



**TD's Climate
Action Plan:**
2023 Progress Update



Table of Contents

Introduction

About this Report	3
A Message from Our Head of Environment	4
At a Glance: Our Climate Action Plan	5
Our Progress on Our Climate Action Plan	7
Messages from Our Leadership	9

Governance

Introduction	11
Our Approach to Climate Governance	12
Board of Directors Oversight	13
Management Oversight	15

Strategy

Introduction	18
Our Strategy	19
Our Implementation and Engagement Plan	25

Risk Management

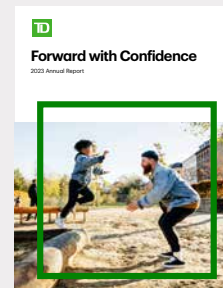
Introduction	48
Approach to Identifying, Assessing and Managing Climate-Related Risks	49
Our Climate Risks	51
Risk Management Categories	57
Scenario Analysis	59

Metrics and Targets

Introduction	61
Our Operational Emissions	62
Our Financed Emissions	65
Our Financed Emissions Targets	73
Sustainable Finance	85
Our Performance	87



For more information about TD and our activities, please read our other reports:



Annual Report +



Sustainability Report +



TD Ready Commitment Report +



Standards Index

Task Force on Climate-related Financial Disclosures Index

As outlined below, this report incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and incorporates recommendations and guidance on Financial Institution Net-zero Transition Plans, published by the Glasgow Financial Alliance for Net Zero (GFANZ) in November 2022. This report is also informed by several other leading transition plan frameworks, including the UK Government's Transition Plan Taskforce's Disclosure Framework.

As such, this report focuses on the efforts that TD is making to identify and address climate-related risks and opportunities, including in respect of its Scope 3 financed emissions. We take a client-focused and risk-based approach, working closely with our clients as they execute their current business objectives and innovate to pursue future strategies. Our track record demonstrates our continued support of clients across all sectors, including clients in carbon-intensive sectors, on their own journeys to transition to a low-carbon economy.

TCFD Category	TCFD Recommendation	Reference
Governance	a. Describe the Board's oversight of climate-related risks and opportunities	Pages 13-14
	b. Describe management's role in assessing and managing climate-related risks and opportunities	Pages 15-16
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Pages 19-24; 51-55; 57-58
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Pages 24; 29-30; 52-55; 85-86
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 59
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	Pages 49-58
	b. Describe the organization's processes for managing climate-related risks	Pages 57-58
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Pages 57-58
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 49; 52-53; 61-74; 76-82; 85-89
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Pages 61-64; 65-72
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Pages 63; 65; 73-78; 85-86

TD has aligned its reporting with the recommendations of the [Task Force on Climate-related Financial Disclosures](#) since 2018.



Standards Index continued



Glasgow Financial Alliance for Net Zero Index

The [Glasgow Financial Alliance for Net Zero](#) (GFANZ) is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy, which works to develop the tools and methodologies needed to facilitate financial institutions' net-zero commitments including its Recommendations and Guidance on Financial Institution Net-zero Transition Plans, published in November 2022. We used this guidance in developing this report.

GFANZ Category	GFANZ Recommendation	Reference
Foundations	1a. Objectives and priorities	Pages 3-9
	1b. Strategy and planning	Pages 19-24
Implementation Strategy	2. Products and services	Pages 29-30
	3. Activities and decision-making	Pages 25-28; 50
	4. Policies and conditions	Pages 49-50
Engagement Strategy	5. Clients and portfolio companies	Pages 31-37
	6. Industry	Pages 40-45
	7. Government and public sector	Pages 38-39
Metrics and targets	8. Metrics and targets	Pages 52-53; 61-89
Governance	9. Roles, responsibilities and remuneration	Pages 12-16
	10. Skills and culture	Pages 25-28



About this Report

Reporting Frameworks

This is the sixth edition of our Climate Action Report, which outlines our approach, accomplishments and priorities and provides an update on our progress toward implementing our Climate Action Plan. It covers the reporting period from November 1, 2022, to October 31, 2023, unless otherwise noted.

This report provides an overview of our Climate Action Plan, which is the Bank's Transition Plan. In this report, we describe our most recent initiatives to advance the transition of our business, work toward our target of net-zero greenhouse gas (GHG) emissions from our operations and financing activities by 2050, and support the broader transition to a low-carbon economy.

Since 2018, our reporting has aligned with the recommendations of the TCFD and we have embedded climate-related risks and opportunities into our governance, strategy, risk management and metrics and targets. This year, our Climate Action Report largely follows GFANZ's Financial Institution Net-zero Transition Plans framework and is also informed by other transition plan frameworks, including the TCFD Transition Plan Guidance and the UK Government's Transition Plan Taskforce's Disclosure Framework.

The Office of the Superintendent of Financial Institutions (OSFI) issued its final reporting requirements, Guideline B-15: Climate Risk Management (Guideline B-15) on March 7, 2023. Components of Guideline B-15 are initially effective for Domestic Systematically Important Banks (D-SIBs, including TD) for fiscal year-end 2024. We have completed an assessment of Guideline B-15 and we are working toward implementing its expectations.

On June 26, 2023, the International Sustainability Standards Board (ISSB), under the oversight of the International Financial Reporting Standards (IFRS) Foundation, issued its first two sustainability disclosure standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), which incorporate the recommendations of the TCFD. The Bank is assessing the impact of adopting these standards.

Throughout this report, "TD", "the Bank", "our", "us" or "we" refers to TD Bank Group. "TD Bank" refers to TD Bank, America's Most Convenient Bank®.

+ For more information on TD Asset Management's approach to climate-related matters, please visit the [TD Asset Management TCFD Report](#).

Currency

All currency is in Canadian dollars unless otherwise noted.

Mentions of how we work and collaborate with clients and other organizations

Throughout the report, there are case studies and features that describe collaborations with clients and organizations working to net zero using details as provided by clients. To respect their confidentiality, these parties are mentioned in a general manner without being named specifically. In some instances, names of clients are featured where the information is already publicly available or when explicit consent has been provided by clients.

External Assurance Reports

Ernst & Young LLP (EY) performed a limited assurance engagement over a selection of TD's social and environmental performance indicators and reasonable assurance engagements with respect to TD's use of net proceeds from its 2020 Sustainability Bond issuance and its 2021 Green Bond issuance. For more information, please see the links below:

- +** [2023 Assurance Report for the TD Green Bond \(2021\) Issuance – Use of Proceeds](#)
- +** [2023 Assurance Report for Sustainability Metrics](#)



Ways to Reach Us

Our teams across TD are dedicated to maintaining relationships, interacting with stakeholder groups on a regular basis, and 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.service@td.com
- Retail shareholders: tdshinfo@td.com
- Institutional investors: tdir@td.com
- Non-profits and community-based organizations: tdreadycommitment@td.com
- On X: [@TD_Canada](#) or [TDBank_US](#)



A Message from Our Head of Environment



Nicole Vadori
Vice President and Head of Environment

At TD, we have made significant strides on our Climate Action Plan, supporting decarbonization efforts and navigating a backdrop of socioeconomic and geopolitical challenges. We continue to work with clients across all sectors, including carbon-intensive sectors, towards their transitions, and we have begun the long journey of transitioning our business by investing in systems, technologies, and training for the low-carbon economy of tomorrow. This work of building our capabilities is necessary and important in light of increased stakeholder expectations, an evolving risk landscape, and emerging regulatory requirements.

In addition to building our capabilities, our story of progress in 2023 involves the development of our Transition Plan as set out in this report. Our plan explains the actions we are taking to deliver on our two overarching goals of achieving net-zero emissions by 2050 and \$500 billion in sustainable and decarbonization business activities by 2030. We are executing through our three strategic pillars that focus on decarbonizing our operations, reducing financed emissions sector-by-sector, and capturing climate-related opportunities. We understand that

progress on net-zero depends on many factors beyond our control – including significant changes in global consumption habits, the adoption of new technologies, as well as a supportive policy environment – and that it must be done in a way that doesn't disrupt economic progress. That is why our plan features engagement with clients, industry, and government. We believe that this holistic approach to addressing the climate challenge will lead to the best possible outcomes for our clients and the real economy.

Our ambition of net-zero and our strategy to support the transition to a low-carbon economy are aligned with our organizational purpose: to enrich the lives of our customers, communities and colleagues. There is still much work to be done, and we look forward to making progress together.

Sincerely,

Nicole Vadori
Vice President and Head of Environment



At a Glance: Our Climate Action Plan

Our Climate Action Plan is the Bank's Transition Plan. It outlines our approach to mitigating climate risks, decarbonizing our operations, and the actions we are taking as a financial institution to support our clients in their own low-carbon transition journeys while also supporting the transition in the broader economy.

Two goals are the foundation of our Climate Action Plan:

- To achieve net zero in our operations and financing by 2050
- To reach \$500 billion in sustainable and decarbonization business activities by 2030.

Our Climate Action Plan includes three complementary pillars that focus on:

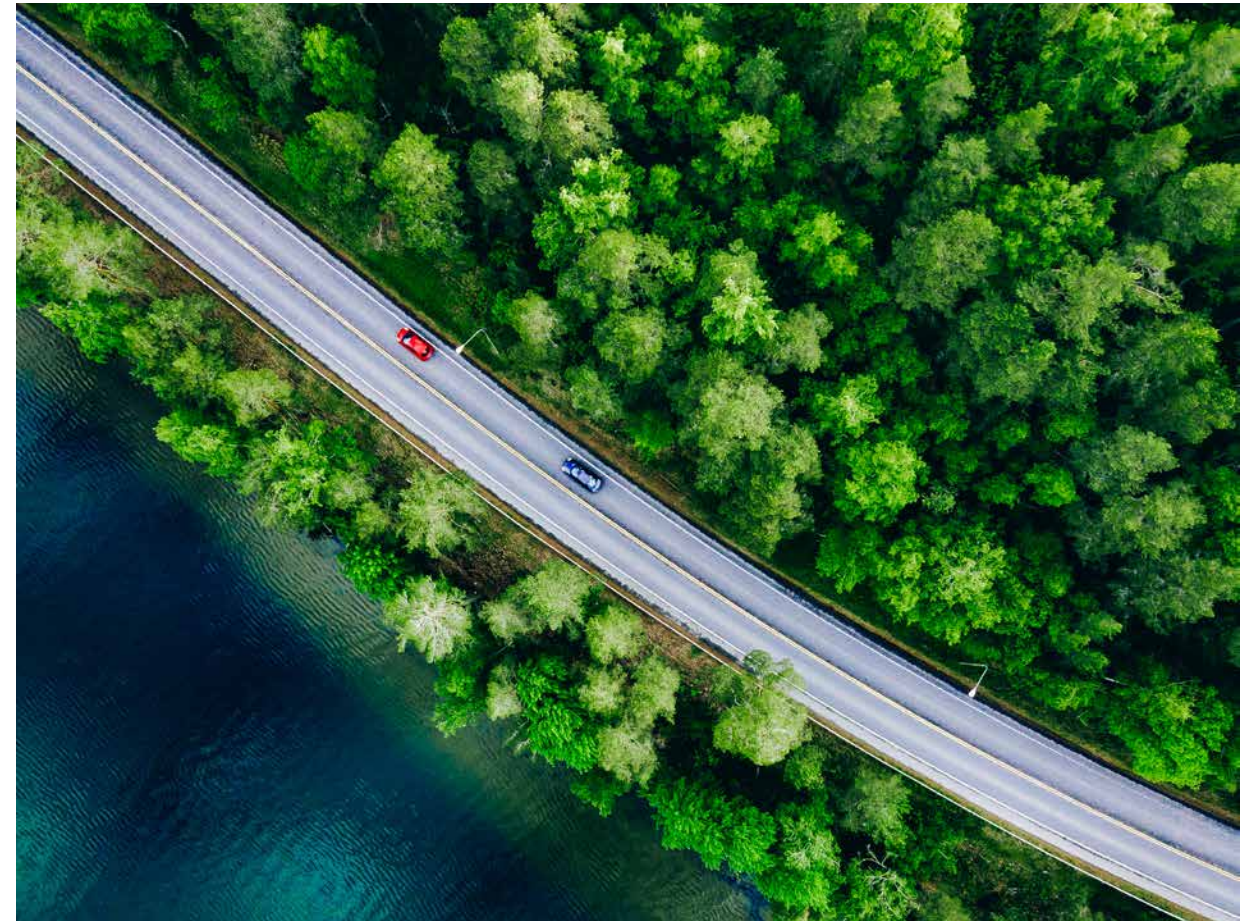
Pillar 1: Decarbonizing Our Operations, which outlines our approach to achieving operational emissions reduction targets through efficiency gains across our premises.

Pillar 2: Reducing our Financed Emissions through Sectoral Decarbonization, which outlines our approach to addressing sectoral financed emissions while capturing broader decarbonization opportunities and supporting sustainable economic growth.

Pillar 3: Capturing Sustainable and Decarbonization Finance Opportunities, which focuses on capturing sustainable and decarbonization finance opportunities through our focus areas of mobilization, engagement, and integration.

These pillars guide our broader transition implementation and engagement plans. To further support these pillars, we are building internal capabilities, with the goal of helping the Bank thrive in the emerging sustainable economy. We are also developing the required internal expertise, tools and infrastructure, as well as designing products and services that can help support our clients as they work towards their sustainability goals. Furthermore, we are engaging with various stakeholders such as governments, regulators, industry bodies and others in support of the transition to net zero.

We take a client-focused and risk-based approach to meeting our objectives, working closely with our clients as they execute their current business objectives and innovate to pursue future strategies. Our track record demonstrates our continued support of clients across all sectors, including clients in carbon-intensive sectors, on their own transitions to a low-carbon economy. We are committed to supporting our clients across sectors as they meet the world's energy needs today and invest in a broad array of energy sources and opportunities to meet the demands of tomorrow. As a result, we recognize that our progress on financed emissions may not be linear in certain sectors. However, we believe that, over time, our engagement-centred approach, including with clients in carbon-intensive sectors, will help to facilitate society's net-zero transition.



[+](#) More information about our Climate Action Plan can be found in the [Strategy](#) section of this report on [page 17](#).



Our Climate Action Plan Visualized

Vision

Position the bank to thrive in the emerging sustainable economy, helping to maximize the capture of the transition opportunity in North America while guiding TD's decarbonization journey to net zero

Goals

Net Zero by 2050 (including interim emissions targets by 2030)
\$500 billion Sustainable & Decarbonization Finance Target by 2030

TD's Climate Action Plan: TD's Transition plan to a low carbon economy

Governance & Oversight

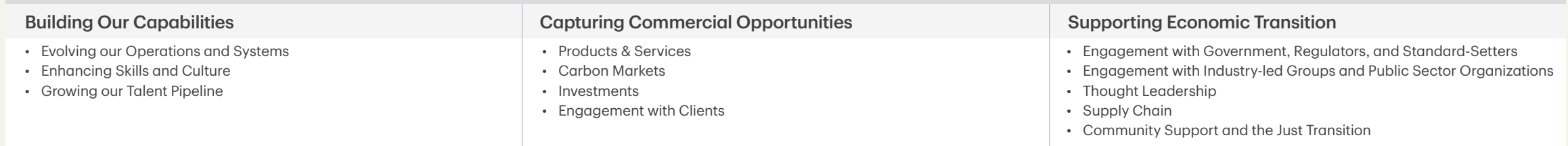
- Board of Directors Oversight
- Management Oversight

Strategy

Three Complementary Pillars



Implementation and Engagement Plan



Managing Risks

- Identifying, Assessing, and Managing Climate-Related Risks
- Scenario Analysis

Metrics and Targets

- Tracking progress for Operational Emissions, Financed Emissions and Sustainable Finance



Our Progress on Our Climate Action Plan

Achieved a

↓ **28%**

reduction in operational emissions in 2023 relative to our 2019 baseline, which is a 4.9% reduction year-over-year in 2023.

Achieved a

↓ **12%**

reduction in our total Scope 3 absolute financed emissions footprint in 2021 relative to 2019.¹

Exceeded our

50%

Client Engagement goal for two initial sectors (Energy and Power Generation).

Extended our Client Engagement goal to engage with clients responsible for

75%

of our financed emissions in 2024 for sectors for which we have set an interim financed emissions target.

Achieved mixed results on our progress toward our Financed Emissions (FE) interim targets in 2021 relative to our 2019 baseline: **2%** increase in Energy and a **1%** increase in Aviation, a **1%** reduction in Automotive Manufacturing, and **11%** reduction in Power Generation.²

Deployed
\$69.5
billion

in lending, financing, underwriting, advisory services, insurance and the Bank's own investments in fiscal year 2023, toward our \$500 billion by 2030 Sustainable & Decarbonization Finance Target.³



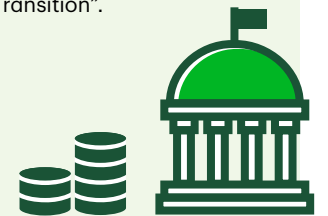
Expanded the scope of our climate risk heatmap to include an assessment of the acute physical risk for our own (real estate) operations.

Assessed the climate impact of our financing activities in the Agriculture and Real Estate sectors.



Conducted a pilot to begin assessing (i) the impacts that our relevant financing activities in the Agriculture sector have on nature and (ii) how the industries we finance rely on nature, in light of the recently released recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We developed a case study for each: a heatmap of the impacts on nature of our in-scope Agriculture sub-sectors (see [page 84](#) for details) and a pilot investigation on Nature Risk Identification (see [page 56](#) for details).

Developed our approach to climate advocacy, which articulates TD's key areas of focus when engaging with government and regulators, which can be found on [page 38](#) in this report under "Supporting Economic Transition".



Our Progress on Our Climate Action Plan continued

Challenges on the path to net zero

While we recognize that progress is being made on the path to net zero, there are a number of challenges facing us and the broader economy.

- Challenges remain for decarbonization on both the supply and demand sides of global energy use. While we understand that, as a global financial institution, we have an important role to play, reducing GHG emissions will require significant changes in global consumption habits and the rapid adoption of new technologies. In addition, meaningful action across sectors, by corporations and, perhaps most importantly, by governments is needed to create alignment.
- On a global scale, it is a significant challenge to balance current energy demand with a smooth and just transition to a low-carbon future.
- Some of the technologies that can help achieve net zero, including carbon removal and abatement technologies, are still in relatively early stages of development, and in some cases have not yet reached commercial viability due to high costs.
- We believe that greater clarity in government policy over longer periods of time would likely facilitate greater investment in low-carbon solutions and technologies.
- There continues to be a lack of standardization in taxonomies, methodologies and approaches on a variety of strategic metrics and targets, including elements which are necessary for the transition to a low-carbon economy. In those cases, we have used our professional judgement, informed by industry guidance and practices, to develop what we believe to be reasonable approaches for the Bank at this time, and to report transparently on our progress.
- Data availability, coverage and quality remains a key challenge across several sectors for our financed emissions footprint estimation. This not only results in lower data quality scores, but also makes setting meaningful targets in some sectors not feasible at this time.

In light of these challenges, TD recognizes the importance of energy security, affordability, and sustainability. The transition to a lower-carbon economy is underway, but it cannot happen overnight. Continued investment in existing sources of energy, including oil and gas, is critical to meeting demand and supporting a strong economy.





Messages from Our Leadership



Bharat Masrani
Group President and CEO

This report tells the story of how TD is supporting our customers and clients as they seize the opportunities of a sustainable and inclusive future. We understand that progress toward our Climate Action Plan relies on the broader decarbonization of our economy and on all stakeholders working together to achieve this common goal. This will include TD, our clients, policymakers, regulators and consumers. In addition, it will require the commercialization of technologies, such as carbon capture, currently in their infancy as well as technologies that not yet been invented. Our strategy is designed to support the needs of our economy today as we transition to the economy of the future.



Ajai Bambawale
Group Head and Chief Risk Officer

We recognize both the opportunities and risks that climate change can pose to the Bank. Since we established our Environmental & Social (E&S) Risk team in 2019, we've been actively building out our climate risk management governance and capabilities.

In 2023, we made significant progress, including implementing our E&S Risk Policy to make it easier for teams across the Bank to consistently assess, monitor, control, and report on environmental and social risk, including climate risk. We also introduced a new Physical Climate Risk Identification Framework to provide a uniform approach to identifying and assessing physical climate risk.

We recognize the ongoing need to advance our capabilities and adapt to keep pace with the evolving landscape and are committed to continuing to enhance our practices and policies to help us identify and manage climate-related risks.



Janice Farrell Jones
Senior Vice President,
Sustainability and Corporate Citizenship

Over the last year, we've continued to advance our Climate Action Plan. We're focused on making progress towards our operational and financed emissions targets with a view to our ambition to be net zero by 2050. We deployed over \$69.5 billion in sustainable and decarbonization business activities moving us towards our target of \$500 billion by 2030.

We've also continued to invest in our operations, systems and capabilities, including through our Environmental & Social Target Operating Model. This enterprise-wide initiative is a multi-year roadmap that aims to support the delivery of the Bank's Climate Action Plan.

The road to net zero involves an array of challenges. Making meaningful progress requires concurrent efforts by many stakeholders, including TD. We look forward to continuing our work to support our customers, clients, and communities today, while also preparing to succeed in the economy of tomorrow.



By integrating climate-related oversight across the organization, we aim to foster a culture of accountability in the execution of our climate goals.



In this section

Introduction	11
Our Approach to Climate Governance	12
Board of Directors Oversight	13
Management Oversight	15



Introduction

Our governance framework is anchored by our strong risk culture and comprehensive approach to managing risk. To support the effective management of climate risk and the governance of climate opportunities, our corporate functions and lines of business develop strategies, policies, processes and controls to understand their climate-related exposures and manage climate risk and opportunities effectively.

Our Environmental and Social (E&S) risk governance structure emphasizes and balances strong independent oversight of E&S risks by Risk Management. In addition, we have governance processes in place to meet applicable regulatory and policy requirements, as well as the Bank's sustainability commitments.

The Bank also pursues sustainable finance opportunities by supporting our clients' evolving financial needs. The Sustainable Finance Executive Council (SFEC), which consists of the senior executives from across TD, oversees the Bank's strategy and work on sustainable finance. In addition, the Enterprise Sustainable Finance team within Sustainability & Corporate Citizenship develops Bank-wide strategies that aim to support business opportunities and progress in the focus areas of TD's Sustainability Framework.

We recognize that maintaining strong governance is key to making progress on our Climate Action Plan. Given the scale of our enterprise, we are cognizant that robust governance processes are only made possible with a solid structure, clear communication, and appropriate coordination between all levels of the Bank and between corporate functions and lines of business. Maintaining and refining our governance framework helps to ensure that climate-related opportunities are identified and assessed, and that climate-related risks are identified, mitigated and elevated to key Committees and/or management groups as needed. All of these key aspects are steps to building a strong governance culture.



Key Accomplishments in 2023

- Progressed against our enterprise-wide climate-data strategy, including building reporting capabilities and automated tools that provide corporate functions and lines of business with decision-useful climate-specific data.
- Developed and delivered internal, tailored ESG-related training to client-facing colleagues in specific lines of business including TD Asset Management, TD Securities, Business Banking and TD Insurance.
- Delivered education sessions on disclosure integrity to TD Finance, lines of business and risk partners.
- Provided updates to the Board and its Committees on climate-related issues.

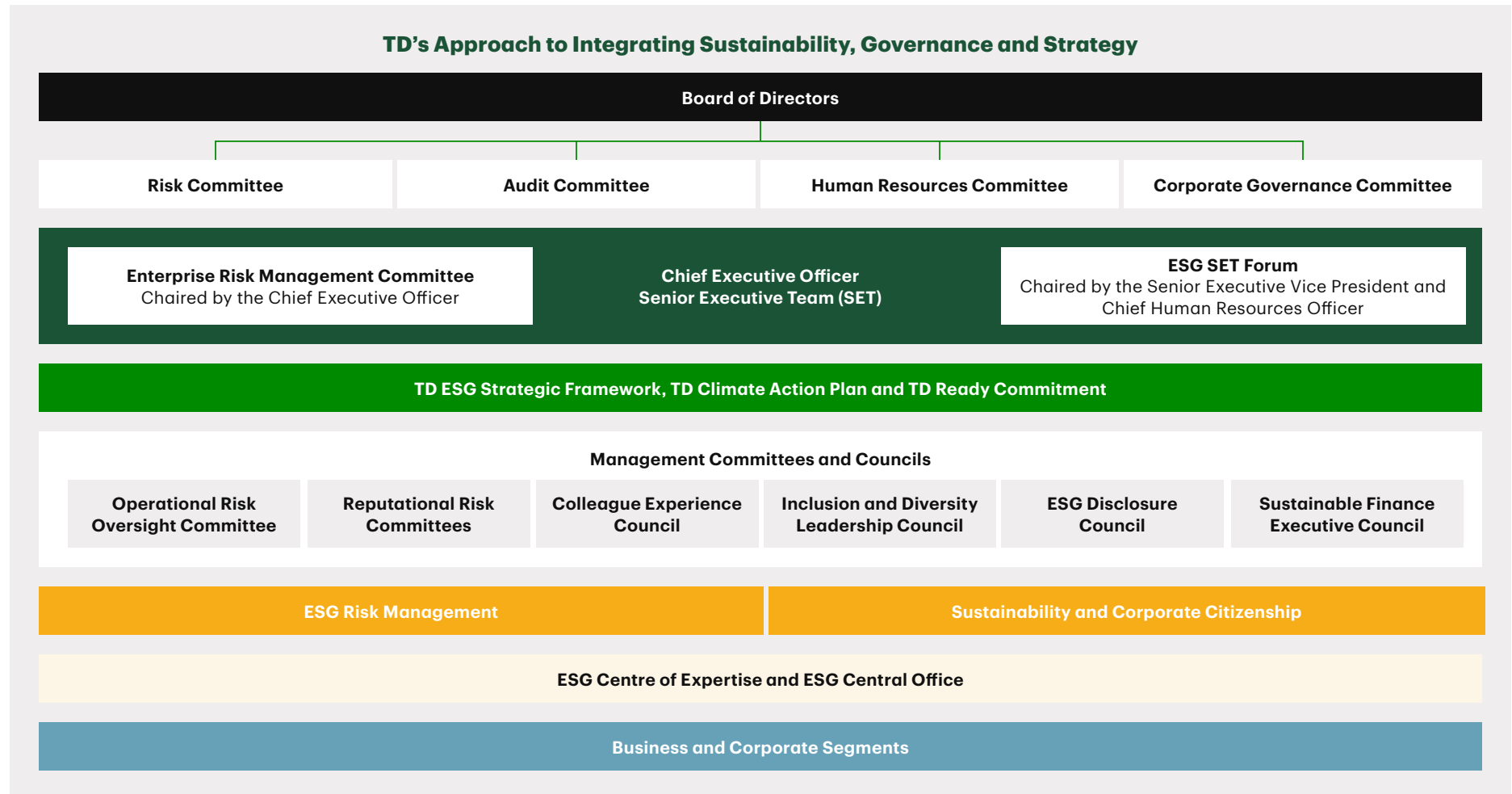


Our Approach to Climate Governance

We believe that strong Board and executive-level oversight of climate-related risks and opportunities is needed for assessing and managing potential impacts on our business strategies and financial performance.

As a result, we have integrated the oversight, assessment, and management of climate-related risks and opportunities into our existing governance structures.

The graphic on this page depicts those governance, strategic and decision-making bodies that help enable the implementation and monitoring of our sustainability strategy and Climate Action Plan at all levels, from the Board of Directors to our corporate functions and lines of business. Our ESG Senior Executive Team (SET) Forum oversees sustainability and climate strategy development, and Kenn Lalonde, Senior Executive Vice President and Chief Human Resources Officer, and Ajai Bambawale, Group Head and Chief Risk Officer, are responsible for executive oversight of TD's sustainability strategy and ESG Risk Management, respectively. For additional details on the Board of Directors' engagement on sustainability matters, please refer to the [Board of Directors Oversight page](#) in this section of this report.





Board of Directors Oversight

Our Board of Directors focuses on creating sustainable growth and long-term value for our shareholders.

As part of its mandate, the Board oversees:

- The Bank's strategic direction, the implementation of an effective risk culture and the internal control framework across the enterprise.
- The identification, monitoring and management of top and emerging risks affecting TD, including climate and other E&S risks.
- The implementation, execution and monitoring of performance, including with respect to TD's sustainability strategy and objectives.

The Board and its Committees carry out their mandate by providing oversight of the Bank's management of both climate-related risks and opportunities.



Below is more detail on the Board and its Committees:

Board Governance on Climate

Board and Board Committees	Sustainability Related Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Approves TD's strategy and business objectives, and oversees the implementation, execution, and monitoring of performance, including progress on TD's sustainability strategy and goals. • The Board accomplishes this mandate through its committees, including the Risk Committee of the Board (the "Risk Committee") and the Corporate Governance Committee of the Board (the "Corporate Governance Committee"). • The Board and its Committees receive progress updates on TD's Climate Action Plan. • Approves Bank's Risk Appetite Statement.
Corporate Governance Committee	<ul style="list-style-type: none"> • Oversees and monitors alignment with our purpose and strategy, performance, and reporting on corporate responsibility for E&S matters, including climate change.
Risk Committee	<ul style="list-style-type: none"> • Reviews and recommends our Risk Appetite Statement, and provides a forum for analysis of enterprise risk trends and current and emerging risks, including E&S risks.
Human Resources Committee	<ul style="list-style-type: none"> • Oversees our people strategy, organization structure and compensation strategies, plans, policies, and practices to ensure they are consistent with the sustainable achievement of the Bank's business objectives, including those related to ESG. • Determines compensation for members of the SET, including the integration and impact of ESG metrics on compensation awarded under the Executive Compensation Plan.
Audit Committee	<ul style="list-style-type: none"> • Oversees financial reporting and disclosures, and the effectiveness of internal control systems and processes in the areas of reporting (financial, operational and risk) and operations.



Board of Directors Oversight continued

Board Engagement on Climate

Board and Board Committees	Examples of 2023 Engagement
Board of Directors	<ul style="list-style-type: none"> Received regular updates about TD's enterprise Risk Dashboard, including E&S risk. Reviewed progress related to the Bank's sustainability strategy, priorities and programs, including with respect to the Bank's introduction of a new Sustainable & Decarbonization Finance Target. Received updates on the Bank's financed emissions targets and reporting.
Corporate Governance Committee	<ul style="list-style-type: none"> Received updates on the Bank's sustainability strategy, reporting and performance. Received updates on enterprise social strategy, the Sustainable & Decarbonization Finance Target, net-zero targets and transition planning, and related reporting. Received updates on IFRS Sustainability Disclosure Standards. In the course of 26 meetings with institutional shareholders in 2023, the Board Chair and Human Resources Committee (HRC) Chair discussed ESG matters raised by shareholders.
Risk Committee	<ul style="list-style-type: none"> Conducted regular reviews of TD's enterprise Risk Dashboard, including E&S risk. Received updates on TD's ESG Risk Management Program and OSFI Guideline B-15: Climate Risk Management.
Human Resources Committee	<ul style="list-style-type: none"> Reviewed performance against 2023 ESG goals when determining the business performance factor and compensation awards for the CEO and members of the Senior Executive Team. Approved extending the link between ESG goals and compensation to the Senior Vice President (SVP) and above population in the Executive Compensation Plan (ECP) for fiscal 2024.
Audit Committee	<ul style="list-style-type: none"> Received updates on ESG assurance and IFRS Sustainability Disclosure Standards and future sustainability-related reporting. Received an update on OSFI Guideline B-15: Climate Risk Management.





Management Oversight

Executive Leadership

At TD, the Chief Executive Officer (CEO) is ultimately accountable for the execution of our Climate Action Plan. The ESG SET Forum, which consists of senior executives from our lines of business and corporate functions, provides oversight of sustainability (including climate) strategy development.

We also look to our Management Committees, Forums and Councils to provide oversight and to support management accountability for our Climate Action Plan. These Management Committees, Forums and Councils provide relevant platforms to guide, challenge, and advise on existing and emerging E&S (including climate) risks and opportunities.

Management Committees and Councils	Sustainability Related Responsibilities
Enterprise Risk Management Committee	<ul style="list-style-type: none"> Oversees the management of major enterprise governance, risk and control activities and promotes an integrated and effective risk management culture.
Operational Risk Oversight Committee	<ul style="list-style-type: none"> Oversees the identification, monitoring, and control of key risks within our operational risk profile.
Enterprise Reputational Risk Committee	<ul style="list-style-type: none"> Oversees the management of reputational risk within our risk appetite and provides a forum for discussion, review, and escalation for non-traditional risks.
ESG Senior Executive Team Forum	<ul style="list-style-type: none"> Provides oversight of ESG and climate strategy development.
Combined U.S. Operations Sustainability Committee	<ul style="list-style-type: none"> Provides senior executive oversight, strategic direction, and guidance specific to the U.S. sustainability strategy and ESG program.
ESG Program Executive Steering Committee	<ul style="list-style-type: none"> Provides direction and makes decisions related to the design and configuration of the elements that make up the E&S TOM and associated Implementation Plan. Reviews the execution status of the ESG program including workstreams and projects in place to implement the Climate Action Plan.
Sustainable Finance Executive Council	<ul style="list-style-type: none"> Aligns sustainable finance opportunities with TD's sustainability strategy and plays a critical role in mobilizing sustainable finance through this senior executive forum across the Bank.
ESG Disclosure Council	<ul style="list-style-type: none"> Provides senior executive oversight, direction and guidance and approval of applicable ESG disclosures.

Executive Compensation

One of the objectives of the executive compensation program is to reward executives for successfully executing TD's strategy. In 2021, the Bank formally incorporated a number of ESG factors into the key metrics used to determine the variable compensation pool for the Senior Executive Team. These ESG metrics supplemented the existing customer experience metrics, and are related to the Bank's overall sustainability strategy, including goals related to climate change, diversity, equity and inclusion, and employee engagement. For fiscal 2024, the Bank extended the consideration of ESG metrics to all Senior Vice Presidents and above who participate in the Executive Compensation Plan.

+ Details on the ESG metrics, results, and impact to the variable compensation pool can be found in our [2024 Management Proxy Circular](#).



Management Oversight continued

Executing on Our Climate Action Plan

Our corporate functions and lines of business work together to help implement and operationalize our Climate Action Plan. These groups are also responsible for identifying, owning, and managing E&S risks in their respective areas. This includes incorporating E&S risk assessments into governance and business-as-usual processes, including those for new clients and transactions.

Our work to integrate climate capabilities into our corporate functions and lines of business is ongoing. It is intended to reinforce ownership and accountability of climate risks and opportunities across the enterprise.

Below are more details on the accountabilities of key corporate functions and lines of business:

Centrally Driven Climate-Related Functions	Sustainability Related Responsibilities
Sustainability and Corporate Citizenship (S&CC)	
TD Environment	<ul style="list-style-type: none"> Leads development of the enterprise climate strategy, provides enterprise guidance, analysis and communication for Climate Action Plan elements and champions their development and implementation within the enterprise.
Sustainability Reporting	<ul style="list-style-type: none"> Leads the Bank's sustainability and climate reporting and voluntary public disclosures.
ESG Centre of Expertise	<ul style="list-style-type: none"> Brings together the experience, expertise, and talent of colleagues working on sustainability issues across the enterprise to coordinate and streamline efforts and provide thought leadership to support decision-making and inform the enterprise sustainability strategy. Builds on and helps integrate the sustainability strategy and Climate Action Plan into our operations. Refer to page 14 in our 2023 Sustainability Report for more details.
ESG Risk Management	
ESG Central Office	<ul style="list-style-type: none"> Leads the development and continued evolution of the Bank's E&S TOM and associated Implementation Plan, which has been expanded to include our Social Framework.
Environmental and Social Risk Management	<ul style="list-style-type: none"> Establishes E&S risk frameworks, policies, processes, governance and reporting structures to help business and corporate functions identify, assess, mitigate, monitor and report on E&S risks, including climate risk.
ESG Credit Risk Management	<ul style="list-style-type: none"> Leads the incorporation of ESG and climate risks into credit risk assessments at both the borrower and portfolio levels.
Corporate Functions and Lines of Business	Sustainability Related Responsibilities
Corporate functions and lines of business across our enterprise	<p>TD Corporate Functions and Lines of Business are responsible for the following:</p> <ul style="list-style-type: none"> Identifying, owning, reporting and managing E&S risks, including climate risk, within their respective areas (e.g., incorporating E&S risk assessments into governance processes). Working with S&CC and ESG Risk Management to develop and track ESG-related objectives and metrics. Supporting the Bank's climate goals by coordinating efforts to deliver ESG products, services and programs, through our Sustainable Finance Executive Council.



