code applies to contract workers in North America</li> </ul>
<b>Whistleblower Hotline</b>	<ul style="list-style-type: none"> <li>▪ An independent, confidential and anonymous channel for reporting concerns</li> <li>▪ Includes the ability to participate in an online anonymous chat</li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>Anti-Money Laundering and Anti-Terrorist Financing</b></li> <li>▪ <b>Sanctions</b></li> <li>▪ <b>Anti-Bribery</b></li> </ul>	<p>A Framework of policies designed to:</p> <ul style="list-style-type: none"> <li>▪ Prevent TD products and services from being utilized for money-laundering and terrorist-financing activities</li> <li>▪ Provide standards of conduct to prevent bribery and corruption</li> <li>▪ Comply with economic and trade-sanction laws and regulations</li> </ul>

## 2014 PERFORMANCE

### TD's Board of Directors: (Information as of October 31, 2014)

<b>Number of independent Board members</b>	14
<b>Chair and CEO are separate</b>	Yes
<b>Board oversight of corporate responsibility</b>	Yes
<b>Number of Meetings<sup>1</sup></b>	
Full Board	9
Corporate Governance Committee	6
Risk Committee	10
Audit Committee	9
Human Resources Committee	7
<b>Board Diversity</b>	
<b>% of female directors</b>	Over 30%
<b>% of visible minority directors</b>	Over 12%
<b>% of independent directors</b>	Over 87%

<sup>1</sup> For the 12-month period ending October 31, 2014

## Promoting Responsible Conduct

While reaching our business goals is critical to TD's success, equally important is the way we achieve them. That's why the actions of our employees are subject to a number of internal policies, standards and guidelines.

Anyone working on behalf of TD is required to complete compliance training related to customer protection and responsible business conduct. We also continue to enhance the bank's anti-money laundering (AML)/ anti-terrorist financing (ATF), awareness/sanctions and anti-bribery/ anti-corruption training, to ensure our employees understand current and evolving risks.

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### WHY IT'S MATERIAL TO TD

Executive compensation is designed to reward results that are aligned with the long-term strategy of the bank. Doing so provides an important incentive for executives to act in the best interests of the organization, its employees and its shareholders.

### MANAGEMENT APPROACH

TD has a balanced approach to executive compensation that is intended to attract, retain and motivate high-performing executives. Our compensation principles and approach are described in TD's Proxy Circular.

A key element of TD's approach is that a significant portion of the compensation awarded to executives vests at the end of a minimum of three years. As this portion is tied to the bank's share price, there is added incentive for executives to make decisions that are in the best long-term interest of TD and its stakeholders.

### SAY-ON-PAY

In 2010, TD voluntarily adopted "say-on-pay", a process that provides shareholders a means to express concerns about executive compensation. If significant concerns are raised, the board of directors will engage with shareholders to understand the specific issues and recommend changes, as appropriate. In 2014, 93% of TD shareholders voted in favour of the bank's approach to compensation, and there has been similarly high support from shareholders every year since say-on-pay was introduced.

### LINKING ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) FACTORS IN EXECUTIVE COMPENSATION

Incentive compensation is based on a combination of financial and non-financial measures. One of the key performance measures used to determine incentive pools for executives is an evaluation of the customer experience, which is assessed using feedback directly from customers following an interaction with TD.

We typically structure performance objectives against five categories: 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.

Detailed information about executive compensation practices can be found in our Proxy Circular.

▶ 2015 Proxy Circular

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**WHY IT'S MATERIAL TO TD**

Everyone in the bank has a role to play in risk management. It's essential that we each play our part in order to protect our institution, our customers and our employees.

**MANAGEMENT APPROACH**

One of TD's Guiding Principles is to only take risks that we understand and can manage. TD executives, directors and employees look to the Enterprise Risk Framework and our Risk Appetite Statement for a common understanding of how we manage risk.

TD employs a "three lines of defence" model that describes the role of the businesses in managing risk across TD: governance, risk and oversight risk groups, and internal audit. We regularly monitor and report on risk levels and compliance within TD's risk appetite to senior management, the Board and its committees. We also run education sessions, communication programs and internal risk-management conferences to increase awareness across the organization.

**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
- 3) Do not risk harming the TD brand

**2014 PERFORMANCE**

- Continued enhancement of the enterprise Risk Appetite Statement, associated measures and reporting
- Further development of an emerging risk-identification framework that includes how we manage emerging risks, including planning for uncertain and unexpected impacts

**GO DEEPER**

**MANAGING RISK-ANNUAL REPORT P.68**

**UPDATE FROM THE RISK COMMITTEE- PROXY CIRCULAR P.20**

# Managing Environmental Risk

Management of environmental risks is integrated within the TD Bank Group enterprise risk framework. Within this framework, environmental risk is the possibility of loss of strategic, financial, operational or reputational value resulting from the impact of environmental issues or concerns and related social risk within the scope of short-term and long-term cycles.

Key environmental risks include:

- **Direct Risks.** Risks associated with the ownership and operation of our business, such as management and operation of company-owned or managed real estate, fleet, business operations and associated services
- **Indirect Risks.** Risks associated with 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
- **Risk Arising from Changing Regulatory Environment.** Including identification and management of emerging environmental regulatory issues
- **Risk of Opportunity Loss.** Failure to understand and appropriately leverage environment-related trends to meet customer and consumer demands for products and services

**TD's Business Continuity and Crisis**

**Management (BCCM)** program is proactive and iterative in its approach to assessing risk and potential threats, ensuring that appropriate resilient arrangements are in place. The program routinely undertakes scenario testing and simulations to assess the potential impact of a range of natural events across our business.

In 2014, the BCCM team launched an enhanced global crisis structure, which included consideration of natural events associated with climate change that may impact TD or our ability to continue conducting business.

**Read more on how TD Insurance is working to protect customers from changing climate patterns.**





# This is how we deliver Responsible Banking

Our long-term success and our corporate reputation depend on the ability to anticipate and meet the needs of our customers.

Our business strategy is aimed at delivering legendary customer service and convenience through an unmatched combination of advice, expertise, efficiency and improved accessibility.



## MATERIAL ASPECTS IN THIS CHAPTER

- Economic Value
- Customer Service
- Privacy and Data Security
- Access to Banking
- Products and Services

### HEADLINE PERFORMANCE

## 9th Year

TD Canada Trust was named "Highest in Customer Satisfaction Among the Big Five Retail Banks" for the ninth year in a row by J.D. Power in the Canadian Retail Banking Study<sup>1</sup>

## Best Big Bank

awarded to TD Bank, America's Most Convenient Bank<sup>®</sup> by *Money* magazine for the second year in a row

## 10th Year

IPSOS Best Banking Award to TD Canada Trust for Overall Quality of Customer Service



<sup>1</sup>TD Canada Trust received the highest numerical score among the big five retail banks in the proprietary J.D. Power 2006-2014 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup>. Study based on 17,183 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-June 2014. Your experiences may vary. Visit [jdpower.com](http://jdpower.com)

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**WHY IT'S MATERIAL TO TD** +

Healthy economies need healthy banks, and vice versa. Maintaining a strong business with solid earnings allows us to pay our employees fair wages and benefits, compensate our suppliers, support local small business, contribute to government revenues through taxes and provide dividends to our shareholders.

**MANAGEMENT APPROACH**

TD's business strategy is to produce long-term, profitable growth by building strong franchises and delivering value to customers, shareholders and the broader community. We aim for repeatable and growing income streams, focus on customer-driven products and only take risks that we understand and can manage.

Top priorities in 2014 were to maintain our focus on customer experience, introduce new products and services that respond to genuine customer needs, resolve complaints fairly and quickly, improve access to banking and make TD the bank of choice for diverse communities.

**2014 PERFORMANCE**

In economic terms, the bank distributed \$18.8 billion in direct economic value based on total revenue of \$29.9 billion.

**SUPPORTING SMALL-BUSINESS OWNERS**

As 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.

- In 2014, TD Canada Trust provided small-business customers with more than \$1.5 billion in new and increased credit authorizations.
- In the U.S., we provided more than 31,000 small-business loans totaling more than US\$2.2 billion. 86% of these loans were for amounts less than \$100,000.

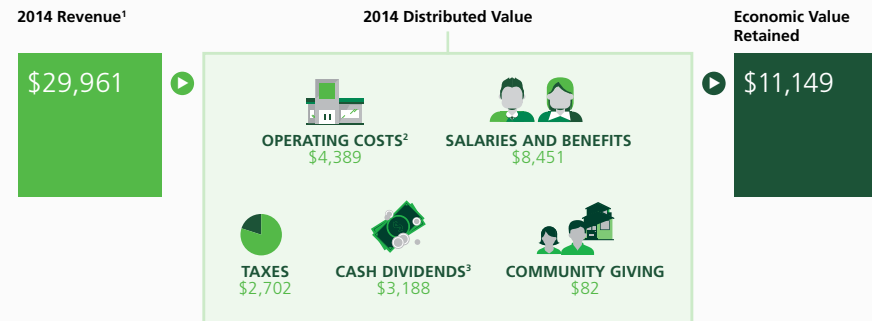
## Direct and Indirect Impacts

TD's impact on the economy is both broad and deep. When we succeed, the benefits of that success ripple through the economy, creating greater prosperity for the communities in which we operate.

Although banking products are more intangible than those of a retailer or manufacturer, their impacts can be far-reaching. For example, when managed responsibly, a mortgage provides a path to home ownership, financial stability and the social well-being that comes from feeling rooted in the local community.

Given the direct and indirect impacts of our business, we are profoundly aware of the importance of embedding corporate responsibility into business decisions. This is how TD's vision, strategy and guiding principles help us navigate the path to building a Better Bank.

**Direct Economic Value Generated in 2014**  
(in millions of dollars)



<sup>1</sup> Amounts based on International Financial Reporting Standards as issued by the International Accounting Standards Board. See the bank's 2014 Annual Report for more information.  
<sup>2</sup> Operating costs include occupancy, equipment, marketing, professional services and communications. Refer to the 2014 consolidated financial statements for more information.  
<sup>3</sup> At October 31, 2014, the quarterly dividend was \$0.47 per share, consistent with the Bank's current target payout range of 40 to 50% of adjusted earnings.

**GO DEEPER**  
**ANNUAL REPORT** +





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## WHY IT'S MATERIAL TO TD

Building a Better Bank starts with building strong and lasting relationships with customers. In 2014, we continued to focus on legendary customer service and convenience across our business.

## MANAGEMENT APPROACH

Legendary customer experience is at the heart of TD's business strategy. We look for opportunities in our operations and processes and products and services to make banking simple, fast and easy for our customers.

TD continued to deliver on its convenience and comfort strategy, actively responding to our customers' growing preference for mobile banking and a totally seamless customer experience – wherever, whenever and however they chose to connect with us.

## 2014 PERFORMANCE

TD's strong Customer Experience (CE) strategy has long been a competitive differentiator. It is supported by continuous measurement which began with only a few programs in 1996 and has grown substantially over the years.

## GO DEEPER

**CODE OF CONDUCT AND PUBLIC COMMITMENTS**



**RESOLVING YOUR CONCERN**



**TD OMBUDSMAN ANNUAL REPORT**



**APPENDIX: PERFORMANCE DATA**



During the past year, we continued to refresh our understanding of our customers and further strengthen our relationships by:

- Conducting 600,000 customer calls
- Engaging with over 67,000 followers on Twitter
- Generating more than 546,000 'likes' on Facebook
- Launching "Social Customer Service", and answering more than 6,000 questions a month through social media

In 2015, we will begin measuring overall customer experience through a new Legendary Experience Index (LEI) that will continue to raise the bar in terms of exceptional experience delivery.

## PROBLEM RESOLUTION

Effective handling of customer complaints is another essential element of good customer service. We appreciate customers taking the time to tell us what went wrong, so that we have an opportunity to improve. Employees are encouraged to take ownership and resolve the issues, ideally at the first point of contact. When problems do arise, we strive to respond quickly, get the problem fixed and address the root cause.



Watch one amazing day in 2014 when we turned our ATMs into Automated Thanking Machines.

#TDTHANKYOU

## Common Complaints in 2014

Level of service

Credit decisions and holds on funds

Processing errors

Mortgage fees (interest rate differential)

Processing delays

When the issue is more complex, TD provides an escalation process that is also communicated on our website. The Problem Resolution framework enables customers to file a complaint regarding a potential violation of a code or commitment through the TD Office of the Ombudsman (Canada) or the Chairman's Service Center (U.S.).

Notable improvements in Problem Resolution included:

- 12% fewer complaints required investigation by TD Office of the Ombudsman (Canada)
- 4% fewer complaints escalated to Chairman's Service Center (U.S.)

# Responsible Banking

# Customer Service

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## CONVENIENCE: SERVING CUSTOMERS WHERE THEY ARE

The spread of mobile technology is causing a seismic shift in the way the world operates. The mobile-phone market – estimated as 4.1 billion users globally in 2012 – is expected to reach 5.1 billion users globally by 2017<sup>1</sup>.

For TD, the mobile platform is an increasingly important additional channel through which we enhance our relationship with customers. It has been identified, therefore, as a material issue in this report and is integral to our overall success and ability to compete in this sector.

The bank continued to roll out new products and services in 2014 in response to evolving customer expectations around mobile banking including:

### TD Mobile Deposit

Integrated into the TD app, it allows eligible personal and business customers to deposit cheques into their bank account by taking a photo with their smartphone or tablet.

### Mobile Money Manager

TD began work with New York-based Moven on the development of a real-time financial-management tool, designed to help customers keep track of their purchases, thus allowing them to control discretionary spending and save money.

