

Principles for Sustainable Insurance – Annual Disclosure 2024

TD Insurance

In 2014, the insurance companies under the TD Insurance brand (collectively TD Insurance or TDI)¹ became the second Canadian-based signatory to the United Nations Environment Programme Finance Initiative's Principles for Sustainable Insurance (PSI). As a PSI signatory, TD Insurance reports on its activities related to embedding the PSI across its operations.

This document outlines the activities TD Insurance has undertaken to demonstrate our commitment to the PSI. We are focused on continuing to improve, refine, and add to a strong foundation of governance and strategy that embeds consideration of environmental and social impacts and risks into our business model and decision-making.

2024 marked TDI's 10th year as a signatory to the Principles for Sustainable Insurance.

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Company Strategy

TDI operates as part of TD Bank Group, and our policies and controls are established at the enterprise level, throughout the organization and with engagement from the Board and executive team.

TDI has established its own committees, advisory board, and task force so that sustainability priorities are front and centre to the business and to support the identification and management of environmental and social risks and opportunities unique to the insurance industry. These committees and their activities are components of TDI's strategy, informed by our commitment to the PSI.

COMMITTEE	ACTIVITY
TDI Executive Sustainability Governance Committee	The Committee comprises leaders from across TDI who work to embed the PSI and environmental and social considerations into our operational framework.
TDI Climate Risk Task Force	To provide appropriate management of TDI's climate-related risks, we formed a task force comprising of leaders from across the business and first two lines of defense, including Risk, Compliance, General Insurance, Life & Health, Reinsurance, Claims, and Business Operations Control. In 2024, its charter and mandate was expanded to address the evolving demands of climate risk management.
TDI Advisory Board on Climate Change	TDI's Advisory Board on Climate Change consists of external experts from seven Canadian universities and Engineers Canada. Members of the Advisory Board are helping TDI consider ways to support climate resilience in the communities it serves. In 2023 TDI, in partnership with the Institute for Catastrophic Loss Reduction, completed a community-based resilience project developed based on the Advisory Board's guidance and with contributions from our member from the University of Alberta.

Resilience

An important component of TDI's strategy is promoting awareness and understanding of rising climate-related risks. As an insurance provider for millions of Canadians, we work with our customers to bolster resilience in the face of physical risks from the increasing severity and frequency of wildfires, extreme heat, storms and flooding. Through education, engagement and product design, we work alongside our customers to manage these challenges. We also work to reduce emissions that may exacerbate future risks, focusing on reducing our emissions while supporting customers to reduce theirs.

1. Throughout this report, "we" or "our" refers to TD Insurance.



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Employee Engagement

Education and engagement are key to embedding environmental and social considerations across our business. To support this, we have programs and initiatives focused on colleagues.

PROGRAM	INITIATIVE
Training and Education	<p>Training and education are important for good governance and colleague engagement on environmental and social issues relevant to the business.</p> <ul style="list-style-type: none"> • An introduction to ESG principles is included in a TDI onboarding program for applicable new employees • ESG content is available on TDI's on-demand learning platform alongside modules available on the enterprise-wide learning platform
Chartered Professional Accountants (CPA) Sustainability Courses	<p>Select TDI colleagues completed the following courses and earned a certificate from CPA Canada:</p> <ul style="list-style-type: none"> • Course 1: Introduction to Sustainability and ESG • Course 2: Deep Dive into Sustainability – Understanding E, S, and G • Course 3: Sustainability Reporting and Disclosure • Course 4 Capstone: Closing the Gap – Sustainability Risk and Strategy Considerations • Certificate – A New Frontier: Sustainability and ESG for CPAs and Business Professionals
TDI Sustainability Conference for Colleagues	<p>TDI held its first-ever sustainability conference for colleagues in July. The sustainability team highlighted past achievements and shared its vision to increase the resilience of TDI, its customers, colleagues, and communities it serves to the effects of climate change. Speakers included Paul Kovacs, Executive Director, Institute for Catastrophic Loss Reduction, Dr. Ron Dembo from Riskthinking.ai, and TDI senior executives who spoke to the unique challenges the insurance industry faces and outlined opportunities for colleagues to contribute solutions.</p>
TDI Black Employee Network (BEN)	<p>TDI BEN delivers meaningful initiatives that promote colleague engagement, support career progression and help find more ways to have greater community outreach. In late 2024, TDI Green Teams and BEN hosted an event for TDI colleagues on financial inclusion, sustainability and success.</p>
TD Insurance Internship for Indigenous Peoples	<p>TD Insurance Internship for Indigenous Peoples provides opportunities for young professionals from Indigenous communities to gain skills and experience with various segments of our business while actively participating in and contributing to the celebration and acknowledgement of the history and culture of Indigenous Peoples.</p>
Disabilities Inclusion Network	<p>Focused on tapping into the potential of this underrepresented population, TDI offers an internship program for persons with disabilities.</p>
Talent Advancement Pathway for Indigenous Peoples	<p>In 2024, TDI launched the Talent Advancement Pathway for Indigenous Peoples (TAP). This new program is designed to develop and accelerate the growth of our colleagues from Indigenous communities within TDI. Our TAP associates take part in a 24-month opportunity with 6-month rotations across critical areas of TDI, including Operations, Claims, Life and Health, and General Insurance Journey.</p>
Green Teams	<p>Every TDI office in Canada has a Green Team, made up of colleagues who volunteer their time to help address local environmental issues. Our Green Teams maintain a thriving blog on issues related to our PSI commitments. We've highlighted activities and issues, and spotlighted colleagues' personal stories via other internal channels.</p> <p>Green Teams Initiatives:</p> <ul style="list-style-type: none"> • Spring Fit: Activities for physical and mental health • ABC Life Literacy (financial literacy programs for Indigenous communities) • Donation drive to support displaced populations • WWF's CN Tower Climb for Nature • Recruitment for and participation in TD Tree Days
CN Tower Climb for Nature	<p>In 2024, 285 climbers from TDI's employee community raised \$53,000 for the World Wildlife Fund, climbing 144 flights to reach the top of the iconic Toronto tower.</p>