As the world transitions toward a low-carbon future, we aim to support our clients, customers, communities and colleagues, toward the path to net zero.



In this section

Introduction	18
Our Strategy	19
Our Implementation and Engagement Plan	25



Introduction

We have expanded and enhanced our Climate Action Plan each year since its launch in 2020. We also initiated an E&S Target Operating Model (TOM) in 2020, which includes climate, to build capabilities to meet our 2050 net-zero goal. In 2021, we set our interim target to achieve a 25% reduction in Scope 1 and 2 operational emissions by 2025 (relative to a 2019 baseline).

In March 2022, we announced our first interim financed emissions targets for the Energy and Power Generation sectors, followed a year later by targets for the Automotive Manufacturing and Aviation sectors. We also announced a \$500 billion Sustainable & Decarbonization Finance Target in March 2023. We continue to implement and align internal resources and processes to advance progress towards these targets, which are part of our broader efforts to manage climate-related risks and opportunities for the Bank through the products and services we provide to clients across all sectors.

We continue to take a client-centric approach in our strategy, engaging with clients in carbon-intensive sectors in support of their decarbonization journeys. At the same time, we recognize that the path to net zero is not linear or straightforward, and requires society-wide effort to address demand-side and supply-side issues inhibiting progress. That's why another key part of our strategy is to continue to work with a broad range of stakeholders, including governments, industry forums, regulators, and standard-setters, to help address the economic, technical, and policy challenges to achieving net zero.



Key Accomplishments in 2023

Building our Capabilities

- Refreshed and expanded the E&S TOM, to support the Bank's broader sustainability strategy. We also added new lines of business to the E&S TOM to foster an integrated approach to operationalizing and prioritizing efforts as we mature our ESG capabilities.
- Analyzed opportunities to enhance our Transition Plan to identify and prioritize important activities to incorporate into our TOM's Implementation Plan.
- Developed an approach to sectoral decarbonization across carbon-intensive sectors of the real economy, with an initial focus on the Transport sector.⁴
- Strengthened internal guidance for the procurement of carbon offsets, renewable energy certificates (RECs) and carbon removals to support assessment and align to evolving best practices as the Bank shifts from carbon neutral-related goals in our operations to our net zero by 2050 goal.
- Enhanced our enterprise climate data strategy with a focus on building dashboards, assessment capabilities and tools that provide lines of business with decision-useful emissions data in an automated way.
- Conducted a pilot to begin assessing (i) the impacts that our relevant financing activities in the Agriculture sector have on nature and (ii) how the industries we finance rely on nature, in light of the recently released recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We developed a case study for each: a heatmap of our in-scope Agriculture clients' impact on nature (see [page 84](#) for details) and a pilot investigation on Nature Risk Identification (see [page 56](#) for details).

Capturing Commercial Opportunities

- Exceeded our 50% client engagement goal for two initial sectors (Energy and Power Generation), and extended our goal to engage with clients responsible for 75% of our financed emissions in 2024 for sectors which we have set an interim financed emissions target.
- The ESG Solutions group within TD Securities continued to expand its client-facing sustainable financing solutions. In 2023, the ESG Solutions team structured and advised on inaugural sustainability-linked derivatives and sustainability-linked securitization transactions, with pricing tied to customer performance against science-based GHG emissions reduction targets.
- TD Securities agreed to purchase 27,500 metric tonnes of Direct Air Capture (DAC) carbon dioxide removal (CDR) credits over a four-year period from STRATOS, 1PointFive's first DAC plant that is currently under construction in Texas, subject to STRATOS becoming operational.⁵ For more information, please refer to [page 30](#).
- Conducted an assessment of the emissions impact of our financing activities in the Agriculture and Real Estate sectors, and evaluated the decarbonization levers and commercial opportunities for the Bank in these sectors.

Supporting Economic Transition

- Launched a new advocacy framework that coordinates climate-related advocacy across the Bank and articulates key focus areas for engaging with governments and regulators.



Our Strategy

Our Climate Action Plan describes the actions we are taking to adapt to the low-carbon economy of the future. It is guided by two key goals – to be net zero in our operations and financing by 2050 and to reach \$500 billion in sustainable and decarbonization business activities by 2030 through our Sustainable & Decarbonization Finance Target.

To support these two overarching goals, we focus on three complementary pillars:

- 1. Decarbonizing Our Operations:** our approach to achieving our operational emissions reduction targets through efficiency gains across our premises.
- 2. Reducing Our Financed Emissions by Supporting Sectoral Decarbonization:** our sector-by-sector approach to addressing financed emissions while capturing broader decarbonization opportunities and supporting sustainable economic growth.
- 3. Capturing Sustainable and Decarbonization Finance Opportunities:** our focus areas within our Sustainable Finance Strategy guide our progress toward our \$500 billion Sustainable & Decarbonization Finance Target.

Our Climate Action Plan also frames our implementation by building internal capabilities and capturing market opportunities from the low-carbon transition while driving engagement with stakeholders both within and outside of the Bank.

Our client-centric approach is important to ensure that we support our clients as they continue to meet the world's energy needs today and invest in a broad array of sources and alternatives to meet the demands of tomorrow. As a result, we may sometimes see increases in our financed emissions in certain sectors. However, we believe that over time, our engagement-centred approach, including with clients in carbon-intensive sectors, will facilitate society's net-zero transition. At this stage, we believe we can have a greater impact on the decarbonization of the economy by engaging with clients in carbon-intensive sectors and providing them with our full suite of products, services and expertise, including that which they will need to execute their transition plans.

Our ability to achieve our objectives relies on many factors that are beyond our control. Where possible, we engage with stakeholders to influence these factors.

The following three sections highlight our work on each of our complementary pillars.

Our Strategy

1. Decarbonizing Our Operations
2. Reducing Our Financed Emissions
3. Capturing Sustainable and Decarbonization Finance Opportunities

Our Implementation and Engagement Plan

Building Our Capabilities

- Evolving Our Operations and Systems
- Enhancing Skills and Culture
- Growing Our Talent Pipeline

Capturing Commercial Opportunities

- Products & Services
- Carbon Markets
- Investments
- Engagement with Clients

Supporting Economic Transition

- Engagement with Government, Regulators, and Standard-Setters
- Engagement with Industry-led Groups and Public Sector Organizations
- Thought Leadership
- Supply Chain
- Community Support and the Just Transition



Our Strategy continued

Pillar 1

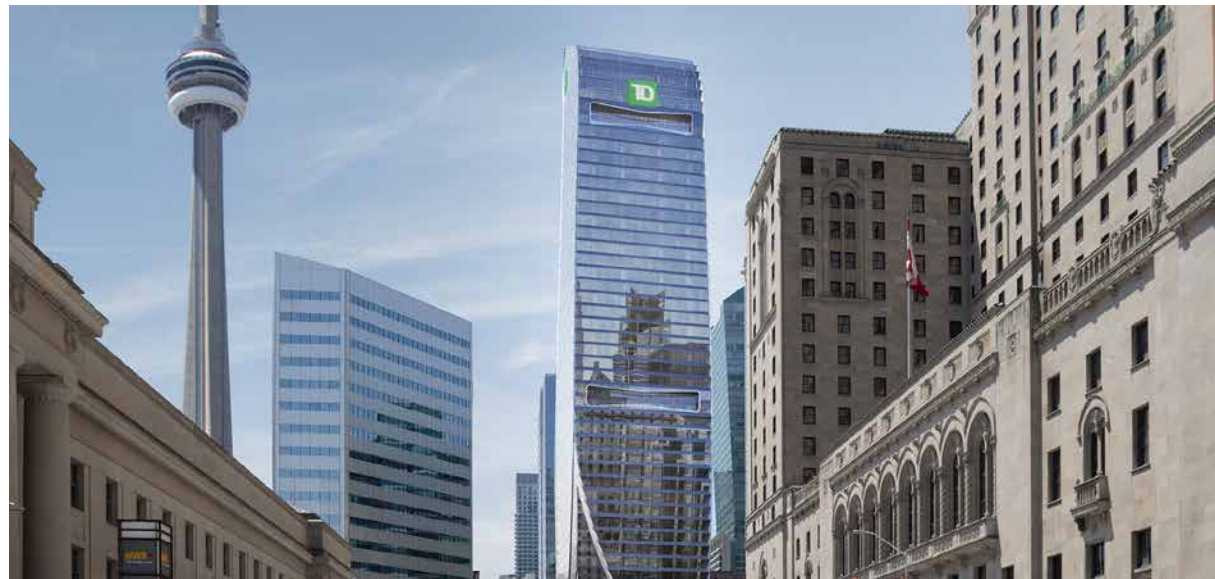
Pillar 2

Pillar 3

Pillar 1: Decarbonizing Our Operations

In 2020, TD became the first major Canadian bank to set a net-zero GHG emissions target for 2050 associated with its operations and financing activities, in line with the associated principles of the Paris Agreement. As part of this goal, we have set an interim 2025 emissions reduction target covering our location-based Scope 1 and 2 emissions, as well as 2030 carbon intensity targets for our financed emissions (Scope 3 Category 15: Investments).^{6,7} In addition, since 2010, we have made annual commitments to voluntarily compensate for operational emissions through the purchase of independently verified carbon reductions and removal credits (covering our market-based Scope 1 and 2 emissions and our Scope 3 Category 6: Business Travel emissions) and renewable energy certificates (covering any non-renewable energy consumption under our location-based Scope 2 emissions).⁸ TD has purchased these reduction and removal credits to compensate for emissions we have not been able to reduce and also as a way of contributing to the development of the carbon markets while we continue to work to reduce our operational emissions.

We recognize that in every Intergovernmental Panel on Climate Change (IPCC)-modeled pathway to net-zero emissions in 2050 are first and foremost achieved through emissions reductions.^{9,10} We have prioritized a number of activities to reduce our operational emissions in support of our Scope 1 and 2 emissions reduction targets, recognizing that reaching net zero by 2050 will require substantial effort over time across governments, companies, sectors and entire economies.



In addition, the IPCC makes clear that achieving net zero in line with a 1.5°C pathway will require the large-scale deployment of CDR technologies for remaining hard-to-abate emissions. By some estimates, roughly 6 billion tonnes of carbon dioxide equivalent (CO₂e) will need to be removed annually by 2050, with this figure being higher should substantial emissions reductions not be achieved.^{11,12,13}

Articulating the role that independently verified carbon reductions and removals play within net-zero strategies is increasingly important to some of our stakeholders. We also recognize that many net-zero frameworks¹³ encourage organizations to first reduce emissions to the greatest extent possible and then address residual emissions through investments in high-quality carbon removal credits, recommending that organizations establish milestones for the use of CDR credits and shift toward permanent carbon removal solutions over time.¹⁴

Operational Decarbonization Initiatives

We continue to make progress against the goals of our Climate Action Plan through several ongoing initiatives:

- Incorporating green building design standards into new and existing locations
- Piloting hybrid heat pumps at specific Canadian retail locations where the utility emissions grid is more favourable when converting from gas to electricity usage
- Continuing to expand our Smart Retail Controls program to drive energy efficiency across over 1,190 of our branches and stores in total
- Continuing to integrate solar energy across North America using on-site solar panels, with over 150 branches and stores across Canada and the U.S. being equipped in total

For more details on these enterprise decarbonization initiatives, please visit pages 62 and 63 in the [Metrics and Targets](#) section of this report.



Our Strategy continued

Pillar 1

Pillar 2

Pillar 3

Since 2010, TD, on its own initiative, has been purchasing independently verified carbon credits from projects that avoid or reduce the amount of emissions which would have otherwise been emitted to the atmosphere. We know that current industry guidance is for residual, hard-to-abate emissions to be offset using permanent carbon removal credits by 2050; we have been taking steps to prepare accordingly. We are doing so by gradually incorporating more permanent CDRs (i.e., verified removal credits from projects with carbon storage lasting 100+ years with low risk of reversal) in our voluntary carbon credit portfolio over time, while continuing to purchase high-quality verified emissions reduction and/or nature-based credits and technology-based removals in the near-term. These purchases have not been used to achieve reductions towards our Scope 1, 2 or financed emissions targets, but rather to show our commitment to deploy funds to support the development of markets and technologies that will be key in working towards the goals of the Paris Agreement and addressing residual emissions.

Our progress in 2023 included:

- TD worked with Carbon Direct, a leading Carbon Management consultancy firm, to define the future role of carbon credits within our net-zero strategy. TD also welcomed the introduction of the Integrity Council for Voluntary Carbon Markets (ICVCM) Core Carbon Principles as a global benchmark for high-integrity carbon credits, and will continue to work on integrating emerging industry guidance, where appropriate, into our approach to voluntary emissions compensation through carbon markets.
- TD worked with Carbon Direct to update its Enterprise Guidance for Carbon Credit and Energy Attribute Certificate (EACs) Purchasing (“Enterprise Guidance”), which will apply to new purchases of carbon instruments as of fiscal year 2024.¹⁵
- TD Securities agreed to purchase 27,500 metric tonnes of DAC CDR credits over a four-year period from STRATOS, 1PointFive’s first DAC plant that is currently under construction in Texas, subject to STRATOS becoming operational.¹⁶

The Role of Carbon Credits

Carbon credits generally represent one metric tonne of carbon dioxide equivalent that has been voluntarily avoided, reduced or removed, relative to business-as-usual, by an eligible project following a prescribed methodology or protocol removals, or a combination of both.

Carbon credits can be classified as either reduction/avoidance or removals, or a combination of both. Reduction/avoidance credits are generated by projects that reduce or avoid GHG emissions that would otherwise have been emitted to the atmosphere (e.g., energy efficiency projects). Removal credits are generated by projects that remove GHGs from the atmosphere and store it in geological, terrestrial, or marine sinks (e.g., direct air carbon capture, forest carbon sequestration projects, enhanced ocean alkalinity projects). There is increasing consensus that, for companies to achieve net-zero targets in line with the latest climate science, removals will be needed to compensate for any unavoidable residual emissions after reducing emissions to the greatest extent possible.





Our Strategy continued

Pillar 1

Pillar 2

Pillar 3

Pillar 2: Reducing Our Financed Emissions by Supporting Sectoral Decarbonization

Reaching net zero necessitates changes in global consumption habits, rapid adoption of new technology, meaningful decarbonization efforts from corporations and across sectors, and clear direction from regulators and policy leaders. We recognize that energy production from fossil fuels will continue to be a component of the energy mix in the near future, consistent with the International Energy Agency (IEA) guidance and projections. As such, we continue to take a balanced approach and provide financial services to clients in the energy industry while at the same time engaging with energy producers on their decarbonization plans and supporting consumers in reducing energy demand and moving toward electrification.

The transition to a low-carbon economy also presents significant commercial opportunities.¹⁷ There are growth opportunities in the energy transition and we are committed to supporting our clients in capturing economic opportunities to help

support their decarbonization efforts. We also help facilitate investments, advocate for government support and collaborate with non-profit organizations working to decarbonize their local communities.

In 2023, we developed a systematic process to create plans for supporting decarbonization for priority sectors. These plans are grounded in science-based pathways to net zero, and leverage TD's capabilities, expertise, products and services to support decarbonization while simultaneously supporting economic growth. Our focus is on sectors that are anticipated to experience more significant disruption in the transition to a low-carbon economy, such as the Transport sector.

Understand the External Landscape

- What activities (e.g., electrification, fuel switching) are required to decarbonize the sector (per accepted pathways)?
- What growth trends and competitive activities are we seeing in this sector?
- Is there government support for decarbonizing this sector (e.g., incentives, policies)?

Understand the Internal Landscape

- What is TD already doing to support decarbonization (e.g., does TD have products, services, partnerships etc. that support decarbonization of this sector)?

Develop Sectoral Decarbonization Plan

- **Where is there overlap between decarbonization and economic growth opportunities?**
- **What opportunities will we pursue in this sector?**
- **What resources and capabilities are required to move forward?**

Case Study: Supporting the Development of the Electric Vehicle (EV) Supply Chain

TD Securities aims to support our clients while realizing low-carbon opportunities, including enhancing EV and low-emission vehicle supply chains that facilitate the transition to the low-carbon economy.

In 2023, TD Securities served as Mandated Lead Arranger on a 10-year, US\$940 million Syndicated Green Loan to Mobis America, Inc., a subsidiary of Hyundai Mobis Co., Ltd., which is aligned to the Hyundai Mobis Green Finance Framework.¹⁸ The loan is backed by The Korea Trade Insurance Corporation (KSURE), and the proceeds will be used to expand manufacturing and electrification facilities, contributing to the production of electric vehicles in the United States. Hyundai Mobis is the world's sixth largest auto parts supplier and a core provider for Hyundai Motor Company, Kia Motors, and Genesis Motors.¹⁹ Beyond manufacturing components for electric vehicles, Hyundai Mobis is a pioneer in adopting a large-scale production line for hydrogen-fueled vehicle components and advancing lower-carbon technology development.

This financing is consistent with our commitment to foster decarbonization in key areas of the Transport sector's value chain, including areas that go beyond the boundaries of our interim financed emissions target for this sector (which is focused on Automotive manufacturers). We remain dedicated to identifying and leveraging similar commercial opportunities globally.



Our Strategy continued

Pillar 1

Pillar 2

Pillar 3

In Action: Supporting the Decarbonization of the Transport Sector

Our process for developing TD's plans to support sectoral decarbonization starts with understanding the external landscape for the sector in question. For the Transport sector, we assessed the IEA's Net Zero Pathway for Transport, available government incentives, research on industry growth trends and competitive analysis.

According to the IEA, road transportation has the largest decarbonization potential across all modes of transportation (road, aviation, marine, rail), much of which is driven by (i) electrification of passenger and heavy/medium duty freight vehicles, and (ii) user mode-switching from high emission transportation (e.g., passenger vehicles) to lower emission transit options (e.g., public transit, micro/active transit). The electric vehicle market is growing in North America and financial institutions globally are working to support the transition from internal combustion engine vehicles to hybrid and electric vehicles through financing and investments. Some governments are also supporting and in certain cases

mandating electrification of transportation, with both Canada and the U.S. having Zero-Emission Vehicle (ZEV) sales targets and programs to support EV infrastructure, and Canada mandating that all new vehicles sold by 2035 must be EVs. This process helps us identify opportunities to finance and support decarbonization in the Transport sector through our lending and advisory services to clients in both the traditional and low-carbon transportation markets.

As we build our plan to support the decarbonization of the Transport sector, we will evolve our offerings and explore new opportunities across transportation modes. Additionally, we will continue to monitor industry development, client commitments, and government incentives relevant to this space. To date, TD has taken several actions to support transport sector decarbonization, working to align to the IEA Net Zero by 2050 pathway, including:

Products and Services	Engagement with Clients	Tracking Progress	Engagement with Industry-led Groups and Public Sector Organizations	Managing Risks
<ul style="list-style-type: none"> • Insurance Pricing: Preferred pricing on insurance for EVs and hybrid electric vehicles to encourage zero/low-emission vehicle adoption for our customer base across our footprint (Canada). For more details on our Green Wheels Discount, please visit – https://www.tdinsurance.com/products-services/auto-car-insurance/green-car-discount • Auto Financing: Auto financing provided for EVs and Hybrid Electric Vehicles (HEVs) through TD's Eco Loan Program (Canada). • Insurance Product Features: Enhanced EV insurance product offering to include EV rental, roadside assistance and EV-certified auto centres (Canada). 	<ul style="list-style-type: none"> • Clients: <ul style="list-style-type: none"> ◦ Fostered business partnerships with automotive original equipment manufacturers (OEMs) and EV pure play companies to finance new zero emission and low emission vehicles (Canada and the U.S.). ◦ TD Auto Finance U.S. (TDAF) established preferred lender status with a leading EV brand (U.S.). ◦ Participated in regular engagement with dealers focused on expanding EV infrastructure (e.g., charging stations, residential charging capabilities) (Canada and the U.S.). • Client Engagement Goals: Set a goal to engage with the TD clients responsible for 75% of the financed emissions covered by the interim financed emissions targets we have set in each of the Energy sector, Power Generation sector, and combined Automotive Manufacturing and Aviation components of the Transport sector by the end of 2024. This will help us gauge where our clients in these sectors are on their decarbonization journeys, and allow us to identify opportunities to support them while capturing commercial opportunities. For more information on this goal, please see the Strategy section on page 31 (Canada and the U.S.). 	<ul style="list-style-type: none"> • Financed Emissions Targets: Set financed emissions targets to reduce physical emissions intensity by 50% for our light duty vehicle OEM clients and by 9% for our aviation clients. For more information about these targets, please see the Metrics and Targets section on page 73 (Canada and the U.S.). • Financed Emissions Quantification: Ongoing measurement and tracking of EVs and HEVs in our Consumer Automotive Lending portfolio to help track our progress in lending for lower intensity vehicles (Canada and the U.S.). 	<ul style="list-style-type: none"> • Industry & Government: Guided the development of the Sustainable Finance Action Council (SFAC) Net Zero Capital Allocation Working Group (CAWG) recommendations for the Transport sector on how to accelerate private capital toward net-zero-aligned financing (Canada). 	<ul style="list-style-type: none"> • Risk Assessment: To meet our financed emissions targets including those in the Automotive Manufacturing sector, we are enhancing our credit risk review process to include additional due diligence for transactions that may have a significant adverse impact on our ability to meet our financed emissions targets. This involves a review of the client's emissions intensity and transition plans for the purposes of supporting client engagement activities, where applicable, and serving as one of several inputs into the overall risk assessment process for a lending transaction. For more information, please see Embedding Climate Risk and Financed Emissions in Lending Due Diligence in the Risk Management section. (Canada and the U.S.).



Our Strategy continued

Pillar 1

Pillar 2

Pillar 3

Pillar 3: Capturing Sustainable and Decarbonization Finance Opportunities

Sustainable Finance is another element of our strategy. We set a \$500 billion Sustainable & Decarbonization Finance Target by 2030, which covers key business activities, including financing, underwriting, advisory services, insurance and the Bank's own investments in eligible environment, decarbonization and social categories.²⁰ Across all eligible business activities, the progress towards the target was \$69.5 billion in fiscal 2023. For further details on this progress, please see the [Metrics and Targets](#) section of this report. Decisions to undertake particular business activities follow regular business decision processes; once approved, the transaction details and supporting information are reviewed to confirm that the transaction is eligible for inclusion toward the Target.

We take a client-focused and risk-based approach to meeting our objectives, working closely with our clients as they execute their current business objectives and innovate to pursue future strategies. Our track record demonstrates our continued support of clients across all sectors, including clients in carbon-intensive sectors, on their own transitions to a low-carbon economy. We are committed to supporting our clients across sectors as they meet the world's energy needs today and invest in a broad array of energy sources and opportunities to meet the demands of tomorrow. As a result, we recognize that our progress on financed emissions may not be linear in certain sectors. However, we believe that, over time, our engagement-centred approach, including with clients in carbon-intensive sectors, will help to facilitate society's net-zero transition.

The Sustainable Finance Executive Council (SFEC), a council that consists of executives across TD, oversees the Sustainable Finance Strategy and the Bank's work on sustainable finance.

+ For more information on our Sustainable Finance Strategy, please see pages 30–36 in our [2023 Sustainability Report](#).

+ For more information on the target and eligible activities, please see our [Sustainable & Decarbonization Finance Target Methodology](#).





Our Implementation and Engagement Plan

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Our Implementation and Engagement Plan summarizes the actions we are taking to make progress on our three complementary pillars by building our capabilities, capturing commercial opportunities and supporting broader economic transition, with the ultimate aim of achieving our goals.

Building Our Capabilities

Building our internal capabilities is critical to evolving our business so that we can thrive in the emerging low-carbon economy. These capabilities are cultivated through our E&S Target Operating Model (TOM), ESG Centre of Expertise (COE), and an ESG-focused talent pipeline to further embed climate-related considerations into the fabric of our business and operations.

Evolving Our Operations and Systems

For TD to thrive in a low-carbon future, we know we need to evolve our operations, enhance our practices and build our capabilities. We have completed a significant amount of work, in collaboration with both internal and external experts, to define our target state and approach to getting there, represented by our E&S TOM and the associated implementation plan.

The E&S TOM is an enterprise-wide, multi-year roadmap for how the Bank designs and establishes new functions, capabilities, governance, and related infrastructure to support the delivery of the Bank's Climate Action Plan.

Our E&S TOM approach is focused on developing four key organizational capabilities to get us to our desired target state, which include:

- a. **Net-Zero Management** – Developing ways, internally and together with our clients and customers, to progress on our low-carbon journey.
- b. **ESG Risk Management** – Integrating the short, medium, and long-term impacts of ESG into our risk and control frameworks and risk management processes.
- c. **Regulatory Reporting and Disclosures** – Providing our stakeholders and regulators with the right information to support informed decision-making.
- d. **Data, Technology and Analytics** – Enhancing our internal infrastructure to capture the information we need to support the execution of the above mentioned capabilities.

Within each of these capability areas, we have identified multi-year priorities to help enable us to reach our target state and developed an annual implementation plan with major milestones for each year's progress.

Building Our Analytics and Decision-Making Capabilities through Advanced Financed Emissions Modelling and Analytics

We recognize that there will continue to be many data challenges and other uncertainties on our journey to net zero. For example, challenges stem from a lack of data availability, coverage and quality, from technologies to help achieve net zero that are in early stages of adoption, and a lack of clarity on government policies.

Despite these challenges that exist broadly, in 2023, we focused on advancing our data and analytics capabilities to enable active monitoring of progress as well as testing potential future scenarios.

In the last year, we strengthened our capabilities in the following areas:

- **Data analysis:** We transitioned our financed emissions calculations to Python, which yields stronger data analysis (e.g., calculation efficiency, scalability), connectivity to internal platforms and data systems and other vendor applications, allowing for the potential to automate updates with the latest available data.²¹
- **Financed emissions monitoring:** We built sector-specific diagnostic tools that help isolate different variables driving our financed emissions measurements. For example, if a data provider updates power production levels for a subset of our Power Generation clients, we can quickly identify and validate these changes.
- **Assessing impact of financing decisions:** We developed and implemented an assessment tool that measures the emissions impact of prospective financing decisions in our Energy and Power Generation sectors. The tool generates a report indicating the financed emissions impact and highlights comparable client profiles to provide information for the Financed Emissions Enhanced Due Diligence process. This information helps TD evaluate one aspect of the risks associated with a financing decision, and does not preclude TD from financing carbon-intensive clients.
- **Data visualization:** We produced a dashboard for use by TD's lines of business to understand the financed emissions from their business activities. This dashboard provides a view into current emissions levels and the remaining gap to reach our 2030 reduction targets. It also enables users to test the impact of passive and active decarbonization measures on 2030 portfolio levels. This is a new tool and we are in the early stages of using it to analyze financed emissions results and pathways.



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Elements required to help us reach our target state

Talent: Having the right organizational structure, leadership and people.

Infrastructure: Implementing systems to inform and empower our colleagues.

Adaptability: Developing robust processes that can respond to changing needs and expectations.

Governance: Developing internal controls that are effective and commensurate with the risk.

Customer centricity: Assessing how this work impacts the customer is at the heart of what we do.

We are pleased to report on some of our progress in 2023, having achieved the following milestones:

a. Net-Zero Management

- Completed an enterprise-wide assessment to identify opportunities to enhance our Transition Plan and make further progress on our net zero transition. This assessment will inform future-year milestones (e.g., enhancements to our climate-related data infrastructure, our offering of products and services designed to support our clients, and enabling TD to capture commercial opportunities, etc.).
- Designed priorities specific to our Canadian Business Banking and TD Insurance lines of business to help shape their policies, products and client engagement activities in support of the low carbon transition journey.
- Initiated a program to develop and continue refining sectoral decarbonization plans to support decarbonization in the real economy across carbon-intensive sectors by leveraging the Bank's full breadth of products and capabilities.
- Enhanced our credit risk review process to include additional due diligence for transactions that may have a significant adverse impact on our ability to meet our financed emissions targets. This involves a review of the client's emissions intensity and transition plans for the purposes of supporting client engagement activities, where applicable, and serving as one of several inputs into the overall risk assessment process for a lending transaction.

b. ESG Risk Management

Risk Governance:

- Established clear governance and oversight of E&S risk, including climate risks across all businesses and corporate functions through the operationalization of the E&S Risk Policy.

Risk Identification:

- Enhanced our risk identification processes by expanding the scope of the climate risk heatmap to include an assessment of acute physical risk applicable to our operations (i.e., TD's real estate footprint).
- Developed our Physical Risk Identification Framework to provide a consistent approach to identifying and assessing physical risk across our credit portfolio.

Risk Assessment:

- Introduced an enhanced due diligence assessment related to financed emissions within our existing E&S Risk Assessment process for the Power Generation and Energy sectors, expanding to Automotive Manufacturing and Aviation in early 2024. This enhanced due diligence assessment serves as one of several inputs into the overall risk assessment process for a transaction.

- Conducted a pilot to begin assessing (i) the impacts that our relevant financing activities in the Agriculture sector have on nature and (ii) how the industries we finance depend on nature, in light of the recently released recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We developed a case study for each: a heatmap of the impacts on nature of our in-scope Agriculture sub-sectors (see [page 84](#) for details) and a pilot investigation on Nature Risk Identification (see [page 56](#) for details).

c. Regulatory Reporting and Disclosures

- Established roles and responsibilities and implemented a cross-functional working group to address the adoption of the upcoming OSFI Guideline B-15: Climate Risk Management, which will be effective for TD and other D-SIBs for fiscal year-end 2024.
- Initiated an impact assessment of the two sustainability standards, International Financial Reporting Standard (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, to prepare for the anticipated Canadian jurisdiction endorsement and application.

d. Data, Technology and Analytics

- Refined our enterprise climate data strategy with a focus on building reporting capabilities and automated tools that provide corporate functions and lines of business with decision-useful emissions data.

Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Enhancing Skills and Culture

A successful low-carbon transition starts with our people. We are investing in knowledge and skill development for our colleagues, as well as attracting top talent with ESG and climate expertise.

Learning and Development

We recognize that TD can have the biggest impact when our people can use their climate-related skills and passion to create change. To support the ongoing management and execution of our Climate Action Plan, we take a Bank-wide approach to providing development opportunities.

Here are a few examples:

► **ESG Centre of Expertise: Education, Knowledge Management & Communications Hub**

- The Hub hosted 7 ESG learning sessions covering over 18 different topics to help increase knowledge of sustainability (including climate) topics for colleagues in Sustainability and Corporate Citizenship, ESG Risk Management, corporate functions and lines of business. Through the Hub, learning opportunities are also available on the ESG Colleague Resource Centre, a centralized online site, and TD Thrive, the Bank's internal learning platform.

► **ESG One Finance Working Group Sessions**

- These sessions are hosted by Enterprise Finance and this group consists of financial professionals from corporate functions, lines of business support, and specialty Finance functions. The goal is to raise Finance awareness of the Bank's sustainability program as well as upcoming regulatory requirements (including climate). In the process, the aim is to help Finance become a stronger partner in support of the Bank in advancing its sustainability initiatives.

► **ESRM Quarterly Forums**

- These information sharing forums are hosted by ESG Risk Management to establish foundational knowledge of ESG Risk Management, develop capabilities (including climate risk), and gather feedback from lines of business, risk management and other corporate functions across the enterprise on their informational and educational needs.

► **Training Sessions**

- In 2023, our Finance team delivered an educational session to increase awareness about the Bank's sustainability-related disclosures, as well as the IFRS S1 (General Requirements for Disclosures of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). This session was part of the Chief Accountant quarterly Professional Development Program and Training Sessions, which are open to TD colleagues working on continued educational requirements from their professional designations.
- Training was provided to lines of business, such as TD Asset Management (TDAM), TD Securities, Business Banking and TD Insurance (TDI) to enhance existing capabilities, expand subject matter expertise and discuss new and existing opportunities for each sector.
- After the launch of our \$500 billion Sustainable & Decarbonization Finance Target in March 2023, training was provided to frontline staff in Canadian Business Banking, TD Securities and Commercial teams in the U.S. on the applicable business and environmental, social and decarbonization activities that would help support reaching the target.

Our ESG Centre of Expertise (COE)

Our ESG COE uses a six-hub model to facilitate knowledge sharing and coordination in key areas (research, policies, risk management, reporting, sustainable finance and leadership and strategy) necessary to move defined ESG enterprise strategic deliverables forward across the Bank. Each Hub includes key team members from across the organization, including from Sustainability & Corporate Citizenship, corporate functions and lines of business, as appropriate.

The ESG COE model was developed for:

- Supporting overall enterprise sustainability strategy, including climate, to meet increasing stakeholder expectations in alignment with TD's Strategy
- Supporting collaboration, ideation, analysis and communications on various ESG and climate-related initiatives across the Bank
- Capitalizing on the knowledge and perspectives of a broad range of corporate functions and lines of business to prioritize and advance strategic deliverables, through regular information sharing





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Growing Our Talent Pipeline

We place significant importance on building our climate capabilities through our ESG talent pipeline. In 2021, the Sustainability and Corporate Citizenship group, in partnership with Enterprise Risk Management, introduced a two-year rotational ESG Associate program to attract and retain graduate professionals to support our ESG work across the enterprise. Participants develop broad experiences and knowledge in different ESG areas of the Bank and are provided with a holistic view of how our sustainability strategy is developed and operationalized as well as how our climate-related risks are managed.

The Bank has an ongoing development program, the Senior Manager Impact program, focused on the Bank's emerging leaders. In recent years, the program has focused on solutions to help address sustainability challenges for the Bank, with the goal of helping future leaders build capabilities on ESG and ESG-related solutions. In 2023, program participants were tasked with identifying opportunities for TD to develop scalable products or services focused on sustainable finance that would have both business growth opportunities and the chance to help our clients meet their environmental and/or social priorities.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Capturing Commercial Opportunities

The transition to a low-carbon economy presents significant commercial opportunity. It is estimated that a \$200 trillion investment is needed to fund the global transition to a net-zero economy by 2050.²² As the world moves toward a low-carbon future, evolving our products and services to meet the needs of changing client and customer preferences is important and will help support the Bank's growth.

Products and Services

The decarbonization of the economy is an opportunity for innovation. We aim to support the demand for climate-related financing and investment, within our risk appetite. The Bank supports a wide range of customers and clients, small to large, and believes it is beneficial to work with these clients as they grow and contribute to the low-carbon economy.

We have developed dedicated teams, capabilities and offerings to help support the broad spectrum of customers and clients we serve and communities we support. SFEC coordinates sustainable finance efforts across the Bank, in support of TD's sustainability strategy. In each line of business, we are building expertise and knowledge that will enable us to better support customers and clients as they navigate their climate journeys.

Below, we provide more details about how our lines of business are working to capture opportunities and support broader decarbonization through product and services offerings.

Line of Business	Products and Services ¹
TD Auto Finance	<ul style="list-style-type: none"> Auto financing for EVs and HEVs through TD's Eco Loan Program. Financed over 10,000 EV and HEV transactions in Canada and 75,000 in the U.S.
Business Banking	<ul style="list-style-type: none"> Environmental Lending Program to support Business Banking customers in reducing their carbon footprint. Eligible initiatives span categories such as energy retrofits, renewable energy, pollution prevention and control, waste prevention and reduction, recycling and clean transportation.
TD Securities	<ul style="list-style-type: none"> Product structuring, framework advisory and underwriting for green, social, sustainability and sustainability-linked financial products. ESG positioning and due diligence for buy-side and sell-side M&A. Pre-IPO ESG advisory and ESG positioning for equity capital markets transactions. Voluntary and compliance carbon markets advisory. Trading of carbon allowances from North American and European compliance carbon markets. Letters of credit for compliance markets auctions. Assessment of carbon liabilities and opportunities for acquisitions and divestitures. Principal Investment strategy focused on energy transition venture and growth stage funds.
TD Insurance (TDI)	<ul style="list-style-type: none"> Extended Water Damage product that provides coverage for sudden and accidental water damage caused by sewer backup and sump pump failure, and ground and surface water entering a home below ground level, as well as overland flooding. In the event of paid loss, coverage includes a mitigation failure feature of up to \$1,000 toward the cost of installing a backwater valve or sump pump with a power backup system. EV and HEV insurance discounts. Enhanced EV insurance product offering in 2023 to include EV rental, roadside assistance, EV-certified auto centres and Green Wheel Discount. Solar panel protection through standard homeowner insurance products. Mobile Response Units providing disaster relief support to areas experiencing catastrophic incidents related to severe weather. Mobile units deployed to Halifax in response to flooding, and to Yellowknife and Kelowna in response to wildfires in 2023. Resilience-related discounts for Alberta customers who choose longer-life-expectancy roofing – in order to reduce future damage from extreme weather such as hailstorms. Severe weather alerts provided to customers through the TDI app.
TD Asset Management (TDAM)	<ul style="list-style-type: none"> Offers a set of ESG-focused funds, including mutual funds and index ETFs. In 2023, launched the TD North American Sustainability Bond Fund, a mutual fund with ESG-focused investment objectives. Tailored reporting available for institutional clients containing the carbon intensity of their portfolio, as well as certain other climate-related metrics (upon request and subject to data availability).
TD Bank, America's Most Convenient Bank® Commercial	<ul style="list-style-type: none"> Provide financing to support client interest in energy conservation measures, improved water and wastewater infrastructure, and certified green building construction. Partner with TD Securities to provide commercial clients access to TD Securities products and services, including green, social and sustainability-related products and services.