### TD Mobile Payment

This secure payment solution allows customers to pay for everyday purchases with their smartphones. TD was the first bank in Canada to offer a mobile payment solution for a variety of devices on Canada's three major wireless networks.

### TD Insurance App

TD also rolled out a separate mobile app for its TD Insurance customers in Canada. A key feature of this app is the accident toolkit, which offers a step-by-step guide to submitting a claim and gives our customers one-click access to important phone numbers.



**TD MOBILE TRANSACTIONS JUMPED BY 48% YEAR-OVER-YEAR**

Activity (millions)	2014	2013
Canada	2.5	1.8
U.S.	1.7	1.3

TD was ranked **#1 by Comscore** for the number of mobile subscribers accessing financial services via their mobile devices.<sup>2</sup>

## Banking for the future

TD is working with Communitech, an innovation hub in Waterloo, Ontario, to collaborate with local startups and work alongside innovative companies to explore new technologies for the financial services sector, with a focus on the customer experience.

Lean, creative and experimental, the TD Lab runs like a startup – exploring emerging technology and new customer solutions, recruiting and developing high performing talent and testing the latest design, development and prototyping tools and techniques.



<sup>1</sup> <http://www.emarketer.com/Article/Smartphone-Users-Worldwide-Will-Total-175-Billion-2014/1010536>

<sup>2</sup> Comscore reporting current as of September 30, 2014, based on an audience of approximately 24 million Canadian mobile subscribers above the age of 13.

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### WHY IT'S MATERIAL TO TD

The number of cyber attacks has increased globally, affecting many sectors. TD has made strategic investments in people, technology, and programs in order to protect itself and its customers from this risk.

Technology and information-security risks for large financial institutions like ours have increased in recent years. This is due, in part, to the proliferation, sophistication and constant evolution of new technologies and methods used by those who wish to cause disruption or criminal damage.

The consequences of a breach in privacy and data security include financial loss, disruption to our operations and unauthorized release of confidential information. Such incidents could have a negative impact on the sustainability of our business in terms of public trust and ultimately our brand and our reputation.

### MANAGEMENT APPROACH

The bank actively monitors, manages and continues to enhance its ability to mitigate these technology and information-security risks through enterprise-wide programs, industry best practices and robust threat and vulnerability assessments and responses.

TD's commitment to information security is reflected in the bank's overall governance structure. Cybersecurity topics are managed by the Enterprise Risk Management Committee through the Senior Vice President, Technology Risk Management and Information Security. A new Vice President of Cybersecurity was hired last year.

TD's Chief Executive Officer is a member of a CEO Advisory Committee to the Prime Minister of Canada, and senior TD executives in Canada and the United States are active advocates in industry and leadership groups.

**TD's Privacy Program** is led by the Global Chief Privacy Officer, who reports to TD's Global Chief Compliance Officer. Local privacy officers are responsible for the jurisdictions where the bank operates. The Global Privacy Program includes policies, procedures, standards and guidelines to help protect the privacy of our customers' personal information and mitigate privacy risk. Our employees also complete a mandatory privacy and information-security training course, which is refreshed annually.

We are committed to creating a safe and secure environment for our employees and customers, and to complying with the many industry-level codes of conduct and public commitments designed to protect the interests of consumers.

**Mobile Apps Privacy Code.** The bank introduced a new Mobile Apps Privacy Code to advise users how TD handles the information it obtains when they use the TD app.



### PROTECTING CUSTOMERS AGAINST FRAUD

#### TD Online and Mobile Security Guarantee.

In the unlikely event a customer experiences a TD account loss resulting from a transaction through a TD online or mobile service, they will receive 100% reimbursement provided their security responsibilities have been met.

The safeguards TD has put in place to protect the security, privacy and integrity of customer information during transactions include: secure firewalls to help prevent unauthorized access to TD internal systems, data encryption to help ensure that customer information can only be decoded and read by TD's online and mobile environment, and around-the-clock monitoring to maintain the quality of TD's systems and proactively help identify unusual customer account activity.

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TD customers are offered free protection through McAfee Internet Security for one year, as well as through Trusteer Rapport.

**2014 PERFORMANCE**

- In Canada, we had one privacy complaint from a customer in which the Office of the Privacy Commissioner of Canada ruled in favour of the customer. There were no such cases in 2013.
- TD established an Office of the CDO (Chief Data Officer) with accountability for leveraging our data assets. Continued investment in data analysis will allow us to provide superior end-to-end customer experience and build our leadership position in the digital banking arena.

**GO DEEPER**

**TD'S PRIVACY COMMITMENTS** +

**TD'S ONLINE AND MOBILE SECURITY GUARANTEE** +

**PHISHING – HELPING CUSTOMERS PROTECT AGAINST FRAUD** +

**TOOLS AND RESOURCES TO PROTECT YOUR PRIVACY** +



**CYBERSECURITY AT TD:**

An interview with Paul Milkman, Senior Vice President, Technology Risk Management and Information Security

**Q:What investments were made in 2014 to further protect TD customers and employees from cyber-attacks?**

A:TD continually invests in cybersecurity and has a mature program experienced in dealing with cyber-attacks. Last year, we made substantial investments in customer protection, data leakage protection and perimeter security, adding to investments made the previous year in malware detection and threat analytics. Going forward, our goal is to further enhance our model for securely interacting with mobile devices and cloud services. We will also continue to strengthen our defenses against advanced malware and determined adversaries. Together these efforts constitute a robust arsenal with which to protect the bank and our customers.

**Q:What is the rationale behind these different investments?**

A: TD strives to maintain an exceptional ability to quickly defeat cyber-attacks. To achieve this, we invest in multiple layers of defence, including real-time monitoring, and preventive and detective controls, all enriched by threat intelligence. Our cybersecurity program is global. It fully integrates people, processes and technology, with consistent execution throughout our business.

**Q:What about investments in people?**

A: Talent is a top management challenge. Well-trained cybersecurity experts play a critical role in our security strategy. I'm proud to say that TD is an employer of choice in this area. We recently hired a new Vice President of Cybersecurity and, over the past five years, have increased the size of our team, with commensurate investments in systems and processes.



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**HEADLINE PERFORMANCE**



## New to Canada

TD launched a New to Canada program providing advice and support for new immigrants.



## Checking Account Transparency

TD Bank placed in the top 10 U.S. banks by [Wallet Hub](#).



## Gold Award

TD was awarded gold in the Progressive Aboriginal Relations Certification program.

**WHY IT'S MATERIAL TO TD**

TD serves a broad diversity of customers across 2,500 communities in North America and access to our services is a key management priority. We continue to remove barriers and make banking more accessible and inclusive, particularly for vulnerable and under-served populations.

**MANAGEMENT APPROACH**

TD has strategies in place to ensure that products, services and marketing initiatives reflect the communities and cultures that are part of our operational footprint.

We work to increase social and physical access to our business in all communities. 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. TD is involved in many innovative programs to help remove social barriers and increase access primarily 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. Refer to [Financial Education](#) for details.

The fundamental values of diversity and inclusion are ingrained and promoted through our Strategic Framework and Guiding Principles, supported by our Corporate Diversity Office and, at the highest levels, by TD's Diversity Leadership Council (DLC), which reports into the Group President and CEO.

**GO DEEPER**

**NEW TO CANADA WEBSITE**



**CASE STUDY: PRESERVING WEALTH FOR FUTURE GENERATIONS**



**BUILDING PRIDE: CELEBRATING THE LGBTQ+ COMMUNITY**



**TD AND ABORIGINAL COMMUNITIES IN CANADA**





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## Accessibility and New-to-Canada

**CONTEXT**

11 million+

Visible minorities in Canada<sup>1</sup> and 37% Minorities<sup>2</sup> population in the U.S.<sup>3</sup>

**How TD is Responding**

- **Translation services for non-native English speakers.** Language Line is a phone service that allows TD to serve customers in 200 languages. Since the service was made available at the branch level, there have been over 2,500 minutes of assistance in Mandarin, Spanish and Korean – the predominant languages in which customers chose to connect with us.
- **Multilingual Websites.** The bank began to implement Motion Point® technology to more efficiently manage the translation of its many websites (including mobile) and communicate information about products and services to customers more quickly in their language of choice.
- **New-to-Canada website.** This site provides New Canadians with the information and resources they need to build a financial foundation in Canada. Here they can access an account with no monthly fee, a bonus rate on a savings account, a credit card and the option for a no-fee money transfer.
- **Assistive technology.** We use design standards that help customers find, understand and interact with information on our digital properties. Last year, we introduced touch-screen ATMs at TD Bank America's Most Convenient Bank®. Across North America, our ATMs now include fully accessible alternatives (through use of headphones) for persons with visual disabilities.



## Reaching Out to LGBT Customers

**CONTEXT**

7 out of 10

LGBT individuals say they would conduct business with a company that supports the LGBT community<sup>4</sup>

**How TD is Responding**

- **A new 'Market Leaders' initiative** being piloted in Canada, and in the early stages in the U.S., leverages the bank's deep roots in Canada's LGBT community, paving the way for future customer growth. In June, we established two new Regional Managers, specializing in business development in the LGBT community.

“We know that LGBT customers' experiences with financial institutions have not always been easy. Our job is to differentiate ourselves from our competitors, by making it easy, comfortable and convenient to do business with us.”

Grant Minish, Regional Manager, Vancouver.



## Aboriginal Banking in Canada

**CONTEXT**

\$32 billion

Estimated total income of Aboriginal households, business and government sectors by 2016 – TD Economics

**How TD is Responding**

- **TD's Aboriginal Banking Group** focuses on providing a comprehensive approach to delivering products, services and financing for Aboriginal communities and businesses to help them achieve their goals and thrive.
- We developed specialized mobile tablets that will allow us to provide a comprehensive approach to banking (Commercial, Wealth and Retail) for Aboriginal communities in remote locations. The tablet roll-out begins in March on Manitoulin Island in Northern Ontario.
- In 2014, TD was honoured to be awarded Gold Level Status through the Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations (PAR) Certification program. This program supports progressive improvement in Aboriginal relations and assesses progress against four key performance areas: employment, business development, community investment and community engagement.



<sup>1</sup> Statistics Canada, Projections of the Diversity of the Canadian Population 2006-2031, March 2010  
<sup>2</sup> (Minorities consist of all but the single-race, non-Hispanic white population.)

<sup>3</sup> <https://www.census.gov/newsroom/releases/archives/population/cb12-243.html>  
<sup>4</sup> IPSOS, LGBT Community Research, Nov 30, 2012



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## HEADLINE PERFORMANCE



### \$5.1 billion saved

by TD Canada Trust customers through automated savings plans in 2014



### 749 families

assisted through TD Bank's Right Step Mortgage® program



### 60,000 questions

answered through the TD Helps online platform

## WHY IT'S MATERIAL TO TD

We want our customers to understand their financial portfolios. That's why TD embeds responsible design, marketing and education into our suite of products and services.

### MANAGEMENT APPROACH

As a major financial institution, TD aims to promote responsible attitudes towards money. Our goal is to design products and services that help customers conveniently manage their day-to-day finances and achieve financial goals – whether big or small – with simple and personalized advice.

We train our employees to take sufficient time to explain issues and answer questions. We make product and fee information readily available in our branches, stores, investment centres and websites, and our guidelines require us to present information about our products and services in clear, easy-to-understand language.

### 2014 PERFORMANCE

#### Low-cost banking for seniors

The bank has made changes to the TD Minimum Account. The changes include an increase in the number of transactions, from eight to 12, and no monthly cost for those who receive Guaranteed Income Supplement (Canada) and those who are beneficiaries of TD Registered Disability Savings Plans (RDSP).

#### TD Connect Card

TD Bank launched the new TD Connect Card in the U.S. – a pre-paid bank card to assist customers in better managing their money.



### TD Right Step Mortgage®

In the U.S., TD Bank's Right Step Mortgage® program provides qualified home buyers with an alternative to Federal Housing Administration (FHA)-backed loan products. The program features a low three percent down payment option and the potential for significant savings on a borrower's monthly payment, with no private mortgage insurance requirement. In 2014, 749 homes were purchased or refinanced through the TD's Right Step Mortgage® product, more than tripling the number of customers from 2013.

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**Helping East Vancouver Thrive**  
Watch Spencer's story about building a branch in the Downtown Eastside community.

**WAYS WE INVOLVE STAKEHOLDERS IN PRODUCT DEVELOPMENT**

We recognize the value of involving stakeholders in the research and development of new or enhanced products and services. For example:

- To enhance service for the deaf and hard of hearing we recently conducted focus-group research with the deaf community. The insight provided has been integral to further strategy development and decisions regarding innovative technology enhancements.
- Recognizing the language barriers Chinese consumers experience, we conduct online omnibus research with the Chinese community in Cantonese and Mandarin.

**HOW WE SELL OUR PRODUCTS AND SERVICES**

We balance our practice of rewarding our employees for sales performance with a system of checks and balances to ensure that solutions offered are in the best interests of each customer.

All employees receive training on product features, Know Your Customer policies and suitability. Branch and phone-based sales representatives are trained to use online discussion tools in their conversations with customers. These tools prompt employees to consistently put the customer first, ask the right questions and suggest appropriate solutions.

An example is an Account Advisor, which helps ensure customers are not paying for products or services they don't need. In the case of credit products, our credit-underwriting team checks that customers are not being overextended and offers alternative solutions if necessary.

In 2014, there were no incidents of non-compliance with regulations and voluntary codes concerning any form of marketing communications of products and services.