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Risk Management and Underwriting

A multi-disciplinary, company-wide risk management process is critical to identifying and assessing ESG risks and opportunities for TDI. As a regulated insurer and part of TD Bank Group, one of Canada's largest financial services organizations, TDI operates under robust operational and enterprise-level risk management processes and frameworks. Moreover, as appropriate in the case of an insurance business, products and services are continually assessed through actuarial process. At TDI, we also seek to identify and realize business opportunities to further minimize these risks.

PROGRAM	INITIATIVE
Environmental & Social Risk Policy	TD Insurance is governed by the TD Enterprise Environmental & Social Risk Policy and Framework. Together, they set the governance, controls, and E&S considerations applicable to all TD business lines. Annually, an extensive assessment and challenge process is conducted to certify adherence to the policy across TDI.
Risk Appetite Statement	The TDI Risk Appetite Statement, Insurance Risk Category, considers the impact of climate-related risks in the design of products and in assessment of pricing, reserving and reinsurance protection purchase. Further consideration of environmental and social impacts is included in the Strategic Risk Category.
Loss Mitigation	An incentive for customers to install sewer back-up valves, or sump pump with battery backup, following a claim in order to reduce future losses.
Underwriting Criteria	Strict criteria for oil tanks, in connection with home heating systems, to qualify for coverage.

Product and Service Development

We are researching, assessing and designing products and services that take into account environmental and social factors while embedding good governance in conducting our business. A prime focus of our product and service development is to better serve our customers by enhancing their resilience to climate-related risks.

PROGRAM	INITIATIVE
Alternate Tenant Solution	In 2023, TDI launched its Alternate Tenant Solution, a lower-cost renters' insurance product designed to extend coverage to historically underserved communities.
Extended Water Damage Coverage	In 2019, TDI introduced its extended water damage product – an endorsement that provides coverage against sudden and accidental water damage caused by sewer backup and sump pump failure, ground and surface water entering a home below ground level as well as overland flooding, all under one endorsement. In addition, a mitigation feature has been included in the coverage: in the event of a paid loss, we will pay up to \$1,000 toward the cost of installing a backwater valve or sump pump with a power backup system, which could help prevent future losses.
Hybrid and Electric Vehicle Insurance Discounts	TDI has offered discounts on insurance for hybrid vehicles in Canada since 2008. In 2011, the program was extended to electric vehicles.
Electric Vehicle (EV, HEV, PHEV) Insurance Product	EV and hybrid vehicle owners can take advantage of additional coverage benefits specific to their vehicles including: EV Rental, Roadside assistance when batteries deplete, and Tesla Certified Auto Centres.
Solar Panel Protection	TDI includes insurance on solar panels in its standard homeowner insurance product; we do not require our customers to purchase additional coverage for their solar panels.
Awareness	TDI has implemented several advice-related initiatives on water damage prevention and earthquake coverage awareness.
TD MyAdvantage Discount	The MyAdvantage program is a usage-based insurance savings program for Ontario and Quebec-based drivers designed to reward safe driving behaviour. We enhanced communications about our MyAdvantage discount for our customers in Ontario and Quebec, highlighting discounts offered upon enrollment and at renewal.
Wildfire Defense Systems	In 2024, TDI began a new partnership with Wildfire Defense Systems (WDS) to service eligible homes within scope that are threatened by wildfire risk. WDS provides property protection services when a home is being threatened, such as clearing defensible space and cleaning gutters.