¹ The products and services listed here are for illustrative purposes and are not intended as an exhaustive list.



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Case Study: Helping Canadians Increase their Resilience

In 2023, TDI collaborated with the Institute for Catastrophic Loss Reduction (ICLR) – a disaster research centre in Canada – on its Showcase Homes program, which retrofitted four homes in Edmonton with protective measures against flood damage.²³ The aim of this program was to expand the awareness of the options available to home owners across Canada to minimize flood risk and reduce potential impacts from extreme rainfall.

In September 2023, TDI and ICLR hosted a joint event for community members, government, regulators and media to showcase the project and conduct tours of the households that participated in the retrofit program.

Case Study: Investing in Direct Air Capture

In November 2023, TD and 1PointFive, a carbon capture, utilization and sequestration company, announced TD Securities' purchase of CDR credits from STRATOS – 1PointFive's first DAC facility that is currently under construction. STRATOS has been designed to be the world's first large-scale commercial deployment of DAC technology, with the potential to capture and remove up to 500,000 metric tonnes of CO₂ from the atmosphere each year for secure and long-term storage in geologic formations.

Under the terms of the agreement, and subject to STRATOS becoming operational, TD Securities has agreed to purchase 27,500 metric tonnes of DAC CDR credits over four years, one of the largest purchases of DAC credits by a financial institution globally.²⁴ With this transaction, TD Securities expects to add to its portfolio of voluntary carbon offsets, supporting the continued build out of its carbon advisory and trading capabilities across voluntary and compliance carbon markets. In addition, we intend to use a portion of the credits from this transaction to gradually incorporate more durable removal credits in our offset portfolio and voluntarily offset our own operational emissions while we continue to work to reduce overall emissions from our operations.²⁵

Carbon Markets

In 2022, TD Securities launched its Carbon Advisory business, within its ESG Solutions Group, which offers end-to-end solutions across voluntary and compliance carbon markets.

Throughout 2023, this business expanded and refined its capabilities including carbon market advisory around capital market transactions, compliance market hedging and voluntary market access. TD Securities traded US\$8.8 billion worth of carbon allowances from North American (WCI, RGGI) and European (EU ETS) compliance carbon markets in 2023, a 193% increase compared to 2022.

Investments

Treasury Investment Portfolio

We maintain a target to hold \$15 to \$20 billion in green, social, sustainability and pandemic bonds in our Treasury investment portfolio by the end of 2025.²⁶ As of October 31, 2023, this portfolio included approximately \$22.3 billion in green, social, sustainability and pandemic bonds.²⁷

TD Securities Principal Investments

Of the 34 investments TD Securities has made in funds since 2019, ten have been cornerstone investments in leading North American venture and growth stage funds focused on supporting the clean energy transition.²⁸ Altogether, these clean energy funds have made investments in over 90 portfolio companies across sectors such as carbon technology, clean energy generation, electric transportation and mobility solutions, and industrial decarbonization, among others.

In keeping with our Principal Investing strategy, we met and engaged with senior management and/or board members from most companies within our portfolio so we can engage in meaningful dialogue about capital raising and other strategic initiatives. In some cases, we introduced our colleagues from TD Cowen who have deep and relevant U.S. experience in many of these energy transition sectors.

The most recent principal investment made in 2023, was in Decarbonization Partners, which is a partnership between BlackRock and Temasek that has raised over US\$1 billion in committed capital. The focus is on late-stage venture capital and early growth private equity investments in Carbon Capture, Storage and Utilization, Bio and Low Carbon Products, Next Generation Energy, Advanced Mobility, Carbon Management Services and Digital Transformation. TD Securities has been named to the Fund's Net Zero Council.



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition



Engagement with Clients

We believe that our suite of climate-related products and services, along with our organizational insight and expertise, can help support our clients on their decarbonization journeys. That is why in March 2023, we announced the development of our sector-specific client assessment and engagement frameworks and our initial goal of engaging with clients responsible for at least 50% of our financed emissions in the Energy and Power Generation sectors by the end of 2023.²⁹ We aim to have meaningful conversations with our clients about where they are on their journeys and how we might support them as they implement their own emissions reporting, decarbonization targets and transition plans. This helps to identify both commercial opportunities for the bank and also potential climate-related risks.

Through our engagement efforts in 2023, led by TD Securities, we learned that our clients are at different stages in their journeys. We discussed several different topics with our clients as part of our quantitative and qualitative assessment of their climate governance, emissions profile and decarbonization plans. For example, we reviewed and discussed publicly available emissions data and whether they have set emissions reduction targets, have allocated any capital expenditures for low-carbon technologies, or have published any transition plans. Recognizing that these details may not tell the whole story, we also covered various qualitative elements, tailored to each of our target sectors.

2023 Accomplishments

TD exceeded our initial goal in both sectors, having engaged with clients responsible for over

50%

of our financed emissions in each of the Energy and Power Generation sectors.²⁹

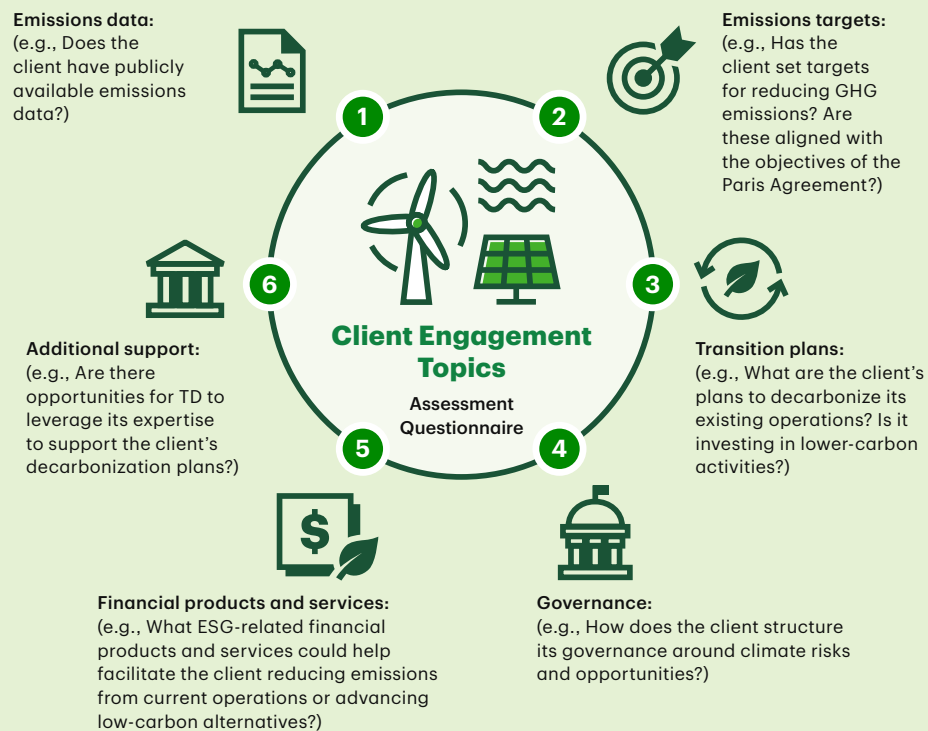
Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Engagement Topics for TD's Financed Emissions Target Sectors



We have found our clients to be very receptive to the conversations and appreciative of TD's transparency in the work that is being done to deliver on the Bank's corporate targets, and of our commitment to help them during their transition. These conversations helped us strengthen our relationships with our clients and they proved to be excellent opportunities for TD to support our clients by addressing any questions they may have related to climate or other ESG subjects, their initiatives and the direction that the industry as a whole and their peers are heading.

A key principle of our climate strategy is to support clients in their low-carbon transition, while at the same time continuing to work with a broad range of stakeholders, including governments, industry forums, regulators and standard-setters, to help address the economic, technical and policy barriers our clients face on their own transition journeys. For us, this means meeting our clients where they are and taking a client engagement-centric approach. As we execute on our financed emissions targets, this key principle will continue to be our priority and preference. Our transition readiness categorization enables us to cater our efforts and support for our clients individually, with a view of each client relative to our portfolio in the sector.

We evaluate clients' transition readiness through the following focus areas:

- **ESG Governance:** Has the client incorporated ESG into its organizational structure, corporate committees, and senior leadership?
- **Emissions Data:** Does the client disclose its GHG emissions data publicly?
- **Decarbonization Activities:** Does the client have targets for reducing GHG emissions or have plans to decarbonize its operations, production, or services (e.g., transition planning and action, low-carbon related expenditures and investments)?

Our client assessment approach involves a consistent set of discussion topics, which are given various weights. Clients are then assessed and classified into three categories: Early, Progressing and Leading. In developing this assessment approach, we leveraged industry practice and applied our professional judgement, as currently there is no standardized methodology or approach among standard-setters. We feel that our process facilitates meaningful conversations in support of our clients. Over time, we expect our assessment approach to evolve, as we aim to incorporate the developing realities of the sectors in which our clients operate, as well as align to emerging standards and/or industry best practices.



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Below are generic examples to demonstrate how some clients may be categorized based on their disclosures related to climate in each of the Energy and Power Generation sectors.

Early	Progressing	Leading
<ul style="list-style-type: none"> ✓ ESG Governance ✗ Emissions Data ✗ Decarbonization Activities 	<ul style="list-style-type: none"> ✓ ESG Governance ✓ Emissions Data ✗ Decarbonization Activities 	<ul style="list-style-type: none"> ✓ ESG Governance ✓ Emissions Data ✓ Decarbonization Activities
<p>Example of an energy company Early in its transition readiness</p> <ul style="list-style-type: none"> • Has a senior executive position with an ESG focus • Has not published Scope 1, 2 or 3 data • Has not set a Scope 1, 2 or 3 reduction target • Has not published a transition plan publicly • Has not invested CAPEX in low carbon tech 	<p>Example of an energy company Progressing in its transition readiness</p> <ul style="list-style-type: none"> • C-suite executive with an ESG focus • Published Scope 1 and 2 data in its company report • Set Scope 1 and 2 interim 2030 reduction targets • Transition related activities disclosed in company Sustainability report, including plans for process efficiency improvements to reduce emissions and address fugitive methane emissions 	<p>Example of an energy company Leading in its transition readiness</p> <ul style="list-style-type: none"> • Board oversees strategy and reporting on ESG matters • Published Scope 1, 2 and 3 data in its company report • Set Scope 1, 2 and 3 net-zero aligned emission reduction targets • Disclosed Transition plan in company Sustainability report, including their plans to develop/produce hydrogen, as well as a Carbon Capture and Storage facility
<p>Example of a power generation company Early in its transition readiness</p> <ul style="list-style-type: none"> • Has a senior executive position with an ESG focus • Published Scope 1 data in its company report • Has not set a Scope 1 or 2 reduction target • Has not published a transition plan publicly • Has not invested significant CAPEX in low carbon tech (e.g., renewables) 	<p>Example of a power generation company Progressing in its transition readiness</p> <ul style="list-style-type: none"> • C-suite executive with an ESG focus • Published Scope 1 and 2 data in its company report • Set Scope 1 reduction target by 2050, but no interim targets set • Has not published a transition plan publicly, but disclosed potential plans for the future, including potential significant CAPEX on low carbon technologies, including solar 	<p>Example of a power generation company Leading in its transition readiness</p> <ul style="list-style-type: none"> • Board oversees strategy and reporting on ESG matters • Published Scope 1 and 2 data in its company report • Set Scope 1 and 2 interim 2030 targets using Science Based Targets initiative methodology • Published standalone Transition Plan document, including their plans to increase renewable generation capacity and their coal phase out plan

We use this categorization to inform future discussions about climate-related opportunities and risks, as well as to evaluate how we can offer our expertise, products and services to help facilitate our clients' progress toward setting and achieving their own decarbonization goals. For example, for a client that has not yet published an emissions target, we may work together to share resources or identify and address roadblocks. For clients that are further along on their journey, we may discuss opportunities to integrate climate-related key performance indicators (KPIs) into financial instruments to further help them and provide financial incentives for them to achieve their decarbonization goals. For other clients, we may strategize regarding financing opportunities for zero and low carbon projects.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

2023 Energy Sector Client Assessment Results³⁰

For the Energy clients in scope, they are split across the early and progressing categories with a small number of clients who are leading. This is primarily due to slow progress on reporting high-quality emissions data and in turn their transition planning. We do see positive signs of action, as a majority of our clients discussed activities they are working on related to reducing methane emissions through various techniques, as well as some clients developing carbon capture and storage projects. Most clients have also incorporated ESG into their corporate governance which indicates a high likelihood of progress in the future.

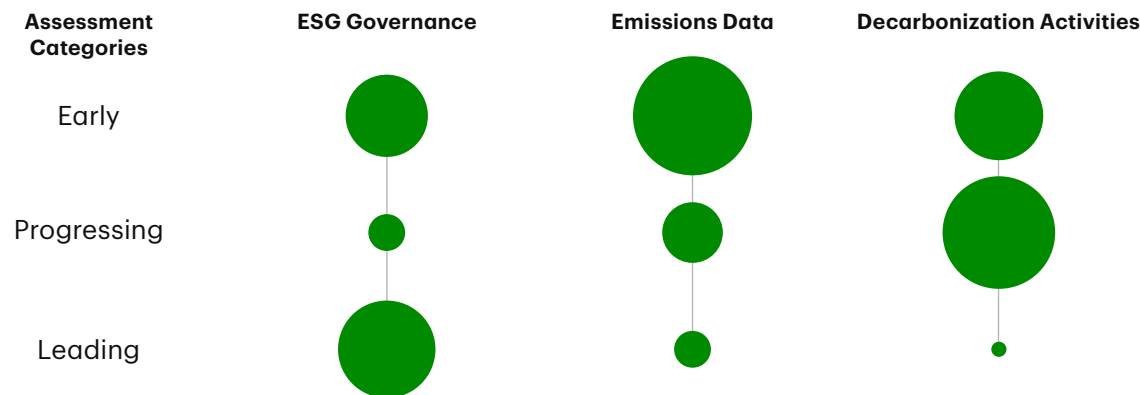
Breakdown of Clients by Assessment Category¹

35%
Early

62%
Progressing

3%
Leading

Client Assessment Results by Transition Element²



2023 Power Generation Client Assessment Results³⁰

For in-scope clients within Power Generation, most are in the progressing category. Clients in this sector generally have high quality emissions data due to more easily available primary emissions data and they have been able to pursue low carbon opportunities due to the availability of affordable low-carbon generation technologies. In our discussions, we learned of clients with short term plans to reduce methane emissions, continued investment in renewables as well as energy storage. We also heard that our clients are working to advance other alternatives for power generation including hydrogen, small nuclear reactors, as well as carbon capture and storage.

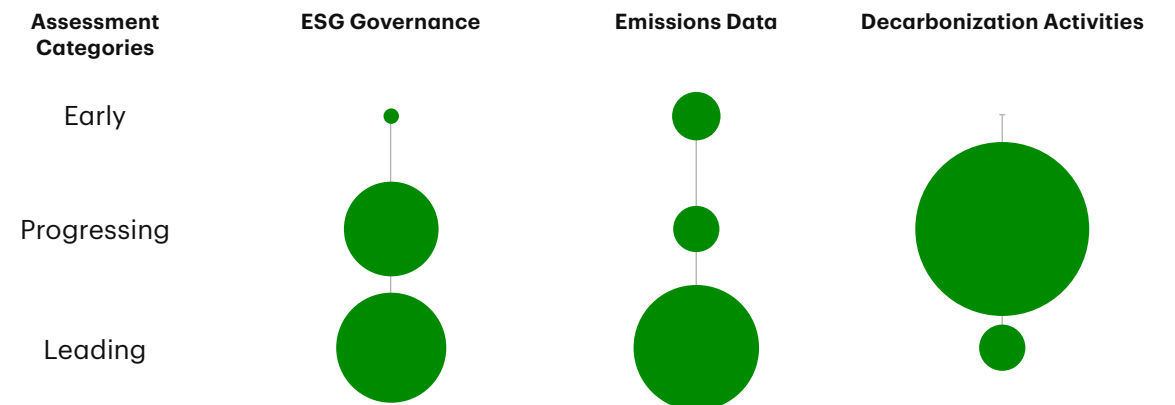
Breakdown of Clients by Assessment Category¹

7%
Early

72%
Progressing

21%
Leading

Client Assessment Results by Transition Element²



¹ This table contains the percentage of clients whose Total Assessment Score fell into each of the three assessment categories (i.e., Early, Progressing, Leading). The Total Score is calculated by incorporating the results from each of the three elements discussed (i.e., ESG Governance, Emissions Data and Decarbonization Activities). The elements discussed are not equally weighted in the Total Score.

² The graphical circles represent the relative number of clients that fell into each of the Early, Progressing and Leading categories for each transition element. These elements have different weightings in consideration of the Total Score.



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition



Feature: ESG360

ESG360 is a custom-built technology platform that aligns TD Securities' climate expertise with sustainable practices for our corporate clients. This application, used by relationship managers, client advisors, and credit risk managers, aims to provide valuable insights on sustainable investment areas while enabling efficient tracking of companies' sustainability data. The cloud-based application allows us to document our client engagement conversations and track our progress towards our engagement goals. For our colleagues, ESG360 provides continual access to key metrics for our four financed emissions target sectors, including financed emissions, total committed lending, total financing and emissions intensity.

We will apply learnings from our client engagement to improve our process. For instance, in 2023 many of our decarbonization engagement meetings with clients were scheduled on an ad hoc basis. In 2024, with our ESG360 tool, we plan to embed these engagements and documentation into our ordinary-course conversations with clients in these sectors.

2024 Goals and Upcoming Priorities

TD is setting a goal to engage with clients responsible for

75%

of the financed emissions covered by the interim financed emissions targets we have set in each of the Energy sector, Power Generation sector, and combined Automotive Manufacturing and Aviation components of the Transport sector by the end of 2024. Our client engagement efforts in 2024 will continue to be led by TD Securities.²⁹



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

We have been active in the sustainable finance markets for over a decade through issuing, underwriting and investing in green, social, sustainability and sustainability-linked (GSSS) bonds and sustainability-linked loans (SLLs).³¹ To date, TD Securities has underwritten over \$152 billion in global GSSS bonds and SLLs across 600+ transactions, 200+ borrowers, and 22 currencies. In 2023, TD ranked as the top Canadian bank for global GSSS bonds.

Case Study: TD Securities – Helping Our Clients Meet their Sustainability Objectives with Sustainable Finance & Advisory Services³²

Facilitating Sustainability-linked Financing

TD Securities supported Bell, a Canadian telecommunications company, in the development of its decarbonization and GHG emissions reduction objectives by acting as an advisor in structuring Bell's suite of sustainable financing instruments.³³ In November 2022, TD Securities helped Bell successfully execute one of the largest sustainability-linked loans (SLLs) in Canada, transitioning \$3.5 billion of their existing credit facilities into a Sustainability-Linked Revolving Credit Facility. The sustainability-linked pricing mechanism is based on Bell's progress towards its science-based targets of reducing absolute Scope 1 and 2 GHG emissions by 58% by 2030 (from a 2020 baseline year) and reaching 64% of suppliers by spend covering purchased goods and services to set science-based targets by 2026.³⁴ TD Securities acted as a Sustainability Structuring Agent, Joint Bookrunner, Co-Lead Arranger, and Administrative Agent for Bell's inaugural Sustainability-linked Revolving Credit Facility.

In May 2023, Bell entered into its first sustainability-linked derivatives (SLDs), introducing a pricing adjustment that increases the derivatives' cost based on Bell's performance toward its science-based target to reduce its absolute operational GHG emissions (Scope 1 and 2) by 58% by 2030 (from a 2020 base year). TD Securities acted as a Lead Sustainability Structuring Agent and Swap Arranger on Bell's SLDs.

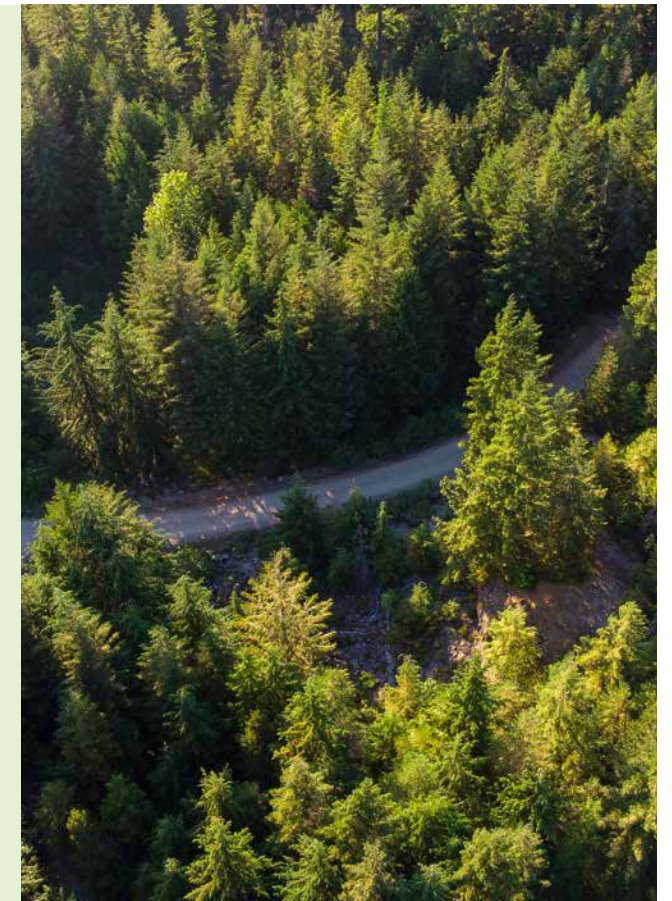
More recently, in September 2023, Bell amended its existing \$2.3 billion securitization program to add sustainability-linked pricing. Similar to the SLL, the sustainability-linked securitization (SLS) introduced an annual pricing adjustment based on Bell's performance against its science-based GHG emissions reduction target and its goal regarding the proportion of its suppliers with science-based targets. TD Securities acted as sole Sustainability Structuring Agent and Administrative Agent and is a committed lender in the sustainability-linked securitization program.

The assistance provided to Bell across its innovative sustainability-linked financial instruments demonstrates how TD Securities is supporting its clients on their climate-related journeys.

Advisory Services: Sale of Great River Hydro to Hydro Quebec

TD Securities served as exclusive financial advisor to ArcLight Capital Partners, LLC and its affiliates (collectively, "ArcLight") on the sale of Great River Hydro, LLC ("Great River") to Hydro Quebec for a value of approximately US\$2 billion.³⁵ Great River Hydro is a leading U.S. renewable energy infrastructure platform, which owns hydroelectric generating stations with a total installed capacity of 589 megawatts, representing the largest conventional hydroelectric portfolio in New England.

In addition, Great River is advancing a portfolio of hydropower projects and co-located battery storage and solar development projects. New England is a region with ambitious decarbonization and electrification objectives and where the amount of electricity generated from variable renewable energy sources is poised to increase sharply. By facilitating the combination of Hydro Quebec's know-how in managing and leveraging hydro facilities with Great River's understanding of the New England market, TD Securities is supporting the investment in and development of renewable energy where such resources are in high demand.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Company Engagement at TDAM

Engaging with Companies on Climate

Stewardship practices are implemented as part of TDAM's overall firm-level aggregated process and serve as an effective mechanism to communicate with a company's board and management on financially material issues, which may include ESG-related issues.

TDAM held climate-focused engagements with 105 portfolio companies in 2023, including companies on their climate focus list. For more information, please view [TDAM's TCFD Report](#).

TDAM also supported 76 climate-related shareholder proposals in 2023. TDAM generally supports proposals seeking basic and enhanced disclosures on how the company identifies, measures and manages its climate-related risks, as well as those calling on companies to reduce their GHG emissions and set targets aligned with Paris Agreement-aligned targets. Relevancy, materiality, cost, existing climate strategy and reporting practices are also taken into consideration.

For example, TDAM supported the climate plan of Company A and voted against the climate plan of Company B. The absence of long-term targets and the partial coverage of Scope 3 emissions were the notable differences in their plans. Given this, TDAM felt it was prudent to vote against the climate plan of Company B. TDAM has since engaged with Company B and communicated the rationale supporting its vote and its expectations for the year ahead. TDAM will continue to engage with Company B to encourage stronger action and ambition as it relates to climate.



Target Setting at a Canadian Energy Company

One of TDAM's recent engagement activities involved several meetings with a large Canadian energy company on TDAM's Climate Focus List. TDAM identified that the company lacked an interim emissions reduction target on its path to net zero by 2050. Team members within TDAM worked with the company to communicate its rationale and make a case for public disclosure of the interim target. Most of the company's peers had specific targets in the

2030 to 2035 timeframe to measure their progress on decarbonization, and it was appropriate for the company to set targets consistent with developing industry best practice. The company has since publicly disclosed a new target to reduce its absolute Scope 1 and 2 GHG emissions by 40% by 2035 relative to the 2020 baseline.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Supporting Economic Transition

We recognize that reaching net-zero requires action in areas outside of our control, and to that end, we focused on engagement with a broad range of external stakeholders to support productive outcomes. As a result, our efforts include engaging with stakeholders to influence broader economic transition leveraging our full suite of resources and capabilities. In practice, this means working with governments, regulators and standard-setters, participating in industry working groups, collaborating with sustainability-focused organizations, developing thought leadership and engaging with our suppliers. We also look for opportunities to focus our philanthropy on economic progress, through the Vibrant Planet driver of the TD Ready Commitment.

Engagement with Government, Regulators, and Standard-Setters

Our Advocacy Approach

In 2023, the pace and scope of activity in the government, regulatory, and standard-setting landscape related to climate change continued to evolve rapidly. In addition to developments related to disclosure standards (e.g., OSFI Guideline B-15 and IFRS S1 and S2), both Canada and the U.S. have continued to invest in the low carbon transition. Since 2021, Canada has announced an estimated \$139 billion in government investment and spending across all budgets towards climate policy. Since 2022, the U.S. has announced an expected \$393 billion through the Inflation Reduction Act (IRA).³⁶

Policymakers have one of the most critical roles to play in developing the right conditions to achieve economy-wide decarbonization. We see advocacy and dialogue with governments and regulators on measures needed to decarbonize key sectors within our economy

as an important enabler to help clients through the low-carbon transition, and ultimately to achieve our climate objectives.

In 2023, we began to develop our first climate advocacy approach for our Canadian business operations. We conducted internal research to assess our current advocacy activities and identified key focus areas and advocacy channels, as well as policy and regulatory actions that would support Canada's broader decarbonization.

We launched an ESG Advocacy Executive Forum, which brings together executives from across the Bank to align on advocacy activities and facilitate co-ordination of our engagement efforts. We also developed an internal inventory to track our various advocacy efforts and inform our approach and priority areas for engagement.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

In 2023, we prioritized three areas of focus:

Focus Area	Importance	Our Engagement Efforts
Climate Disclosures	<ul style="list-style-type: none"> Thoughtful and appropriate climate disclosures play an important role in driving the net zero transition by promoting transparency, managing risks and informing decision making. 	<ul style="list-style-type: none"> TD's Group Head of Canadian Business Banking, Barbara Hooper was the Chair of the Sustainable Finance Action Council's (SFAC) Disclosure Technical Expert Group (TEG). As part of this TEG, TD played a leading role in the development of recommendations to the Minister of Finance on climate-related disclosures. The letter called for the need to achieve near-complete coverage of our economy with climate-related disclosures that are aligned with international standards, and outlined key recommendations to the Canadian federal government to achieve this objective.
Climate Data	<ul style="list-style-type: none"> Climate data is an important enabler of the net-zero transition. Financial Institutions require accurate and timely data to set decarbonization targets, prioritize efforts, and target capital where it is most needed. We identified two sectors with significant data gaps: Real Estate and Agriculture. Currently, data for these sectors lack the necessary granularity, making it challenging for banks to support the decarbonization of these sectors. 	<ul style="list-style-type: none"> TD actively participated in the SFAC Data TEG, whose mandate was to advise the federal government on climate data needs and capacity within the financial sector. This included advocating for support from the federal government to improve the state of data in the Real Estate and Agriculture sectors.
Climate Taxonomy	<ul style="list-style-type: none"> Clearly defining "green" and "transition" economic activities would help mobilize and accelerate the deployment of capital toward climate-aligned solutions. 	<ul style="list-style-type: none"> TD played an active role in the SFAC Taxonomy TEG, including in the development of its Taxonomy Roadmap Report released in March 2023. This report contains 10 recommendations addressing the merits, design, and implementation of a made-in-Canada green and transition finance taxonomy. In its 2023 Fall Economic Statement, the Government of Canada announced that "the Department of Finance will work with Environment and

- TD participated in the Consultation for the ISSB's Agenda Priorities through both the Canadian Bankers Association (CBA) and the Institute of International Finance (IIF). A key focus of our advocacy was the importance of supporting the implementation of IFRS S1 and S2 and the importance of global harmonization.
- Through IIF, TD also consulted on various topics related to disclosures, including transition risk metrics, and the UK Transition Plan Taskforce Consultation.
- TD provided feedback on the Federal Government Sustainable Agriculture strategy, specifically highlighting the data challenges associated with the Agriculture sector.
- Through the CBA, TD provided feedback on OSFI's Draft Climate-Related Risk Return, which seeks to collect climate-related data from Deposit Taking Institutions and Insurers. Challenges related to the availability of data and methodologies, as well as the granularity of data required, were key focus areas of our feedback.

Climate Change Canada and Natural Resources Canada to undertake next steps, in consultation with regulators, the financial sector, industry and independent experts, to develop a taxonomy that is aligned with reaching net zero by 2050." We await further engagement from the Government on the development of this taxonomy.

Other Advocacy Activities

Beyond the focus areas highlighted above, we also participate in global conversations on topics such as transition planning, nature-related disclosures and transition financing. For example:

- We provided input and feedback in the development of the Institute of International Finance policy paper on the role of the financial sector in the net-zero transition, which highlighted the critical role of economy-wide policy frameworks, as well as the role of financial institutions in enabling the transition, and offering recommendations for banking and insurance regulators and supervisors.
- TD was a member of the SFAC Capital Allocation Working Group, tasked with developing recommendations for the federal government on addressing challenges in directing private capital to net-zero solutions.



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Engagement with Industry-led Groups and Public Sector Organizations

We participate in several industry groups and have adopted various internationally recognized frameworks and standards to help deliver on our Climate Action Plan. Below are some examples of how we engage with the industry and the public sector on climate change.

Group	Our Engagement
GHG Emissions Accounting and Target-Setting	
Net-Zero Banking Alliance (NZBA)	Industry-led and UN-convened, the NZBA is a group of leading global banks committed to financing ambitious climate action to transition the real economy to net-zero greenhouse gas emissions by 2050. TD joined the NZBA in October 2021 and has since made progress on its commitments by measuring financed emissions, establishing baselines and setting four interim financed emissions targets which cover the large majority, approximately 67%, of our financed emissions footprint estimated to date. In 2023, we also actively participated in the process to review and update the NZBA Guidelines for Climate Target Setting for Banks, which underpin the NZBA's requirements. This process is expected to be completed in spring 2024.
Partnership for Carbon Accounting Financials (PCAF)	PCAF is an industry-led group working to develop shared standards for accounting and disclosing GHG emissions including those related to lending and investment activities. TD is a member of the industry-wide PCAF working group and participates in education and discussion sessions regarding carbon accounting and financed emissions calculations. Through its membership, the Bank also promotes consistency and harmonized approaches to data, metrics and methodologies. TD is committed to working with industry associations to help develop and implement a harmonized approach to measuring and disclosing financed emissions. We participate in several PCAF working groups, including the PCAF Canada and North America Working Groups, PCAF Business Loans Working Group, PCAF Mortgages and Commercial Real Estate Working Group and PCAF Motor Vehicle Loans Working Group.
Risk Management	
United Nations Environment Programme Finance Initiative (UNEP FI)	TD is a member of UNEP FI, a UN-convened network of banks, insurers, and investors working to accelerate sustainable development. TD participates in various working groups and initiatives focused on decarbonization, climate risk management, and related disclosures for financial institutions.
RMA Climate Risk Consortium	In 2022, TD joined the Risk Management Association's Climate Risk Consortium, which focuses on bringing financial institutions together to create guidelines for integrating climate-related considerations in risk management practices.
Equator Principles (EP)	The EP are a voluntary set of minimum due diligence standards to help financial institutions determine, assess, manage, and report on E&S risks related to projects that are within the scope of the EP. The Bank uses a comprehensive set of tools and guidance documents to identify and categorize eligible transactions in accordance with the principles. TD is a signatory of the Equator Principles Association and adopted the EP in 2007.

Case Study: TDI – Supporting the Canadian National Flood Program

As a leading industry voice advocating for the creation of a program to extend flood protection to Canadians who were previously ineligible for coverage, TDI applauded the launch of the federal government's National Adaptation Strategy and funding for a National Flood Program within the federal budget. This is critical to help Canadians adapt to a changing climate. The aim of this program is to provide insurance protection to Canadians at the highest risk of floods, where previously they were ineligible. With funding, the next crucial step is the effective design of a program that best serves Canadians. TDI is actively working with its industry peers through the Insurance Bureau of Canada to support the technical development of a program that maximizes its contribution to Canada's climate resilience.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Group	Our Engagement
Sustainable Finance	
Rocky Mountain Institute's (RMI) Center for Climate-Aligned Finance	The Center for Climate-Aligned Finance, launched by RMI in July 2020, works to enable financial institutions, corporations and experts overcome practical obstacles to sectoral decarbonization. TD participates in discussions on the latest climate-related financial developments.
Institute for Sustainable Finance (ISF)	ISF is a network comprised of academia, the private sector, and government working to advance research and innovation in sustainable finance. TD was a founding contributor and sponsor of ISF, which was established in November 2020.
Sustainable Finance Action Council (SFAC)	Launched by the government of Canada in 2021, the SFAC brings together public- and private-sector experts to advance sustainable finance in Canada and globally. TD's participation has enabled active engagement in relation to critical market infrastructure needed to attract and scale sustainable finance in Canada. TD's Group Head, Canadian Business Banking, served as the Chair of SFAC's Disclosure Technical Expert Group. TD was also a member of SFAC's Taxonomy Technical Expert Group and Net Zero Capital Allocation Working Group.
Responsible Resource Use	
Circular Economy Leadership Canada (CELC)	CELC was launched in 2018 as a network of corporate leaders, non-profit research organizations, and academic researchers working to promote the transition to a low-carbon, circular economy in Canada. TD joined CELC in 2022 and is a founding member of CELC's Circular Finance in Canada Work Stream.
Advocacy	
Canadian Bankers Association (CBA)	TD is a member of the CBA, a national association representing banks operating in Canada. TD participates in public consultations and advocacy initiatives with the CBA on a variety of topics, including proposed guidance for the assessment and management of climate risks and opportunities, and disclosure frameworks developed by regulators, standard-setters and industry groups.
Institute of International Finance (IIF)	TD is a participating member of the IIF – a global association of the financial industry, with about 400 members from more than 60 countries. The IIF develops advocacy positions on behalf of its global membership and manages official sector engagements including engagement on sustainability topics. It hosts forums for discussion around ESG (including climate and nature-related) risk management, disclosure, data and taxonomy-related topics.
Disclosure	
Dow Jones Sustainability Indices (DJSI)	TD is listed on the DJSI North America index for the twelfth consecutive year.
CDP's Climate Change Questionnaire	Since 2010, TD has responded to CDP's climate disclosure questionnaire and received a score of B for its 2023 submission, demonstrating its long-standing commitment to climate-related transparency and accountability. We engage with CDP to provide feedback on the questionnaire, including its scoring methodology and approach. In 2022 we signed up to CDP's Reporter Services and through this, we have been invited to participate in webinars and various working groups.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

TD Securities is a member of the following industry-specific initiatives focused on sustainable finance and carbon markets.