**HELPING CUSTOMERS IN TOUGH TIMES**

**Canada:**

We encourage customers facing financial challenges to talk to us so we can help get them back on track before it's too late. As a result, customers don't have to resort to potentially more costly and time-consuming alternative means of financing, and we retain customers and avoid costly write-offs.

- In 2014 we helped restructure \$98.1 million in loans, down from \$140 million in 2013. We see this reduction as a positive sign that indicates better stability in the economy and less need for special intervention in managing household debt.

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

Compared to other banks in the U.S., TD had relatively limited exposure to subprime mortgages. 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 homes.

The value of troubled real-estate assets restructured by TD Bank in 2014 was \$36 million, up from \$31.9 in 2013 (U.S. dollars).

GO DEEPER

CODE OF CONDUCT AND PUBLIC COMMITMENTS +

LOW COST BANKING OPTIONS +

UNDERSTANDING TD PRODUCTS +

TD'S FINANCIAL LITERACY WEBSITE +

PEW CHARITABLE TRUST CHECKS AND BALANCES REPORT +



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Financial literacy is a critical skill for navigating today's financial world and is therefore a priority for TD. We strive to educate our customers and give them the financial information, resources and support they need to adequately understand our products and services and better manage their personal finances.

#### Social Media

TD Helps is an online community that encourages both customers and non-customers to ask questions about their finances and receive answers from TD experts, helping them make good financial decisions. Unlike other sites that simply offer FAQs, answers from TD Helps are specific to the questions asked and are provided in a matter of hours. In 2014, we expanded the program to the U.S.

**+ 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. There continues to be great uptake of these tools by our customers. By the end of 2014, more than two million TD Canada Trust customers had set up an automated savings plan, helping them save more than \$5 billion.

We also have options designed to help customers reach their savings goals faster. For instance, Simply Save helps customers save money every time they use their debit card. In 2014, we also supported the first ever Education Savings Week in Canada through promotions including a strong social media campaign, and our Get Saving website provided videos and support tools that re-enforce financial literacy topics.

The Canada Learning Bond (CLB) is a government grant that encourages customers to save for a child's future education. In 2014, we facilitated \$11.3 million in CLB payments and improved our process to increase uptake of the CLB. In 2015, we will be working with SmartSaver – a non-profit organization that helps eligible low-income families access education funding through government savings plans.

#### Clear Communication

We want customers to properly understand what they are buying or signing up for, so they can make informed banking decisions that are in the best interest of both the consumer and TD.

In 2014, The Pew Charitable Trust assessed the 50 largest U.S. banks on how well their disclosure, overdraft and dispute-resolution practices met policy recommendations. TD placed 7th, achieving a best-practice designation in four of seven categories.

#### Tools and Resources

TD has several websites that provide consumers with tools and resources to better understand and manage financial products. Here are a few examples:

- Advice on Everyday Finances
- Spending Smart at School
- Financial Planning for the Modern Family: (a series of four YouTube videos): [Couples with Young Children](#); [The Sandwich Generation](#); [Newly Single](#); [Newly Divorced](#); [New Canadians](#).

#### Awareness and Outreach

Every November as part of Financial Literacy Month, we launch an ad campaign throughout our branches to promote financial literacy and draw attention to the tools and resources available.

TD offers hundreds of free seminars each year on topics such as buying a home and making investments. For example, in 2014 we delivered 306 small-business workshops in the U.S., with 5,476 small-business owners gaining knowledge about cash-flow analysis, business planning and more.

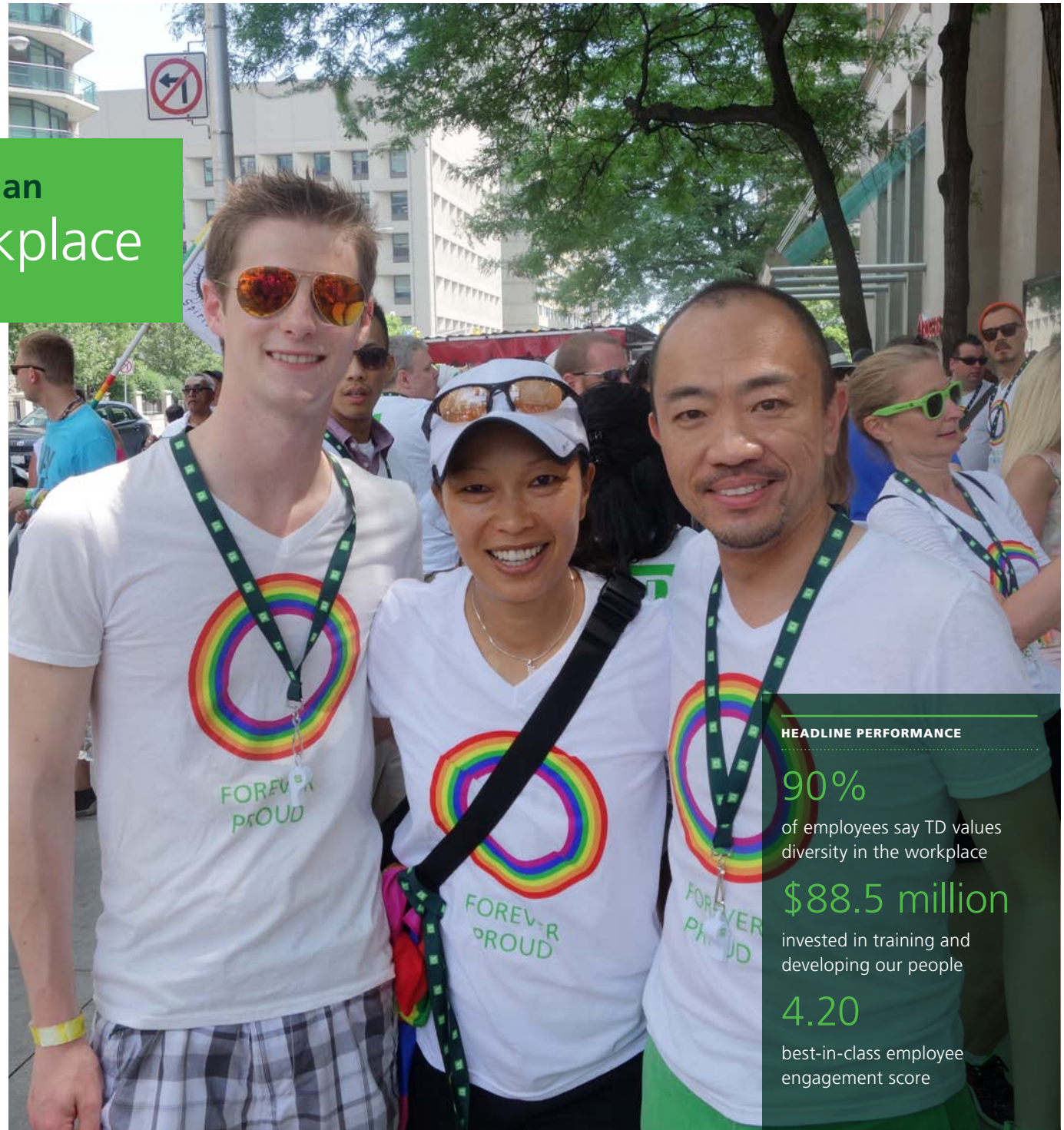
See the Community section of this report to learn more about financial education programs in the community.





# This is how we are building an Extraordinary Workplace

To be The Better Bank, we need the better employee. That's why we have a strong focus on ensuring TD is an extraordinary workplace. Our business model – to provide legendary customer service – fully relies on having an engaged, diverse and healthy workforce to deliver the customer experience we strive for.



## MATERIAL ASPECTS IN THIS CHAPTER

- Employee Engagement
- Diversity and Inclusion
- Health and Well-Being

## HEADLINE PERFORMANCE

**90%**  
of employees say TD values  
diversity in the workplace

**\$88.5 million**  
invested in training and  
developing our people

**4.20**  
best-in-class employee  
engagement score



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## WHY IT'S MATERIAL TO TD

TD's goal is to engage our people so they feel inspired and supported. It's an important part of our entire business strategy, and one of the ways we strive to differentiate TD as a "best employer". We believe that employees should feel they are doing work that matters, have opportunities beyond expectations and be motivated by inspiring leaders.

## The TD Difference: What Our Employees Say

"I am extremely proud to be employed by a global leader in diversity in the workplace."

Josh Brooks

"TD values the contributions that women make to the organization while allowing them to focus on the other things that matter."

Tracey Maciocia

"I don't worry about the fact that I'm gay or hide the existence of my partner. I'm a better employee for it."

Heather Richardson

"Leaders are the reason why TD is different."

Mushtak Najarali

## MORE THAN JUST WORK



88%

of new hires tell us they are excited about their personal and professional opportunities at TD

86%

of employees say they are proud to work for TD

87%

of employees agree that TD supports their ambitions to get involved in corporate responsibility initiatives

## GO DEEPER

TD'S LEADERSHIP PROGRAMS

APPROACH TO JOB LOSS

2014 TD BANK GROUP WORKFORCE PROFILE



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## MANAGEMENT APPROACH

To create a highly engaged workforce, we:

- Work closely with our employees to understand and respond to what matters to them – the tangibles and intangibles, monetary and non-monetary
- Give them wide-ranging opportunities to learn and develop so they can reach their full potential
- Focus on management behaviour in helping to design a positive, inclusive work environment
- Communicate openly and regularly about TD's mission, values and culture – effectively connecting the dots for our employees

## 2014 PERFORMANCE

### Global Engagement Survey

In 2014, we conducted our annual employee engagement survey, TD Pulse, across all of our locations globally, and 90% (74,283) of employees participated.

- The overall engagement score increased to 4.20 in 2014 versus 4.17 in 2013 (on a five-point scale). This is a best-in-class level of engagement as defined by the Aon Hewitt Employee Engagement Index and the Great Place to Work survey, the two industry benchmarks we use to gauge our performance.

- Employees told us that TD excels in the areas of communication and listening, inclusion, customer focus, supporting employee growth and leadership. An area where employees noted they need more support is additional tools and technology to do their jobs. In response, TD has invested significantly to improve both the access and the functionality of online resources.

Management teams across the company use the survey results, which are analyzed by business area, region and demographic groups, to drive ongoing improvements in our workplace practices.

### Employee Turnover

TD's average global turnover for 2014 improved slightly, to 18.40% from 19.17% in 2013.

- In Canada, voluntary turnover was 9.26%
- In the U.S., voluntary turnover was 20.20%

Voluntary turnover rates are higher in the U.S. banking industry, including in TD's U.S. operations. We saw improvement during 2014, and continue to address opportunities. There is an integrated U.S. plan in place to reduce voluntary turnover, with strong executive and HR sponsorship. Major efforts underway include: improving our new-hire processes to better match skills for key roles, focusing on part-time/temporary employees and their unique needs and increasing awareness for all employees of career development, coaching and mentoring opportunities.

Named one of the **50 Best Employers in Canada** for the seventh year in a row

Aon Hewitt

Named one of the **50 Best Workplaces in Canada**

Great Place to Work Institute

Named one of the **Best Workplaces in the United Kingdom**

Great Place to Work UK

Received the **Gold Canadian Award for Training Excellence**

Canadian Society of Training and Development

TD Bank was named a **Training Top 125** winner for the eighth year in a row for employee development

Training magazine





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## DEVELOPING OUR PEOPLE

In 2014, TD hired 13,568 new employees. We aim to hire from the broadest possible talent pools, which allows us to represent the changing demographics in our markets and to 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:

- We offer career coaching, mentoring, over 1,000 training courses (classroom and virtual) and a dedicated Career Month to highlight career-planning resources and required skills for various business lines.
- In 2014, 1,443 employees participated in mentoring programs and 1,118 employees participated in TD's Career Month.

Learning and Development:

- In 2014, we spent \$88.5 million globally on training and development, representing an investment of \$969 per employee. The amount per employee is slightly lower than the previous year because we continue to develop smarter ways to deliver better quality training.
- In 2014, 76,806 leadership courses were completed. Our suite of leadership-development programs (in some cases facilitated by the CEO and senior executive team) help executives and managers understand and apply TD's business strategy, leadership values, culture and talent priorities.
- Employees completed more than 1.9 million e-learning courses through TD's Learning Management System, including mandatory compliance courses.

## CASE STUDY

# Investing in the Next Generation of Talent



TD invests significantly in young people, both within our workplace and in the broader community. Here are some of the ways we do it:

- To help students gain work experience, we provide paid internships and co-op programs with colleges/universities.
- We offer unique rotational programs, which allow recent graduates to explore different career options at TD while building their network and industry knowledge.
- Both interns and young full-time hires receive mentorship from senior employees on career development.
- We recruit high-performing talent through the TD Lab as part of our work with entrepreneurs and innovative technology startups at Communitech (see [case study](#)).
- We fund a range of bursaries, scholarships and programs across Canada, including the TD Scholarships for Community Leadership, to help students cover the costs of pursuing post-secondary education, donating \$2.2 million last year alone.

**“At TD, I am not treated like ‘just an intern’ – instead, I can direct my own development, work on enterprise strategies and present to some high-profile stakeholders. I’ve increased my leadership capability.”**

Miranda Dela Cruz, Recipient of TD Scholarship for Community Leadership, 2011, and a TD intern.

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**HEADLINE PERFORMANCE**

## 2014 Innovation of the Year

awarded to TD for our environmental employee engagement program by Charities at Work

### 185,000+

trees planted in 167 communities by TD volunteers globally over the past five years

### 87%

of employees agree that TD is a leader on the environment

We continually promote our sustainability activities and goals within our workplace and encourage employee involvement.