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PROGRAM	INITIATIVE
Digital and Paperless Options	Digital Quote & Buy Continuing the journey we began in 2021 to go paperless, we made several changes to our quote and buy process that will enable more of our customers to purchase a home or auto insurance policy online. We also introduced more capabilities on TDI's MyInsurance app to allow for an easier and more convenient experience for our customers. As we work towards meeting our customers' increasing digital demands, we are proud to introduce capabilities that will allow more customers to transact on MyInsurance and improve the overall digital experience.
	MyInsurance Self-Service Tool This web portal allows customers to view their documents online and thereby helps to reduce waste by decreasing the need for paper documents.
	Paperless Opt-In Paperless opt-in is an initiative that provides existing MyInsurance customers additional options, where possible, to enroll in paperless communications, to help further reduce the number of paper documents we produce and send to customers.
	Digital Chat Function Our Digital Chat function gives TDI customers another convenient option for their interactions with TDI.

Develop or Support Literacy Programs on Risk, Insurance and ESG Issues

Seneca Green Citizen Symposium

This year's Symposium theme, "Thrive and Transform: A Resilient Journey," focused on empowering individuals and communities to adapt and flourish amidst ecological changes. TDI hosted a workshop: *Addressing Challenges in Using Emerging Technologies and AI for Flood Risk Assessment*.

Assessing flood risk was identified as vital for building a resilient future in Canada. While emerging technologies like generative AI had enhanced flood risk analysis, challenges remain, including data interpretation, governance, and ethical considerations. The session explored innovative solutions, such as explainable AI and stability training, to promote the responsible use of these tools. These approaches aimed to help Canada better prepare for increasing flood risks. A case study of the July 2023 flood in Nova Scotia highlighted the key challenges of applying deep learning in flood risk analytics.



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Integrate ESG Issues into Repairs, Replacements and Other Claims Services

We recognize that the process of replacement and repair following a claim presents opportunities to increase the resilience of our customers and reduce our impact on the environment.

PROGRAM	INITIATIVE
Bumper Cover Recycling	In 2024, TD Insurance continued its bumper cover recycling program at all eligible TDI Auto Centres across Canada. In the fiscal year, 21,086 plastic bumper covers were transferred to be recycled representing 82.6% of all bumper covers replaced by TDI. Auto bumper covers are made of plastics that would otherwise end up in landfills following replacement.
Enhanced Home Coverage	TD Insurance's Enhanced Home Coverage includes additional protection to cover the costs of buying products or materials with potential environmental benefits during repairs. Customers can use this opportunity to install items such as LED lighting, high-efficiency furnaces or reclaimed wooden boards, up to an extra 10% over the amount of their claim (up to \$50,000). In 2024, TD Insurance added resilient materials as an additional option under this coverage.
Resilience-Related Discount	Customers in Alberta who choose stronger and longer life expectancy roofing materials to help reduce damage from extreme weather events, such as hailstorms, receive a discount on insurance.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Clients and Suppliers

We place importance on improving our processes and governance model to better anticipate, monitor and manage ESG risks arising from our value and supply chains. The best solutions to mitigate these risks stem from close cooperation with our vendors and suppliers to share expertise, insights and visibility on issues and areas of opportunity.

Waste Reduction

At TDI Auto Centres, new objectives and incentives were agreed upon with vendors to encourage the repair of parts rather than replacement where permitted, over and above the industry average.

Resilience Journey

At the heart of the work we do under our commitment to the PSI is a focus on helping our customers increase resilience to the increasingly severe effects of extreme weather events.

1. Educate and Engage	2. Prepare	3. Respond	4. Resilient Rebuild
For TDI customers, resilience begins with education and engagement. TDI works with the Institute for Catastrophic Loss Reduction (ICLR) and other expert groups to discover ways Canadians can reduce physical risks to their homes, families and communities.	Whether through the TDI website, app, Claims Advice Line or other direct engagement with customers, we endeavour to provide practical and sound advice on steps that can be taken to mitigate physical risks to homes ahead of potentially damaging or catastrophic events. The TD Insurance app provides users with severe weather alerts, so customers can prepare and take mitigating action.	If a catastrophic event occurs, TDI Mobile Response Units can be deployed for relief efforts and to assist customers in person, expediting the claims process to help ensure our customers are well supported when disaster strikes.	After a claim, TDI encourages customers to go beyond rebuilding as before. We encourage our customers to rebuild homes with stronger methods and materials, making them more resilient to future events. See <i>Enhanced Home Coverage</i> for more details.