Group	TD Securities' Engagement
Sustainable Finance	
International Capital Markets Association (ICMA)	ICMA serves as Secretariat to the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, and the Sustainability-Linked Bond Principles, collectively "the ICMA Principles", providing support and advice related to sustainable debt governance. TD Securities is a member of the ICMA Principles and previously served on the 2021-2022 ICMA Advisory Council of the Principles Executive Committee.
Loan Market Association (LMA)	TD Securities is a member of the LMA, dedicated to promoting growth and innovation in sustainable lending practices, and supporting the syndicated loan market as new sustainable finance regulation emerges.
Loan Syndications and Trading Association (LSTA)	TD Securities is a member of the LSTA and participates on the LSTA's ESG Working Group focused on ESG-related developments in the loan market, which includes ESG integration as well as the development and evolution of sustainable loan products and market guidance.
Carbon Markets	
International Emissions Trading Association (IETA)	IETA works alongside governments and stakeholders with the mission of creating a more transparent and credible voluntary carbon market that will help drive financing toward initiatives that create genuine emissions reductions and removals. TD is a member of IETA's Voluntary Carbon Market Working Group.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

TDI is a member of the following industry-specific initiatives that aim to improve resilience to climate-related risks in the Canadian insurance industry and the communities it serves.

Group	TDI's Engagement
Risk Management	
United Nations Environment Programme Finance Initiative (UNEP FI)	TDI became a signatory to UNEP FI's Principles for Sustainable Insurance in 2014, the second Canadian company to do so. TDI's President and CEO is a member of the UNEP FI Leadership Council and Associate Vice President, Environment, Government and Industry Relations, and is Board Chair of UNEP FI's Principles for Sustainable Insurance.
United Nations Environment Programme Finance Initiative (UNEP FI) Leadership Council	TDI's President and CEO is a member of the UNEP FI Leadership Council, which contributes to the discourse related to mainstreaming of ESG risk and impact disclosures and about aligning institutions and portfolios with climate and other sustainability objectives.
Canadian Life and Health Insurance Association (CLHIA)	TDI participates in a number of CLHIA committees and chaired the climate change working group from its inception in 2020 until March 2023.
Advocacy	
Climate Proof Canada	TDI is a founding member of Climate Proof Canada, a broad coalition of insurance industry representatives, municipal governments, Indigenous organizations, environmental non-governmental organizations (NGOs) and research organizations. The coalition is encouraging the federal government to reduce emissions and make our communities more resilient against disasters.
Insurance Bureau of Canada (IBC)	TDI's President and CEO is a board member of the IBC. TDI colleagues chair or participate on a number of IBC working groups and committees. TDI's Associate Vice President (AVP) of Environment, Government & Industry Relations serves as Vice Chair of IBC's Natural Catastrophe & Climate Standing Committee. In 2023, TDI's AVP of Environment, Government & Industry Relations spoke about climate risk assessment and disclosure. TDI is actively working with its industry peers on the IBC to support the technical development of a National Flood Program that will provide insurance to Canadians at the highest risk of flood, contributing to Canada's climate resilience.
Disclosure	
Principles for Sustainable Insurance (PSI)	TDI's PSI annual disclosure highlights how the PSI are incorporated into strategy, operations, and risk management. TDI was the second Canadian-based signatory to the UNEP FI PSI in 2014. In 2023, TDI's AVP, Environment, Government & Industry Relations was elected to be Board Chair. TDI also contributes to thought leadership initiatives, including: <ul style="list-style-type: none"> • The UNEP FI Regional Roundtable North America, held in March 2023 in Toronto, Canada to discuss the state of play and define the future of sustainable finance in the region. • The UNEP FI Regional Roundtable on Sustainable Finance for Europe held in Madrid, Spain. This event helped define the role of banking, insurance, and investment in proactively accelerating a greener economy while transitioning to a low-carbon, inclusive and sustainable future in the region. • TDI hosted a workshop and webinar that was the stage for the launch of a paper titled, "Closing the Protection Gap in Canada: A Social Framework for the Life and Health Insurance Industry", developed by PSI signatories with work led by TDI. The paper discussed climate change adaptation considerations and the role that the insurance industry can play in helping vulnerable populations. • TDI was also a contributor to a second paper, "Health is our Greatest Wealth: How life & health insurers can drive better health outcomes and address the protection gap".



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

TDAM contributes to the industry conversation on managing the transition to a low-carbon economy by participating in several climate-focused initiatives and organizations.

Group	TDAM's Engagement
Engagement	
Climate Engagement Canada	In October 2021, TDAM became a founding member of Climate Engagement Canada, a finance-led initiative that drives dialogue between the financial community and corporate issuers to help Canadian public companies successfully transition to a net-zero economy.
Climate Action 100+ (CA100+)	TDAM has been a member of CA100+ since 2019. Participation in investor networks such as CA100+ enables TDAM to have a wider engagement reach and a better understanding of climate change related investment risks and opportunities. This is consistent with TDAM's approach of actively engaging with companies in which it invests on behalf of its clients. Notwithstanding participation in the CA100+, TDAM continues to exercise its proxy voting decisions independently as per its internal policies and guidelines.
Ceres Investor Network	The Ceres Investor Network includes more than 220 institutional investors managing more than \$60 trillion in assets. TDAM became a member in 2022 and works with the non-profit and fellow members to advance sustainable investment practices, engage with corporate leaders and advocate for key policy and regulatory solutions to accelerate the transition to a just, sustainable net-zero emissions economy.
Disclosure	
GRESB (Global Real Estate Sustainability Benchmark)	Since 2016, TDAM has been an active participant in GRESB, an investor-led organization providing standardized and validated ESG data for real estate assets.
Carbon Disclosure Project (CDP)	As an investor member, TDAM has led some company engagements to promote industry best practice disclosures and transparency in companies identified by the CDP.
Principles for Responsible Investment (PRI)	PRI is a UN-supported international network of investors working to promote six principles of Responsible Investing. TDAM was among the first Canadian bank-owned asset managers to sign the UN-backed PRI in 2008.

Thought Leadership

TD is proud to participate in advancing the climate change discourse on the path to net-zero GHG emissions and promoting a just and orderly transition. We continue to participate in and, where appropriate, lead important discussions with governments, industry participants, and other stakeholders to help influence better outcomes for communities where we live and work. We regularly demonstrate thought leadership on a wide variety of subjects through external publications and our own channels, including our internal ESG Centre of Expertise Hubs. Due to the systemic risks associated with climate change, and our belief that we have a role to play in shaping the industry's approach to climate change, we have made climate a focus area for our thought leadership publishing.

2023 Highlights

- TD Economics paper on the barriers to connecting new renewable energy projects to the grid and how to overcome them: [Solving the Challenge of Connecting New Solar and Wind Projects](#)
- TD Securities' [ESG Investor Perspectives Survey](#) summarizes the results of its Sustainable Debt Market Investor Survey to promote better understanding of institutional investor perspectives on sustainable fixed-income products
- [TD Securities' Carbon Market Round Up](#) series highlights the pricing movements of key compliance and voluntary carbon markets and recent market developments
- TDAM's paper on [ESG Integration Best Practices for Commercial Real Estate Debt Investors](#) discusses how real estate lenders are increasingly integrating ESG considerations into their origination, underwriting and due diligence processes, as well as engaging with borrowers on sustainability considerations
- TD Cowen's Sustainability Week, a week-long conference led by TD Cowen, a division of TD Securities, that featured over 160 companies, policy makers and stakeholders discussing today's most critical ESG topics



Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Other ways we support economic transition:

Through Our Supply Chain

Emissions from TD's purchased goods and services are a significant contributor to our operational carbon footprint, and we recognize that there are opportunities for TD to support decarbonization across our supply chain and in our procurement practices. We have not set a reduction target for our supply chain GHG emissions; however, we regularly engage with our largest suppliers through the CDP Supply Chain Program and prioritize our engagement based on spend, carbon intensity and criticality to the Bank. In 2023, we continued to encourage many of our suppliers to report their emissions by responding to the CDP Climate Change questionnaire.

Through Community Support and the Just Transition

Another way we are committed to reducing emissions is through our corporate citizenship platform, the TD Ready Commitment. Under this platform, we bring together our philanthropy efforts, people and businesses to collaborate with non-profits and community-based organizations with the aim of working together to create positive change in the communities where we operate.

Through the TD Ready Commitment, we support initiatives across four interconnected drivers of change – Financial Security, Vibrant Planet, Connected Communities and Better Health. The focus of our Vibrant Planet driver of change includes supporting initiatives that help enable the transition to a low-carbon economy.

Here are a few non-profit organizations we support in Canada and the U.S. through the TD Ready Commitment:

Canada:

- The McGill Centre for Innovation in Storage and Conversion of Energy (McISCE) is working to help bolster research capacity in innovative, low-carbon and carbon-free energy solutions. Of a variety of initiatives supported, several focus on decarbonizing the Transport sector such as its project titled “Transportation-grid interdependence: How to make net-zero energy work using energy storage” (NSERC Alliance GHG). Through this research-based project, transportation-related analyses will be conducted and include investigations on the life cycle impacts of EV deployment for net-zero scenarios.
- TD is supporting the Bishop's University Educational Farm with \$500,000 over five years. These funds will provide students, faculty and the public the opportunity to learn about farming practices that not only maintain but enhance the ecological health of the land. Through this initiative, we are also funding the appointment of a Bishop's University Research Chair of Sustainable Agriculture and Food Systems who will research sustainable land use practices that foster ecological health and support the Agriculture sector as it transitions to a low-carbon economy.

United States:

- GRID Alternatives' Next Gen Training Academy is a program that provides opportunities for individuals in Washington, D.C. to secure employment in the solar industry and helps participants create self-sustaining careers in the rapidly growing solar industry. The program for trainees includes group-based technical and essential skills training, mentorship, scholarships for those who want to continue their education, and guidance on how to secure job placements. The Next Gen Training Academy supports diverse individuals, including women, Veterans, and people of color, creating equitable opportunities for individuals to enter the solar industry.

Some of the grants through the TD Ready Commitment focus on a just transition, which means the benefits of a low-carbon economy are shared widely, and does not unfairly disadvantage vulnerable people and communities. This work includes financing interventions that support a green transition, protecting vulnerable countries, regions and people from falling behind, assisting workers in industries that are primarily reliant on fossil fuels, and supporting industries in the transition to a low-carbon economy.

+ For more information on the TD Ready Commitment, please see pages 13 to 15 of the [2023 TD Ready Commitment Report](#), which highlight our progress on our Vibrant Planet interconnected driver of change.





Our Implementation and Engagement Plan continued

Building Our Capabilities

Capturing Commercial Opportunities

Supporting Economic Transition

Awarding grants to non-profits working on the just transition through the 2022 TD Ready Challenge

In June 2022, we launched the fifth annual TD Ready Challenge, a key initiative of the TD Ready Commitment, which focused on helping to support the development of innovative, impactful and measurable solutions for a changing world. In support of the just transition, the [2022 TD Ready Challenge](#) sought solutions designed to help people and communities who may be disproportionately affected by climate change to prepare for, adapt to and help mitigate the potential impacts of climate change, and to work toward a transition to a low-carbon economy.

In January 2023, we awarded 10 grants of \$1 million (in Canadian or U.S. dollars based on the jurisdiction of residence of the selected applicants) to non-profit and community-based organizations whose solutions best addressed the 2022 problem statement noted above and supported the just transition.

Three of the ten grant recipients were:

- New York City Energy Efficiency Corporation, for its program that aims to leverage green financing to address barriers to capital deployment, and provides training and education to build a more inclusive technical workforce.
- Green Communities Association for its ambitious project that will support 10 Canadian cities to advance large-scale green infrastructure in an effort to better prepare vulnerable communities for increased flooding, extreme heat, and other impacts of climate change.
- The University of Victoria PRIMED program in British Columbia is working toward developing a first-of-its-kind renewable energy microgrid in the region. This initiative will create a small-scale power grid that can operate independently or collaboratively with other small power grids. It incorporates a wave energy device at Yuquot on Nootka Island, a National Historic Site and traditional home of the Mowachaht-Muchalaht First Nation. This project will support renewable energy system development and the Nation to achieve its objective of re-habiting Yuquot.

Collaborating with the Nature Conservancy of Canada (NCC) on climate resiliency

TDI collaborated with the NCC on three projects in Canada with funding provided by TD Friends of the Environment Foundation, a national charity founded by the Bank in 1990 that funds environmental projects across Canada. Projects in Alberta and Ontario focused on flood prevention, and the third project in B.C. focused on wildfire risk reduction. All projects included considerations for conservation, species preservation and increased climate resiliency of the area. The project in Ontario, completed in October 2021, included building an accessible trail and other facilities in the Happy Valley Forest. Work on the other two projects was completed in 2023.





Climate change is an evolving and complex issue that poses significant risk to the Bank and its customers, along with the financial industry and the communities in which we operate.

In this section

Introduction	48
Approach to Identifying, Assessing and Managing Climate-Related Risks	49
Our Climate Risks	51
Risk Management Categories	57
Scenario Analysis	59



Introduction

Climate change presents an interconnected set of risks and opportunities for TD. Developing insights into our risk exposures and proactively working to manage them helps prepare us to support the fair and just transition to a low-carbon economy.

Climate risk is the risk of reputational damage and/or financial loss arising from materialized credit, market, operational or other risks resulting from the physical and transition risks of climate change to the Bank, its clients, or the communities the Bank operates in.

This includes:

- Physical risks that arise from the consequences of a changing climate, including acute physical risks stemming from extreme weather events happening with increasing severity and frequency (e.g., wildfires and floods) and chronic physical risks stemming from longer-term, progressive shifts in climatic and environmental conditions (e.g., rising sea levels and global warming).
- Transition risks that arise from the process of shifting to a low-carbon economy, influenced by new and emerging climate-related public policies and regulations, technologies, stakeholder expectations and legal developments.

Key Accomplishments in 2023

- Operationalized our enterprise-wide Environmental and Social (E&S) Risk Policy, which resulted in increased awareness of climate-related risks within our lines of business.
- Developed the Physical Climate Risk Identification Framework as part of TD's Physical Risk Action Plan.
- Introduced an enhanced due diligence assessment related to financed emissions within our existing E&S Risk Assessment process for the Power Generation and Energy sectors, expanding to Automotive Manufacturing and Aviation in early 2024. This enhanced due diligence assessment serves as one of several inputs into the overall risk assessment process for a transaction.
- Continued to participate in industry working groups and pilots to further develop methodologies and approaches for climate risk identification, assessment and measurement.
- Expanded the scope of our climate risk heatmap to include assessment of the acute physical risk of climate change to our own (real estate) operations.



Approach to Identifying, Assessing and Managing Climate-Related Risks

As a global financial institution, our business and operations are exposed to a broad range of risks stemming from E&S risks, including both financial (e.g., credit, market) and non-financial (e.g., legal, regulatory, strategic, operational, reputational).

Climate risk is a transverse risk that implicates all of the Bank's Major Risk Categories. Assessing climate risk and its impacts must account for the diverse nature of our exposures and our product offerings.

Our processes for identifying, assessing, and managing climate-related risks are integrated into our enterprise risk management approach. Our E&S Risk Framework sets out foundational guidance for managing E&S risks, including climate risk, and includes:

- Defining E&S risk; includes the definition, drivers and inventory of climate risk
- Risk appetite
- Governance, roles and responsibilities for managing E&S risks
- Risk management processes

E&S risk, including climate risk, is identified, discussed and acted on by senior leaders and reported quarterly to the Risk Committee. Our E&S Target Operating Model (TOM) and associated implementation plan support our work to manage climate risks through dedicated workstreams in our ESG Risk Management capability area, including E&S Risk & Governance, and Scenario Analysis.

We assess E&S risk through our E&S Risk Appetite Statement (RAS) Principle and supporting RAS Measures, including a qualitative climate RAS measure. On a quarterly basis, the summary of our E&S RAS

assessment is shared with executives through an E&S Risk Dashboard.

In 2022, we established an enterprise-wide E&S Risk Policy that requires all lines of business and corporate functions to identify, assess, monitor, and establish controls and report on E&S risks, including climate risk. Lines of business and corporate functions certify annually that they are in compliance with the E&S Risk Policy requirements.

The Bank has also made progress in building its E&S risk metrics program by developing and operationalizing climate-related metrics for monitoring select major risk categories (e.g., credit, reputational and operational risks). This work has been supported by developing an inventory for E&S risk metrics, where the Bank consolidates, manages and reports metrics that have been operationalized, as well as metrics that may be operationalized in the future as data and methodology challenges are addressed. The E&S risk metrics inventory was informed by regulators (i.e., OSFI, U.S. Securities and Exchange Commission (SEC)), survey agencies (i.e., Dow Jones Sustainability Indices (DJSI), Carbon Disclosure Project (CDP)), standard-setters (i.e., International Sustainability Standards Board (ISSB), TCFD, Climate Financial Risk Forum (CFRfC)) and best practices.

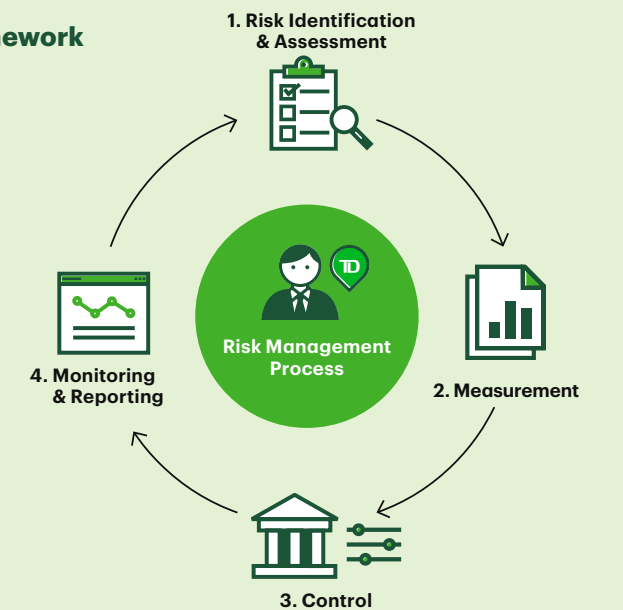
Our approach to climate risk management includes four key processes: Risk Identification & Assessment, Measurement, Control, and Monitoring & Reporting.

TD's Enterprise Risk Management Framework

1. Risk Identification & Assessment is focused on defining, recognizing, and understanding climate risks, relating to the Bank's business activities and operations. In light of the evolving ESG landscape, increased regulatory focus and heightened stakeholder interest, the Bank continues to refine its definition of climate risk and its climate risk inventory (including Level 1, 2 and 3 risk definitions). Our Climate Risk Heatmap is one tool the Bank uses to identify climate risk vulnerabilities across a number of industry sectors in order to prioritize our risk management activities and measurement work.

2. Measurement practices continue to evolve and help support the Bank's ability to provide timely and accurate quantification of the risks assumed. We continue to develop tools and programs to help quantify our exposure to climate risk, such as climate scenario analysis and stress-testing methodologies.

3. Control is supported by our continued progress on embedding climate risk into our enterprise E&S Risk Framework and supporting risk programs and processes. Examples include the E&S Risk Assessment Tool for evaluating risk in non-retail lending transactions and the incorporation of E&S risk considerations in TD's Change Risk Framework.



4. Monitoring & Reporting of climate risk levels includes assessing and reporting against our qualitative climate RAS measure as well as the quarterly E&S Risk Dashboard, which supports the monitoring and reporting of E&S risks, including climate risk. Since its launch in 2022, the Bank has taken steps to further build out the tool and enable deeper insights, including improved granularity on industry-specific metrics. Further, the Bank has established an independent oversight function to monitor E&S risk.



Approach to Identifying, Assessing and Managing Climate-Related Risks continued



Feature: Embedding Climate Risk and Financed Emissions in Lending Due Diligence

We have embedded climate-related risk considerations in our processes for evaluating applicable non-retail lending transactions. Our lending teams perform due diligence to identify potential E&S risks, including climate risks, through a set of due diligence tools, such as questionnaires and environmental assessments, and by conducting site visits and industry research.

For certain transactions, the lending teams complete an E&S Risk Assessment, where, depending on the outcome of the assessment, an escalation process for additional review by Risk Management may be required. In 2023, we added financed emissions due diligence to the E&S Risk Assessment for certain transactions. As a result, applicable lines of business, with support and oversight from our Sustainability & Corporate Citizenship and ESG Risk Management teams, assess the financed emissions impact of applicable transactions and conduct a benchmark comparison to support the risk assessment. Proposed transactions that may have a significant adverse impact on the Bank's progress toward its financed emissions target must include the completion of an industry-specific questionnaire related to clients' emissions intensity and transition plans, if any. The outputs are used for the purposes of supporting client engagement activities, where applicable, and serving as one of several inputs into the overall risk assessment process for a lending transaction.

For additional details on TD's E&S risk assessment approach to client activities, please refer to the [E&S Risk Management in Lending](#) section of our 2023 Sustainability Report.

Case Study: Developed TD's Physical Climate Risk Identification Framework

In 2023, we developed our Physical Climate Risk Identification Framework. TD recognizes that physical climate risk may have significant impacts on the assets and financial capacity of our customers and clients, which in turn, may impact the Bank's credit portfolio quality. The Framework provides a consistent physical risk identification and assessment approach to identifying geographical areas within the Bank's footprint that are most sensitive to physical climate risk.

The Framework:

- Identifies areas within our footprint where physical risk impacts from floods, wildfires and hurricanes are manifesting today and may manifest in the future, using standardized hazard risk definitions
- Incorporates territorial risk mitigants where available (e.g., seawalls)
- Segments our portfolio into distinct risk categories based on the severity and trend of current and forward-looking risk

TD is in the process of applying this Framework across our footprint and business lines and will use these insights to inform our risk control assessment processes and business strategies.

[Environmental and Social Risk Process](#)



Our Climate Risks

In 2021, we established a climate risk inventory that provides a view of climate risk drivers. The climate risk inventory supports the comprehensive identification of climate risks and provides a view of associated events and impacts. In accordance with TCFD, we define physical risks as risks that arise from climate- and weather-related events that can result in financial losses or other adverse organizational impacts. We define transition risks as risks which arise from the process of adjustment toward a low-carbon economy.

Our Climate Risk Inventory

Risks	Definition	Potential Events ¹	Potential Impacts ²			
Physical Risks	Acute	Changes in severity and frequency of extreme weather events	<ul style="list-style-type: none"> Heatwaves Cold waves Riverine flooding Coastal flooding 	<ul style="list-style-type: none"> Wildfires Storms Landslides or avalanches 	<ul style="list-style-type: none"> Increased damage to real property assets and facilities, infrastructure and equipment Impacts on business activity and continuity Impacts on crop production and livestock farming 	<ul style="list-style-type: none"> Increased insurance costs Impacts on the coastal tourism industry Impacts on electricity generation industry Increased damage to roadways impacting transportation
	Chronic	Longer-term shifts in climate	<ul style="list-style-type: none"> Changes in mean precipitation Water stress Changes in mean wind speed Sea level rise Coastal erosion 	<ul style="list-style-type: none"> Changes in pelagic zone of ocean (e.g., salinity, acidity, etc.) Changes in mean temperature Changes in mean volume of snow and ice Changes in thickness of permafrost Drought 	<ul style="list-style-type: none"> Increased property insurance and labour insurance costs Increased operational costs from business interruptions Loss of land, infrastructure, or property 	<ul style="list-style-type: none"> Impacted marine species population affecting the fisheries industry Decreased crop production, affecting the agricultural industry
Transition Risks	Policy	Policy or regulatory changes that reduce adverse effects of climate change or promote adaptation	<ul style="list-style-type: none"> Policy changes that accelerate or require decarbonization 	<ul style="list-style-type: none"> Changes to the level, speed or nature of enforcement of policies related to decarbonization 	<ul style="list-style-type: none"> Increased operational costs to comply with new policies (e.g., carbon pricing) 	<ul style="list-style-type: none"> Market entry barriers caused by policy shifts
	Technology	Developments and improvements of technologies to support the transition to a low-carbon environment	<ul style="list-style-type: none"> Availability of alternative technologies that are climate-friendly Availability of decarbonization technologies 	<ul style="list-style-type: none"> Availability of technologies that enable or support decarbonization technologies 	<ul style="list-style-type: none"> Increased operational costs to shift to climate-friendly technologies 	<ul style="list-style-type: none"> Competition from peers utilizing climate-friendly technologies
	Reputation	Changes in the perception of an organization's transition to a low-carbon environment	<ul style="list-style-type: none"> Customer preferences shift toward lower-carbon alternative products or services 	<ul style="list-style-type: none"> Employees avoid working for companies associated with carbon-intensive activities 	<ul style="list-style-type: none"> Increased costs to attract and retain customers Decreased sales due to changing customer preferences 	<ul style="list-style-type: none"> Increased training and recruitment costs Increased marketing costs to maintain brand image
	Market	Changes in market supply and demand of certain products and services due to climate-related risks and opportunities	<ul style="list-style-type: none"> Financial institutions avoid providing equity, debt, or insurance financing due to preference for low-carbon clients Customers have partners (e.g., suppliers, vendors) that participate in carbon-intensive activities 	<ul style="list-style-type: none"> Insurers avoid insuring customers engaged in carbon-intensive activities Investors avoid investing in carbon-intensive activities 	<ul style="list-style-type: none"> Reduced ability to purchase assets for expansion Decreased profitability Insufficient cash flow to cover operational costs 	<ul style="list-style-type: none"> Higher insurance costs Higher retention of insurance losses Limitations on growth prospects
	Legal	Legal developments related to climate mitigation, adaptation or disclosure	<ul style="list-style-type: none"> Climate-related legal and regulatory changes 	<ul style="list-style-type: none"> Litigation or regulatory enforcement associated with action taken or not taken to mitigate climate change, adapt to climate change, or provide adequate climate-related disclosures 	<ul style="list-style-type: none"> Increased litigation and regulatory costs 	<ul style="list-style-type: none"> Reputational harm Operational interruptions

¹ TD's Climate Risk Inventory was developed by leveraging the TCFD methodology. For physical risk, publications from the Intergovernmental Panel on Climate Change (IPCC) were utilized to identify physical risk drivers appropriate to TD's geographic locations. TD will continue to validate and refine its Climate Risk Inventory as it considers appropriate.

² Identified impacts are for illustrative purposes and represent potential impacts on TD or its clients.



Our Climate Risks continued

Heatmap

Our Climate Risk Heatmap (the heatmap) was initially developed in 2021 by leveraging our climate risk inventory. It provides a visual representation of the sensitivity to climate risk by industry sector or geographic location. The heatmap is considered a foundational risk management identification tool, which we developed to provide a better understanding of how climate risks might affect our clients.

We have refreshed and expanded the scope of the heatmap to include the assessment of the acute physical risk for our own (real estate) operations.

The results of the heatmap have helped us to prioritize sectors and geographic locations for risk assessment and measurement work based on scenario analysis. The heatmap has also helped inform the build-out of other risk management actions, particularly within credit risk management, such as industry risk ratings and deal screenings, and our Physical Climate Risk Identification Framework.



Heatmap: Non-Retail

The non-retail heatmap uses a sensitivity scale developed by TD to show the potential impact (i.e., low to high) across various transition and physical risks, considering impact to overall industry sector earnings. The sensitivities are determined based on both a qualitative and quantitative analysis over a 10-year forward-looking horizon to the overall industry sector. The sensitivities to climate risk drivers are based on an inherent risk assessment and do not represent the risks specific to TD's clients. The client-level impact will depend on factors such as the location of physical assets, business activities, and management action taken to mitigate the risks (e.g., the ability of a borrower to absorb the costs of transition). Therefore, the non-retail heatmap should not be interpreted as a risk to specific clients, but rather as industry sectors we are proactively focusing on in the near term – in order to better understand, assess, measure, and manage our climate risk exposures.

Carbon-Related Assets

Carbon-Related Assets as % of Total Assets is a climate-related risk metric that measures our exposure to carbon-related assets relative to our total (retail and non-retail) gross credit risk exposure (excluding counterparty credit risk exposures to repo-style transactions and over-the-counter (OTC) derivatives).³⁷ This metric helps us monitor our concentration in and exposure to climate-sensitive industry sectors over time.

TCFD's 2021 Guidance on Metrics, Targets, and Transition Plans defines carbon-related assets as “those assets tied to the four non-financial groups identified by the Task Force in its 2017 report (Energy; Transportation; Materials and Buildings; Agriculture, Food, and Forest products), with consideration for exclusion of industries or sub-industries that are appropriate to exclude, such as water utilities and independent power and renewable electricity producer industries.”³⁸ Following this guidance, our total exposure to carbon-related assets as of October 31, 2023 was \$262 billion or 15.7% of our total gross credit risk exposure.

In accordance with TCFD's 2021 guidance, borrowers within the following sub-industries have been excluded from TD's carbon-related assets calculation: water utilities, waste management systems, renewable electricity producers, and nuclear electricity producers. To address the potential limitation that some carbon-related exposures may exist outside of TCFD's four non-financial groups (e.g., government/public sector entities engaged in power generation), a review of government/public sector borrowers' operations was completed and, where applicable, exposures deemed to be carbon-related were included in the metric calculation.

We expect that TD's approach for calculating carbon-related assets will continue to be refined and will evolve as TD considers the application of industry guidance and best practices.



Our Climate Risks continued

Low Impact High Impact

Counterparty Type	Industry Sector	Transition Risk					Physical Risk		Gross Credit Risk Exposures (\$ millions) ¹	Gross Credit Risk Exposures as % of Total Non-Retail	Carbon-Related Assets (\$ millions) ^{2,3}	Carbon-Related Assets as % of Total Assets ⁴
		Policy	Technology	Reputation	Market	Legal	Acute	Chronic				
Non-Retail ⁵	Real Estate								\$111,725	12.8%	\$111,725	6.7%
	Agriculture								\$11,273	1.3%	\$11,273	0.7%
	Automotive								\$22,554	2.6%	\$22,554	1.4%
	Financial								\$80,181	9.2%	\$0	0.0%
	Food, beverage and tobacco								\$12,378	1.4%	\$12,378	0.7%
	Forestry								\$2,529	0.3%	\$2,529	0.1%
	Government, public sector entities and education								\$417,314	47.9%	\$0	0.0%
	Health and social services								\$33,110	3.8%	\$0	0.0%
	Industrial construction and trade contractors								\$10,509	1.2%	\$10,509	0.6%
	Metals and mining								\$8,599	1.0%	\$8,599	0.5%
	Oil and gas								\$11,629	1.3%	\$11,631	0.7%
	Power and utilities								\$34,495	4.0%	\$18,369	1.1%
	Professional and other services								\$33,948	3.9%	\$0	0.0%
	Retail sector								\$13,114	1.5%	\$0	0.0%
	Sundry manufacturing and wholesale								\$25,164	2.9%	\$25,162	1.5%
	Telecommunications, cable and media								\$14,738	1.7%	\$0	0.0%
	Transportation								\$12,961	1.5%	\$12,961	0.8%
	Other								\$14,177	1.6%	\$14,177	0.9%
	Total (non-retail)								\$870,398	100.0%	\$261,867	
	Total (retail and non-retail)								\$1,662,979		\$261,867	15.7%

1 See TD's 2023-Q4 Supplemental Regulatory Disclosure, page 23. Excludes counterparty credit risk exposures to repo-style transactions and OTC derivatives.

2 Please refer to the footnote above for the basis of the carbon-related assets calculation. In addition, adjustments have been made in accordance with how carbon-related assets are defined by TCFD's 2021 Guidance on Metrics, Targets, and Transition Plan, which states "those assets tied to the four nonfinancial groups identified by the Task Force in its 2017 report (Energy, Transportation, Materials and Buildings, and Agriculture, Food, and Forest Products)", with consideration for exclusion of "industries or sub-industries that are appropriate to exclude, such as water utilities and independent power and renewable electricity producer industries". Available at: https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf

3 To address the potential limitation that some carbon-related exposures pertaining to the TCFD's four non-financial groups may be classified in other industry sectors, a review of borrowers' operations was completed. In cases where government and public sector entities engaged in power generation were deemed to be carbon-related, applicable exposures were reclassified to the Power and Utilities industry sector and included in the carbon-related metric calculation.

4 As reported under Basel Pillar 3 CRB (e) columns A, B and C; see TD's 2023-Q4 Supplemental Regulatory Disclosure, page 23, Line #9, where the total (retail and non-retail) gross credit risk exposures (excluding counterparty credit risk exposures to repo-style transactions and over-the-counter (OTC) derivatives), amounts to \$1,662,979, and represents Total Assets for the purpose of the Carbon-Related Assets Relative to Total Assets climate-related risk metric.

5 The scope of the heatmap includes certain gross credit risk exposures, namely, non-retail exposures by industry sector, which includes loans, debt securities and deposits with other financial institutions. It reflects TD's banking book positions and excludes the insurance business.



Our Climate Risks continued

Heatmap: Real Estate Secured Lending (RESL)

The RESL heatmap uses a similar sensitivity scale to show the potential impact (i.e., low to high) across various transition and physical risks, considering the impact on property value as a result of anticipated property damage. The sensitivities are determined based on both a qualitative and quantitative analysis for a forward-looking horizon to the applicable geographic locations as of 2030. The sensitivities to climate risk drivers are based on an inherent risk assessment, where there is no consideration of mitigation measures (e.g., loan-to-value ratios, insurance coverage, ability of a borrower to absorb the cost of physical risk events).

We provide a granular view of the acute physical risk ratings for Canada RESL and U.S. RESL, considering three hazard types: flood, wildfire, and hurricane. This view provides a snapshot of our portfolios' sensitivities to each hazard type. Country-level acute physical risk ratings for the RESL heatmap were arrived at by taking the maximum hazard rating.

Low Impact High Impact

Counterparty Type	Jurisdiction	Transition Risk					Physical Risk		Outstanding Loan Balance (\$ millions) ¹	% of Total RESL
		Policy	Technology	Reputation	Market	Legal	Acute	Chronic		
Retail	Canada Real Estate Secured Lending (RESL)								\$381,351	85%
	U.S. RESL								\$67,199	15%
Total									\$448,550	100.0%

¹ For Real Estate Secured Lending, see [TD's 2023 Annual Report](#), page 58, Table 28 (insured and uninsured).

Low Impact High Impact

Counterparty Type	Jurisdiction	Physical Risk		
		Acute		
		Flood	Wildfire	Hurricane
Retail	Canada Real Estate Secured Lending (RESL)			
	U.S. RESL			

Heatmap: Indirect Auto Lending

The indirect auto lending heatmap utilizes a similar sensitivity scale to show the potential impact (i.e., low to high) across various transition and physical risks, considering the impact on indirect auto lending sector earnings. The sensitivities are determined based on both a qualitative and quantitative analysis over a 10-year forward-looking horizon. The sensitivities to climate risk drivers are based on an inherent risk assessment, where there is no consideration of mitigation measures (e.g., loan-to-value ratios, insurance coverage, ability of a borrower to absorb the cost of physical risk events).

Low Impact High Impact

Counterparty Type	Jurisdiction	Transition Risk					Physical Risk		Outstanding Loan Balance (\$ millions) ¹
		Policy	Technology	Reputation	Market	Legal	Acute	Chronic	
Consumer installment and other personal	Indirect Auto Lending (Canada and U.S.)								\$69,837

¹ For Indirect Auto Lending, see [TD's 2023 Annual Report](#), pages 55 and 56, Table 25 (Canada and United States).



Our Climate Risks continued

Heatmap: Own (Real Estate) Operations

The own (real estate) operations acute physical risk heatmap utilizes a similar sensitivity scale to show the potential impact (i.e., low to high) to the Bank's own (real estate) operations property values, as a result of anticipated property damage due to acute physical risk. The sensitivities consider three hazard types: flood, wildfire, and hurricane, and are determined based on both a qualitative and quantitative analysis for a forward looking horizon to the applicable geographic locations as of 2030. The sensitivities are based on an inherent risk assessment, where there is no consideration of mitigation measures (e.g., insurance coverage).