#### TD Green Nation

TD Green Nation is at the heart of our employee environmental engagement programs. It's a web-based gamification platform that inspires employees to pledge and accomplish "green acts" in the workplace, at home or in the community. In 2014, TD Green Nation achieved great success:

- The number of users grew to 22,256 members, from 17,859 in 2013.
- Members achieved 110,107 acts of green, resulting in 134,429 carbon savings from acts pledged (tonnes CO<sub>2</sub>e).

#### TD Green Pledge

As part of a broader employee engagement strategy in the U.S., the TD Green Pledge provided seven practical commitments that map closely to TD's business objectives, community volunteering and paper and energy-reduction goals. In 2014, over 54% of U.S. employees took the pledge.



#### TD Green Teams and Leaders

TD has approximately 72 Green Teams across North America. In retail locations, a Green Leader acts as a point person for environmental initiatives and campaigns.

#### TD Tree Days

TD Tree Days provides TD employees, their families and friends, and members of the community the opportunity to demonstrate their commitment to forest stewardship. In 2014, we celebrated the fifth anniversary of the program, with some 8,000 TD volunteers, up from 7,200 in 2013, planting more than 50,000 trees across North America and the U.K. Watch the [video](#).

#### Take the Green Pledge

Hold and promote paperless meetings.	Turn off your computer monitor at the end of the day.	Unplug all chargers when not in use.	Reduce your 'fair share' of travel to cut carbon emissions.
Print double-sided and multiple slides per page when possible.	"Make it Real" by volunteering for the environment in your community.	Join the conversations about Environment at TD on Connections and TeamWOW!	

GO DEEPER

TD TREE DAYS



TD BANK: WHERE GOING GREEN IS GOING VIRAL



# Extraordinary Workplace

## Diversity and Inclusion

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### WHY IT'S MATERIAL TO TD

Achieving our mission to be a leading North American bank depends on understanding and reflecting the people, cultures and communities where we operate. At the same time, diversity of expertise and perspectives in our boardrooms, branches and stores makes us a smarter, more creative organization, leading to better decision-making and a stronger bottom line.

### MANAGEMENT APPROACH

We take an integrated approach to diversity and inclusion, with initiatives for employees, customers and communities. The Diversity Leadership Council, which comprises senior leaders across TD, sets the strategy and oversees our progress on diversity and inclusion. The Council is supported by more than 300 leaders who are active on diversity subcommittees and regional councils, a Corporate Diversity Office and diversity-management systems.

In the workplace, our efforts include diversity training programs for management and employees, mentoring tools and programs, employee networks and resource groups, and opportunities to share ideas and experiences. We also embed diversity and inclusion into our recruitment practices, and

every new hire undergoes diversity-awareness training. Our longstanding workplace policies and guidelines support our commitment, and the fundamental values of diversity and inclusion are ingrained and promoted through the bank's Strategy Framework, Guiding Principles and Leadership Profile.

Additionally, we strive to be a model of successful diversity and inclusion for our customers and communities. Learn more about our efforts:

- ▶ **Access to Banking**
- ▶ **Community Investment**

### GO DEEPER

DIVERSITY WEBSITE



CASE STUDY: DIVERSITY & INCLUSION AT TD: 10 YEARS AND COUNTING



EMPLOYMENT EQUITY REPORT



TD AND ABORIGINAL COMMUNITIES IN CANADA



LGBT REPORT – BUILDING PRIDE



Named one of **Canada's Best Diversity Employers** for the third straight year

Mediacorp

Ranked **#1 in North America on the Return on Disability Index** for supporting and engaging people with disabilities

Fifth Quadrant Analytics

TD Bank voted **Best Place to Work for LGBT Equality** for the sixth straight year

Human Rights Campaign Foundation



“You're not going to deliver legendary service to customers if you don't feel included.”

Amy Hanen, AVP, Diversity and Inclusion



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## AWARENESS AND TRAINING

- Grew participation in 11 online diversity communities by 30% in just one year.
- Raised awareness through storytelling, highlighting employees who have been reached by diversity and inclusion initiatives.
- Delivered Mental Health Awareness training to 1,700 employees.



## WOMEN IN LEADERSHIP

- Expanded our U.S. mentoring program – Emerging Leaders, we matched 300 aspiring female leaders with mentors and doubled participation from 2013.
- Issued a TD Economics Special Report – *Time Treasure Talent – Women & Philanthropy*.
- Several TD women were given leadership awards including NJBIZ Best 50 Women in Business awards, American Banker's Top 25 Women to Watch and Women in Capital Markets Rising Star award.



## PEOPLE WITH DISABILITIES

- Spent more than \$690,000 to improve the accessibility of TD facilities and services across North America.
- Over 1,700 employees benefited from ergonomic modifications and accommodations.
- Piloted a speed-mentoring program in the Greater Toronto Area for employees with a visible or invisible disability.
- Introduced the *Individuals with Disabilities Etiquette Guide* to educate all U.S. employees about different disabilities and appropriate work etiquette.



## VISIBLE MINORITIES

- Created a Visible Leadership Program exclusively for TD's Visible Minority community. Comprising workshops, role-plays and other developmental activities, the two-day program is designed to help employees achieve their full potential.
- Hosted a quarterly teleconference series for minority leaders in the U.S. called "Getting to Know You", designed to create awareness of TD Bank leaders and provide employees with access to role models.



## ABORIGINAL PEOPLES IN CANADA

- Participated in the Progressive Aboriginal Relations Certification program offered by the Canadian Council for Aboriginal Business, and earned gold-level certification for having best practices in Aboriginal relations.
- Approximately 1,000 employees – more than ever before – participated in National Aboriginal Day events across the country.



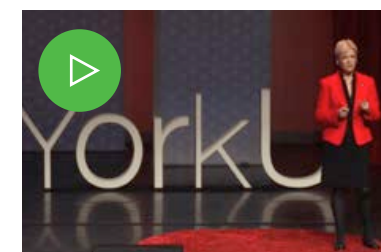
## LGBTQA

- Grew our LGBTQA Pride Network to 1,920 members – making it one of TD's largest and most engaged employee networks.
- Introduced the SAFE Pin, a visible sign to identify allies of the LGBTQA community and show they are a "safe" person to talk to about LGBTQA matters – over 5,000 pins have been produced by this employee-led initiative.



## VETERANS IN THE U.S.

- Introduced a new area of focus in the U.S. in response to increased employee interest and new regulations related to veteran recruitment.
- Created an employee resource group to focus on opportunities for veterans and help with transitioning from active duty to the workplace.



Watch TD's CFO Colleen Johnston talk about women as leaders.

# Extraordinary Workplace

# Health and Well-Being

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## WHY IT'S MATERIAL TO TD

Every day our people bring TD's brand of being The Better Bank to life. That's why we need – and want – employees who are healthy, happy and well-balanced.

## MANAGEMENT APPROACH

Taking a holistic approach, we provide comprehensive wellness and Health and Safety (H&S) programs that help employees thrive in the workplace and at home. We support and promote healthy, active and balanced living by providing opportunities for employees to assess, manage and improve their entire physical, mental, emotional and financial well-being. For example, we offer a robust health-benefits program, a variety of flexible work options, and an employee-assistance program that provides third-party counselling to help deal with a wide range of life events.

TD's overall H&S focus is on mitigating safety risks relevant to our business, which primarily include slips, trips and falls, ergonomic conditions (e.g., repetitive strains), and injuries related to lifting.

We continue to identify ways to reduce risk that lead to injury. In 2014, TD reviewed its current occupational H&S programs in Canada and will be working to enhance their processes and communications in 2015.

## 2014 PERFORMANCE

We view workplace flexibility not just as an employee benefit, but as good business strategy. To be truly engaged and productive in their work, our employees need to be able to balance their business obligations with family and other demands on their time.

TD's Flexibility Committee includes senior representation from all business units that seeks opportunities to further embed flexibility in our workplace. In 2014, we continued to offer our comprehensive Flexible Work Options Program which includes:

- Job sharing
- Shortened work weeks
- Reduced summer schedules
- Gradual back-to-work transitions
- Telecommuting

We introduced a Short-Term Assignment Policy that allows employees to apply for short-term assignments without losing their status in their current role. TD strives to provide a workplace where informal flexibility enables employees to balance their responsibilities at work, home and in the community.

## GO DEEPER

## SUMMARY OF BENEFIT PROGRAMS

## CASE STUDIES

## True Work-Life Integration

With a son in Grade 3 and a daughter in Grade 1, Jenny Diplock, Senior Manager, says TD's Flexible Work Options helps her get the most out of her time with family and work.

"I live and work in different cities, so I schedule all of my face-to-face meetings for days when I am in the office. On days when I work from home, I structure my day to allow me to walk my kids to school in the morning and use conference calls and online meetings during the day," she says. "On days that I spend any time at the school, I usually work in the evenings when I'm feeling most creative. It's true work-life integration!"

## TD Employee Shares his Mental Health Journey

"Mental health challenges still carry a stigma in society, but TD's culture stands up and strikes down bias and stigma, which allows employees like me to bring their authentic selves to work.

"I've been talking openly about my own mental health issues for about three years now. I can honestly say that I have never felt that it has negatively affected my relationships with my TD colleagues. If anything, it's strengthened them. The vast majority of people want to show support when they know that someone faces unique challenges, and that couldn't be more true than in the TD family.

"Through this experience, I have developed a deeper appreciation for how my uniqueness helps create different ways of thinking. I'd say it's made me a stronger leader."

**Adrian Lawford**, Associate Vice President





# This is how we demonstrate Environmental Leadership

Our goal is to be an environmental leader. We do this by embedding an environmental perspective into our core business strategy.

While our goal has not changed, the standards for corporate leadership are evolving rapidly as consumers and investors increasingly expect strong environmental performance to be part and parcel of strong business performance.

## MATERIAL ASPECTS IN THIS CHAPTER

- Adapting to a Changing Climate
- Eco-Efficiency
- Responsible Finance and Investing



### HEADLINE PERFORMANCE

## Climate leader:

Named to The A List:  
The CDP Climate Performance  
Leadership Index

## All of TD locations

are managed under Energy  
Star® Portfolio Manager®

## 100%

of TD Green Bond proceeds  
allocated to low-carbon  
financing



# Environmental Leadership

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## Introducing Natural Capital



▶ What is natural capital and why is it important?



Follow TD's Chief Environment Officer @KClarkeWhistler



▶ Meeting our environmental challenges

TD Bank ranked 18 in the EPA's Green Power Partnership National Top 100

Environmental Protection Agency



TD Chief Environment Officer named one of Canada's 2014 Clean16 for "outstanding contribution to clean capitalism"



To understand TD's environmental performance, it helps to know what we mean by the term "natural capital" and how this concept has become a focus of our environmental strategy.

As a financial institution we are committed to measuring our impacts. In 2013 we initiated a program, in collaboration with TD Economics, aimed at gaining a better understanding of the links between the environment and the economy. In 2014, we built on this program by developing a framework for the valuation of natural capital. This framework has been applied in a number of instances in this report.

**"Natural capital is the stock of natural resources (finite or renewable) and ecosystems that provide direct or indirect benefits to the economy, our society and the world around us."** TD Economics

Natural capital recognizes that environmental and social benefits have a financial value that can be calculated. The concept of natural capital can be widely applied – for example to a tree, a city or an entire ecosystem.

### Why is natural capital so important?

Natural capital valuation helps to inform better planning and decision-making by extending a business-case assessment to include the value of environmental benefits.

#### GO DEEPER

TD'S 2014 NATURAL CAPITAL VALUATIONS +

VALUING THE WORLD AROUND US: AN INTRODUCTION TO NATURAL CAPITAL +

THE VALUE OF URBAN FORESTS IN CITIES ACROSS CANADA +

URBAN FORESTS: THE VALUE OF TREES IN THE CITY OF TORONTO +





# Environmental Leadership

## Adapting to a Changing Climate

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### WHY IT'S MATERIAL TO TD

Climate change is a global issue that has implications for our business, customers and employees. We are working to understand and anticipate how changes in climate and the need for adaptation will impact not just our own business, but our customers and those companies we lend to, invest in and purchase from.

### MANAGEMENT APPROACH

Climate change is a material issue that cuts across all aspects of our business and is a driver of much of our work in the areas of eco-efficiency and responsible financing and investing. As a result, rather than addressing it as a separate topic, we have woven our discussion of climate change into the sections on eco-efficiency and responsible finance and investing, specifically considering the following:

- Contributing to a low-carbon economy
- Adaptation to climate change

### CASE STUDY

## Working with stakeholders to find industry solutions



“The **Rebuild Stronger Homes** program is a loss-prevention strategy that is absolutely essential in helping the industry and our customers protect themselves by addressing the alarming international trend of increasing disaster damage. We are the first insurer to agree to test the new program. Ultimately, the pilot will be a win for customers, for builders and for insurers.”

Maude Choquette, Vice President, Insurance, who represents TD Insurance on the Institute for Catastrophic Loss Reduction Advisory Committee.

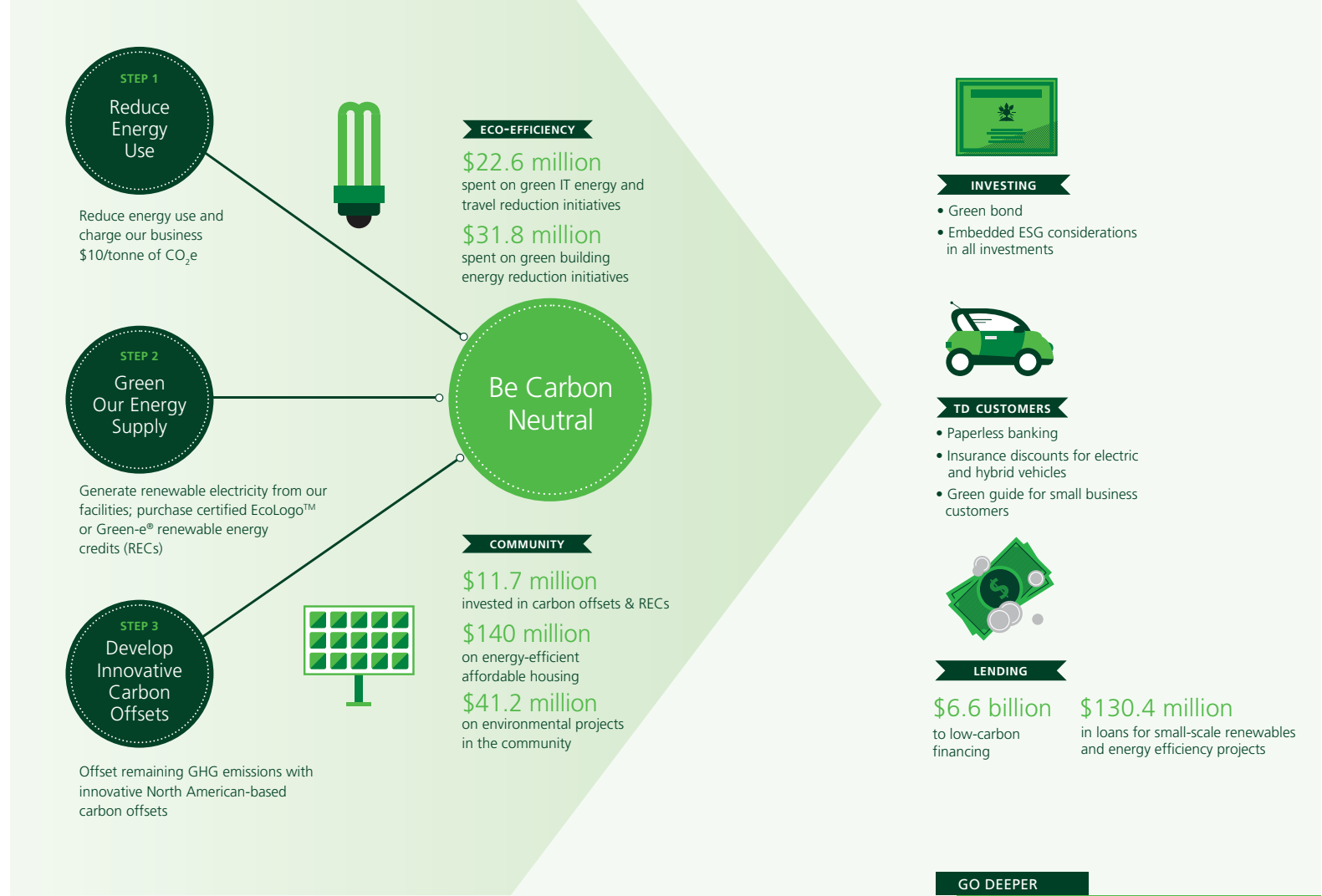
On June 17, 2014, a Level-2 tornado with winds gusting up to 180 kilometres an hour hit the small town of Angus, Ontario, north of Toronto, causing significant damage. The TD Insurance Mobile Response Unit arrived on the scene to help residents recover after the storm.

With the frequency and intensity of severe weather events increasing, we see first-hand the need to make our buildings and communities more resilient. TD is an active member of the Advisory Committee of the Institute for Catastrophic Loss Reduction (ICLR) and last year we piloted an innovative program called Rebuild Stronger Homes. The program specifies construction, design and landscaping guidelines to increase a new home's resilience to natural disasters and ultimately provide greater protection to our customers.



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## How we have invested over \$7 billion in the low-carbon economy (2006–2014)



▶ What we learned about energy by becoming carbon-neutral, we applied to our business to benefit customers and clients.

**GO DEEPER**

- [TD'S ENVIRONMENT POLICY](#) +
- [TD'S APPROACH TO MANAGING ENVIRONMENTAL RISK](#) +



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### WHY IT'S MATERIAL TO TD

Eco-efficiency means doing more with less – finding ways to grow our business while reducing our environmental impact. The business case for eco-efficiency is clear. It results in improved business-process efficiency, cost savings, and increased customer and employee satisfaction.

### MANAGEMENT APPROACH

We focus on those aspects of our business operations where we have the biggest opportunity to reduce our environmental footprint:

- Maintaining our carbon-neutral commitment by reducing our energy use, greening our energy supply and offsetting the remaining carbon that we emit
- Reducing our office paper use as well as paper used for our customer statements and commercial printing
- Reducing our water use and waste generation

TD has developed multi-year metrics and targets to track and improve upon our performance. Eco-efficiency programs and reporting are managed through a collaborative approach with key internal business stakeholders: Enterprise, Real Estate, Strategic Sourcing and Information Technology. We collect and review data on a quarterly basis as part of our Environmental Management System.

### Achieving Carbon Neutrality

#### Step 1: Energy Reduction

Our electricity use represents a total of 59% of emissions. In 2014, we managed 25 million square feet of North American real estate including more than 2,500 retail stores and branches and 190 corporate offices.

Improving the eco-efficiency of our buildings is key to reducing both our carbon footprint and our operating expenses. In 2014, energy-reduction initiatives translated into 55 million KW of energy saved.

In 2014, we added 23 LEED-certified buildings to our portfolio, bringing the total to 140, comprising nearly 1.1 million square feet.

Energy-reduction initiatives: A list of initiatives and the energy saved is available on [our website](#).

#### Steps 2 and 3: Renewable Energy Credits (RECs) and Carbon Offsets

TD purchases high-quality RECs within North America from renewable-energy projects that have achieved EcoLogo™ or Green-e® Energy certification.

- RECs used to offset 52% of our electricity use, which represents 70% of our emissions from electricity
- More than \$7.6 million spent on North American carbon-offset projects since 2010
- Over 63% of TD's carbon offsets were generated through impact investing projects in 2014



TD's sustainable energy-efficient concept branch.

### First Canadian financial institution to fully adopt Energy Star® Portfolio Manager®

In 2014, we made the key decision to adopt Energy Star® Portfolio Manager® to manage our entire North American real-estate portfolio. Developed and supported by the U.S. Environmental Protection Agency and Natural Resources Canada, the online tool allows TD to track energy use, greenhouse-gas emissions and water use on a facility-by-facility basis, enabling us to benchmark the performance of our facilities against hundreds of similar buildings. We became the first Canadian company to use the online tool across our entire building portfolio. Our goal is to set individual performance targets for each of our facilities by the end of 2015.

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

#### DID YOU KNOW

The reduction in atmospheric emissions achieved through TD's 2014 purchases of REC's and offsets has a natural capital value of over \$118 million for the year.

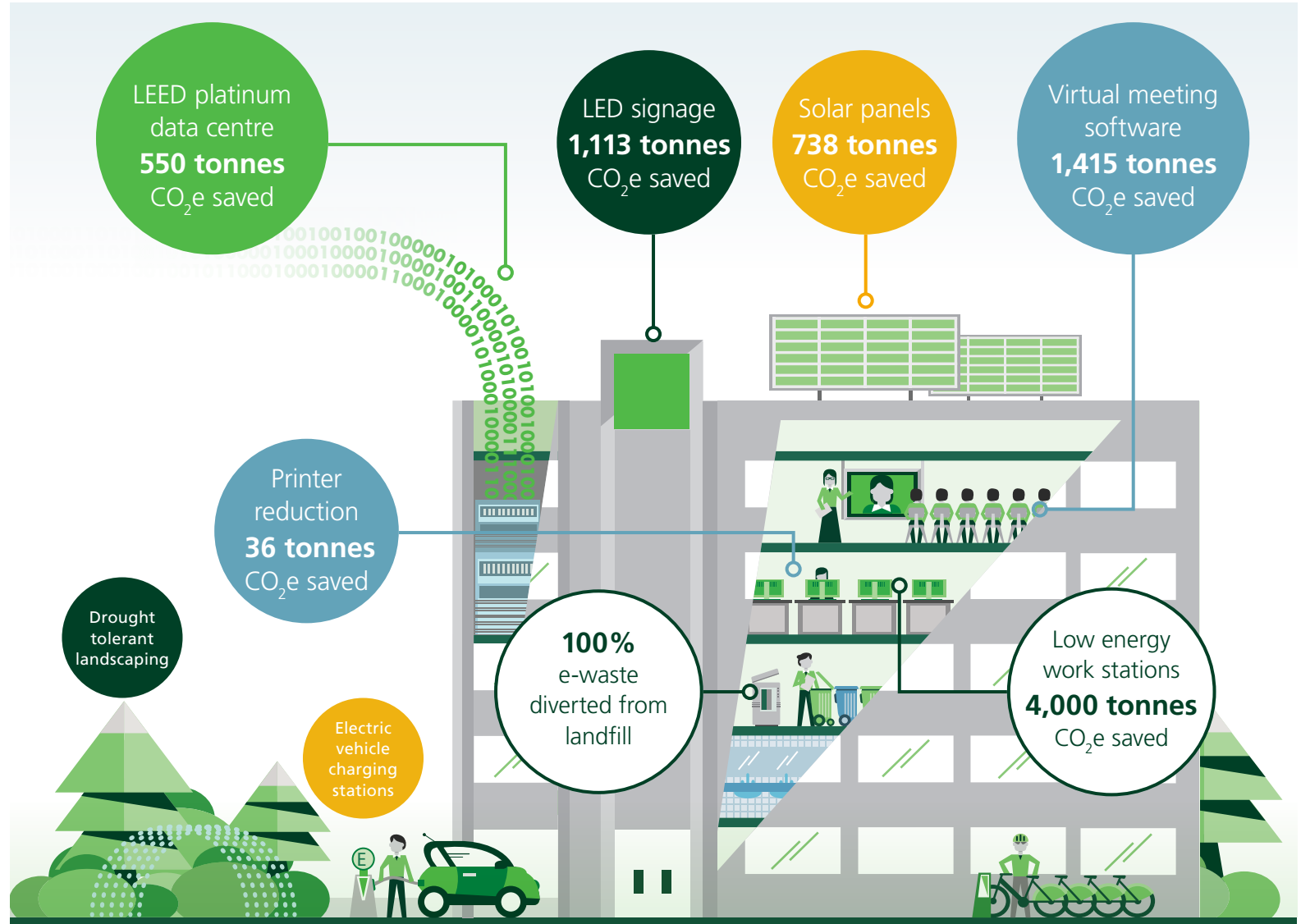




# Environmental Leadership

## Eco-Efficiency How Eco-Efficiency Helps TD be Carbon Neutral

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▶ Despite 24% growth in our occupied space, TD's total GHG emissions from energy decreased by 11% since 2008. 53% reduction in GHG emissions/\$revenue since 2008<sup>1</sup>.

This image includes examples of eco-efficient features that can be found at TD.

<sup>1</sup> Emissions from energy include our emissions from electricity as well as heating and cooling for our owned and leased facilities.



# Environmental Leadership

## Eco-Efficiency

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### OUR APPROACH TO MANAGING PAPER

TD has made a significant commitment to responsible paper use by:

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

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

Managing paper is about much more than procurement. In order to make real change, we considered the total cost of paper management by business process.

Through this approach we discovered that procurement costs account for only about 10% of the cost of paper management. Indirect costs associated with paper management – such as those involving handling, distribution and storage – account for the majority of costs.

In order to further reduce the environmental footprint of our paper use, we have committed to protect an area of critical forest habitat representative of the volume of paper that we use. In 2014 through the TD Forests program, the bank worked with the Nature Conservancy of Canada and The Nature Conservancy (U.S.) to help protect nearly 3,000 hectares (nearly 7,500 acres) of forest habitat in nine provinces and four states within TD's North American operating footprint. Since it was established in 2012, TD Forests has helped protect nearly 13,000 hectares (nearly 33,000 acres) of critical forest habitat. For more information see the [TD Forests map](#).

#### GO DEEPER

2014 CARBON NEUTRAL SCHEDULE +

TARGET SCORECARD +

RECS AND OFFSET MAP +

APPENDIX: PERFORMANCE DATA +

DETAILS ON ENERGY EFFICIENCY INITIATIVES +

2014 PAPER REDUCTION SCHEDULE +

#### TD'S 100% E-WASTE DIVERSION PROGRAM

**\$1.2 million** saved in 2014 by diverting e-waste from landfills.

**90%** of e-waste refurbished and donated to charity in 2014.

#### CASE STUDY

## Using an Environmental Perspective to Drive Business



We developed a paper-management tool that allows project managers to analyze the full cost of paper-based business processes. Read the [case study](#) to learn more.



Watch TD Forests Video



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**WHY IT'S MATERIAL TO TD** +

We recognize that the activities of companies we finance and invest in can have environmental impacts. Understanding and managing the environmental and social (E&S) risks associated with the companies with whom we work is essential to being a responsible bank and to our commitment to environmental leadership.

**HEADLINE PERFORMANCE**

**100%**  
of transactions were reviewed against TD's E&S Credit Risk Management Process

**150**  
shareholder proposals supported by TDAM on E&S issues in 2014

**Top Holding**  
among 100 SRI investors, TD is the Top Holding out of Canada's Big Five Banks

**MANAGEMENT APPROACH**

Our goal is to make informed and transparent decisions by proactively identifying opportunities and mitigating E&S risks. In order to do this we've integrated E&S factors into our non-retail finance and investment decision-making processes and procedures.