The heatmaps involve an iterative process, where the framework and methodology will continue to be progressively refined over the next few years, as data availability and quality improve. We will continue to assess opportunities to expand the scope of our heatmaps to cover additional portfolios across TD's assets and operations.

Low Impact High Impact

Jurisdiction	Physical Risk		
	Flood	Wildfire	Hurricane
Operations in Canada			
Operations in U.S.			





Our Climate Risks continued



Case Study: Assessing Climate Risk in TDAM's Infrastructure Portfolio

In December 2022, TDAM completed a preliminary climate risk assessment exercise with management teams for the portfolio companies in its TD Greystone Global Infrastructure Strategy.

The objectives of the exercise were to:

- Educate teams on key climate terms and concepts, such as climate risk management, climate resilience/adaptation and scenario analysis.
- Identify the most significant climate risks to portfolio companies that could pose business risks and self-assess each portfolio company's preparedness to address these risks.
- Increase awareness in management team members of how to address both climate-related transition risks (e.g., policy, reputation, legal, technology and market) and physical risks (e.g., acute (severe storms), chronic (sea-level rise), etc.), which have the potential to be significant risks and/or opportunities to TDAM's assets.

The climate risk assessment provided TDAM additional insight into the types and severity of climate-related transition and physical risks across its portfolio at a broader fund level and for each participating portfolio company. Results and outcomes of the assessment were used to engage operations teams in discussions of asset preparedness/resilience and as supporting evidence for the 2023 GRESB Infrastructure Fund/Asset Assessment. Additionally, through the exercise, each participating portfolio company identified actions it is considering pursuing to address climate-related risks or opportunities.

Case Study: Piloting Nature Risk Identification

Our clients, operating in various industry sectors and geographies, depend on the assets and services that nature provides (e.g., freshwater is required by agricultural irrigation).^{39,40,41} Failure to account for, mitigate, and adapt to the disruption of these assets and services is a source of risk for not only our clients, but also for TD, with broader considerations for the economy.

In 2023, we carried out activities to improve our understanding of the nature dependencies of the industry sectors that our clients operate in, to support the Bank in our environmental-related risk identification activities.

Specifically, the Bank piloted the development of a Nature Dependency Heatmap, to establish an understanding of industry sector dependencies on ecosystem services. The Bank leveraged industry leading tools including Exploring Natural Capital

Opportunities, Risk and Exposure (ENCORE), to facilitate its pilot. ENCORE's methodology is developed by the Natural Capital Finance Alliance and UN Environment Program's World Conservation Monitoring Centre (UNEP-WCMC).⁴² ENCORE is aligned with the guidance from the Taskforce on Nature-related Financial Disclosures (TNFD) published in September 2023.

The learnings of the pilot will support the Bank to refine its environmental-related risk identification methodologies with the future objective of conducting location-specific analysis to account for nature's highly localized risks. Over time, we expect to leverage our understanding of nature dependencies to inform the build out of risk management actions and integrate our learnings into our client interactions.





Risk Management Categories

We recognize that climate-related risks have a wide range of impacts on our business activities, and we take specific actions to manage and mitigate those risks.

Risk Category	Climate-Related Risk	Actions to Identify, Assess and Mitigate
Credit Risk	Risk of financial losses as physical or transition climate-related risks have negative impacts on the financial health of our customers and clients	<ul style="list-style-type: none"> Maintained enhanced due diligence processes, for applicable transactions in Non-Retail Lending business lines, to identify E&S risks and escalate as appropriate to the relevant Reputational Risk Committees. Incorporated E&S considerations into our Industry Risk Review process, with sector-specific guidelines for environmentally sensitive sectors within Non-Retail Lending. Developed a Physical Climate Risk Framework as a key step in identifying, assessing and monitoring the severity of physical climate risk on our credit portfolio. Continued to evaluate participation in industry committees and working groups, including the UNEP FI Climate Risk Tools Working Group, to understand the current landscape and develop standardized approaches to quantify and address the impacts of climate change within the Lending portfolio.
Insurance Risk	Insurance products for which claims liabilities are exposed to changing climate patterns	<ul style="list-style-type: none"> TDI worked with OSFI and the Bank of Canada on the first national flood systemic risk assessment with respect to mortgage and insurance coverage, and provided data to support the analysis that will lead to a greater understanding of the flood risks facing Canadians and the financial system in order to support mitigation efforts. TDI helped Canadians prepare for the physical impacts of climate change through innovative product offerings (e.g., resilience-related discounts, extended water damage coverage, auto insurance discounts for EVs and HEVs), and also provided thought leadership on climate resilience (e.g., through its work with Climate Proof Canada and the Institute for Catastrophic Loss Reduction.
Strategic Risk	Risk of not being able to meet changing customer and consumer expectations for ESG products and services	<ul style="list-style-type: none"> TD has made an enterprise-wide focus to embed sustainability into its business strategy, risk management and decision-making. As a result, each line of business works to identify and provide progress on their key initiatives to support the enterprise sustainability goals. Continued implementation of the E&S TOM, which outlines the steps to execute TD's Climate Action Plan. Continued to progress efforts through the Sustainable Finance Executive Council on sustainability-related products, services and programs.



Risk Management Categories continued

Risk Category	Climate-Related Risk	Actions to Identify, Assess and Mitigate	
Operational Risk	Impact of extreme weather events on physical operations	<ul style="list-style-type: none"> Incorporated ESG risk considerations into TD's Strategic Relationships Program to assess the E&S risks of the Bank's strategic partnerships. Continued to evaluate the E&S risks and impacts associated with material changes made to TD products, services, projects, and initiatives via TD's Change Risk Management Framework and Assessment Process. 	<ul style="list-style-type: none"> Continued to support management's ability to operate the Bank's businesses and operations in the event of a business disruption incident, leveraging the Bank's enterprise-wide Business Continuity and Crisis Management Program. Expanded the scope of TD's Climate Risk Heatmap to identify sensitivities of TD's own (real estate) operations to acute physical risk hazards (i.e., flood, wildfire and hurricanes).
Reputational Risk	Stakeholder perceptions of TD's action or inaction related to climate change Increased focus from stakeholders on applying sustainable investment and business practices	<ul style="list-style-type: none"> Continued to reinforce TD's track record of sustainability leadership as a purpose-driven bank. Developed sustainable products and services to help finance the transition to a low-carbon economy; under the Bank's E&S Risk Policy, new products or services communicated as sustainable or having an environmental or social benefit are subject to a risk assessment process. 	<ul style="list-style-type: none"> Worked to understand stakeholder perspectives through regular engagement on climate change topics and promote awareness of TD's CAP. Focused on managing emerging climate issues through governance forums, including Reputational Risk Committees.
Legal, Regulatory Compliance and Conduct Risk	Increased potential for climate-related litigation and regulatory enforcement action Introduction of new or amended laws and regulations related to climate, novel application of existing laws and regulations, and issuance of judicial or regulatory decisions that may result in new or unanticipated legal requirements Non-compliance with existing laws and regulations as they apply to climate-related matters Increase in international policy and standard-setting initiatives concerning climate action and the management and disclosure of climate-related risks and opportunities	<ul style="list-style-type: none"> The Bank has processes in place to monitor and evaluate the potential impact of applicable legal and regulatory developments in the jurisdictions where it operates, and to identify existing laws and regulations applicable to the Bank. The Bank has advocated for more harmonized industry, regulatory and legislative guidance related to climate risk management and disclosure through a variety of stakeholder forums. 	<ul style="list-style-type: none"> The Bank has internal controls and trainings regarding sustainability reporting and disclosures, and the Bank's E&S Risk Policy sets out additional requirements for the development and approval of new sustainability-related products, services, strategic partnerships and public commitments.
Market Risk	Impact of physical and transition risk on market factors such as equity prices, commodity prices and credit spreads	<ul style="list-style-type: none"> TD is establishing an E&S governance structure with additional E&S provisions within the enterprise risk management framework. 	<ul style="list-style-type: none"> Our current stress-testing framework includes key climate scenarios (e.g., commodity price shocks and extreme weather events).



Scenario Analysis

In 2023, we continued to invest in our internal resources and infrastructure to support the development of our scenario analysis capabilities.

We have expanded our Climate Scenario Analysis team and strengthened our relationships with key internal stakeholder groups in order to collaborate and build our capabilities. We also conducted climate-specific stress testing as part of the Bank's enterprise-wide stress testing work in order to determine risk ratings for borrowers in climate-sensitive industries.

In addition, we participated in a study led by the Bank of Canada to assess transition risks within the Canadian financial system. The study aimed to provide insights on financial stability and climate transition risk through the application of a methodological framework that was developed by the Bank of Canada. We continued our collaboration with the Bank of Canada (from their initial climate scenario analysis pilot project conducted in 2022 with OSFI) by participating through our pension investments team. The full Bank of Canada staff discussion paper is available here: [Understanding the Systemic Implications of Climate Transition Risk: Applying a Framework Using Canadian Financial System Data – Bank of Canada](#).

Our Scenario Analysis Journey

We have been participating in the United Nations Environment Programme Finance Initiative (UNEP FI) working groups since 2018. In 2022, we joined the Risk Management Association (RMA) Climate Risk Consortium, including their Climate Scenario Analysis working group. Our participation on industry working groups supports our understanding of emerging practices.

We have also conducted pilot exercises and programs across a range of climate scenarios to build our capabilities and support our understanding of the climate-related impacts of physical and transition risks. These exercises included a physical risk assessment of our real estate-related portfolios and a transition risk assessment conducted with OSFI and the Bank of Canada.

For more details of our past scenario analysis work, please see our [2022 Climate Action Plan](#).

Late in 2023, OSFI introduced a new Standardized Climate Scenario Exercise (SCSE) for consultation that is applicable to federally regulated financial institutions and is expected to kick off in 2024. In preparation for the SCSE, the Bank is reviewing OSFI's requirements for the exercise and working to develop capabilities to participate in 2024.

Scenario Analysis Exercise	Description	Scope	Scenario(s)	Year Completed
Enterprise-Wide Stress Test Climate Addendum	Using our internal climate risk heatmapping approach to determine shocks to borrowers' risk ratings in climate-sensitive industries.	Transition and Physical Risk Assessment (non-retail portfolio in select climate-sensitive sectors)	Not Applicable	2023
Physical Risk Assessment	Considerations impacting property values, borrower credit capacity, and insurance claim expectations were assessed over a 30-year time horizon.	Physical Risk Assessment Real Estate Secured Lending (RESL), Commercial Real Estate (CRE), and Home Insurance	Above 2°C, Representative Concentration Pathway 8.5	2022
OSFI – Bank of Canada Climate Change Assessment Pilot	Support of OSFI and Bank of Canada climate change pilot assessment on transition risk across a range of transition scenarios. Collaborated on development of methodologies for estimating impacts on North American portfolios.	Transition Risk Assessment Credit (non-retail portfolios in select emissions-intensive sectors)	Bank of Canada Transition Scenarios: Below 2°C, (immediate), Below 2°C, (delayed), Net Zero 2050 (1.5°C)	2021



We use industry-aligned metrics to monitor our climate-related risks and opportunities and measure our progress.

In this section

Introduction	61
Our Operational Emissions	62
Our Financed Emissions	65
Our Financed Emissions Targets	73
Sustainable Finance	85
Our Performance	87



Metrics and Targets



Introduction

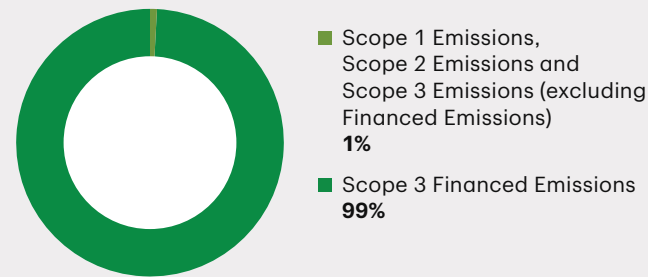
This year we made progress on expanding the coverage of our financed emissions footprint estimations, obtaining additional required data and improving our data quality. However, challenges related to calculating our metrics remain. We continue to work alongside our peers through industry forums to address the lack of standardized taxonomies and methodologies. Despite our progress, we are mindful of data availability and data quality limitations impacting our risk management and financed emissions efforts.

We use a variety of industry-aligned metrics to monitor our exposure to climate-related risks and opportunities and measure our progress over time. We aim to report on our progress in a clear and transparent manner, including appropriate context and methodological details.

We continue to participate in industry groups with the goal of improving the quality, reliability and availability of data. As a participant in Partnership for Carbon Accounting Financials (PCAF) and Net Zero Banking Alliance (NZBA), we work to support the development and ongoing refinement of methodologies for measuring and monitoring our financed emissions.

This graph shows that TD's financed emissions, including our clients' Scope 3 emissions, comprise the majority of TD's GHG emissions estimations calculated to date. Despite being a small fraction of our total GHG emissions estimate, Scope 1 and 2 emissions constitute the emissions on which TD has a significant level of influence, whereas the Scope 3 financed emissions are outside of our direct control, which necessitates our focus on engagement with our clients and other stakeholders.

Scope 1, 2 & 3 Emissions (tonnes CO₂e)



Key Accomplishments in 2023

Expanded footprint coverage and improved data quality

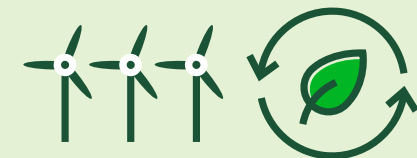
- Expanded Scope 3 financed emissions footprint calculations to span multiple years 2019 to 2021 – and to report our financed emissions on an absolute basis for both committed and drawn exposures.⁴⁴
- Quantified financed emissions for our Real Estate Investment Trust (REIT) portfolio. Our footprint now covers all carbon-intensive sectors, as defined by the NZBA, across four PCAF asset classes: business loans, on-balance sheet investments, residential mortgages and consumer auto loans.⁴⁴
- Advanced our financed emissions work by performing feasibility assessments for two new sectors (Agriculture and Residential Real Estate) to assess data quality. We also assessed the feasibility of setting targets, evaluated emissions profiles and identified sector-specific decarbonization strategies.

Implemented new analysis tools

- Built new internal tools to track our financed emissions and better inform decision-making as we work toward our targets. Our financed emissions assessment tool enables us to model and measure the emissions impact of prospective financing decisions in the Energy and Power Generation sectors, aligned to PCAF methodology.
- Enhanced the data quality of our financed emissions models with updated third-party data and improved emissions factors, resulting in a restatement of target baselines for three sectors to enable more accurate and useful year-over-year comparisons.

Made progress toward our targets

- Achieved a 28% reduction in our Scope 1 and 2 operational emissions relative to 2019 baseline. Although this reduction goes beyond our targeted reduction threshold of 25% by 2025, we have to take into account the fact that it does not fully integrate potential rebounds expected in some emission categories previously impacted by the COVID-19 pandemic (for example, emissions related to work-from-home policies or mobile fuel combustion). For more details, please refer to [page 62](#).
- Achieved a 12% reduction in total absolute financed emissions footprint, on a committed basis, relative to 2019 baseline.
- Achieved an 11% and 1% reduction in our Scope 3 financed emissions physical emissions intensity in 2021 relative to our 2019 baseline year for the Power Generation and Automotive sectors, respectively. Over the same timeframe, we saw an increase of 2% in the Energy sector and a 1% increase in the Aviation sector.
- Deployed \$69.5 billion in lending, financing, underwriting, advisory services, insurance and the Bank's own investments toward our \$500 billion by 2030 Sustainable & Decarbonization Finance Target.



Our Operational Emissions

Decarbonizing Our Operations

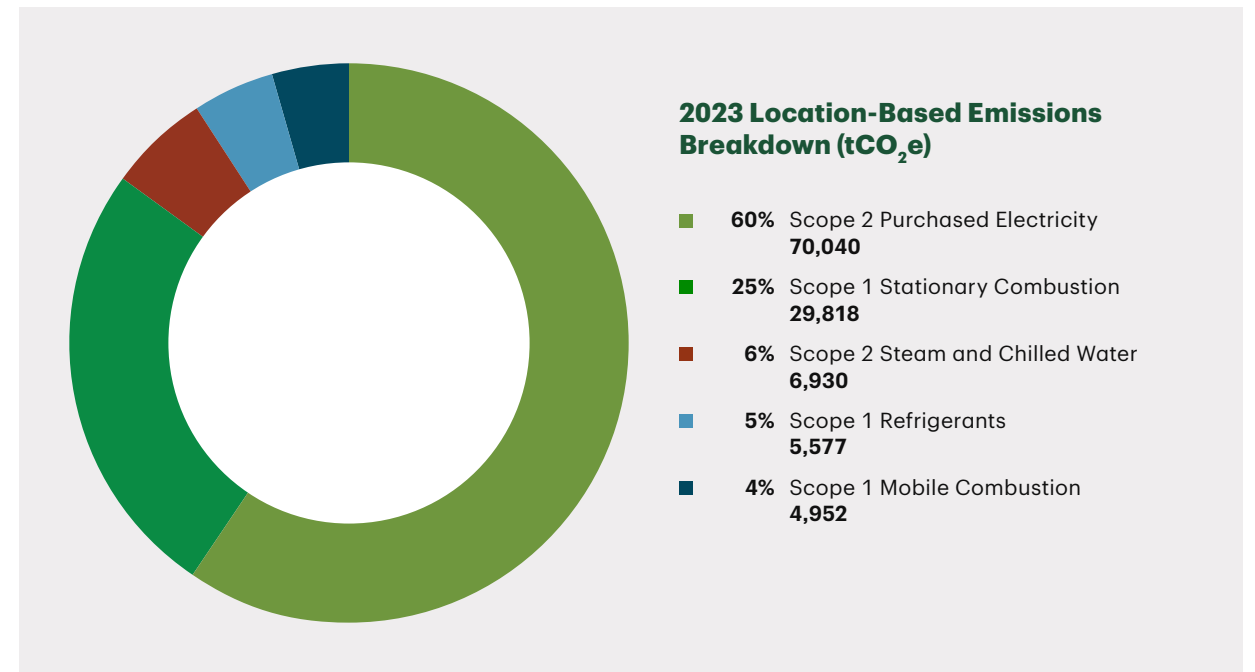
Our Scope 1 and 2 GHG emissions are generated by our company operations, including through our owned and leased buildings. The pie chart at right illustrates the sources of our operational emissions and the fact that more than half of our operational emissions are derived from the production of the electricity we purchase. We have made significant reductions in energy use in recent years by addressing identified accessible opportunities across our portfolio. Much of the remaining emissions reduction can only be achieved by identifying and addressing more complex capital and location-specific opportunities, which will require time and resources. Recognizing that reaching net zero will require substantial enterprise-wide effort, we are focusing on taking steps to reduce GHG emissions in our operations over time. We continue our work toward achieving this goal through several ongoing initiatives, such as:

- **Incorporating green building design standards into new and existing locations.** The Bank has over 275 LEED-certified locations (Leadership in Energy and Environmental Design) that promote energy efficiency, reduced water consumption, and renewable power sources. TD's continued focus on incorporating green building design standards into new and existing locations and LEED certification reflects our commitment to our ongoing carbon reduction and green building design that conserves natural resources and energy.
- **Piloting hybrid heat pumps.** The objective of this pilot is to identify mechanical units that are at their end of useful life and convert them from gas to electricity. The upgrade will support the reduction of Scope 1 GHG emissions by electrifying gas-powered equipment. To date, TD has completed five

installations and another 20 are pending in Canadian retail locations where the utility emissions grid is more favourable when converting from gas to electrify usage.

- **Expanding our Smart Retail Controls program to drive energy efficiency across our branches and stores.** This program was introduced in 2018 to provide real-time visibility, remote monitoring and performance assessment for multiple retail locations in the U.S. and Canada. This system enables us to remotely monitor energy consumption, optimize equipment operation, and control temperature at over 1,390 locations. This initiative has contributed to over 1,500 tonnes of annual CO₂e savings.
- **Integrating solar energy across North America.** The Bank has equipped a number of branches and stores across Canada and the U.S. with on-site solar panels. We currently have over 160 locations with on-site solar systems, generating over 3 million kWh of energy each year. For example, our Cypress Creek location in Florida, constructed in 2011, was the Bank's first net-zero energy branch in the U.S. It is equipped with over 400 solar panels on the building and surrounding property and generates more electricity than it consumes.

In addition, TD was awarded the 2023 REmmy ESG Climate Change Award for our Smart Retail Controls Program. This award recognizes projects that best demonstrate leadership, innovation, and commitment to addressing climate change as it relates to the workplace, including illustrating a vision for a low carbon future, reduction of greenhouse gas emissions and a recognition of the impact of real estate on climate.





Our Operational Emissions continued

Carbon Credits and Renewable Energy Certificates Retirement Schedule

In 2023, as in every year since 2010, TD continued to retire carbon credits and renewable energy certificates (RECs) it purchased to compensate for its operational emissions (see our Carbon Credits and RECs Retirement Schedule in our Sustainability Report). These carbon credit purchases are not used, at this time, to help meet TD's GHG emissions reduction targets; instead, we make these purchases to financially support development of markets and technologies that we believe will be essential for the world to achieve net zero. In 2023, TD retired 85,176 independently verified carbon reduction and removal credits, equivalent to TD's 2023 market-based Scope 1 and 2 emissions and Scope 3 Category 6: Business Travel emissions (see the sections below for further details on those emissions).⁴⁵ TD also retired 405,276 renewable energy certificates (RECs) in 2023, equivalent to TD's 2023 non-renewable energy consumption, which forms part of our location-based Scope 2 emissions.

We recognize that there is a range of market practice, industry guidance, and emerging regulation regarding the use of carbon credits, and that these are evolving rapidly. Our new Enterprise Guidance for Carbon Credit and Energy Attribute Certificate (EACs) Purchasing, which will apply to new purchases of carbon instruments by TD as of fiscal year 2024, is informed by recent developments in these areas and sets out principles and minimum criteria designed to support the business and scientific integrity of the carbon instruments that TD purchases. We intend to periodically review and, where appropriate, update this internal guidance in light of the latest developments.

For more details, please refer to the Data Performance Tables on pages 88–90 in the [2023 TD Sustainability Report](#).



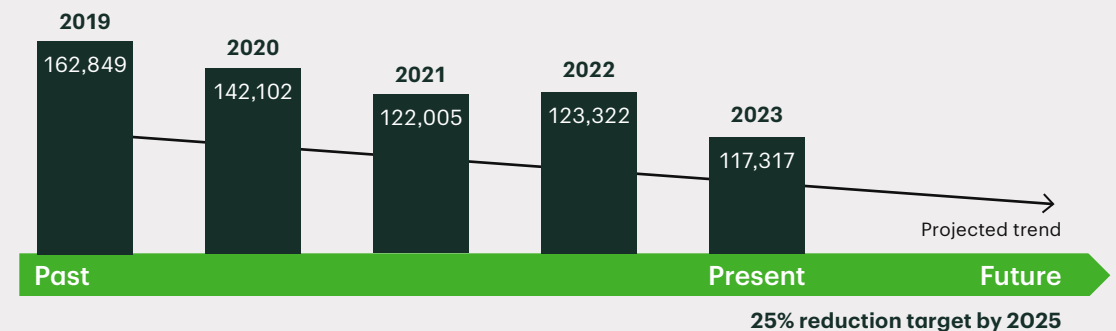
Our Scope 1 and 2 Target

In 2021, we announced our interim target to achieve an absolute reduction in our Scope 1 and 2 GHG emissions of 25% by 2025, relative to a 2019 baseline. This interim target was set using a science-based approach and is in line with the 1.5°C trajectory recommended by the Paris Agreement. We applied the SBTi absolute contraction approach to set our interim target, which allows for equal annual decreases in absolute GHG emissions to reach net zero by 2050.

Our Performance

As of the end of 2023, we have reduced our location-based Scope 1 and 2 emissions by 28% compared to our 2019 baseline year. Our results take into account recent acquisitions.^{46,47} Although this reduction goes beyond our targeted reduction threshold of 25% by 2025, we have to take into account the fact that it doesn't fully integrate potential rebounds expected in some emission categories previously impacted by the COVID-19 pandemic (for example, emissions related to work-from-home policies or mobile fuel combustion). On a year-over-year basis, TD's location-based Scope 1 and 2 emissions declined by 4.9% to 117,317 tonnes of CO₂e in 2023. This was mainly achieved through proactive energy reduction measures (e.g., Smart Retail Controls Program, LED lighting and solar), portfolio adjustments, and a milder winter in 2023 compared to 2022. TD remains focused on reducing our operational emissions by implementing resource efficiency measures and portfolio adjustments to help ensure that we stay on track to meet our targeted Scope 1 and 2 emissions reductions by 2025.

Our Scope 1 & 2 Location-Based GHG Emissions (tCO₂e)





Our Operational Emissions continued

Other Operational Emissions

TD's operational Scope 3 emissions are measured in the following categories in accordance with the GHG Protocol:⁴⁸

- Purchased goods and services – includes all upstream emissions from the production of tangible or intangible products purchased or acquired by TD
- Capital goods – includes all upstream emissions from the production of capital goods (fixed assets such as equipment, machinery, buildings, facilities and vehicles)
- Fuel and energy-related activities – includes emissions related to the production of fuels and energy purchased and consumed by TD that are not included in Scope 1 or 2
- Business travel – includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties (aircraft, trains, buses, passenger cars)
- Downstream leased assets – includes emissions from the operation of assets that are owned by TD and leased to other entities that are not already included in Scope 1 or 2.

In addition to the steps we are taking to reduce our operational Scope 1 and 2 emissions, we also carry out regular engagement with suppliers through the CDP Supply Chain Program. Please refer to the [Supply Chain](#) section on [page 45](#) for more details.

Metric	Category	Unit	2023	2022	2021
Scope 3 emissions	Purchased goods and services	tonnes CO ₂ e	1,053,692	1,058,672	986,108
	Capital goods	tonnes CO ₂ e	71,736	74,060	65,379
	Fuel and energy-related activities (excl. international) ¹	tonnes CO ₂ e	22,882	24,515	22,514
	Business travel ²	tonnes CO ₂ e	37,899	12,092	1,788
	Downstream leased assets	tonnes CO ₂ e	474	990	866

¹ We have restated our 2021 and 2022 results due to accounting for a limited range of Canadian energy data in our calculations. The corrected figures amount to a 0.4% uplift to our total reported non-financed Scope 3 emissions in 2021 and a 0.3% uplift in 2022.

² The results indicate that our greenhouse emissions associated with transportation activities have increased to pre-pandemic levels.





Our Financed Emissions

We were the first major Bank in Canada to announce a target to achieve net-zero GHG emissions by 2050 for our operations and financing activities, in line with the associated principles of the Paris Agreement.

In March 2022, we published our first two interim financed emissions targets for the Energy and Power Generation sectors. In March 2023, we expanded our absolute financed emissions footprint to cover seven carbon-intensive sectors and four PCAF asset classes (business loans, on-balance sheet investments, residential mortgages, and consumer auto loans), and defined two additional interim financed emissions targets for the Automotive Manufacturing and Aviation sectors.⁴⁹ The four interim financed emissions targets

we have set cover a majority, or approximately 67%, of our financed emissions footprint in carbon-intensive sectors (including both retail and non-retail lending).⁵⁰

Measuring and transparently communicating our climate-related metrics each year is fundamental to our goal of achieving net-zero absolute financed emissions across our portfolio by 2050. This year, we focused on developing more robust methodologies for our financed emissions calculations to address data issues and on

enhancing our internal modelling capabilities to improve the timeliness, accuracy and quality of our data. As a result, we expanded our absolute financed emissions footprint to cover 2019-2021 for the carbon-intensive corporate sectors (as noted below) and 2019-2022 for Residential Mortgages and Consumer Automotive. Our quantified footprint now covers four asset classes (i.e., business loans, investments, consumer auto lending and residential mortgages) and all carbon-intensive sectors (Energy, Power & Utilities, Automotive,

Shipping, Aviation, Agriculture, Industrials, Commercial Real Estate, Residential Mortgages and Consumer Automotive), as defined by the NZBA. In addition to expanding our quantified footprint to span across three years, we have achieved an overall increase in data quality. These financed emissions cover all carbon-intensive sectors where data and methodologies allow.

We intend to continue to enhance our data quality and coverage over time. This year, we have re-stated part of our financed emissions footprint as well as our target baselines (2019) and 2020 progress updates. We will consider additional restatements in the future, as we may include retroactive enhancements to our source data, as more clients report their emissions or estimation methodologies improve. We see these restatements as positive steps forward as we work to enhance our capabilities as well as the accuracy and precision of our footprint and target baselines.⁵¹

In 2023, we also explored the data, decarbonization and commercial opportunities in the Agriculture and Residential Real Estate sectors and began developing our approach to engaging with clients in these sectors on their decarbonization plans.

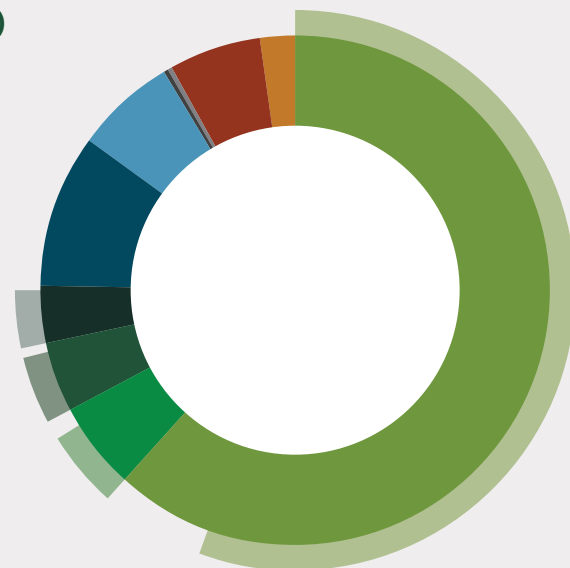
In addition, we developed and implemented new tools to better monitor our financed emissions. This investment enhances how we analyze and monitor changes in our financed emissions and supports decision-making by modelling the financed emissions impact of prospective financing decisions. Also this year, we obtained limited assurance on our financed emissions footprint results through EY.⁵² For more information, please see [pages 67-69](#).

2021 Non-Retail and Retail (Committed)

Aviation	
Target Coverage:	93%
Covered Emissions:	3.6 MtCO ₂ e
Scopes 1-3:	3.9 MtCO ₂ e

Auto Manufacturing	
Target Coverage:	86%
Covered Emissions:	4.4 MtCO ₂ e
Scopes 1-3:	5.1 MtCO ₂ e

Power	
Target Coverage:	79%
Covered Emissions:	5.0 MtCO ₂ e
Scopes 1-3:	6.3 MtCO ₂ e



Inner Circle: Financed Emissions by Sector

- Energy
- Power
- Auto Manufacturing
- Aviation
- Agriculture
- Industrials
- Shipping
- REITs
- Consumer Auto Loans
- Residential Mortgages

Outer Circle: Percent of Financed Emissions in Scope of Target

Energy	
Target Coverage:	90%
Covered Emissions:	63.0 MtCO ₂ e
Scopes 1-3:	69.9 MtCO ₂ e



Our Financed Emissions continued

Financed Emissions Footprint

Our financed emissions footprint represents a snapshot of our absolute financed emissions in a given year. We report our emissions on an absolute basis for both committed and drawn exposures. We estimate and publish our footprint in accordance with the guidance published by PCAF and disclose on an asset class and sector basis. For each sector footprint, we aim to provide a holistic estimate including all parts of the value chain, even where actual reported data is not available. We also disclose information about the quality of the data underpinning our financed emissions calculations. This analysis helps us understand our financed emissions concentrations across sectors and asset classes.

With three years of financed emissions data calculated, we are starting to observe trends within our portfolio. In some areas of the footprint, we see evidence of progress toward decarbonization, particularly as existing clients continue their own efforts to decarbonize and where new clients present lower carbon intensities. In other areas of the portfolio, we noted volatility through the pandemic, and began to see emissions returning to their pre-COVID levels in 2021.

As a result of data quality and methodological limitations, we are also observing changes in our financed emissions that are not a result of TD's financing decisions or our clients' reported emissions. These factors generate fluctuations and uncertainty in the financed emissions calculated for portfolios with less established emissions reporting and estimation methodologies. For example, fluctuations in client

companies' valuations year-over-year have had a direct impact on the financed emissions attributed to TD, as company valuation is a key variable in the financed emissions calculation methodology.⁵³

In Agriculture and Real Estate, significant data challenges required us to rely on estimated emissions averages, limiting our ability to understand our clients' emissions inventories and to track and monitor changes over time. As a result, we are currently unable to set meaningful targets against actual portfolio emissions for these sectors.

We aim to use the most recent data available. For example, to calculate our footprint for business loans and investments, we used S&P Global Trucost 2019–2021 emissions data, as 2022 emissions data was not yet available. For this reason, we report fiscal year-end 2019–2021 results for these asset classes. For our consumer auto loans and residential mortgages portfolios, 2022 emissions data was available and was used for our footprint calculation.

We currently do not include facilitated emissions from capital market transactions nor from derivatives, as PCAF guidance for capital market transactions was published after we finalized our results and conducted internal review for this report and PCAF guidance for derivatives is yet to be finalized. We intend to continue to refine our financed emissions footprint calculations as the PCAF guidance and the data landscape evolve, which may result in restatements of reported data or changes to future disclosures.





Our Financed Emissions continued

Financed Emissions Footprint

Detailed Results by Sector and PCAF Asset Class (Drawn Lending Basis for Business Loans)^{1,2,3,4,5,6,7,8,9}

Millions CAD, Millions of tCO₂e, 2019-2022

Sectors ^a	Business Loans, Investments ⁴								Consumer Auto Loans	Residential Mortgages	Total Quantified to Date											
	Agriculture	Automotive	Aviation	Energy	Industrials ⁵	Power & Utilities	CRE (REITs)	Shipping														
Financing (MM CAD) – Drawn Lending, Investments																						
2019	8,300	11,806	8,233	11,715	3,817	3,904	14,385	3,270	57,805	233,535	356,770											
2020	8,853	10,785	7,621	11,122	3,550	5,212	15,272	3,701	60,041	249,986	376,143											
2021	9,453	8,672	5,821	7,802	3,380	7,243	14,689	3,898	58,630	265,766	385,354											
2022	-	-	-	-	-	-	-	-	62,901	291,161	354,062											
Financed emissions (MtCO ₂ e) – Drawn Lending, Investments																						
Scopes	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3		
2019	8.6	-	0.6	1.0	5.5	-	2.2	25.2	0.5	0.9	1.1	-	0.2	-	0.2	-	6.9	-	2.4	-	28.2	27.1
2020	9.3	-	0.5	1.0	4.5	-	2.4	24.2	0.5	1.0	1.2	-	0.2	-	0.2	-	6.9	-	2.4	-	28.1	26.2
2021	10.6	-	0.4	0.4	3.6	-	1.4	15.8	0.3	1.0	1.4	-	0.2	-	0.2	-	6.6	-	2.3	-	27.0	17.2
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.0	-	2.2	-	8.2	-

1 Exposures included within our financed emissions footprint differ from gross credit risk exposures disclosed in our [Annual Report](#) or [Risk Management](#) section of this report. This is because financed emissions' sector classifications are based upon NZBA sector definitions, whereas gross credit risk exposures are based upon Basel Pillar 3 sector definitions. Furthermore, for financed emissions, to better reflect the emissions impact, some exposures are manually re-classified where appropriate (e.g., government utilities and power generation facilities have been moved into power and utilities from government services).

2 Our results are based on Exiobase v3.7 with base year 2015 and has been extracted before March 2023. The Exiobase data has been treated for inflation up to 2018 and converted to USD using a 2018 exchange rate. Given we are using the previous database, our 2-year time-lagged results do not yet reflect 2021 inflation.

3 Our clients' Scope 3 emissions are not included in our financed emissions footprint for all sectors due to a lack of data availability. Our reporting of our clients' Scope 3 financed emissions primarily focuses on sectors where we have set interim financed emissions targets. Specifically, in the Automotive sector financed emissions footprint, our clients' reported Scope 3 emissions only includes Scope 3 tank-to-wheel (i.e., tailpipe emissions) associated with clients in-scope for our Automotive Manufacturing target (i.e., manufacturers of light-duty vehicles).