**RESPONSIBLE LENDING**

We manage E&S risk based on a lifecycle approach that begins well before our formal engagement with a client and continues throughout our relationship. TD's Environmental and Social Risk Policy for Non-Retail Credit Business Lines applies to all general corporate-purpose, project and fixed-asset financing. Our risk-review procedures are based on a progressive five-step process that includes a review of the borrower's policy, process and performance:

1. A high-level screen to assess for financing policy exclusion
2. An environmental and social risk assessment
3. An Equator Principle evaluation and categorization
4. Sector-specific due diligence for environmentally high-risk sectors
5. Escalation to senior executive review, if required

TD undertakes a review of our E&S Risk Policy every three years. Our policy will be updated in 2015 and will incorporate the Equator Principles III requirements.

**PROHIBITED TRANSACTIONS**

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:
  - o Those ratified under international conventions and agreements
  - o Production or trade of wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
  - o 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
  - o Lending deals that are directly related to the mining of "conflict" minerals.

**GO DEEPER**

- TD'S ENVIRONMENTAL AND SOCIAL CREDIT RISK PROCESS** +
- TD AND THE EQUATOR PRINCIPLES** +
- POSITION STATEMENT ON RESPONSIBLE ENERGY DEVELOPMENT** +

# Environmental Leadership

# Responsible Finance and Investing

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## 2014 PERFORMANCE

- 100% of our non-retail lending transactions were reviewed under our ESR (environmental and social credit risk) review processes.
- 230 corporate lending transactions were identified as having high or medium environmental or social risk and were subject to sector-specific due diligence.
- Transactions that are not expected to meet TD's stringent risk requirements are not advanced for consideration. For this reason, over the last four years, we have not declined a deal that was advanced to the ESR review process.

## Carbon-Related Risk

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

## 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.

There were no significant changes in our risk profile between 2013 and 2014.

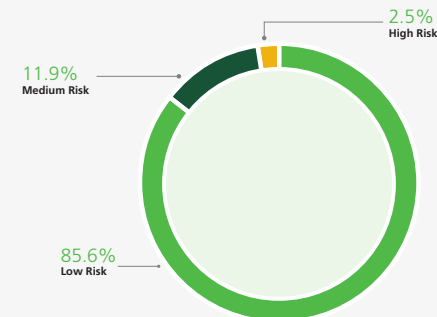
## Environmental Sensitivity by Sector

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



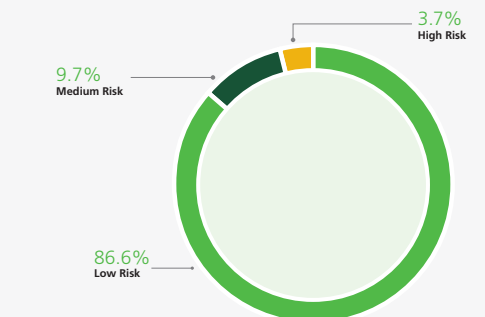
## Portfolio Exposure to Carbon Risk Canada and U.S.

(as of October 31, 2014)



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

(as of October 31, 2014)





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## RESPONSIBLE INVESTING

TD Asset Management (TDAM) manages more than \$250 billion in assets on behalf of retail and institutional investors. TDAM was the first asset manager of a major Canadian financial institution to be a signatory to the UN Principles for Responsible Investing (UN PRI). TDAM believes that environmental, social and governance (ESG) analysis provides an additional lens to more robust risk analysis.

Our management approach focuses on direct engagement with companies and participation in industry best-practice initiatives. We maintain a proprietary ESG investment scoring matrix, the results of which are incorporated into our investment research reports.

In 2014, TDAM participated in the first round of reporting under the UN PRI's new assessment framework, which provides a consistent roadmap for implementation of responsible investing. Based on this assessment, TDAM will focus on improvement in the following two areas:

1. Establishing a process to identify and prioritize company engagements, both directly and via collaborative engagements
2. Systematically reviewing ESG issues while researching companies and sectors

### GO DEEPER

- 2013 TRANSPARENCY REPORT +
- SUSTAINABLE INVESTING APPROACH +
- DISCLOSURE ON PROXY PRACTICES +
- UPDATE FROM THE RISK COMMITTEE – PROXY CIRCULAR P.20 +



## 2014 PERFORMANCE

In 2014 TDAM supported proposals on a wide range of subjects including:

- Nomination of directors with environmental expertise
- Environmental risk-reduction effort
- Spill mitigation efforts
- Deforestation
- Mitigating hydraulic fracturing
- Lowering greenhouse gas emissions
- Reducing effects of climate change
- Energy efficiency
- Recycling
- Sustainability reporting

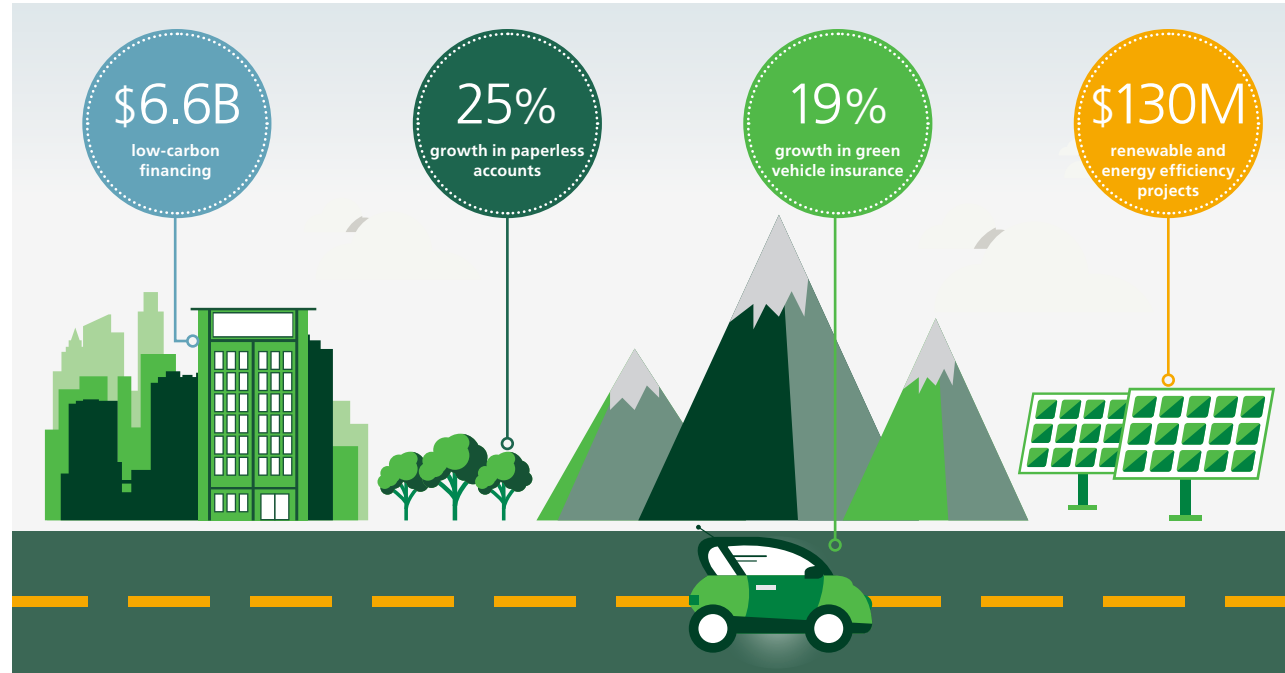
## Company engagements

TDAM engaged with companies across a broad range of industries in order to discuss management and best practices related to environmentally sensitive issues such as:

- Fuel efficiency, health and safety procedures for railroads
- 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 during oil and gas extraction
- Pipeline safety and integrity issues
- Encouraging companies to participate in the Carbon Disclosure Project survey



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### Low-Carbon Financing

Since 2006, TD has provided \$6.6 billion in financing to companies with low-carbon operations.

### Paperless Banking

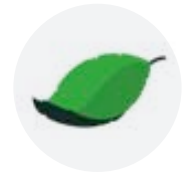
In the past year, the number of paperless accounts has risen from 4.8 to 6 million. In 2014 we continued to develop our online and mobile product options to meet growing market demand. We stopped printing over 86 million paper statements, saving almost 1,000 tonnes of paper.

### 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 19% growth in 2014 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 6,000 tonnes CO<sub>2</sub>e through the use of hybrid and electric vehicles.

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

In 2010, TD launched an innovative financing program for the development of small-scale renewables projects focused on ground-mounted and rooftop solar energy installations. TD's lending program for small scale renewable projects has generated over 9 million kWh in electricity since 2010. Since 2010 TD has lent over \$130 million for these projects.



In 2014, TD introduced a [green leaf](#) symbol to identify products, services and business-related initiatives that support our environmental goals.

### Advice to Our Small Business Customers

We see a great opportunity to share what we have learned about the environment with our customers. We supported the Network for Business Sustainability in its development of an online guide, [How to Make Money by Going Green](#). Using the recommended actions, a business can cut costs, enhance its reputation and sales and motivate employees – all while helping the environment.

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## TD GREEN BOND

TD became the first commercial financial institution in Canada to issue a green bond, attracting 12 new institutional investors. The proceeds of the three-year \$500-million TD Green Bond were directed solely to projects that contribute to the low-carbon economy through:

- Renewable and low-carbon energy and related infrastructure
- Energy efficiency and management with a focus on green buildings
- Green infrastructure and sustainable land use

TD Green Bond standards are aligned with the Green Bond Principles group, of which TD is a member. We worked with the Canadian Standards Association to develop the project criteria, and the allocations are independently audited by Ernst and Young, LLP.

### DID YOU KNOW

The reduction in atmospheric emissions achieved through projects funded by the TD Green Bond has a natural capital value of \$356,200 per year.

**GO DEEPER**

- TD GREEN BOND FAQs** +
- GREEN BOND – ERNST & YOUNG ASSURANCE REPORT** +
- UN PRINCIPLES FOR SUSTAINABLE INSURANCE** +
- CASE STUDY – WORKING WITH STAKEHOLDERS TO FIND INDUSTRY SOLUTIONS** +
- APPENDIX: PERFORMANCE DATA** +

## TD INSURANCE

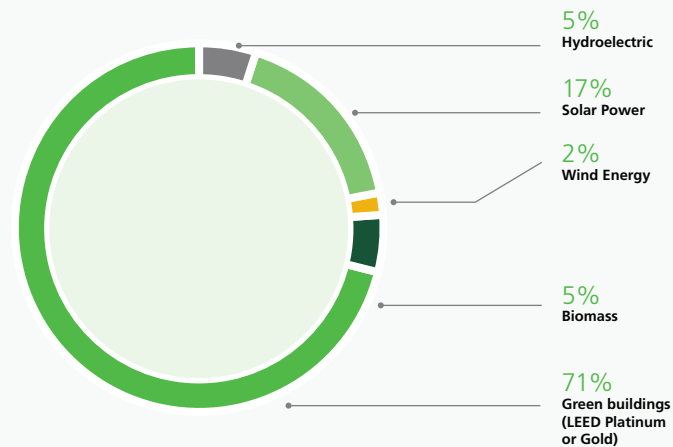
In 2014 TD Insurance continued to actively work on understanding the potential impact of a changing climate on our insurance business and identifying opportunities for enhancing risk management, underwriting practices and customer protection.

TD Insurance is committed to being a catalyst for industry action on a range of sustainability issues such as natural-catastrophe risks and climate change. TD Insurance has demonstrated progress through:

- Participation in the [Insurance Bureau of Canada's Adaptation to Climate Change Committee](#) and the [Institute for Catastrophic Loss Reduction \(ICLR\)](#)

- Membership and sponsorship of the Board of the Alberta Severe Weather Management Society and sponsor of the Atmospheric and Environmental Research (AER) Emerging Risk research program
- Second Canadian-based signatory to the United Nations Environment Program Finance Initiative's Principles for Sustainable Insurance (UNEP FI-PSI). UNEP FI-PSI serves as the global framework for insurance companies to better manage environmental, social and governance risks (as well as opportunities) in their core business strategies and operations.

### TD GREEN BOND<sup>1,2,3</sup>



## Green Bond Allocation

By the end of Q4, 100% of the TD Green Bond proceeds (\$500 million) had been allocated to low carbon financing. ✓

<sup>1</sup> Includes financing or refinancing of existing and/or future projects including the committed amount of loans financed or refinanced.  
<sup>2</sup> TD received cash proceeds of \$498.8 million net of agency fees.  
<sup>3</sup> For more information on the basis of allocating the use of proceeds, see the [TD Green Bond Term Sheet](#) for Investors.

# This is how we are Strengthening Our Communities

From corporate giving, volunteering and fundraising to responsible procurement, we work to enrich our communities by contributing to their social and economic development in long-lasting, sustainable ways.

## MATERIAL ASPECTS IN THIS CHAPTER

- Community Investment
- Financial Education
- Affordable Housing
- Sourcing
- Tax Policy



### HEADLINE PERFORMANCE

**\$82 million**

donated to strengthen communities across North America and the U.K., up from \$74.7 million in 2013

**20,803  
volunteers**

registered in the TD Volunteer Network

**108 suppliers**

assessed against TD responsible procurement requirements





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**WHY IT'S MATERIAL TO TD** +

We want to see communities thrive. Our reputation and success as a company depends on the well-being of communities that support our business, as well as the relationships we have in those communities. Employees, customers and other stakeholders also look to TD to play an active role in helping address important community issues.