4 Across all corporate sectors, on-balance sheet investments in 2019 are excluded due to internal data limitations which we are working to address.

5 Industrials includes aluminum, cement, metals & mining, and iron & steel.

6 Consumer auto loans (i.e., motor vehicle loans) include indirect loans executed through TD's Auto Finance group. This footprint does not include personal loans secured by automobiles.

7 Excludes home equity lines of credit (HELOC) exposures in accordance with PCAF guidance.

8 NZBA defines the priority sectors for financed emissions calculation and target-setting as "Agriculture, Aluminum, Cement, Coal, Commercial & Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, and Transport." TD uses the North American Industry Classification System (NAICS) to classify our portfolios to these sectors. Given the significance (high or low) of some of these sectors to TD's financed emissions footprint, TD has combined Cement, Aluminum, Iron & Steel, and other Metals & Mining under "Industrials" and has combined Oil & Gas and Coal under "Energy." Conversely, TD has separated "Transport" into Automotive, Shipping and Aviation.

9 We are restating our previously disclosed 2020 results in some sectors and our previously disclosed 2021 results for Consumer Auto Loans and Residential Mortgages, as we have improved our data quality and estimation methodologies.



Our Financed Emissions continued

Financed Emissions Footprint

Detailed Results by Sector and PCAF Asset Class (Committed Lending Basis for Business Loans)^{1,2,3,4,5,6,7,8,9,10}

Millions CAD, Millions of tCO₂e, 2019-2022

Sectors ⁸	Business Loans, Investments ⁴								Consumer Auto Loans	Residential Mortgages	Total											
	Agriculture	Automotive	Aviation	Energy	Industrials ⁵	Power & Utilities	CRE (REITs)	Shipping														
Financing (MM CAD) – Committed Lending, Investments																						
2019	9,416	22,143	11,241	33,893	9,515	20,105	22,016	4,662	57,805	233,535	424,331											
2020	10,249	23,306	10,669	36,482	9,908	23,864	23,883	5,687	60,041	249,986	454,075											
2021	10,775	22,162	9,372	29,275	9,977	25,273	23,687	7,685	58,630	265,766	462,602											
2022	-	-	-	-	-	-	-	-	62,901	291,161	354,062											
Financed emissions (MtCO ₂ e) – Committed Lending, Investments																						
Scopes	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3		
2019	8.9	-	1.0	6.7	5.8	-	6.8	74.2	1.3	7.7	6.5	-	0.2	-	0.3	-	6.9	-	2.4	-	40.1	88.6
2020	9.6	-	1.0	5.4	4.7	-	9.0	89.6	1.0	7.9	6.0	-	0.3	-	0.3	-	6.9	-	2.4	-	41.2	102.9
2021	11.0	-	0.8	4.3	3.9	-	5.9	64.0	1.0	6.4	6.3	-	0.2	-	0.4	-	6.6	-	2.3	-	38.4	74.7
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.0	-	2.2	-	8.2	0.0

1 Exposures included within our financed emissions footprint differ from gross credit risk exposures disclosed in our [Annual Report](#) or [Risk Management](#) section of this report. This is because financed emissions' sector classifications are based upon NZBA sector definitions, whereas gross credit risk exposures are based upon Basel Pillar 3 sector definitions. Furthermore, for financed emissions, to better reflect the emissions impact, some exposures are manually re-classified where appropriate (e.g., government utilities and power generation facilities have been moved into power and utilities from government services).

2 Our results are based on Exiobase v3.7 with base year 2015 and has been extracted before March 2023. The Exiobase data has been treated for inflation up to 2018 and converted to USD using a 2018 exchange rate. Given we are using the previous database, our 2-year time-lagged results do not yet reflect 2021 inflation.

3 Our clients' Scope 3 emissions are not included in our financed emissions footprint for all sectors due to a lack of data availability. Our reporting of our clients' Scope 3 financed emissions primarily focuses on sectors where we have set interim financed emissions targets. Specifically, in the Automotive sector financed emissions footprint, our clients' reported Scope 3 emissions only includes Scope 3 tank-to-wheel (i.e., tailpipe emissions) associated with clients in-scope for our Automotive Manufacturing target (i.e., manufacturers of light-duty vehicles).

4 Across all corporate sectors, on-balance sheet investments in 2019 are excluded due to internal data limitations which we are working to address.

5 Industrials includes aluminum, cement, metals & mining, and iron & steel.

6 Consumer auto loans (i.e., motor vehicle loans) include indirect loans executed through TD's Auto Finance group. This footprint does not include personal loans secured by automobiles.

7 Excludes home equity lines of credit (HELOC) exposures in accordance with PCAF guidance.

8 NZBA defines the priority sectors for financed emissions calculation and target-setting as "Agriculture, Aluminum, Cement, Coal, Commercial & Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, and Transport." TD uses the North American Industry Classification System (NAICS) to classify our portfolios to these sectors. Given the significance (high or low) of some of these sectors to TD's financed emissions footprint, TD has combined Cement, Aluminum, Iron & Steel, and other Metals & Mining under "Industrials" and has combined Oil & Gas and Coal under "Energy." Conversely, TD has separated "Transport" into Automotive, Shipping and Aviation.

9 We are restating our previously disclosed 2020 results in some sectors and our previously disclosed 2021 results for Consumer Auto Loans and Residential Mortgages, as we have improved our data quality and estimation methodologies.

10 Our footprint with the committed lending basis for business loans includes off-balance sheet arrangements (e.g., letters of credit, letters of guarantee and undrawn commitments).



Our Financed Emissions continued

Financed Emissions Footprint

Key Insights

Below are notable observations on the performance of our financed emissions footprint from 2019 to 2021 (except where other timeframes are specified). We have focused primarily on our footprint estimated on a committed lending basis as it most accurately reflects our decisions in extending credit to our clients. Due to the lag in GHG emissions reporting and the subsequent estimation of our financed emissions footprint, the insights disclosed below reflect the business activities from the time period before we started estimating our financed emissions and prior to setting any interim financed emissions targets.

Total:

- Even as our business and total lending grew, our total financed emissions have decreased by 12% on a committed lending basis and by 20% on a drawn basis.⁵⁴

Agriculture:

- Financed emissions from our Agriculture portfolio have increased by 24% on a committed lending basis given an increase in portfolio financing involving the sector. Agriculture is also a sector where our data quality is poor and relies almost entirely on estimations of sectoral emissions. As a result, all changes in our reported emissions in this sector are driven by total portfolio size, and results do not reflect any progress that our clients may have made through their own efforts. For further information about our work in the Agriculture sector, please see the section on [page 79](#) entitled Our Financed Emissions Journey for Agriculture and Real Estate Sectors.

Automotive:

- For our consumer automotive lending, for which we are also reporting 2022 performance, TD benefited from the strong progress of EV sales registered in the U.S. and saw a decline of 8.4% in its total absolute emissions, despite a growing loan book (7.3% year-over-year).
- On the automotive manufacturing side of this sector, we saw a 34% decline in absolute emissions due to the portfolio shifting towards low-carbon intensity OEMs.

Aviation:

- Our portfolio exposure decreased for the Aviation sector and at the same time our lending shifted more to aircraft manufacturing versus aircraft operations, resulting in a 33% decrease.

Energy:

- Our financed emissions footprint declined for 2021 in the Energy sector, as did our exposure to the sector. This decline was in-year only and exposure volumes (both drawn and committed lending) rebounded in 2022 as has been disclosed in our 2023 Annual Report.

Industrials:

- Compared to our footprint disclosed last year, our Industrials financed emissions disclosed have increased, as we have expanded our Industrials financed emissions to cover our Metals & Mining portfolio. Despite overall growth on a committed lending basis, we saw a reduction of 18% in absolute emissions due mostly to the growth in client company values, which in turn decreased the financed emissions attributed to TD.

Power and Utilities:

- Our Power and Utilities portfolio has grown by 26% on a committed lending basis, while emissions decreased by 3%, reflecting increased exposure to clients in the renewable sector and clients executing on their emission reductions plans.

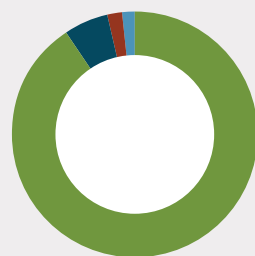
Real Estate:

- For the first time, we are disclosing an estimate of our footprint covering 25% of our Commercial Real Estate portfolio, composed only of our exposure to Real Estate Investment Trusts. The footprint of this portfolio remained relatively constant over this time period.
- We have updated our 2021 footprint for our mortgage portfolio and are disclosing a 2022 footprint of 2.2 million tonnes of CO₂e for this sector. From 2021 to 2022, we saw a 2.8% reduction in our financed emissions for the sector.

Shipping:

- Our shipping portfolio is a very small portfolio that has grown on a committed lending basis over the past two years; with that growth, we have seen an increase in emissions of approximately 33% (from 0.3 to 0.4 million tonnes of CO₂e).

Scope 3 (Financed Emissions Committed) by Class (tonnes CO₂e)



- **90.7%** Non-Retail Emissions
102,548,136
- **5.8%** Consumer Auto Loans Emissions
6,598,191
- **2.0%** Residential Mortgages Emissions
2,306,029
- **1.4%** Investment Emissions
1,612,739

TD's Financed Emissions: TD's non-retail lending (to the carbon-intensive sectors), drives the majority of TD's total financed emissions estimation. The retail lending, i.e., residential mortgages and consumer auto loans, represents a significant portion of our lending exposure, but less of our financed emissions estimates.



Our Financed Emissions continued

Data Quality and Coverage

To calculate our financed emissions, we use the most current data available for the applicable reporting years, at the time we run our models, in accordance with PCAF guidance. Where actual client emissions data is not available (as is currently the case in many sectors), we use PCAF emissions factors to estimate the footprint or internally calculated emissions factors when we determine that PCAF emissions factors are not the best representation of the emissions of a given sector/sub-sector. Due to the two-year lag in GHG emissions reporting, the progress disclosed in this section reflects the activities from the time period before we started estimating our financed emissions and prior to setting any interim financed emissions targets.

This report reflects the data available to us as of October 2023. This includes the underlying data used to estimate our footprint, which is as of fiscal year-end 2019 to 2022, depending on the sector and the availability of data. We leveraged external sources, including S&P Global Trucost for emissions and client financial data, and EPA emissions data for consumer auto loans.⁵⁵ Where data was unavailable or presented significant challenges, we used the PCAF guidance and PCAF database for

alternative estimation methodologies as well as internally calculated emissions factors.⁵⁶ Our internally-developed emissions factors are revenue- and asset-based averages. We calculated these emissions factors at the sub-sector level by incorporating all of the North American-based companies in the corresponding sub-sector that have emissions data in S&P Global Trucost. While we find that these factors provide a more representative estimate of emissions given our North American footprint, these estimates still remain highly volatile to changes in company financials.⁵⁷ We are continuing to look for opportunities to improve our estimation approach for financed emissions when client data is not available.

In accordance with PCAF guidance, data quality scores are reported for each sector and asset class on a scale of 1 to 5, with 1 being the highest-quality data (e.g., reported and audited emissions data) and 5 relying on estimation methodologies (e.g., economic intensity factors). Each client calculation has a discrete data quality score, which we then aggregate to a portfolio view using an exposure-weighted average. For more information on PCAF data quality scores, please see the Data Quality graphic below.



High-Quality Data



Low-Quality Data

Score 1	Audited (verified) GHG emissions
Score 2	Non-audited (unverified) GHG emissions sourced, derived or estimated
Score 3	GHG emissions derived from production data
Score 4	GHG emissions estimated using revenue-based factors
Score 5	GHG emissions estimated using asset-based factors



Our Financed Emissions continued

Data Quality and Coverage

Detailed Results by Sector and PCAF Asset Class (Committed Basis for Business Loans)^{1,2,3,4,5,6,7,8,9}

2019-2022

Sectors ⁸	Business Loans, Investments ⁴												Consumer Auto Loans		Residential Mortgages					
	Agriculture		Automotive		Aviation		Energy		Industrials ⁵		Power & Utilities						Commercial Real Estate (REITs)		Shipping	
	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3	1-2	3		
PCAF Data Quality Score (1-5)																				
2019	4.9	-	3.9	5.0	4.6	-	3.3	3.5	3.7	4.1	3.4	-	3.6	-	4.5	-	2.4	-	4.5	-
2020	4.8	-	3.7	5.0	4.5	-	3.0	3.3	3.5	4.1	3.4	-	3.5	-	4.3	-	2.4	-	4.5	-
2021	4.9	-	3.6	5.0	4.3	-	3.0	3.4	3.4	4.1	3.4	-	3.3	-	3.9	-	2.4	-	4.4	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.2	-	4.4	-
Percentage of TD exposure covered in financed emissions measurements																				
2019	100%	-	100%	-	100%	-	100%	-	94%	-	89%	-	26%	-	94%	-	100%	-	100%	-
2020	100%	-	100%	-	100%	-	100%	-	95%	-	95%	-	26%	-	98%	-	100%	-	100%	-
2021	100%	-	100%	-	100%	-	100%	-	96%	-	96%	-	25%	-	100%	-	100%	-	100%	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%	-	100%	-
Percentage of covered exposure with company-reported data (Business loans, Investments only)																				
2019	3%	-	33%	0%	10%	-	52%	23%	37%	12%	49%	-	33%	-	15%	-	-	-	-	-
2020	5%	-	41%	0%	14%	-	63%	33%	46%	9%	50%	-	42%	-	20%	-	-	-	-	-
2021	3%	-	45%	0%	19%	-	66%	27%	47%	8%	50%	-	52%	-	36%	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1 Exposures included within our financed emissions footprint differ from gross credit risk exposures disclosed in our [Annual Report](#) or [Risk Management](#) section of this report. This is because financed emissions' sector classifications are based upon NZBA sector definitions, whereas gross credit risk exposures are based upon Basel Pillar 3 sector definitions. Furthermore, for financed emissions, to better reflect the emissions impact, some exposures are manually re-classified where appropriate (e.g., government utilities and power generation facilities have been moved into power and utilities from government services).

2 Our results are based on Exiobase v3.7 with base year 2015 and has been extracted before March 2023. The Exiobase data has been treated for inflation up to 2018 and converted to USD using a 2018 exchange rate. Given we are using the previous database, our 2-year time-lagged results do not yet reflect 2021 inflation.

3 Our clients' Scope 3 emissions are not included in our financed emissions footprint for all sectors due to a lack of data availability. Our reporting of our clients' Scope 3 financed emissions primarily focuses on sectors where we have set interim financed emissions targets. Specifically, in the Automotive sector financed emissions footprint, our clients' reported Scope 3 emissions only includes Scope 3 tank-to-wheel (i.e., tailpipe emissions) associated with clients in-scope for our Automotive Manufacturing target (i.e., manufacturers of light-duty vehicles).

4 Across all corporate sectors, on-balance sheet investments in 2019 are excluded due to internal data limitations which we are working to address.

5 Industrials includes aluminum, cement, metals & mining, and iron & steel.

6 Consumer auto loans (i.e., motor vehicle loans) include indirect loans executed through TD's Auto Finance group. This footprint does not include personal loans secured by automobiles.

7 Excludes home equity lines of credit (HELOC) exposures in accordance with PCAF guidance.

8 NZBA defines the priority sectors for financed emissions calculation and target-setting as "Agriculture, Aluminum, Cement, Coal, Commercial & Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, and Transport." TD uses the North American Industry Classification System (NAICS) to classify our portfolios to these sectors. Given the significance (high or low) of some of these sectors to TD's financed emissions footprint, TD has combined Cement, Aluminum, Iron & Steel, and other Metals & Mining under "Industrials" and has combined Oil & Gas and Coal under "Energy." Conversely, TD has separated "Transport" into Automotive, Shipping and Aviation.

9 We are restating our previously disclosed 2020 results in some sectors and our previously disclosed 2021 results for Consumer Auto Loans and Residential Mortgages, as we have improved our data quality and estimation methodologies.



Our Financed Emissions continued

Data Quality and Coverage

Key Insights

- For business loans and investments, data quality is better for larger public companies than for smaller public companies and private companies. This is why, under the committed lending approach (which skews toward larger public companies), we see slightly better data quality scores. We also see that data quality is better for Scope 1 and 2 emissions compared to Scope 3 (since Scope 3 emissions are reported by fewer companies).
- Since 2020, when we first calculated our financed emissions footprint for the Energy and Power sectors, the number of clients that report their emissions has increased. More specifically, our corporate and commercial clients have started to report emissions data and we are continuing our efforts to improve our calculation methodology within the Retail sectors (e.g., Consumer Auto Loans, Residential Mortgages). As a result, our data quality scores are improving for the majority of sectors.
- We are now covering the large majority of our clients in carbon-intensive sectors in our footprint. The only exception is Commercial Real Estate, however, where we still face significant data challenges that we are working to resolve. For the first time this year we were able to include financed emissions for our REITs portfolio since data was available.
- We continue to experience significant data challenges in the Agriculture sector, where the majority of our exposures are with numerous smaller private commercial clients with limited or no emissions data available today.



TD Asset Management's Portfolio Emissions

For information on TD Asset Management's (TDAM) portfolio emissions, please refer to TDAM's most recent [Task Force on Climate-related Financial Disclosures](#) report.



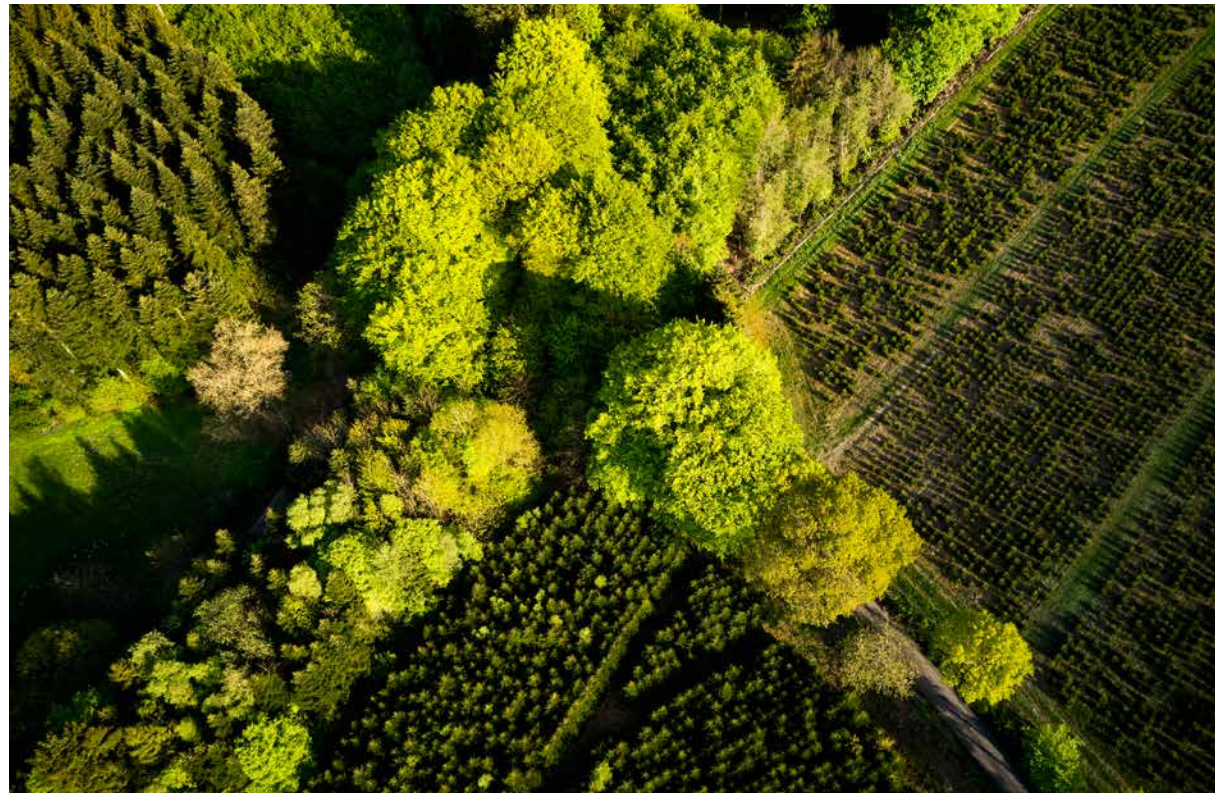
Our Financed Emissions Targets

To date, TD has set four interim 2030 financed emissions targets, covering the Energy, Power Generation, Aviation and Automotive Manufacturing sectors, which constitute a large majority of our financed emissions where data and methodologies allow.

Our four financed emissions targets cover 73% of our non-retail financed emissions, and 67% of our combined retail and non-retail financed emissions. Aside from the sectors for which we have set targets and the Real Estate and Agriculture sectors, the remaining carbon-intensive sectors, including Industrials and Shipping, are less significant contributors to TD's overall financed emissions.⁵⁸

In 2023, we completed a detailed assessment of our Real Estate and Agriculture portfolios and concluded that data quality and coverage was insufficient to set meaningful targets. An emissions baseline is difficult to establish given the limited client-specific data and the resulting reliance on estimated sectoral averages to calculate portfolio emissions. While it may be possible to establish what a 2030 target level should be using external scenarios for those sectors, the emissions estimation methodologies do not allow for the accurate calculation of baseline levels or measurement of real-world progress made by our clients to decarbonize.

In light of these challenges, we are committed to continuing to work to improve our data quality and coverage by advocating for improved reporting and data sources. While targets for these sectors may take time, we intend to move forward with initiatives aimed at driving decarbonization within these sectors. More information on our work in these sectors can be found in the section titled [Our Financed Emissions Journey in Agriculture and Real Estate](#).



Updated 2019 baseline data

Our previously published Energy, Power Generation, Automotive Manufacturing, and Aviation targets reflected the available data, methodologies, and scenario projections as of February 2023. Over the last year, we explored ways to refine and improve the data required for our baseline measurement approach across sectors for which we have set interim financed emissions targets and worked to enhance our modelling capabilities. This work has resulted in updating our 2019 baseline values against which our 2030 target reductions were calibrated to reflect newer and more accurate data.

Over the last two years, our third-party data providers have also worked to improve their means of aggregating and estimating company emissions and production data, which has resulted in some re-statements of historic emissions and production data. We have worked closely with our data providers to understand the cause of these adjustments, and intend to continue to support further improvements.

We have improved our internal approach for calculating sub-sector emissions intensity factors which are used when emissions data from clients is unavailable. The new factors consider a larger selection of companies and are North American-based, given the concentration of our footprint in the region.

We anticipate that future updates to the International Energy Agency (IEA) Net-Zero Emissions (NZE) scenarios and changes in data coverage, quality and availability may enable us to further improve the accuracy of our interim targets and in turn, we may review and update our targets. For more information, please see TD's [Caution Regarding Forward-Looking Statements](#).







Our Financed Emissions Targets continued

Our progress towards our 2030 targets is reported against restated 2019 baselines which incorporate the best available client emissions data, and use metrics that, at present, capture our clients' decarbonization journeys.⁵⁹ Please see our [2021 Methodology for TD's Interim Financed Emissions Targets](#) and pages 49 and 50 of our [2022 Climate Action Plan Report](#) for details on these metrics and their selection. While we work toward these targets, we also continue to do business with and offer products and services to clients in the covered sectors. We have started targeted engagements with clients in the Energy and Power Generation sectors on their own climate transition planning as discussed further on [page 31](#).

Our Approach to Setting and Achieving Our Financed Emissions Targets:

- ✔ Calibrate our targets in a manner that is consistent with science-based scenarios and credible industry guidance
- ✔ Work to integrate our targets into our core business strategy
- ✔ Help our clients to meet their decarbonization goals, and in turn, the wider economy, while supporting a just and orderly transition
- ✔ Improve and expand our data and methodologies over time
- ✔ For more information, please see [Advancing Our Climate Action Plan: Methodology for TD's Interim Financed Emissions Targets](#)

	 Energy	 Power Generation	 Automotive Manufacturing	 Aviation
Target metric	Financed Emissions Lending Intensity	Physical Emissions Intensity	Physical Emissions Intensity	Physical Emissions Intensity
Baseline year	2019	2019	2019	2019
Measurement ¹	gCO ₂ e/\$	kgCO ₂ e/MWh	gCO ₂ e/vkm	gCO ₂ e/pkm
2019 Emissions Baseline	2,192	378	181	88
Target Reduction by 2030	-29%	-59%	-50%	-9%
2030 Emissions Target ²	1,556	156	91	80
Reference scenario ³	IEA Net Zero (2021)	IEA Net Zero (2021)	IEA Net Zero (2022)	IEA Net Zero (2022)
2021 Emissions Intensity	2,237	336	180	89
Emissions intensity % change (FELI or PEI) from 2019-2021	2%	-11%	-1%	1%

¹ For the Energy sector target, the gCO₂e/\$ are the grams of carbon dioxide equivalent per Canadian dollar lent to the sector. For Power Generation, the kgCO₂e/MWh are the kilograms of carbon dioxide equivalent per megawatt hour of electricity generated. For Automotive Manufacturing, gCO₂e/vkm are the grams of carbon dioxide equivalent per vehicle kilometer driven. For Aviation, gCO₂e/pkm are the grams of carbon dioxide equivalent per passenger kilometer travelled in a plane.

² Since we restated our 2019 baselines for the reasons discussed, we also restated the 2030 targets for two sectors, Energy and Automotive Manufacturing, as these targets are calculated based on a target portfolio contraction percentage, i.e., a percentage reduction below the 2019 baseline - 29% and 50%, respectively. Power Generation and Aviation 2030 target levels remain the same, as our targets for these sectors are based on converging to the levels set out in the IEA Net Zero by 2050 scenario. Thus, for these sectors, the percentage target reduction by 2030 is a function of the distance from the 2019 baseline value to the IEA-prescribed target level. Our previous targets were: Energy 1,475 gCO₂e/\$; Automotive Manufacturing 97 gCO₂e/vkm.

³ We used the latest IEA reference scenarios that were available at the time we developed each target.



Our Financed Emissions Targets continued

Feature: How We Align Our Transition Activities with Our Sectoral Emissions Reduction Targets

A successful transition requires planning and preparation. We have invested considerable effort into building the systems and capabilities needed to measure, assess and adjust course on our journey to net zero including aligning our transition activities with our sectoral emissions reduction targets.

It is challenging to forecast emissions based on the Bank's prospective 2030 portfolio, and this is not an activity that we take lightly. Our modelling, using the approaches outlined below, considers two types of measures for emissions reduction – active measures, those that the Bank can actively use to move towards our targets, and passive measures, where decarbonization occurs through the actions of others. TD's active and passive measures for emissions reduction are sector-specific, and for each sector, the composition of measures are unique to the Bank in light of the Bank's strategy. We believe we can have a greater impact by continuing to engage with

and provide financing to clients in carbon-intensive sectors to support them as they adapt and contribute to the transition to a low-carbon economy. As we have learned through the engagement efforts summarized at [pages 31–35](#) of this report, many of these clients are taking positive steps to reduce their emissions or report on their decarbonization activities, and they are receptive to dialogue and support. We believe that TD has the resources and expertise to help clients across all sectors as they adapt and contribute to a low-carbon economy.

We expect that our quantitative modelling results will fluctuate over time as data and methodologies improve, and as new technologies, policies, and commitments arise. Here we summarize our emissions reduction measures and data and analytic capabilities.

Active Measures

- **Sustainable Finance** – We leverage sustainable and decarbonization finance to capture commercial opportunities in low-carbon growth areas. By having robust sustainable finance offerings and expertise, we can deepen existing and develop new relationships with producers of low-carbon energy and transportation solutions (e.g., renewable power companies or electric vehicle companies), thereby improving the carbon intensity of our portfolios. While methodologies currently do not allow for a direct attribution of sustainable finance activities to GHG emissions reductions, we are examining ways to establish this relationship over time.
- **Client Engagement** – Our focus on client engagement helps us to identify opportunities for decarbonization and to drive business growth while moving towards our targets. We meet clients where they are and assist them in meeting their goals. After all, our own ability to achieve net zero is dependent on the pace of decarbonization among our clients and in the real economy.
- **Supporting Decarbonization Across the Economy** – Our advocacy work, corporate philanthropy, and thought leadership, including ongoing participation in NZBA, PCAF and other organizations, are critical ways in which we support the broader transition. We recognize that achieving net-zero is an economy-wide effort involving many stakeholders.
- **Supporting Emerging Climate Technologies** – Technologies have emerged that can play valuable roles in supporting macro decarbonization, such as direct air capture for carbon removal as well as carbon capture and storage. These technologies are already being deployed and are gaining acceptance in the global community, most recently in the UAE Consensus, the agreement reached at COP28 in Dubai, which calls on the 198 parties to the Paris Agreement to accelerate zero- and low-emission technologies, including carbon abatement and removal technologies. As we advance on our net zero journey, we will seek opportunities to assess the efficacy and support the growth of novel decarbonization technologies in order to keep pace to 2050.

Passive Measures

- **Client Progress on Decarbonization Targets** – The transition to the low-carbon economy in carbon-intensive industries is underway, and is reinforced through client engagement efforts, resulting in many of our clients having set their own decarbonization targets. We monitor this information for each of our clients in the sectors for which we have targets. As our clients decarbonize, they in turn reduce TD's financed emissions and help us make progress towards our targets. In addition, due to broader industry trends and stakeholder expectations, including potential future regulation, we expect that some of our clients who have not yet disclosed targets will make the decision to do so in the coming years.
- **Impact of External Factors** – We know that numerous external factors beyond our control will impact our progress towards our targets, so we are beginning to explore methods for embedding and testing assumptions around government policy, for example, EV sales mandates and subsidies, and the associated impacts to emissions. Furthermore, over time, we will monitor whether the assumptions and forecasts embedded in the IEA's Net Zero Emissions by 2050 Scenario materialize, and how this might affect our financed emissions targets.

Data & Analytics Capabilities

We have enhanced our systems to be able to analyze carbon-intensive portfolios for which we have set a target. By evolving our systems, we are able to access more timely data when conducting transactions, analyze clients and their portfolios, conduct routine monitoring and reporting, and model potential pathways to our 2030 targets.

For more details on how we're building our tools, processes and capabilities to get us to our target state, please see Feature: Building our Analytics and Decision-Making Capabilities through Advanced Financed Emissions Modelling and Analytics on [page 25](#).

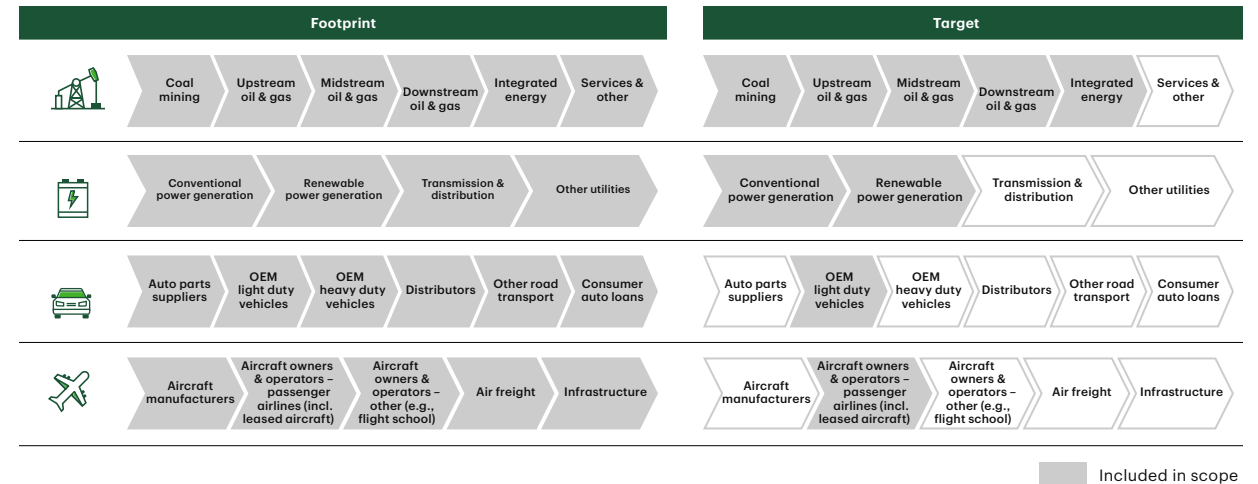
Our Financed Emissions Targets continued

Footprint versus Targets

Our financed emissions interim targets were set in accordance with NZBA guidance. Our target-setting approach is broadly consistent with our footprint approach, with three primary differences:

- **Our financed emissions targets focus on specific parts of a sector's value chain:** While our quantified financed emissions footprint broadly covers emissions from clients in high-emitting sectors across all sub-sectors, our financed emissions targets focus on specific parts of the value chain that represent the majority of a sector's emissions and/or can drive significant knock-on effects across the sector.
- **Our financed emissions targets are intensity-based, not absolute:** Intensity-based metrics quantify financed emissions per unit of output (e.g., CO₂ per megawatt hour) or financed emissions per economic unit (e.g., CO₂ per dollar lent). Intensity-based targets allow for and incentivize lower-carbon economic and business growth for the Bank and our clients, in alignment with our strategy of meeting our clients where they are and supporting them in their decarbonization journeys. Intensity-based targets also provide insights that can drive meaningful engagement with clients of different sizes. Finally, the use of intensity-based metrics allows for emissions efficiency comparisons across different companies in a common sector. By contrast, absolute financed emissions metrics represent the estimated total amount of greenhouse gases emitted into the atmosphere by our clients over a specific period, multiplied by an apportioning factor to account for our share of our clients' emissions. As a result, intensity-based emissions metrics may show a decline even though absolute emissions may be rising.
- **Our financed emissions targets include capital markets-facilitated activities:** Debt and equity capital markets are key sources of financing for our clients, and we play a role in facilitating these transactions on their behalf. These activities are currently excluded from our footprint calculation, as the PCAF methodology for capital markets activities was published after we finalized our results and conducted internal review for this report. However, we have included capital market activities within the scope of our targets given their strategic role in providing capital to our clients. In the future, we intend to adjust our methodology to align with PCAF's recently published guidance and will continue to measure our progress towards these targets while we work to establish footprints for capital markets activities.

For additional methodology details on our Automotive Manufacturing and Aviation financed emissions targets, please refer to 2022 TD's Climate Action Plan: Report on Progress and Update on TCFD, published in March 2023. For additional methodology details on our Energy and Power Generation financed emissions targets, please refer to [Advancing Our Climate Action Plan: Methodology for TD's Interim Financed Emissions Targets](#), published in March 2022.



Note: Icons read from top to bottom represent Energy, Power Generation, Automotive Manufacturing and Aviation. The grey chevrons in this graphic represent the sub-sectors that are included in TD's financed emissions footprint and targets (sub-sectors in chevrons that are not coloured grey are not included within the boundary of the target for that sector).

Our Financed Emissions Targets continued

Energy Target

Our 2030 interim target for Energy is a 29% reduction in financed emissions lending intensity (FELI) from a 2019 baseline. In our most recent results (2021), FELI decreased 16% from 2020, a 2% increase from the 2019 baseline.

From 2019 to 2020, our portfolio FELI increased 21% despite our clients' emissions decreasing over this period. This increase is largely attributable to improvements in the methodology for financed emissions and decreases in the company values that underlie the calculation. In 2021, company values rebounded as countries lifted lockdowns and eased travel restrictions, which, coupled with the ongoing war in Ukraine, increased the price of oil and gas. Additionally, government stimulus packages and low interest rates in that period have helped the financial performance of energy companies rebound. Given financed emissions are based on the ratio of client financing to the client's enterprise value including

cash (EVIC), these increased valuations led to an overall decrease in financed emissions. Holding company values constant, TD's portfolio FELI would have increased from 2020 to 2021, driven by increased client emissions resulting from increased energy consumption.

We continue to work with fellow PCAF members and standard-setting bodies to consider methodology enhancements such as smoothing approaches that could help to reduce volatility and improve year-over-year reporting. While financial institutions have limited influence over client emissions reductions, we recognize the important role we can play to support decarbonization transitions for our clients and the broader economy.

+ For more detailed information about our Energy target, please see [Advancing Our Climate Action Plan: Methodology for TD's Interim Financed Emissions Targets](#).

Power Generation Target

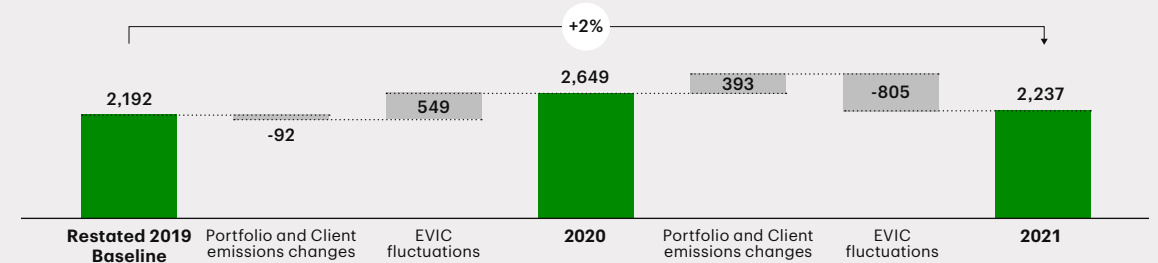
Our 2030 target for Power Generation is a 59% reduction in physical emissions intensity (kilograms CO₂e per megawatt hour power produced) from a 2019 baseline. In 2021, physical emissions intensity decreased by 11% relative to our 2019 baseline. This reduction resulted from the onboarding of new renewable power clients and physical intensity reductions within our conventional client base, where some companies are increasing electricity generation while holding constant or decreasing emissions. Most of the change from 2019 to 2021 can

be attributed to actions our clients have taken to reduce emissions and the Bank's actions to increase financing to renewable power companies and clients focused on energy transition.

+ For more detailed information about our Power Generation target, please see [Advancing Our Climate Action Plan: Methodology for TD's Interim Financed Emissions Targets](#).

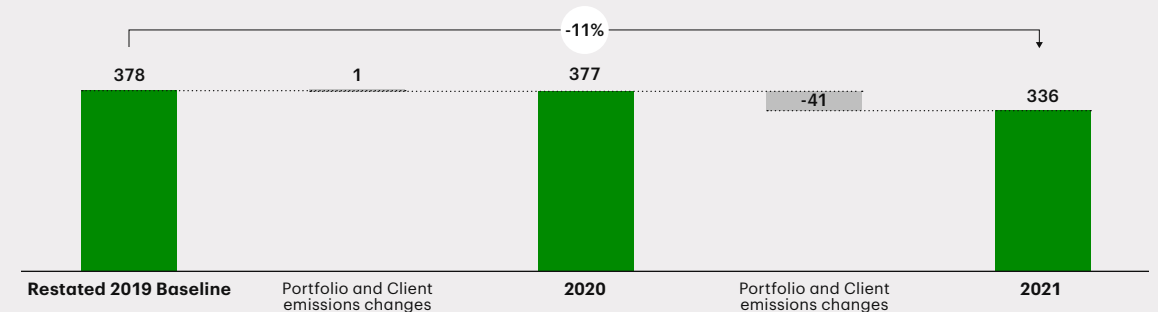
Energy Portfolio FELI – 2019 to 2021 Change Drivers

Energy portfolio financed emissions lending intensity (2019 to 2021)
gCO₂e/\$



Power Generation Portfolio PEI – 2019 to 2021 Change Drivers

Power generation portfolio physical emissions intensity (2019 to 2021)
kgCO₂e/MWh



Our Financed Emissions Targets continued

Automotive Manufacturing Target

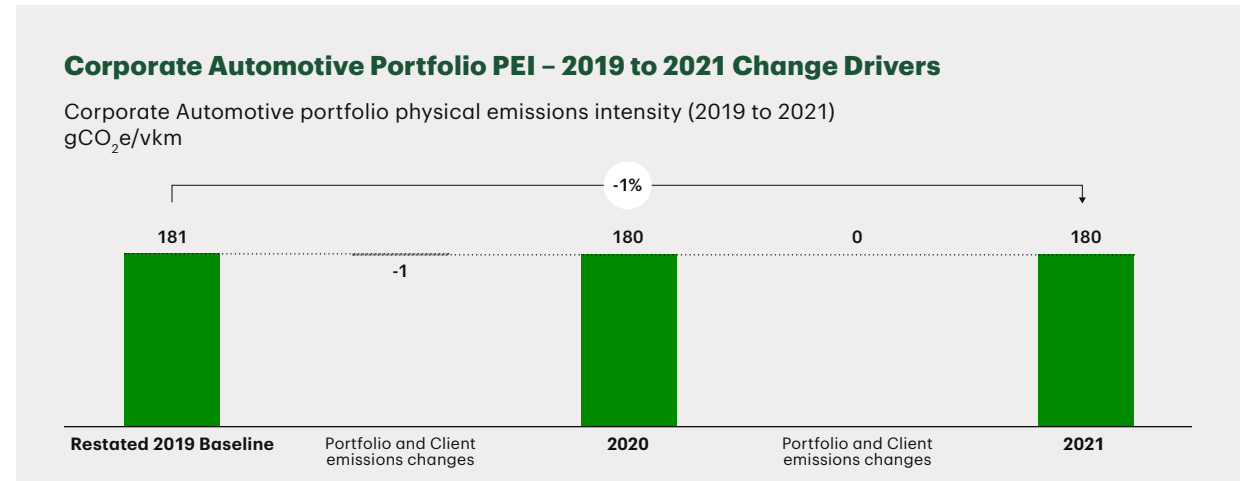
Our 2030 target for the Automotive Manufacturing sector is a 50% reduction in the physical emissions intensity (PEI) in grams CO₂e per vehicle kilometre travelled of our clients' light-duty vehicle (LDV) fleets from a 2019 baseline. From 2019 to 2021, the portfolio PEI experienced a minor reduction of 1%.

During the COVID-19 pandemic, many automakers were forced to shut down their factories temporarily due to supply chain disruptions, reduced demand for vehicles, and concerns about worker safety. This led to a significant decrease in production and sales of vehicles, lowering valuations of original equipment manufacturer (OEM) and increasing physical emissions intensity as a result. Countering this trend, the lower levels of operations also

resulted in a decrease in emissions and corresponding physical emissions intensity. The net effect was no major change in OEM-specific physical emissions intensities.

Emissions reduction in this sector will primarily be driven by a shift away from internal combustion engine (ICE) vehicles toward the production of EVs and HEVs, along with improvements to operational emissions from factories during vehicle production.

+ For more detailed information about our Automotive Manufacturing target, please see [2022 TD's Climate Action Plan](#).



Aviation Target

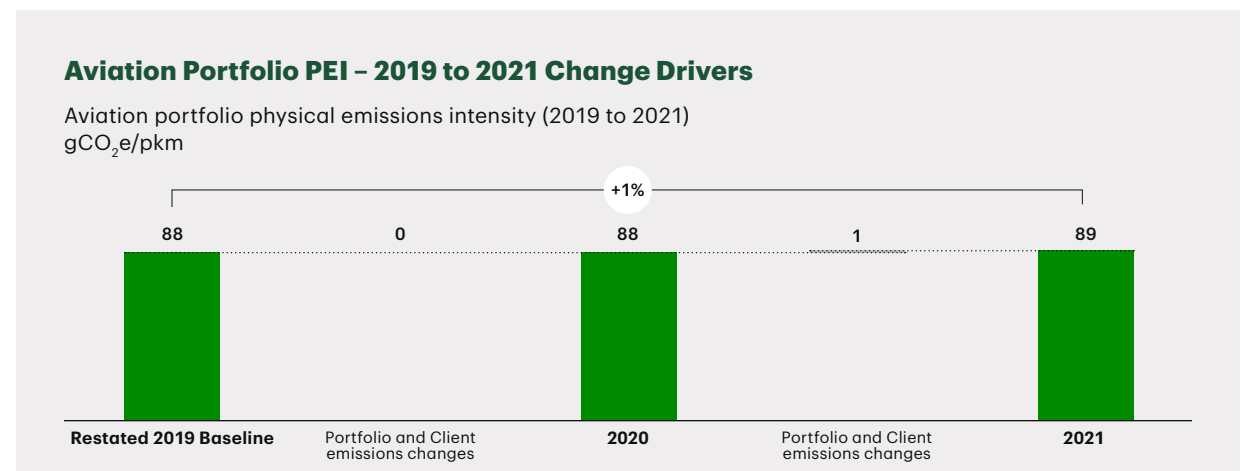
Our 2030 interim target for the Aviation sector is a 9% reduction in the physical emissions intensity (grams CO₂e per passenger kilometre travelled) of our airline clients to 80 gCO₂e/pkm by 2030, from a 2019 baseline. Our 2019 baseline is already 25% lower than the global 2019 IEA NZE level for this sector due to our portfolio composition, which includes financing of newer, more efficient aircraft through aircraft-specific financing products.⁶⁰

Our normalized results show a 1% increase from 2019 to 2021, attributed to the fact that during COVID-19, planes on average flew shorter distances. Since the fuel burn of planes is higher on take off and while ascending, the increase of shorter distance flights contributed to the slight increase in intensity that we saw from 2019 to 2021.

COVID-19 had a significant impact on commercial aviation. With the sharp decline in air travel demand, sectoral emissions declined on an absolute basis; however, the efficiency of air travel during this time decreased due to the reduction of flight distances and the decrease in passenger load factor (available seat

capacity that has been filled by passengers). In 2020, global average load factor dropped from 82% to 65%, and only recovered by 3% in 2021.^{61,62} This contributed significant volatility to our portfolio's physical emissions intensity. We chose to normalize our results by keeping load factor constant at 2019 levels, with the expectation that air travel would soon return to, and exceed, pre-pandemic levels.

Our target specifically focuses on passenger airlines, including both owned and leased aircrafts, as most of the emissions in this sector (approximately 90%) are attributed to passenger flights, including belly freight.⁶³ The substantial majority of these emissions occur during jet fuel combustion while in flight and during take off and landing (with take off and ascension being the most fuel-intensive portions of flights). In terms of decarbonization opportunities, airlines have direct control over their fleet mix and the purchase or lease of new aircraft (with more efficient engines), as well as other efficiency factors like route planning and seating layouts. In addition, as large potential purchasers of low-carbon fuels, airlines are best



suited to positively influence their supply and availability – for example, through innovative structures such as offtake contracts for sustainable aviation fuel (SAF).

+ For more detailed information about our Automotive Manufacturing target, please see [2022 TD's Climate Action Plan](#).



Our Financed Emissions Targets continued

Our Financed Emissions Journey for Real Estate and Agriculture Sectors

In 2023, building on our work in the previous two years and the four targets we have set, we continued our target-setting process for high-emitting sectors, focusing on Real Estate and Agriculture. In both sectors, we sought additional data sources and looked at means to improve our financed emissions data quality. We were able to advance our footprint calculations and gain valuable insights about data availability and quality; however, despite these efforts, the significant data challenges we encountered prevented us from setting targets that we could meaningfully track against.

While we are unable to set targets for these sectors, we continue to work to improve data quality, undertake activities to support decarbonization in these sectors, and deepen our understanding of the risks and opportunities. Additionally, this year we developed training materials for our business bankers around sustainable agriculture practices, which included information such as potential emissions reductions benefits, as well as implementation considerations such as up front costs, barriers to implementation and possible technology changes that could help make clients' farms more resilient to climate change and, in some cases, potentially drive long-term cost savings. We plan to roll out this training in fiscal 2024 so our relationship managers are better equipped to help our clients continue in their own sustainability journeys.

Real Estate Sector

The Real Estate sector was responsible for 13% of Canada's emissions in 2021.⁶⁴ Real Estate is not among TD's highest-emitting sectors based on our most recent footprint calculations as it represents approximately 2% of our total financed emissions footprint (refer to [page 69](#) for details). It does, however, represent 63% of TD's financing to carbon-intensive sectors in 2021 and it is therefore a major commercial category for the Bank.⁶⁵

In 2023, we made progress on improving our Residential Real Estate (RRE) footprint estimate and, for the first time, we calculated a footprint for Real Estate Investment Trusts (REITs), which represent a significant part of our Commercial Real Estate portfolio.

Residential Real Estate

Between 2021 and 2022, we saw a 2.8% reduction in our financed emissions for the sector. The majority of this reduction stemmed from our Canadian portfolio, which constitutes approximately 85% of TD's total residential mortgage book. This reduction resulted from market conditions that triggered a decline in mortgages financed.

We have restated the 2021 footprint disclosed in our 2022 report to reflect improvements in internal data sourcing and updates to the emissions factors used in our calculations.

We made other data improvements including:

- We sourced floor area data for 71% of Canadian residential properties in our portfolio (representing 65% of properties in our total portfolio), allowing us to use emission intensities per square foot rather than averages per home based on property type.⁶⁶ This improved the accuracy of estimating the emissions of the underlying homes, improving our PCAF data quality score from 5.0 to 4.4.
- We updated external intensity factors based on more recent emissions data published by the Canadian and U.S. governments (i.e., Natural Resources Canada and Energy Information Administration, respectively), now based on 2020 data. These more recent factors reflect improvements in the energy grid and, to a lesser extent, in the average emissions per property, driven by more energy-efficient new homes and retrofitting of existing homes.

Our calculated financed emissions in the RRE sector include Scope 1 and 2 emissions. As per PCAF guidance, we did not include Home Equity Lines of Credit (HELOCs) as the use of proceeds of HELOCs is unknown (therefore, this lending to customers does not necessarily finance real estate).

As cited in last year's report, one of the major limiting factors for estimating the footprint of our portfolio in the RRE sector is the difficulty of accurately capturing actual emissions from underlying residences; instead, we must rely on province- or state-wide averages for emissions data. An ideal data source would be actual fossil fuel and electricity consumption data of the underlying properties. Currently, this has proven to be difficult to obtain due to widely dispersed utility providers and potential privacy implications. Another option for better emissions estimates relies on building energy efficiency ratings, but Canada does not currently require ratings on residential properties.

Commercial Real Estate

We have added Real Estate Investment Trusts (REITs) to our footprint this year, which accounted for 25% of TD's Commercial Real Estate (CRE) exposure in 2021. REITs are companies that own, operate, or finance income-generating real estate. Because there is no precise data available on the specific use of proceeds, a loan to or investment in a REIT is treated as a loan to (or investment in) a company (which could be listed or unlisted). In line with PCAF guidance, any investment in a REIT is treated as listed or unlisted equity because it is an investment in a company, not a property.

To calculate our footprint for the sector, we leveraged S&P Global Trucost financial and emissions data and PCAF's estimated emissions methodologies where data was not available. We are disclosing



Scope 1 and 2 emissions for this sector as very few REITs report Scope 3 emissions and there is no estimated emissions methodology that yields estimates that we believe would accurately represent the emissions of our underlying clients.

TD's Scope 1 and 2 REITs financed emissions footprint was 0.2 million tonnes of CO₂e in 2021, remaining relatively constant compared to 2019. The data quality score of our REITs footprint reached 3.3 in 2021, in line with scores observed in other non-retail sectors. As many REITs publish their own Scope 1 and 2 emissions, we were able to limit the use of PCAF's estimated emissions methodologies to less than 40% of our portfolio.

To date, we have been unable to quantify the emissions for secured components of our commercial real estate mortgage book, mainly due to data availability limitations. We are working to improve our access to the data needed to footprint the secured CRE sector, as well as the methodology for estimating the emissions of underlying portfolio properties, since we anticipate that this sector will face similar challenges to those we have encountered in RRE.



Our Financed Emissions Targets continued

Decarbonization Pathways for Real Estate

As the majority of our Real Estate portfolio is in Canada, understanding how the government of Canada anticipates the Real Estate sector to evolve over time helps us to identify how it will prioritize its support of decarbonization efforts. Canada's Emissions Reduction Plan, published by the federal government in 2022, has two sectoral pathways relevant to Real Estate sector emissions:

Scope 1, corresponding to the direct use of coal, oil products and natural gas directly in properties, is addressed in the Buildings pathway, which projects a 42% reduction in 2019 absolute emissions by 2030.

Achieving the 2030 Buildings target emissions reduction relies on a significant retrofitting effort and improving the energy efficiency of new builds.

- Retrofitting involves making homes and commercial buildings more energy efficient by enabling fossil fuel replacement through renovations such as electrification of heating by switching from oil/natural gas to electric heat pumps, windows/doors and air sealing upgrades, and solar panel installation.
- The Pembina Institute⁶⁷ projects that reaching net zero in 2050 will require carrying out retrofits at an annual pace of nearly 600,000 homes (11.4 million in total) and the equivalent of 32 million square metres of commercial property until 2040, at a cost of roughly \$21 billion per year. While several public initiatives are in place to support the financing of retrofitting, Pembina estimates that an \$8 to 13 billion funding gap per year exists across Canada.
- A similar study has been conducted by the CD Howe Institute⁶⁸, which showed the number of retrofits required for electrification at nearly 400,000 homes per year until 2050, at an estimated cost of \$4.5 to 6.3 billion per year. On the new building side, the same study concluded that even if all new buildings were net zero after 2022, total building emissions would only decline by 26% by 2030.

Scope 2, corresponding to the generation of electricity bought for property use, is addressed in the Electricity pathway, which projects a 77% reduction in 2019 absolute emissions by 2030.

Canada's Emissions Reduction Plan provides that achieving the 2030 electricity emissions reduction target requires decarbonizing Canada's grid, which involves phasing out coal, oil, gas and peat-fired electricity production, expansion of renewables, energy storage, and development of carbon capture and storage (CCS) technologies.

- The Canadian government projects that the phase-out of unabated fossil fuel-fired electricity generation and increased demand for electricity in other parts of the economy, such as space heating and on-road transportation, will lead to a significant increase in demand for non-emitting electricity⁶⁹. It estimates that, by 2050, Canada will require two to three times the current generating capacity.⁷⁰



We continue to work to improve the data environment so that we can better understand our contribution to the Real Estate sector's emissions, and to explore ways we can support our clients' and the sector's decarbonization efforts.

- We intend to continue our work to improve our ability to leverage internal data like floor area to estimate client emissions.
- We are exploring relationships that could improve the quality of our emissions estimates and enable us to better monitor portfolio progress over time.
- Given the important role of retrofitting in the government's 2030 Emissions Reduction Plan, we are assessing the commercial opportunities we can capture and are exploring potential avenues for advocacy in favour of increased public funding support for real estate retrofit.
- We intend to continue to engage with governments and regulators to help fill existing data gaps (see the [Engaging with Governments, Regulators and Standard-Setters](#) section).
- We intend to continue to support our clients in the Power Generation sector to contribute to meeting increased electricity demand through investments in grid modernization and new renewable capacity, which will be crucial for the decarbonization of the Real Estate sector.
- We are working to educate our bankers on decarbonization options for the sectors and will continue to support our clients and work with them to meet their evolving financing needs.



Our Financed Emissions Targets continued

Agriculture Sector

In 2023, we continued to focus on Agriculture, a high-emitting sector that was responsible for 10% of Canada's emissions in 2021.⁷¹ While our exposure to the Agriculture sector, the majority of which is part of our Canadian portfolio, only represents ~2% of our financing to high-emitting sectors, it has an outsized impact on our total financed emissions footprint (~10%) because of the sector's high emissions intensity.

Farmers will continue to be important partners in developing and implementing solutions to combat climate change and enhance resilience. Agriculture is a large and varied sector across both Canada and the U.S., and we recognize that there is a wide array of farming types, locations, regional and site-specific conditions that impact how a farm performs in terms of GHG emissions and impacts on the natural environment and biodiversity. Any work to estimate the emissions of, set targets for, and support decarbonization in the sector must account for this local variability in order to be effective. With population levels set to rise, Canada and the U.S.'s contribution to the domestic and global food system will likely grow. TD plans to support the sector's sustainable growth.



In our 2022 report, we disclosed our first Agriculture footprint, which included clients in the following sectors:

- Farming
- Processing
- Distribution
- Equipment & services

The footprint also included measured on-farm emissions (e.g., livestock rearing and soil management), which account for most of the sector's emissions, and the emissions from operational fuel and electricity use.

This year, we expanded our footprint to cover 2019-2021 financed emissions. For all three years, we continued to experience significant data limitations that reduce our confidence in the accuracy of our footprint estimation and prevent us from setting a target against which we can track progress:

- Emissions data on underlying clients does not exist across most of our financed portfolio, so estimated emissions methodologies are widely used to estimate our footprint (indicated by the PCAF score of 4.9).
- Our portfolio is comprised of relatively small exposures to thousands of farms across Canada and the United States, making data collection that could help improve emissions estimation (e.g., location, acreage, production, fertilizer use, etc.) a significant challenge.

Due to very limited reported emissions data, we investigated alternative ways to estimate client-specific emissions. We spoke with vendors who use a combination of inputs to estimate on-farm emissions, including satellite data and/or on-the-field soil analysis, supplemented by scientific modelling of localized environmental inputs. While we are optimistic about the potential of these technologies to enable better on-farm emissions estimation in the future, they do not currently provide a viable data solution. Geospatial data is still in the relatively early stages of collection and modelling, with very high costs. Furthermore, it does not cover all the scopes of emissions required for our financed emissions estimations. Some of the technologies we investigated require data about our clients' farming operations that is challenging to collect – for example, data that has been collected manually but is stored in formats that are not accessible with our current data infrastructure.

We plan to continue to work to improve the data environment to better understand our contribution to the sector's emissions and how we can measure our clients' progress. Our ability to calculate our clients' emissions is an important component of supporting their decarbonization journeys, and we continue to enhance our data collection and use of available and scalable data sources and estimation methodologies. We are working to enhance our data collection by adding questions to our annual client check-ins, including information about clients' operations that may enable enhanced emissions estimation (e.g., acreage, production data, information on fertilizer application and practices), and help ensure this data is systematically collected.

Our Financed Emissions Targets continued

Case Study: Comparing Agriculture Financed Emissions Estimation Methodologies

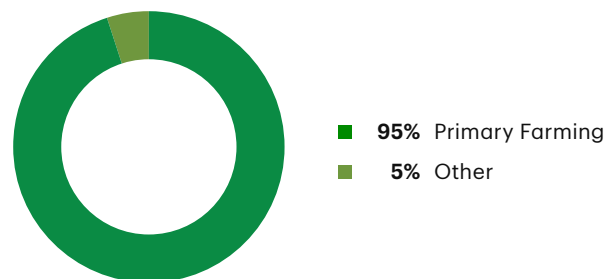
Agricultural emissions are difficult to measure. This is due both to a lack of reported data in the sector, and lack of standardized methodologies which are still in development to cover the wide array of activities within the sector. TD's agriculture portfolio is mainly comprised of primary farming or production of primary agricultural products of plant and animal origin.

The agriculture sector in Canada consists of thousands of family-owned farms that do not calculate and publicly report on GHG emissions. In turn, we must use the PCAF methodology and emissions factors to estimate their financed emissions (which only requires sub-sector and exposure information). This results in poor data quality (i.e., PCAF data score of 5).



TD's Agricultural Financed Emissions

Approximately 95% of TD's Financed Emissions in the Agriculture sector are derived from a diverse and highly fragmented primary farming client base across North America (e.g., beef, dairy, grain, etc.). The remaining 5% is derived from other sub-sectors of the value chain, including processing, equipment and manufacturing, wholesale and distribution, and other services.



Given that the primary farming sub-sector is the most carbon-intensive part of the value chain, based on current available data, our estimated financed emissions for this sub-sector represent 95% of our total emissions for the entire sector.

TD's Estimated Agriculture Financed Emissions for Sample Clients, 2021¹

TD's estimated financed emissions for sample clients, 2021, Scope 1-3. Thousands of tCO₂e

Agricultural Product/Sub-sector	Max. variance	Company reported	S&P Trucost	SBTi FLAG	LCA-based	PCAF
Primary Farming	Beef	-	-	-	-	200
	Grain	-	-	-	-	31
	Chicken	-	-	-	-	21
	Dairy	-	-	-	-	79
Other	Equipment manufacturer	89%	167	24	18	28
	Meat processor	89%	8	42	17	46
	Poultry processor	83%	-	110	200	216
	Grain distributor	98%	-	-	219	323
	Dairy processor	94%	-	-	2	5

This year, we conducted a deep dive into our top 150 clients (based on exposure) to assess data availability and to compare alternative estimation methodologies. Of the 150 clients, only 16 had data available (e.g., production data) to better estimate emissions, and none were primary farmers. We compared emission estimates using the PCAF methodology to alternative emission estimation methodologies for sub-sectors in which we had additional data, including the SBTi FLAG method,

a production-based lifecycle assessment method, and estimates from S&P Trucost. We found significant variation across these methodologies, often resulting in variances of 90% or more, as can be seen in the table above. This exercise demonstrated the lack of available data and the lack of an accurate and reliable emissions estimation methodology for the Agriculture sector. It also indicated to us that the current data and methodologies in the Agriculture sector do not support setting a financed emissions target at this time.

¹ PCAF – Partnership for Carbon Accounting Financials, LCA-based – Life-cycle assessment-based estimation, SBTi FLAG – Science Based Targets initiative Forest, Land and Agriculture, S&P Trucost – Standard and Poor Trucost, Max. variance – Maximum variance.



Our Financed Emissions Targets continued

Decarbonization Pathways for Agriculture

We recognize that our Climate Action Plan for Agriculture will be closely tied to nature and biodiversity impacts, so as a first step, we have commenced our work to better understand the interconnectivity through our heatmap of the impacts on nature of our in-scope Agriculture sub-sectors, which is described below.

Considering the majority of our lending to the Agriculture sector is within Canada, to start the journey this year, we have focused on the Canadian context for decarbonization. Understanding how the government of Canada anticipates the Agriculture sector to evolve over time helps us to identify how it will prioritize its support of decarbonization. The government of Canada's Emissions Reduction Plan (ERP), initially published in 2022, details a pathway for Agriculture, Land Use, Land Use Change, and Forestry. Building on emissions reductions already achieved by Canadian farms via practices such as no- or low-till farming, the ERP targets a 37% reduction in net Agricultural emissions driven by:

- Reductions: Achieving decarbonization targeted for the sector by 2030 will require additional incremental adoption of sustainable farming practices on Canadian farms to reduce on-farm emissions.
- Removals: Removing GHG emissions from the atmosphere by maximizing the potential of agricultural soils to remove carbon, and other nature-based solutions, will be an integral part of Canadian Agricultural decarbonization.

We intend to continue to monitor how the ERP changes over time and to support our clients, as well as governmental efforts to drive Agriculture sector decarbonization, through our engagement and advocacy efforts. We intend to focus on improving data quality to better understand our contribution to Agriculture sector emissions reductions, and intend to explore how we can support our clients' and the sector's decarbonization efforts.

- We plan to continue our work to improve our ability to leverage internal data such as farm production and revenue data to estimate client emissions.
- We intend to continue to seek out and explore alternative data sources for Agricultural emissions, in order to improve the quality of our emissions estimates and enable us to better monitor portfolio progress over time.
- We are working to support our bankers' understanding of decarbonization opportunities for the sector and plan on continuing to support our clients and work with them to meet their evolving financing needs in this sector.
- We intend to continue to engage with governments and regulators to help fill existing data gaps (see the section on [Engagement with Governments, Regulators and Standard-Setters](#)).





Our Financed Emissions Targets continued

Case Study: Assessing Agriculture's Impact on Nature

In 2023, we explored our Agricultural clients' impacts on nature and biodiversity by using the ENCORE nature impact rating methodology, developed by the Natural Capital Finance Alliance and the UN Environment Programme's World Conservation Monitoring Centre (UNEP-WCMC). ENCORE ratings are global whereas nature impacts are highly localized. This means that additional analysis would need to be completed to better understand how our North American footprint differs from the global context. It is evident that there are significant data gaps in this ENCORE analysis (denoted by the white boxes in the heatmap to the right). However, the ENCORE assessment is a helpful starting point; its methodology rates the capacity of a business activity to impact natural capital, and the stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils) that combine to yield a flow of benefits to people.⁷² Our heatmap considers impacts across our in-scope value chain and identified that our Agriculture clients can have very high impacts on land-based ecosystems, water use, and emissions (both GHG and non-GHG). This knowledge will equip our relationship managers as they begin to engage clients on nature and biodiversity. In some cases, by working with our clients to address these impacts on nature and biodiversity, our clients may reduce their expenses, or potentially increase their resiliency to extreme weather events.

Initial Global Nature Impact Assessment of TD's Agriculture Clients Based on ENCORE Methodology, 2021

Nature Impact ■ Very High ■ High ■ Medium ■ Low ■ No Data (does not imply no impact)¹

ENCORE Production Process	TD Activity Type	TD Product Type	Total Committed Lending (in millions)	% of Total Lending	Land/Water/Sea Use Change			Resource Exploitation		Climate Change	Pollutants				Invasives and Other		
					Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Water use	Other resource use	GHG emissions	Non-GHG air pollutants	Water pollutants	Soil pollutants	Solid waste	Disturbance	Biological alterations/interference	
Large-scale livestock (beef and dairy)	Farming	Cattle & Dairy	\$2,993	28%	Very High			High									
		Animal Combination	\$984	9%	Very High			High									
		Chicken / Poultry	\$821	8%	Very High			High									
		Other Animal	\$152	1%	Very High			High									
Large-scale irrigated arable crops	Farming	Grains	\$2,103	20%	Very High	High		High									
		Fruit & Vegetable	\$447	4%	Very High	High		High									
		Plants and Trees	\$66	1%	Very High	High		High									
		All Other Crop Farming	\$35	0%	Very High	High		High									
		Oils / Seeds	\$3	0%	Very High	High		High									
	Other	Support Activities Crop Production	\$55	1%	Very High	High		High									
Processed food and drink production	Processing	Cattle & Dairy	\$779	7%	Very High			High									
		Other Animal	\$337	3%	Very High			High									
	Other	Chicken / Poultry	\$217	2%	Very High			High									
		Apiculture	\$4	0%	Very High			High									
Distribution	Wholesale & Distribution	Grains	\$490	5%	Very High		Medium										
		Other	\$37	0%	Very High		Medium										
		Plants and Trees	\$21	0%	Very High		Medium										
		Other Animal	\$14	0%	Very High		Medium										
		All Other Crop Farming	\$8	0%	Very High		Medium										
		Oils / Seeds	\$2	0%	Very High		Medium										
	Other	Equipment / Manufacturing (Distributors)	\$205	2%	Very High		Medium										
Provision of health care	Other	Veterinary Services	\$522	5%	Very High						High						
Manufacture of machinery, parts & equipment	Other	Farm Machinery & Equipment Manufacturing	\$244	2%	Very High				High							High	
Infrastructure holdings	Other	Farm Product Warehousing / Storage	\$65	1%	Very High						High						
Life science, pharma & biotech manufacture	Other	Research & development on natural sciences	\$50	1%	Very High					High							
Unable to map ²			\$2	0%													
Total Committed Lending (in millions)			\$10,656	100%													

1 "No Data" denotes that there is not enough information to attribute to a rating - it does not imply that there is not likely to be an impact.

2 Clients without NAICS were not able to be mapped to ENCORE Production Processes.



Sustainable Finance

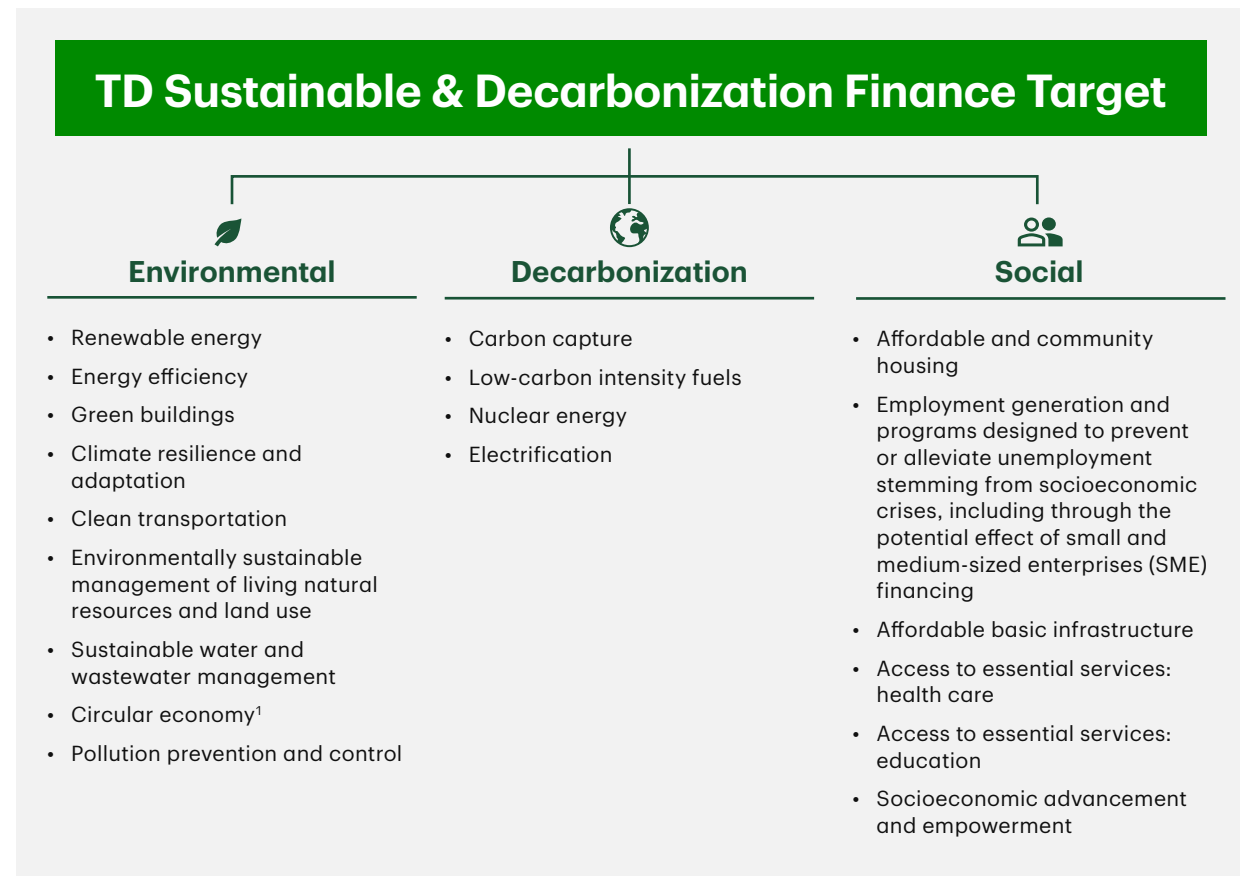
The Bank continues to look for opportunities to support sustainable growth for its customers and clients, the communities it serves and the economies it supports in the transition to the low-carbon economy. That is why TD is proud to target \$500 billion in Sustainable & Decarbonization Finance through its lending, financing, underwriting, advisory services, insurance and the Bank's own investments. In fiscal 2023 the Bank contributed \$69.5 billion to this goal.

We have developed a methodology that outlines the environmental, decarbonization and social activities that are eligible for inclusion toward our target. This methodology was informed by guidelines, frameworks and industry practices.

Decarbonization, which is focused on the reduction of emissions-intensive activities, is an emerging category with new technologies being developed and scaled. The development of decarbonization focused market standards and taxonomies can help support growth in this category. Additionally, as our clients pursue their own transition plans, we expect new opportunities to arise in the decarbonization space. Eligible Environmental activities included in the Sustainable & Decarbonization Finance Target can also potentially contribute towards decarbonization. For example, renewable energy, green buildings and clean transportation can result in a reduction or avoidance of GHG emissions assuming they are displacing conventional technologies.

The inclusion of decarbonization activities in our target reflects our intent to support new and existing clients in decarbonizing their operations and executing their emissions reduction plans. Eligible decarbonization activities are those that align with industry best practice, including the IEA NZE and other guidance developed by external bodies as detailed further in the methodology.

+ For more information on our Sustainable & Decarbonization Finance Target progress, please visit pages 30-36 in the [2023 TD Sustainability Report](#).



¹ Circular economy includes acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used to facilitate or carry out activities such as the substitution of virgin raw materials with 100% recycled or reused materials in manufacturing or industrial processes, production of products that can be recycled or composted in whole or in part where the input feedstock is from recycled or reused materials, mineral-based materials recovery or recycling in mining and industrial processes, or increasing the capacity utilization of a product or asset during its useful life. Please see the Sustainable & Decarbonization Finance Target Methodology for further details.