## TD's Community Priorities

We use strategic philanthropy to target our contributions in four areas:



1 Educational and Financial Literacy

2 The Environment

3 Creating Opportunities for Young People

4 Affordable Housing in the U.S.

## MANAGEMENT APPROACH

Our community strategy rests on investing significant financial and human resources in the following ways:

- **Corporate giving:** TD donates millions of dollars each year in funding and in-kind resources to support non-profits in carrying out their missions.
- **Employee engagement:** We encourage and facilitate employee community involvement, through programs such as the TD Volunteer Network and TD Volunteer Grants.
- **Collaboration:** A number of our partnerships are multi-year commitments where TD contributes marketing support, business expertise and other resources, in addition to funding.
- **Thought leadership:** TD supports and participates in multi-stakeholder initiatives that aim to generate discussion, ideas and best practices for addressing key community issues.

## COMMUNITY PRIORITIES

Our four priorities were chosen based on customer and employee feedback, as well as insight on where we can make the most difference. In each area, we also look for opportunities to support diversity and inclusion.

Driven by material topics, this report provides updates on our progress in financial education and affordable housing. For more information about our overall community investment program, please refer to our [2014 Community Investment Snapshot](#).

- GO DEEPER
- TD 2014 COMMUNITY INVESTMENT SNAPSHOT +
- LONDON BENCHMARKING GROUP REPORT +



# Strengthening Communities

# Community Investment

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## Strengthening Communities

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## 2014 PERFORMANCE

- TD donated \$82 million to support more than 5,000 community organizations throughout North America and the U.K.
- In the U.S., the TD Charitable Foundation donated over \$18.3 million throughout its footprint from Maine to Florida.
- TD employees volunteered over 96,000 hours in their communities, as logged on the TD Volunteer Network website, up from 65,000 hours in 2013.
- We made 653 Volunteer Grants worth \$401,760 to charities in which TD employees volunteered 40 or more hours of their time.
- Employees also organized fundraising campaigns, the largest of which was TD's annual employee-giving campaign administered by the United Way, raising over \$16 million for registered charities in Canada and the U.S.

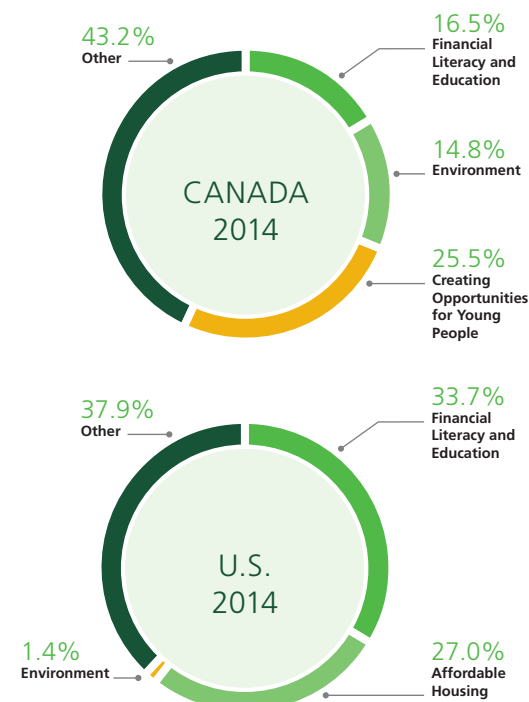
**TD Friends of the Environment Foundation** (TD FEF) is a national charity that supports environmental initiatives across Canada. In addition to contributing over \$1 million annually, TD covers the management costs of running the Foundation. In 2014, TD FEF distributed \$4.9 million to 1,065 grassroots projects across the country, including urban-greening initiatives, environmental-education programs for kids and more.

Targets			
2014 Targets	Rating	2014 Results	2015 Targets
Maintain our charitable giving at or above the 1% target set by Imagine Canada and the Giving USA Foundation	Met	Canada: 1.3% U.S.: 1.03%	Same as 2014
55% of giving is applied to TD's giving priorities	Met	Canada: 56.8% (\$32.2MM) U.S.: 62.1%	Same as 2014
15% of giving is applied to diversity and inclusion (Canada only)	Met	20.8%	15%
20,000 employees across North America registered in the TD Volunteer Network by end of calendar year	Met	20,803	Increase year-over-year

2014 Corporate Giving <sup>1</sup> (Canadian dollars)	
Canada	\$56.7 Million
U.S. <sup>2</sup>	\$25.22 Million
U.K.	\$106,577
Asia Pacific	\$11,750
<b>TOTAL</b>	<b>\$82 Million</b>

<sup>1</sup> All amounts converted into CDN dollars using Bank of Canada exchange rates. Beyond the countries listed in the chart, TD does not make donations in other countries where we operate due to TD having a very small market presence in those regions. The total giving amounts reported do not include in-kind donations, program management costs (i.e., salaries of the community relations team), marketing sponsorships, employee donations or the value of hours volunteered by employees. For the total value of our contributions, please refer to the summary provided by London Benchmarking Group Canada, which performs an annual independent audit of our community investment – download [here](#).  
<sup>2</sup> Includes \$18.3 million from the TD Charitable Foundation.

## Breakdown of Our Giving by Focus Area



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**After the Storm – Springfield**  
Watch Annie's story about the impact of a tornado on her home and community.

## SOCIAL FINANCE AND COMMUNITY DEVELOPMENT

Our community investments go beyond philanthropy. From the TD Green Bond for investors and green product options for customers to financing social ventures, TD is involved in a range of initiatives that provide a financial return to the bank while creating positive social, economic and environmental impacts in communities where we operate.

### Catapulting Social Ventures to Success

TD is playing a pivotal role in catalyzing the Canadian social finance marketplace, as a partner in the Ontario Catapult Microloan Fund for Social Ventures. Administered by the Centre for Social Innovation in partnership with TD, the Province of Ontario, Alterna Savings, Microsoft Canada, KPMG and Social Capital Partners, the Fund provides low-interest loans of \$5,000 to \$25,000 – along with training and mentorship – to help social ventures succeed. Fund partners also offer one-on-one meetings with unsuccessful applicants on how to improve their submissions.

Eight social ventures have received nine loans since the Catapult Fund was launched in May 2013. Fresh City Farms is one of them. Offering farm-to-table groceries, the Toronto-based company combines sustainable farming with a convenient online shopping platform, allowing consumers to buy fresh, local and organic food that is delivered to their door.

### Supporting Underserved Communities in the U.S.

As one of the largest banks in North America, we have a particular responsibility to demonstrate leadership and commitment to serving the needs of low- and moderate-income individuals, families and businesses – in areas such as credit, lending, financial outreach and real-estate development. In 2014, TD Bank in the U.S. provided more than US\$1 billion, up from US\$422 million in 2013, for community development loans and investments in underserved locations.

Here are some examples:

- Through the New Markets Tax Credit program, we provided more than US\$2.3 million to support the revitalization of low-income and distressed communities by improving access to capital for job creation and economic opportunities.
- State tax credits and other investments supporting local initiatives for low- to moderate-income individuals and families exceeded US\$1.6 million.
- TD originated 172 community development loans for low- to moderate-income groups, totaling more than US\$662.8 million, under the following categories:
  - Affordable housing (74%)
  - Community services (13%)
  - Revitalization (11%)
  - Economic development of small businesses (2%)

For more examples, please see the [Affordable Housing section](#) of this report.



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**WHY IT'S MATERIAL TO TD** +

Financial literacy is an important life skill that's more relevant than ever to the prosperity and well-being of our customers and society as a whole. The issue is directly related to our business as a financial institution. We therefore have the unique ability through our expertise, skills and relationships with millions of consumers to support financial education and help build a financially literate society.

**HEADLINE PERFORMANCE**

**\$12+ million**  
invested by TD since 2010 in community financial literacy initiatives across North America.

**MANAGEMENT APPROACH**

Our goal is to help people develop the knowledge, skills and confidence to make better financial decisions and improve their lives. To achieve that, we take a two-fold approach:

- **Customers** – TD helps customers take control of their finances in many ways. Learn more in the [Responsible Banking](#) section of this report.
- **Communities** – Our community financial literacy strategy is to collaborate with non-profits to raise financial literacy levels in our society, with a focus on underserved or disadvantaged communities (low-income, youth, Aboriginal peoples and newcomers to Canada).

This past year we formed the TD North American Financial Education Council to better align financial literacy activities across TD, and further embed financial education in the bank's overall approach to product development, community activities and engagement with employees and the public.

**2014 PERFORMANCE**

In 2014, TD invested over \$3.1 million to support community financial literacy programs across North America and the U.K. In addition, more than 1,800 TD volunteers around the world taught money skills in classrooms and community centres.

- Launched in 2011, Money Matters is a free financial literacy program for adult learners, developed by ABC Life Literacy Canada and TD, with TD employees as volunteer tutors. In 2014, we committed an additional \$450,000 to support the program, which is generating great results: since inception, 89% of Money Matters participants have felt more able to manage their money to meet their needs. More than 300 TD employees have volunteered over 2,500 hours teaching close to 3,000 Canadian adults.
- For more than 17 years, TD has been instrumental in supporting the ongoing development and delivery of Junior Achievement (JA) Canada's programs. In October 2014, we extended our support by donating \$1 million to JA's programs, including *Dollars with Sense*. As part of this donation, more than 1,200 TD employees will volunteer their time to deliver 800 programs reaching more than 23,000 youth over three years.
- We renewed our partnership with the National Foundation for Credit Counseling (NFCC), sponsoring 110 adult financial education seminars for approximately 2,000 people in Florida, New York City, Philadelphia, North Carolina and South Carolina. NFCC member agencies, with assistant instructors from TD Bank, taught the free seminars, which focused on budgeting, understanding credit reports and scores, and preparing for home ownership.

Targets			
2014 Targets	Rating	2014 Results	2015 Targets
Help 150,000 participants improve financial literacy through a TD-sponsored program.	Met	Over 294,000 people reached across North America and U.K.	<b>200,000 participants</b>

# Strengthening Communities

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# Financial Education

- WOW!Zone is the bank's own financial education curriculum, pioneered in 1990 to teach American students in Grades K–12 about building good financial habits early in life. Through a partnership with the WISE Institute, TD Bank "adopted" a freshman class at the High School for Economics and Finance in New York City, to provide our WOW!Zone Financial Education Program. Trained TD Bank volunteers visited the school every week for seven weeks to teach topics including "Credit 101" and "Reduce, Reuse, Save Money".
- For the fourth year in a row, TD Bank teamed up with First Book to support its *Banking on Books* program. Our US\$125,000 contribution is helping to put more than 22,000 financially themed books in the hands of children in need, while TD Bank volunteers read to K-2 students at Title 1 schools in Boston, New York City, Philadelphia, North Carolina, South Carolina and Florida.
- In the U.K., TD continued to support the Number Partners program, dedicated to improving numeracy and financial literacy among primary-school children, with TD employees volunteering to involve students in number games and confidence-building activities.



Watch Ken's story. "Money Matters Changed My Life"

## CASE STUDY

# Increasing financial inclusion across Canada

Since its inception five years ago, the TD Financial Literacy Grant Fund – co-founded with the Prosper Canada Centre for Financial Literacy – has awarded approximately \$10.4 million to 140 community organizations across Canada that deliver financial literacy programming to people living in low-income and economically disadvantaged circumstances. This includes \$1.1 million awarded in 2014 to support financial education initiatives for homeless youth, Aboriginal peoples, newcomers to Canada, deaf people, women and seniors.

In 2014, TD pledged a further \$3 million to support Prosper Canada in its goal to build the financial capability of 1 million vulnerable Canadians by 2020. The gift will help Prosper Canada embed financial education into other services for vulnerable groups, support the national piloting and roll out of free financial coaching services, and increase financial literacy research and knowledge exchange. A number of activities will also mobilize TD volunteers seeking opportunities to give back in their communities.



## \$3 million

gift to Prosper Canada to build financial capability of 1 million vulnerable Canadians by 2020

"TD's investment is foundational to our efforts to empower low-income and vulnerable Canadians to participate fully in our financial system and to help them overcome barriers to achieving financial well-being."

Elizabeth Mulholland  
CEO of Prosper Canada

GO DEEPER

TD'S FINANCIAL LITERACY WEBSITE +

TD WOW!ZONE +





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#### WHY IT'S MATERIAL TO TD +

Housing is a necessity of life. Yet the lack of affordable shelter is a persistent and growing problem in cities across America. It threatens the health and quality of life of millions of people who struggle to find an affordable place to live, while also impeding business investment and growth in affected neighbourhoods.

We know that TD employees and customers need to live, work and raise families in thriving and diverse communities. Access to safe, affordable housing is essential to that. Given TD's role in local economies, particularly in mortgage and development financing, we can make a powerful difference by mobilizing investment and collaboration to tackle affordable housing issues.

#### HEADLINE PERFORMANCE

## US \$16.6 million

donated over the past four years by the TD Charitable Foundation to organizations that are improving and expanding affordable housing.

#### MANAGEMENT APPROACH

Our goal in this area is to improve the quality and availability of affordable housing units across our footprint, in an effort to create positive outcomes for people and neighbourhoods on which our business depends. To achieve this, we take a multi-faceted approach by:

- Providing community development loans and services to companies developing or preserving affordable housing in low- and moderate-income areas
- Making investments through low-income-housing tax credits that benefit underserved communities

- Investing significant support from the TD Charitable Foundation, including through our annual *Housing for Everyone* grant competition, which funds non-profits that are leading the way in building new affordable housing and enhancing the existing supply

#### 2014 PERFORMANCE

##### TD Charitable Foundation Activities

In 2014, the TD Charitable Foundation continued to promote affordable housing and community economic development. Our signature giving program, the *Housing for Everyone* grant competition, distributed 25 grants of US\$100,000 each to non-profits supporting affordable housing initiatives from Maine to Florida. Including these contributions, the competition has awarded more than US \$17.4 million since the program's inception in 2006 to provide or improve access to safe, affordable housing to low- to moderate-income individuals.

Last year's competition – themed "Building for the Future" – focused on building, rehabilitating, renovating or expanding quality rental housing units for families with children. Here are some examples of the award-winning projects:

- **New Jersey Community Capital** (Newark, NJ) was awarded US\$100,000 for its ReSeed Newark Initiative in which its real-estate subsidiary, Community Asset Preservation Corporation ("CAPC"), will lead the redevelopment of 156 properties (approximately 360 units) of abandoned housing in four of Newark's most distressed communities. ReSeed Newark will invest in these local neighborhoods in three key ways: through the expansion of affordable housing units, the creation of construction jobs and entrepreneurship opportunities for Newark

#### Targets

2014 Targets	Rating	2014 Results	2015 Targets
Provide 25 grants totaling US\$2.5 million to organizations working to develop or rehabilitate affordable housing units.	Met	Achieved	Same as 2014

#### 2014 Funding for affordable housing through TD Charitable Foundation<sup>1</sup>

U.S. (millions of U.S. dollars)	\$4.5
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<sup>1</sup> Total charitable funding, including \$2.5 million provided through the annual Housing for Everyone competition.



# Strengthening Communities

# Affordable Housing

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residents, and the provision of training and technical assistance for emerging construction-business owners.

- Ability Housing of Northeast Florida** (Jacksonville, FL) was awarded US\$100,000 for its Oakland Terrace Apartments project located on Jacksonville’s Eastside. The project is a 60-unit apartment building under threat of closure due to deteriorating conditions. Ability Housing is partnering with Family Foundations, River Region Human Services and Catholic Charities Workforce Development to deliver a variety of financial services, job training and life-management courses so that resident families have the opportunity to improve their living situation.

## AFFORDABLE HOUSING LENDING AND INVESTMENTS

In 2014, we originated 74 loans totaling over US\$491 million – up from US\$136 million the previous year – to support developers and organizations in addressing affordable housing in the U.S. communities we serve. TD Bank also funded US\$346 million last year in Low-Income Housing Tax Credits (LIHTC) to support new construction and rehabilitation of affordable housing for families, individuals and elderly residents. This is down slightly from \$381 million funded in 2013.

GO DEEPER

TD BANK COMMUNITY +

LIST OF 2014 HOUSING FOR EVERYONE RECIPIENTS +

## CASE STUDY

# Revitalizing an Historic Neighborhood



▶ BEFORE AND AFTER ▶



East Baltimore’s historic Oliver neighborhood suffered years of disinvestment and economic decline. The community, adjacent to Johns Hopkins University, is part of a multi-phase revitalization initiative developed by The Reinvestment Fund to create affordable housing. TD Bank has invested over \$2.2 million through the federal Low-Income Housing Tax Credit (“LIHTC”) program to support this active project.



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**WHY IT'S MATERIAL TO TD** +

We view our suppliers as an extension of our brand, integral to helping us run a responsible, efficient business as we strive to deliver legendary experiences to our customers. TD works with thousands of suppliers each year and we can only be a truly sustainable company if those in our supply chain are too.

**HEADLINE PERFORMANCE**

**\$5.7 billion** spent in the procurement of goods and services of our expenditure was with suppliers based in North America



TD given a Greener Purchasing Award from Office Depot

**GO DEEPER**

- RESPONSIBLE PROCUREMENT POLICY SUMMARY** +
- SUPPLIER CODE OF CONDUCT** +
- PROSPECTIVE SUPPLIER WEBSITE** +

**MANAGEMENT APPROACH**

Supply chain management continues to grow in complexity, as our business grows and the external landscape evolves. New types of risks are emerging around geopolitics, corporate reputation and data security, generating a heightened focus on risk management as it relates to procurement.

As a major purchaser, TD is committed to using our influence to drive strong ethical, social and environmental performance across our supply chains. TD's Strategic Sourcing Group works to ensure that we have a responsible and diverse network of suppliers who deliver high-quality and appropriate goods and services.

We aim to buy products and services from suppliers who share our values and demonstrate responsible practices through strong sustainability programs.

Our Responsible Procurement Policy embeds a wide range of sustainability criteria into TD's sourcing practices and decisions. Prospective suppliers must 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
- Environmental sustainability efforts

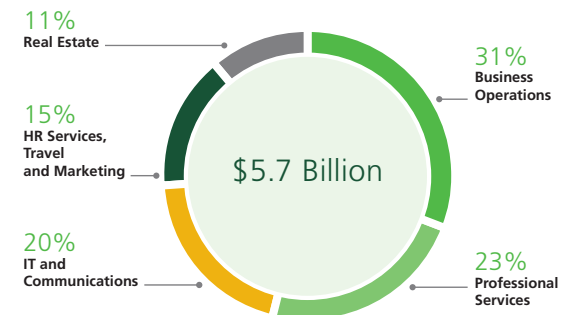
The questionnaire and risk assessment process help ensure that TD extends its responsible procurement agenda into the supply market. We assign a risk rating to the type of product or service being sourced and apply enhanced due diligence to higher-risk categories.

TD's Supplier Code of Conduct provides further transparency concerning 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.

**2014 PERFORMANCE**

We assessed 108 suppliers against our Responsible Procurement Policy, up from 85 in 2013. We are expanding the scope of our responsible procurement assessment by sending questionnaires to suppliers who had existing contracts before the policy was introduced. The first phase of this implementation focused on TD's top suppliers and will continue into 2015.

**2014 Spend on TD's Sourcing**



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Results from our Responsible Procurement Program in 2014:

- All suppliers agreed to participate in the survey
- Three suppliers improved their health and safety policies and procedures
- Seven suppliers improved their ethical policies and procedures
- 11 suppliers improved their environmental policies and procedures
- 12 suppliers improved human and labour rights policies and procedures (including anti-discrimination, child and forced labour)

To date, no contracts or relationships have been withdrawn as a result of the Responsible Procurement Policy though several suppliers have improved their practices as a result of their participation.

#### Screening for conflict minerals

U.S. Dodd-Frank Act requirements came into effect in May 2014 requiring companies that manufacture products to report whether any of their raw materials have been extracted from the Democratic Republic of the Congo (DRC) or other regions where there is armed conflict or instances of human rights abuses. We started asking relevant suppliers to report to TD on their compliance with the Act. No exceptions were identified, and we will continue to monitor this issue.

#### SUPPLIER DIVERSITY

Designed to create a level playing field, TD's North American Supplier Diversity Program works to include women, visible minorities, Aboriginal Peoples, the LGBT community, persons with disabilities, veterans and other minority groups in our procurement selection process.

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

In 2014:

- TD launched a group mentorship program to help the development of diverse suppliers.
- We asked key primary suppliers to report how much they are spending with their own network of diverse suppliers.
- TD was named a top 50 diversity organization by DiversityInc based in part on our supplier diversity practices.

#### IMPROVING A BUSINESS RELATIONSHIP

##### Background

A vendor was asked to complete TD's Responsible Procurement Questionnaire (RPQ) during a contract renegotiation.

##### Findings

Several gaps were found in the vendor's policies and practices. The vendor committed to address these gaps.

##### Outcome

The vendor introduced the following policies and programs:

- Responsible procurement
- Human rights and labour rights
- Diversity and inclusion
- Anti-bribery/corruption
- Environmental responsibility

##### Results

- Improved business operations between TD and the vendor
- More responsible vendor business practices
- Reduced supply chain risk, for both TD and the vendor



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### WHY IT'S MATERIAL TO TD +

TD is committed to paying our fair share of taxes in the jurisdictions where we operate.

### HEADLINE PERFORMANCE

**\$2.7 billion**

amount TD contributed in taxes borne in 2014

**23% increase**

in taxes paid by TD year-over-year

### MANAGEMENT APPROACH

TD continues to work transparently and co-operatively with tax authorities in all jurisdictions in which we operate. We aim to:

- Establish and manage robust tax governance processes that ensure full compliance with tax disclosure and filing obligations in all jurisdictions
- Consult with leading law and accounting firms to obtain expert, objective advice and opinions on tax matters
- Work in a proactive way with policy-makers and revenue authorities over the long term

### GO DEEPER

APPENDIX: PERFORMANCE DATA +

FAIR SHARE AND FAIR TAXATION; A BALANCING ACT +

### Taxes We Pay

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

#### Cash Taxes Borne by TD (restated for IFRS II adjustments) (in millions of dollars)

	2014
Income taxes	1,512
Payroll taxes for over 87,000 employees across 16 countries	435
Transaction and sales taxes	426
Capital and insurance premium taxes	157
Property and business taxes	172
<b>TOTAL</b>	<b>2,702</b>
Effective income tax rate – reported	16.7%
Effective total tax rate	26.3%

### Taxes We Collect

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

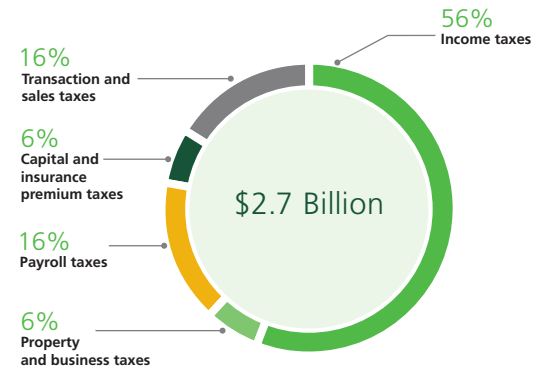
- The employee portion of payroll taxes
- Income tax on behalf of employees
- Property tax on behalf of customers who are mortgage holders
- Transaction tax on customer transactions to which sales taxes apply
- Withholding taxes on behalf of investors

### Tax Policy

We believe that when it comes to tax, all companies should compete on a level playing field. The international financial market is highly competitive and TD will continue to leverage our presence in all jurisdictions in order to compete effectively.

To help tax authorities keep abreast of changes in the banking business, we hold Commercial Awareness Sessions on a wide range of banking issues. 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 cooperative manner.

### Types of Taxes Borne by TD



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**▶ Reporting**

## Reporting Scope

The 2014 Corporate Responsibility Report is designed to inform our stakeholders about TD's environmental, social and economic performance.

## Report Scope

This report presents the material issues and impacts of our activities during the fiscal year ending October 31, 2014. 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: Canadian Retail, U.S. Retail and Securities.

## G4

TD has used the Global Reporting Initiative (GRI) framework for corporate responsibility reporting since 2007. TD's 2014 Corporate Responsibility Report is written in accordance with the G4 framework and fulfils the requirements for a Core report.

## Materiality Disclosure Service

TD's 2014 Corporate Responsibility Report has successfully completed the Materiality Disclosure Service.

**+ Online GRI Index**

**+ Material Aspects and Boundary Table**

## Appendix

All of TD's 2014 detailed social and environmental data, including three-year performance trends can be found in a separate online PDF.

**+ Appendix: Performance Data**

## External Assurance Reports

Selected performance indicators were independently assured by Ernst & Young LLP. Ernst & Young performed a limited assurance engagement for a selection of TD's performance indicators including TD's greenhouse-gas emissions and Carbon Neutral Schedule, and TD's paper-usage figures.

TD has obtained independent assurance on 15 social performance metrics from 2010 to 2013 and we are confident in the reliability of both the data and the systems used to collect the data.

During the transition to G4 we are taking the opportunity to evaluate TD's stated KPIs, ensuring that they link to both our material topics and future strategy. Independent assurance of non-financial data is important to our reporting and we will seek to reinstate the process once the KPIs are confirmed.

**+ Assurance Statement for the 2014 Greenhouse Gas Emissions**

**+ Assurance Statement for the 2014 Carbon Neutral Schedule**

**+ Green Bond Assurance Report**

## External reviews 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 below shows improvements over time. We wish to be clear that sustainability rankings are an outcome and not the reason for our efforts.

Reviewer	2014	2013
<b>Carbon Disclosure Project (CDP)</b>	<b>Score:</b> 99 for disclosure (out of 100) and A for performance <ul style="list-style-type: none"> <li>Listed as a Top 500 Global Carbon Performance Leadership Index</li> <li>Listed as a Canada 200 Disclosure Leadership Index (among top 20)</li> </ul>	<b>Score:</b> 94 for disclosure (out of 100) and A for performance <ul style="list-style-type: none"> <li>Listed as a Top 500 Global Carbon Performance Leadership Index</li> <li>Listed as a Canada 200 Disclosure Leadership Index (among top 20)</li> </ul>
<b>Dow Jones Sustainability Indexes (RobecoSAM Score)</b>	<b>Score:</b> 81 (out of 100) Included in World Index and North American Index.	<b>Score:</b> 78 (out of 100) Included in North American Index
<b>Sustainalytics</b>	<b>Score:</b> 80 (out of 100) <b>Position:</b> 8 (out of 226 global financial peers)	<b>Score:</b> 73 (out of 100) <b>Position:</b> 19 (out of 349 global financial peers)
<b>FTSE4Good Index Series (EIRIS Score)</b>	Included	Included
<b>Global 100 Most Sustainable (Corporate Knights)</b>	Included – ranked 90 <sup>th</sup> in 2014 (76 <sup>th</sup> in 2015)	Not Included
<b>Canada's Top 50 Most Responsible (Macleans/Sustainalytics)</b>	Included	Included
<b>Best 50 Corporate Citizens in Canada (Corporate Knights)</b>	<b>Ranked:</b> 9 (out of 50)	<b>Ranked:</b> 14 (out of 50)

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PDF only (05/15)