Sustainable Finance continued

Our two complementary goals

TD's goals to achieve net zero in our operational and financed emissions by 2050 and to meet our \$500 billion Sustainable & Decarbonization Finance Target by 2030 are complementary in helping to enable decarbonization in the real economy. Our interim financed emissions targets are focused on high-emitting sectors to support financing our clients' transition, while our Sustainable & Decarbonization Finance Target is focused on supporting financing to scale lower-carbon technologies and social investments to facilitate sustainable growth for our clients.

Additional work needs to be done to more accurately quantify the impacts of our sustainable and decarbonization business activities on the Bank's financed emissions footprint. Challenges including methodological differences between our targets and limited emissions data availability have been barriers to advancing this understanding.⁷³ Over time, as data availability improves and more standardized methodologies are developed, we anticipate being able to quantify more of the link between the Bank's sustainable and decarbonization finance activities and its financed emissions footprint.





Our Performance

This information is intended to provide transparency on the metrics we use to manage our climate-related risks and opportunities. It was developed in line with TCFD's October 2021 Guidance on Metrics, Targets, and Transition Plans.

Category	Metric	Category	2023	2022	2021	
Transition Risks	Carbon-Related Assets relative to Total Assets (%) ¹		15.7%	15.2%	15.0%	
	Non-retail carbon-related assets for select high-risk industry sectors (in millions) ²	Automotive	\$22,554	\$20,597	—	
		Industrial construction and trade contractors	\$10,509	\$9,234	—	
		Metals and mining	\$8,599	\$9,709	—	
		Oil and gas	\$11,631	\$13,371	—	
		Power and Utilities	\$18,369	\$20,904	—	
	Sundry Manufacturing and wholesale	\$25,162	\$25,515	—		
Physical Risks	To learn more about TD's physical risks, please see our heatmaps in the Risk Management section.					
Climate-related Opportunities	GSSS bonds underwritten (in billions) ³	Financing	\$17.3	\$19.0	\$33.0	
	Green, Social, Sustainability or Pandemic ⁴ bonds held (in billions) ⁵	Investing	\$22.3	\$22.3	\$11.7	
	Amount committed in Sustainability-Linked Loans (in billions) ⁶	Lending	\$12.9 ⁷	\$23.8	\$13.0	
	TD's support of environmental, decarbonization and social activities through lending, financing, underwriting, advisory services, insurance and the Bank's own investments (in billions) ⁸	Sustainable & Decarbonization Finance Target	\$69.5	—	—	
Operational GHG Emissions ^{9,10,11}	Location-based Scope 1 emissions (tonnes CO ₂ e) ¹²	Operations	40,346	43,707	40,847	
	Location-based Scope 2 emissions (tonnes CO ₂ e) ¹³	Operations	76,970	79,615	81,158	
	Location-based Total Scope 1 and 2 emissions (tonnes CO₂e)	Operations	117,317 ✓	123,322 ✓	122,005 ✓	
	Scope 3 emissions (operational) (tonnes CO ₂ e)	Purchased goods and services		1,053,692	1,058,672	986,108
		Capital goods		71,736	74,060	65,379
		Fuel and energy-related activities ¹⁴		22,882	24,515	22,514
		Business travel ¹⁵		37,899 ✓	12,092 ✓	1,788 ✓
		Downstream leased assets		474 ✓	990 ✓	866 ✓
	Location-based GHG emissions intensity (tonnes CO ₂ e per millions in revenue)	Operations	2.3	2.4	2.7	
Location-based GHG emissions intensity (kg CO ₂ e per square foot)	Operations	5.3	5.3	5.2		

✓ indicates metrics with EY assurance



Our Performance continued

Category	Metric	Category	2023	2022	2021	2020	2019		
Financed GHG Emissions ^{16,17, 18,19,20,21}	Scope 3 financed emissions footprint (based on drawn lending balances) (mega tonnes CO ₂ e)	Agricultural sector	—	—	10.6 ✓	9.3 ✓	8.6 ✓		
		Automotive sector	—	—	0.4 ✓	0.5 ✓	0.6 ✓		
		Aviation sector	—	—	3.6 ✓	4.5 ✓	5.5 ✓		
		Energy sector	—	—	1.4 ✓	2.4 ✓	2.2 ✓		
		Industrials sector ²²	—	—	0.3 ✓	0.5 ✓	0.5 ✓		
		Power & Utilities sector	—	—	1.4 ✓	1.2 ✓	1.1 ✓		
		Commercial Real Estate (Real Estate Investment Trusts)	—	—	0.2	0.2	0.2		
		Shipping sector	—	—	0.2 ✓	0.2 ✓	0.2 ✓		
		Consumer Auto Loans ²³	—	6.0 ✓	6.6 ✓	6.9 ✓	6.9 ✓		
		Residential Mortgages ²⁴	—	2.2 ✓	2.3 ✓	2.4 ✓	2.4 ✓		
		Total Quantified to Date²⁵	—	8.2	27.0	28.1	28.2		
		Scope 3 financed emissions footprint (based on total lending commitments) (mega tonnes CO ₂ e)		Agricultural sector	—	—	11.0	9.6	8.9
				Automotive sector	—	—	0.8	1.0	1.0
				Aviation sector	—	—	3.9	4.7	5.8
				Energy sector	—	—	5.9	9.0	6.8
				Industrials sector ²²	—	—	1.0	1.0	1.3
				Power & Utilities sector	—	—	6.3	6.0	6.5
				Commercial Real Estate (Real Estate Investment Trusts)	—	—	0.2	0.3	0.2
				Shipping sector	—	—	0.4	0.3	0.3
Consumer Auto Loans ²³	—			6.0	6.6	6.9	6.9		
Residential Mortgages ²⁴	—			2.2	2.3	2.4	2.4		
Total Quantified to Date²⁵	—	8.2	38.4	41.2	40.1				

✓ indicates metrics with EY assurance



Our Performance continued

- 1 Please refer to endnote 37 for basis of carbon-related assets calculation. Additionally, adjustments have been made in accordance with how carbon-related assets are defined by TCFD's 2021 Guidance on Metrics, Targets, and Transition Plan, which states "those assets tied to the four nonfinancial groups identified by the Task Force in its 2017 report (energy, transportation, materials and buildings, and agriculture, food, and forest products)", with consideration for exclusion of "industries or sub-industries that are appropriate to exclude, such as water utilities and independent power and renewable electricity producer industries." Available at: https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf
- 2 We refined our approach for calculating carbon-related assets in fiscal 2022 and began calculating it at the non-retail industry sector level.
- 3 Reflects the apportioned value of lead-managed GSSS bonds underwritten by TD Securites in the given year and eligible under the Sustainable & Decarbonization Finance Target. Please see the [TD Sustainable & Decarbonization Finance Target Methodology](#) for details on the activities eligible for inclusion toward that Target.
- 4 Funding specifically designated for projects in relation to COVID-19 outbreaks.
- 5 Future balances may fluctuate due to many factors, including market investment opportunities and changes in portfolio size, bond maturities and foreign exchange rates. There is overlap between these fiscal 2023 bond holdings and the Treasury Investments included in the fiscal 2023 progress toward TD's \$500 billion Sustainable & Decarbonization Finance Target. In subsequent years, eligible bond purchases will be counted toward the Target in the fiscal year in which they are purchased.
- 6 Reflects the committed value of sustainability-linked loans underwritten by TD Securites in the given year and eligible under the Sustainable & Decarbonization Finance Target. Please see the [TD Sustainable & Decarbonization Finance Target Methodology](#) for details on the activities eligible for inclusion toward that Target.
- 7 2023 results are not comparable to prior years due to methodology changes. Decline between fiscal 2022 and 2023 results is attributed to overall decline in global lending market activity.
- 8 For more information, see the [TD Sustainable & Decarbonization Finance Target Methodology](#).
- 9 For the years presented, the reporting period for Scope 1, 2 and 3 GHG emissions from real estate is August 1 to July 31 in order to allow for more timely data. Other sources of emissions remain with TD's fiscal year (November 1 to October 31). The quantification of the GHG emissions associated with TD's activities is performed by WSP, an engineering and consulting firm. For further details see accompanying notes on page 83 of [TD's 2023 Sustainability Report](#). See page 86 of [TD's 2023 Sustainability Report](#) for TD's 2023 Carbon Credits and Renewable Energy Certificates Retirement Schedule.
- 10 TD's location-based Scope 1 and 2 emissions declined by 4.9% to 117,317 tCO₂e in 2023 compared to 2022. This reduction was achieved mainly through proactive energy reduction measures (e.g., Smart Retail Controls Program, LED lighting and solar), real estate portfolio adjustments, and a milder winter in 2023 compared to 2022. TD remains focused on reducing our operational emissions by implementing resource efficiency measures and real estate portfolio adjustments to help ensure that we stay on track to meet our targeted Scope 1 and 2 emissions reductions by 2025. Note that the total figures in this table may not add up due to rounding.
- 11 In 2023, we restated our 2019, 2020, 2021 and 2022 Scope 1 & 2 results to incorporate data from Cowen, Inc. This entity was acquired by TD in 2023. The acquisition results in an uplift of 3,544 tCO₂e in 2019, 3,368 tCO₂e in 2020, 2,819 tCO₂e in 2021, and 3,221 tCO₂e in 2022 for location-based emissions, which was estimated using the square footage of the Cowen real estate portfolio, multiplied by the emissions intensity from other assets within TD's real estate portfolio, for each respective year. EY has provided limited assurance over 2019, 2021 and 2022 total Scope 1 and 2 (location-based) GHG emissions. Note that the total figures in this table may not add up due to rounding.
- 12 Scope 1 GHG emissions include direct emissions from heating and cooling, leased aircraft and corporate fleet. For additional information on our Scope 1 and 2 target, please see page 11 of [TD's 2023 Sustainability Report](#).
- 13 Scope 2 emissions include indirect emissions from electricity, heating and cooling.
- 14 We have restated our 2021 and 2022 results due to accounting for a limited range of Canadian energy data in our calculations. The corrected figures amount to a 0.4% uplift to our total reported non-financed Scope 3 emissions in 2021 and a 0.3% uplift in 2022.
- 15 TD's business travel includes rental vehicles, personal vehicles, commercial air flights, charter flights and commercial rail. Travel and mileage data is collected through car rental agencies, TD expense data, and TD travel data in order to calculate TD's Scope 3 business travel GHG emissions. The results indicate that our GHG emissions associated with transportation activities have increased to pre-pandemic levels.
- 16 These results represent our financed emissions for our clients' Scope 1 and 2 emissions. The [Financed Emissions Footprint](#) section of this report also includes financed emissions relating to our clients' Scope 3 emissions for the energy and certain industrial sectors as well as certain automotive clients.
- 17 We are restating our previously disclosed 2020 results in some sectors and our previously disclosed 2021 results for Consumer Auto Loans and Residential Mortgages, as we have improved our data quality and estimation methodologies.
- 18 NZBA defines the priority sectors for financed emissions calculation and target-setting as "Agriculture, Aluminum, Cement, Coal, Commercial & Residential Real Estate, Iron & Steel, Oil & Gas, Power Generation, and Transport." TD uses the North American Industry Classification System (NAICS) to classify our portfolios to these sectors. Given the significance (high or low) of some of these sectors to TD's financed emissions footprint, TD has combined Cement, Aluminum, Iron & Steel, and other Metals & Mining under "Industrials" and has combined Oil & Gas and Coal under "Energy." Conversely, TD has separated "Transport" into Automotive, Shipping and Aviation.
- 19 Our results are based on Exiobase v3.7 with base year 2015. The Exiobase data has been treated for inflation up to 2018 and converted to USD using a 2018 exchange rate.
- 20 To calculate our financed emissions, we use the most recent data available for the applicable reporting years, as of fiscal 2023 year-end (i.e., October 2023), except for our estimations for Consumer Auto Loans, where we used pre-COVID average vehicle distance driven data to avoid the anomalies from COVID impacts.
- 21 We aim to use the most recent data available for the applicable reporting years. Due to data latency, we are reporting fiscal year-end results for 2019–2021, as 2022 data was not yet available for the non-retail sectors. 2022 data was available for 'Consumer Auto Loans' and 'Residential Mortgages' and as such, is included in our footprint. For more information about our financed emissions data quality or coverage, please see the [Our Financed Emissions – Data Quality and Coverage](#) section of this report.
- 22 "Industrials" includes aluminum, cement, metals & mining, and iron & steel.
- 23 "Consumer Auto Loans" includes indirect loans (between car dealers and consumers) executed through TD's Auto Finance group. This footprint does not include personal loans (between TD and consumers) which are secured by automobiles or repossessed vehicles which are held for sale.
- 24 Excludes home equity lines of credit (HELOC) exposures in accordance with Partnership for Carbon Accounting Financials (PCAF).
- 25 Totals may not add up due to rounding.



End Matter

Caution Regarding Forward-Looking Statements

From time to time, The Toronto-Dominion Bank and its subsidiaries, collectively known as TD Bank Group (“TD” or “the Bank”), make written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbour” provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document regarding the Bank’s economic and sustainability (environmental, decarbonization and social)-related objectives, vision, commitments, goals, metrics and targets, including the Bank’s net-zero and greenhouse gas (GHG) emissions reduction targets, its position on thermal coal, its Sustainable & Decarbonization Finance Target, its goals and targets pursuant to the Bank’s social framework *TD Pathways to Economic Inclusion*, and its other sustainability-related goals. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank’s stakeholders in understanding the Bank’s vision, objectives, metrics and targets as well as its economic and sustainability-related objectives and impacts and may not be appropriate for other purposes.

Forward-looking statements can be identified by words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “may”, “outlook”, “plan”, “possible”, “potential”, “predict”, “project”, “should”, “target”, “will”, and “would” and similar expressions or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank’s control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. In particular, because of the limitations and uncertainties inherent in climate science, risk analysis and reporting, the Bank has relied upon various market practices, taxonomies, methodologies, criteria and standards, and made reasonable approximations and assumptions, in establishing its sustainability-related goals. However, there are many factors that the Bank may not foresee or be able to accurately predict which may impact the Bank’s ability to achieve its sustainability-related goals or otherwise achieve the results anticipated by such forward-looking statements. Those factors include the absence of a standardized taxonomy regarding sustainability-related terms (including in meaning and scope), the absence of standardized methodologies for classifying sustainability-related activities or for evaluating their impact, the availability of comprehensive and high-quality data (including from the Bank’s clients on whom the Bank may be required to rely for information), the assumptions underlying third-party decarbonization scenarios, economic trends (including changes in interest rates), fluctuations in the Bank’s clients’ enterprise values, the applicable domestic and international regulatory regimes, the need for active and continuing participation of stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations), the development and deployment of new technologies and production methods, border measures, and the availability of sector-specific solutions, among other unforeseen events or conditions. Additional information

regarding the assumptions, risks and uncertainties underlying the Bank’s forward-looking statements can be found in the “Risk Factors and Management” section of the Bank’s 2023 Management’s Discussion and Analysis, as may be updated in subsequently filed quarterly reports to shareholders, which may be found on www.td.com. These and other factors may cause actual results to differ materially from the Bank’s expectations and may result in the Bank modifying its forward-looking statements, including its sustainability-related goals.

All such factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. The Bank cautions readers not to place undue reliance on the Bank’s forward-looking statements.

The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required by law.



End Matter continued

Additional Caution Regarding Sustainability-Related Disclosures

The Bank also cautions readers of the following regarding the sustainability-related disclosures included in this document:

- The terms “sustainability”, “sustainable investing”, “sustainable finance”, “ESG”, “carbon neutral”, “decarbonization”, “net-zero” and similar terms, taxonomies, methodologies, criteria and standards are evolving in terms of both meaning and scope. As a result, the Bank’s use of such terms may vary over time to reflect such evolution. Any references to such terms in this document are intended as references to the internally defined criteria of the Bank and not to any jurisdiction-specific regulatory definition or voluntary standard that may exist.
- The Bank has assumed continued growth in its clients’ investments in and expenditures on sustainability activities (including environmental, decarbonization and social activities) in light of regulatory, policy, economic, technological, climatic and other trends. The Bank has also assumed ordinary rates of growth and development of the Bank’s business, including in its lending, financing, underwriting and advisory services, in its own investments, in all sectors, in its ownership and control of subsidiaries and in its geographic footprint (including through relocations, mergers, acquisitions, or dispositions). If any of these assumptions prove incorrect, it could have a material effect on the Bank’s sustainability-related goals and the Bank’s ability to meet them.
- There could be changes to the market practices, taxonomies, methodologies, criteria and standards that regulators, non-governmental bodies, the financial sector, civil society, the Bank and its clients use to classify, measure, determine the eligibility of, report on and verify financial transactions and environmental, decarbonization and social activities for inclusion toward the Bank’s sustainability-related goals, or to evaluate the impact of such activities. And in some cases, these market practices, taxonomies, methodologies, criteria and standards may not yet exist. The Bank may update its sustainability-related goals, its progress toward those goals, and the eligibility of certain transactions and activities, as appropriate, in light of new and evolving market practices, taxonomies, methodologies, criteria and standards.

- In making and implementing its sustainability-related goals, the Bank must rely on data obtained from clients and other third-party sources. The Bank’s use of third-party data must not be taken as an endorsement of the third-party or its data or be construed as granting any form of intellectual property. Although the Bank believes these sources are reliable, the Bank has not independently verified any third-party data, or assessed the assumptions underlying such data, and cannot guarantee the accuracy of such third-party data or assumptions. The data used by the Bank in connection with its sustainability-related goals, including to evaluate clients’ intended use of capital, may be limited in quality, unavailable, or inconsistent across sectors. Certain third-party data may also change over time as market practices, taxonomies, methodologies, criteria and standards evolve. These factors and related uncertainties could have a material effect on the Bank’s sustainability-related goals and the Bank’s ability to meet them.
- The Bank and its clients may need to or elect to purchase carbon and clean energy instruments, including carbon offset and removal credits and renewable energy credits, to meet sustainability-related goals. The market for these instruments is still developing and their availability may be limited. Some of these instruments are also subject to the risk of invalidation or reversal, and the Bank provides no assurance of the treatment of any such instruments in the future. There may also be changes to applicable regulations and standards that impact the market for carbon and clean energy instruments. The maturity, liquidity and economics of this market may make it more difficult for the Bank to achieve its sustainability-related goals.
- Except as otherwise noted, the information contained in this document is unaudited. Ernst & Young LLP (“EY”) has performed a limited assurance engagement for a select number of the Bank’s sustainability performance indicators, as set out in EY’s [2023 Assurance Report for Sustainability Metrics](#), and a reasonable assurance engagement for the Bank’s use of net proceeds from its 2021 Green Bond issuance, as set out in EY’s [2023 Assurance Report for TD Green Bond \(2021\) Issuance – Use of Proceeds](#). The remainder of the information contained in this document was not subject to any assurance engagement. You can read more about the scope of EY’s work in the Assurance Reports hyperlinked above.

Additional Disclaimers

This document is intended to provide information from a different perspective and in more detail than is required to be included in mandatory securities filings, and the information contained herein should not be read as necessarily rising to the level of materiality of disclosure required in our securities law filings.

This document should not be used as a basis for trading in securities of the Bank or for any other investment decision. This document is not intended to constitute financial, legal, tax, investment, professional or expert advice. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained in this document.

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Endnotes

- 1 Due to data latency, there is a two year lag in our financed emissions reporting.
- 2 For more information detailing our approach to setting our financed emissions targets, please refer to page 73 of this report in the section "Our Financed Emissions Targets".
- 3 Transactions will qualify for inclusion based on the purpose of the transaction and/or the customer's intended use of capital, as determined by TD only at the time of the transaction. For more information on the calculation of our Sustainable and Decarbonization Finance Target, please refer to the Governance and Reporting section of TD Sustainable and Decarbonization Finance Target Methodology, published in March 2023, which can be found at <https://www.td.com/content/dam/tdcom/canada/about-td/pdf/esg/2022-sustainable-decarbonization-finance-target-methodology.pdf>.
- 4 Includes the movement of people and goods across road, aviation, marine and rail transportation.
- 5 1PointFive and TD Announce One of the Finance Industry's Largest Purchases of Direct Air Capture Carbon Removal Credits. TD Bank Group. [online] Available at: <https://stories.td.com/ca/en/news/2023-11-01-1pointfive-and-td-announce-one-of-the-finance-industry-27s-lar>.
- 6 The location-based approach accounts for emissions from the electricity physically delivered to a company (i.e., it reflects the average emissions intensity of grids on which energy consumption occurs). The market-based approach represents Scope 2 emissions based on how an organization buys its energy (i.e., it derives emission factors from contractual instruments, such as green power contracts, or renewable energy certificates).
- 7 Per the GHG Protocol: Scope 3 Calculation Guidance, Category 15: Investments represents emissions associated with the operation of investments in the reporting year. For TD, this includes our financed emissions.
- 8 Per the GHG Protocol: Scope 3 Calculation Guidance, Category 6: Business Travel, excluding commuting, represents the emissions associated with the transportation of employees for business-related activities during the reporting year.
- 9 The Intergovernmental Panel on Climate Change is the United Nations body for assessing the science related to climate change. <https://www.ipcc.ch/>
- 10 The temporal evolution of natural and/or human systems towards a future state. Pathway concepts range from sets of quantitative and qualitative scenarios or narratives of potential futures to solution-oriented decision-making processes to achieve desirable societal goals. Pathway approaches typically focus on biophysical, techno-economic, and/or socio-behavioural trajectories and involve various dynamics, goals and actors across different scales. <https://www.ipcc.ch/sr15/chapter/glossary/>
- 11 Carbon Removal. World Resource Institute. [online] Available at: <https://www.wri.org/initiatives/carbon-removal>
- 12 Carbon dioxide equivalent (CO₂e) is a measure used to compare the emissions of different greenhouse gases on the basis of their global-warming potential (GWP). CO₂e signifies the number of metric tonnes of CO₂ emissions with the same global warming potential as one metric tonne of another greenhouse gas. Carbon dioxide removal is the process of removing CO₂ from the atmosphere using natural or technological processes. CDP defines residual emissions as "unavoidable emissions that remain after undertaking all available measures for emissions reduction"; <https://www.ipcc.ch/sr15/faq/faq-chapter-4/>
- 13 Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds). 2021. Climate Change 2021: The Physical Science Basis; Intergovernmental Panel on Climate Change. [online] Available at: https://report.ipcc.ch/ar6/wg1/IPCC_AR6_WGI_FullReport.pdf
- 14 United Nations (UN) Race to Zero, Starting Line and Leadership Practices, 2022; Science-Based Targets Initiative (SBTi), *SBTi Corporate Net-Zero Standard*, 2023; Glasgow Financial Alliance for Net Zero (GFANZ), *Financial Institution Net-Zero Transition Plans*, 2022; <https://climatechampions.unfccc.int/wp-content/uploads/2022/06/Race-to-Zero-Criteria-3.0-4.pdf>; <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>; <https://assets.bbhub.io/company/sites/63/2022/09/Recommendations-and-Guidance-on-Financial-Institution-Net-zero-Transition-Plans-November-2022.pdf>
- 15 Energy Attribute Certificates, or EACs, is the umbrella term encompassing the environmental benefits of all renewable electricity instruments such as renewable energy certificates (RECs), International RECs (I-RECs), guarantees of origin (GOs), and similar instruments. The Enterprise Guidance establishes guidelines to support the business and credit quality integrity of carbon credit and REC purchases made in direct service of TD's organizational sustainability goals. Specifically, the eligibility criteria and purchase preferences set forth in the Enterprise Guidance support alignment with market developments and the latest science around carbon credits.
- 16 For more information on the Direct Air Capture transaction, please refer to page 30 of this report or visit: <https://td.mediaroom.com/2023-11-01-1PointFive-and-TD-Announce-One-of-the-Finance-Industrys-Largest-Purchases-of-Direct-Air-Capture-Carbon-Removal-Credits>
- 17 McKinsey estimates that the transition to a low-carbon economy represents a \$2.5 trillion (USD) opportunity in North America by 2030.
- 18 The case study feature includes information disclosed to us by our client, Hyundai Mobis Co., Ltd.
- 19 Automotive News: Hyundai Mobis ranks 6th among the top 100 global suppliers. Hyundai Mobis. [online] Available at: <https://hyundaimobis.com.br/en/automotive-news-hyundai-mobis-ranks-6th-among-the-top-100-global-suppliers/#:~:text=Hyundai%20Mobis%20ranks%206th%20on,reach%20%244.27%20billion%20by%202022>
- 20 Recognizing that there is no standard or universal approach to sustainable finance, we have articulated TD's approach through our Sustainable Finance Strategy and have published a methodology setting out how we determine which business activities count toward our Sustainable & Decarbonization Finance Target. The GHG emissions impact of our business activities that are eligible toward the Sustainable & Decarbonization Finance Target cannot, however, be reliably measured at this time.
- 21 Python is a general-purpose open source programming language that allows for significantly more flexibility in calculation parameters and facilitates the development of other tools, as described above.
- 22 Previous Global Future Council on Net-Zero Transition. World Economic Forum. [online] Available at: <https://www.weforum.org/communities/gfc-on-net-zero-transition/#:~:text=In%20practice%2C%20in%20line%20with>
- 23 The case study feature includes information disclosed to us by the Institute for Catastrophic Loss Reduction, with whom we have collaborated.
- 24 1PointFive and TD Announce One of the Finance Industry's Largest Purchases of Direct Air Capture Carbon Removal Credits. TD Bank Group. [online] Available at: <https://stories.td.com/ca/en/news/2023-11-01-1pointfive-and-td-announce-one-of-the-finance-industry-27s-lar>.
- 25 Captured CO₂ underlying the removal credits will be stored through geologic sequestration and not through an enhanced oil recovery process.
- 26 This target includes bonds based on Bloomberg's designation as green, social and/or sustainability bonds.



Endnotes continued

- 27 Future balances may fluctuate due to many factors, including market investment opportunities and changes in portfolio size, bond maturities and foreign exchange rates. There is overlap between these fiscal 2023 bond holdings and the Treasury Investments included in the fiscal 2023 progress toward TD's \$500 billion Sustainable & Decarbonization Finance Target. In subsequent years, eligible bond purchases will be counted toward the Target in the fiscal year in which they are purchased.
- 28 Figures do not include fund investments entered into by TD Cowen prior to March 1, 2023.
- 29 Our client engagement efforts focus on the clients responsible for the financed emissions that we aim to reduce through our 2030 interim targets, which cover our corporate and commercial lending and capital markets activities. Since the Bank's financed emissions for these sectors are attributable primarily to clients of TD Securities, our client engagement efforts have been and will continue to be led by TD Securities.
- 30 TD weighs discussion topics differently based on their overall relevance to transition readiness for each sector. Each client's efforts are discussed and then evaluated within the framework to determine their categorization.
- 31 SLLs are designed to incentivize companies to achieve certain specified sustainability performance targets (SPTs) associated with defined key performance indicators (KPIs). The emissions impact of an SLL will vary depending on a number of variables, including the chosen KPIs, the scope of the KPIs, the associated SPTs, and other activities of the borrower.
- 32 Information and specifications, including expected benefits, have been provided by the clients noted.
- 33 The case study feature includes information disclosed to us by Bell Canada, whom TD Securities has supported.
- 34 The Science Based Targets initiative (SBTi) approved Bell's targets in 2022, prior to recalculation to reflect restated GHG emissions for their 2020 base year, in line with SBTi criteria and recommendations. The recalculated targets have been submitted to SBTi for approval.
- 35 The case study feature includes information disclosed by Hydro Quebec; October 2022. Hydro-Québec to acquire 13 hydropower generating stations in New England. Hydro Quebec. [online] Available at: <https://news.hydroquebec.com/en/press-releases/1870/hydro-quebec-to-acquire-13-hydropower-generating-stations-in-new-england>
- 36 TD Economics. April 24, 2023. A Sober Second Look: Taking Stock of the Competitiveness of Canada's Climate Policy Framework Relative to the U.S. TD Bank Group. [online] Available at: <https://economics.td.com/esg-a-sober-second-look>.
- 37 As reported under Basel Pillar 3 CRB (e) columns A, B and C; see TD's 2023-Q4 Supplemental Regulatory Disclosure, page 23, Line #9, where the total (retail and non-retail) gross credit risk exposures (excluding counterparty credit risk exposures to repo-style transactions and over-the-counter (OTC) derivatives), amounts to \$1,662,979, and represents Total Assets for the purpose of the Carbon-Related Assets Relative to Total Assets climate-related risk metric.
- 38 Guidance on Metrics, Targets, and Transition Plans. Task Force on Climate-related Financial Disclosures. [online] Available at: https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf
- 39 Nature assets are the specific elements within nature that provide the goods and services that the economy depends on. Available at: <https://www.encorenature.org/en>
- 40 Nature services are the links between nature and business; it represents benefit that nature provides to enable or facilitate business production processes. Available at: <https://www.encorenature.org/en>
- 41 2020. Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. World Economic Forum [online] Available at: https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf
- 42 Available at: Exploring Natural Capital Opportunities, Risks and Exposure. <https://encorenature.org/en>
- 43 Due to data latency, there is a two year lag in our financed emissions reporting.
- 44 TD's financed emissions footprint aligns to the PCAF methodology for four asset classes. Throughout the balance of the report, we refer to our "Business loans" for the PCAF asset class "Business loans and unlisted equity", because TD does not hold any unlisted equities. We use the terms "on-balance sheet investments", or "investments" when referring to the PCAF asset class "Listed equity and corporate bonds". We use the term "Residential mortgages" when referring to the PCAF asset class "Mortgages". Finally, we use the term "Consumer auto loans" when referring to the PCAF asset class "Motor vehicle loans".
- 45 Per the GHG Protocol: Scope 3 Calculation Guidance, Category 6: Business Travel represents the emissions associated with the transportation of employees for business-related activities during the reporting year.
- 46 In 2023, we restated our 2019, 2020, 2021 and 2022 Scope 1 & 2 results to incorporate data from Cowen, Inc. This entity was acquired by TD in 2023. The acquisition results in an uplift of 3,544 tonnes of CO₂e in 2019, 3,368 tonnes of CO₂e in 2020, 2,819 tonnes of CO₂e in 2021, and 3,221 tonnes of CO₂e in 2022, which was estimated using the square footage of the Cowen real estate portfolio, multiplied by the energy intensity of other assets within TD's real estate portfolio and by applicable emissions factors, for each respective year.
- 47 The reporting period for GHG emissions from Real Estate (electricity, propane, chilled water, diesel, heating oil, steam and natural gas) is August 1 to July 31 in order to allow for more timely data. Other sources of emissions remain with TD's fiscal year (November 1 to October 31). The quantification of the GHG emissions associated with TD's activities is performed by WSP, an engineering and consulting firm.
- 48 Scope 3 emissions, excluding Category 15: Financed Emissions.
- 49 Our financed emissions footprint estimation only includes the on-balance sheet investments managed by TD's Treasury and Balance Sheet Management team.
- 50 In March 2023, TD acquired Cowen Incorporated (Cowen). We have not integrated Cowen into our Scope 3 Financed Emissions footprint as Cowen does not engage in lending activities and its trading investments are out of scope for PCAF. Going forward, we will work to analyze the impact of Cowen's capital market activities on our interim financed emissions targets and consider incorporating them, where appropriate.
- 51 We use the most recent data available to us for the applicable reporting year, at the time we run our models to estimate our financed emissions footprint and target baselines (at 2023 Fiscal YE for this report). We include updates to our source data, which may include retroactive updates to our clients' emissions or production data, in some cases due to improved estimations, or in some cases due to clients having started to report their emissions. This year, our target baselines include retroactive updates to the source data, and we anticipate that in future years, we may have retroactive updates to source data for our footprint as well.
- 52 The limited assurance on our financed emissions footprint excluded our footprint for Real Estate Investment Trusts and the Scope 3 emissions for the Automotive sector. For more information, please see the [2023 Assurance Report for Sustainability Metrics](#).



Endnotes continued

- 53 Under the Partnership for Carbon Accounting Financials (PCAF) methodology, Enterprise Valuation including Cash (EVIC) is the denominator in the ratio to calculate the financed emissions attribution factor, i.e., the ratio of a client's emissions that get attributed to the Bank. Therefore, as valuations (the denominator) increase, the overall ratio decreases and so, too, do the financed emissions attributed to the Bank.
- 54 Calculations are based on currently tracked financed emissions and are subject to general data availability.
- 55 For our Consumer Auto Loans estimations, we used the most recent available pre-COVID average vehicle distance driven data, to avoid the anomalies from COVID impacts.
- 56 Our PCAF emissions factors are based on Exiobase v3.7 with base year 2015 and have been extracted before March 2023. The Exiobase data has been treated for inflation up to 2018 and converted to USD using a 2018 exchange rate.
- 57 Since financed emissions are attributed to a financial institution based on the ratio of the financing commitments to the client and the client's enterprise value, valuation changes can lead to a higher or lower attribution ratio and create volatility in the results year over year.
- 58 Industrials includes aluminum, cement, metals & mining and iron & steel.
- 59 We have restated our 2019 emissions baselines for two main reasons, in order to incorporate the best available client emissions data: (1) our external data vendors have retroactively reassessed estimated emissions from clients and have changed the results both retroactively and for current data, to enable year-over-year comparisons; and (2) some of our clients have disclosed emissions for the first time this year dating back to 2019. Our previous baselines by sector were: Energy 2,078 gCO₂e/\$ – the new baseline is 5% higher; Power Generation 376 kgCO₂e/MWh – the new baseline is less than 1% higher; Automotive Manufacturing 194 gCO₂e/vkm – the new baseline is 7% lower; Aviation 87 gCO₂e/pkm – the new baseline is 1% higher.
- 60 Based on emissions levels from the IEA WEO 2022 report with an adjustment to remove dedicated freight activity.
- 61 We normalized our results to isolate the impact COVID had on passenger load factor, i.e., the percentage of available seating capacity that has been filled with passengers.
- 62 December 2023. Industry Statistics Fact Sheet. International Air Transport Association. [online] Available at: <https://www.iata.org/en/iata-repository/pressroom/fact-sheets/industry-statistics/>
- 63 2019 global Aviation Scope 1 CO₂ distribution per SBTi. Passenger airlines includes belly freight.
- 64 Environment and Climate Change Canada 2023. National Inventory Report 1990 – 2021: Greenhouse Gas Sources and Sinks in Canada; Figure ES-6. Government of Canada. [online] Available at: https://publications.gc.ca/collections/collection_2023/eccc/En81-4-2021-1-eng.pdf
- 65 The nine carbon-intensive sectors as defined by the NZBA are agriculture, aluminum, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation and transport.
- 66 We do not currently have floor area data for our US portfolio incorporated into our financed emissions estimations.
- 67 Kennedy, Madi, Frappé-Sénéclauze, om-Pierre. 2021 Canada's Renovation Wave: A Plan for Jobs and Climate. Pembina Canada. [online] Available at: <https://www.pembina.org/reports/canadas-renovation-wave.pdf>
- 68 DeLand, Charles, Vanderhoof, Alexander. 2022. Only Hot Air? The Implications of Replacing Gas and Oil in Canadian Homes. C.D. Howe Institute. [online] Available at: <https://www.cdhowe.org/public-policy-research/only-hot-air-implications-replacing-gas-and-oil-canadian-homes>
- 69 Environment and Climate Change Canada. 2022. 2030 Emissions Reduction Plan: Canada's Next Steps for Clean Air and a Strong Economy. Government of Canada. [online]. Available at: <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/plan.htm>
- 70 Canada Energy Regulator. 2023. Canada's Energy Future: Executive Summary. Government of Canada. [online] Available at: <https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2023/executive-summary/index.html#a1>
- 71 Environment and Climate Change Canada 2023. National Inventory Report 1990 – 2021: Greenhouse Gas Sources and Sinks in Canada; Figure ES-6. Government of Canada. [online] Available at: https://publications.gc.ca/collections/collection_2023/eccc/En81-4-2021-1-eng.pdf
- 72 Natural Capital Protocol, 2016 pg 12; https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp_filter_tabs=guide_supplement
- 73 Our financed emissions targets currently cover lending and capital markets activities in four sectors, whereas both our previous \$100 billion Low-Carbon Economy Target (achieved in 2022) and our current \$500 billion Sustainable & Decarbonization Finance Target cover a broader scope of sectors and business activities. In addition, with respect to lending activities, our financed emissions targets and Low-Carbon Economy Target have different methodologies. Lastly, financed emissions are calculated on a two-year lag due to limits in the availability of company emissions data, whereas contributions toward our Sustainable & Decarbonization Finance Target are calculated based on our latest fiscal-year data.