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PROGRAM	INITIATIVE
TD Insurance App: Severe Weather and Safety Alerts	Severe weather and safety alerts, available to our customers via the TD Insurance app, offer advanced, localized notifications about severe weather that's expected in the area, as well as safety tips to help customers prevent damage to their property and belongings.
Mobile Response Units	<p>The Mobile Response Units (MRU) are portable outposts of TD Insurance that are deployed to communities experiencing disaster. TD Insurance customers can visit an MRU – often stationed in shopping plazas, TD branch parking lots, or other easily accessible spaces – to speak to a TD Insurance Advisor about their insurance coverage or claim.</p> <p>In 2024, the MRU was deployed to Jasper, Alberta in the wake of severe wildfires.</p>

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

We pride ourselves on the focus we take on the environmental, social and governance priorities that matter most to Canadians. Through direct engagement or through industry associations and NGOs we support, we take and encourage action to reduce risks and to realize opportunities for positive impact.

Governments, Regulators and Other Policymakers

INSTITUTION	INITIATIVE
Federal Government of Canada: National Adaptation Strategy	As a founding member of Climate Proof Canada, TDI continues to work with our partners in advocacy to increase government funding and action to help build a more disaster-resilient country.
Office of the Superintendent of Financial Institutions (OSFI)	<p>On March 7, 2023, OSFI issued Guideline B-15: Climate Risk Management, which sets out OSFI's expectations related to the management and disclosure of climate-related risks and opportunities. Components of Guideline B-15 are initially effective for Domestically Systemically Important Banks for fiscal year-end 2024, and annual disclosures are required to be made publicly available no later than 180 days after fiscal year-end.</p> <p>In 2024, TDI completed the first standardized climate scenario exercise assigned by OSFI. The exercise served to test and develop capability to assess climate related risk from various climate change scenarios. Consultation between the regulator and the Canadian insurance industry further promoted readiness and knowledge transfer.</p>
BC Financial Services Authority (BCFSA)	<p>TDI was invited by the BCFSA for a fireside chat on inclusive financial services and to discuss the UNEP FI PSI papers it contributed to:</p> <p><u>Closing the protection gap in Canada: A social sustainability framework for the life and health insurance industry.</u> UN Environment Programme's Principles for Sustainable Insurance Initiative. May 2023.</p> <p><u>Health is our greatest wealth – How life and health insurer can drive better health outcomes and address the protection gap.</u> UN Environment Programme's Principles for Sustainable Insurance Initiative. June 2023.</p>
Financial Services Regulatory Authority of Ontario (FSRA)	TDI was invited by FSRA to present the work of the UNEP FI PSI Taskforce social workstream and its publications.

Other Key Stakeholders

STAKEHOLDER	INITIATIVE
Climate Proof Canada	As a founding member of Climate Proof Canada, TDI continues to work with our partners in advocacy to increase government funding and action to help build a more disaster-resilient country as detailed in Canada's National Adaptation Strategy. Key focus areas of the recommendations include adapting to extreme heat, building resilient climate infrastructure, enhancing Indigenous resilience, and climate proof housing.
UN Environment Programme Finance Initiative (UNEP FI)	TDI's President and CEO holds a seat on the UNEP FI Leadership Council, the only insurance industry member.



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STAKEHOLDER	INITIATIVE
UNEP FI Principles for Sustainable Insurance (PSI)	<p>TDI's Head of Sustainability is a member of the Board of the UNEP FI PSI as the member for North America.</p> <p>In 2024:</p> <ul style="list-style-type: none"> • TDI co-chaired a work group on priority of nature-positive actions for insurers. • TDI was a member of a second working group to mainstream nature-related risk assessments and disclosures (TNFD) for insurance. <p>The working group produced the following publication:</p> <p><u>Insuring a Resilient Nature-Positive Future Global: Guide for Insurers On Setting Priority Actions for Nature. United Nations Environment Programme. Geneva. December 2024.</u></p>
Insurance Bureau of Canada (IBC)	<p>TDI's President and CEO is a board member of the IBC.</p> <p>TDI colleagues across roles and responsibilities sit on various working groups and committees with industry peers such as the Natural Catastrophe & Climate Standing committee and Sustainable Finance working group.</p>
Canadian Life & Health Insurance Association (CLHIA)	<p>TDI colleagues sit on committees and working groups with industry peers at the CLHIA, including the Climate Change Financial Disclosures working group.</p>
TD Scholarship for Indigenous Peoples	<p>TDI led the development of the TD Scholarship for Indigenous Peoples, administered by Aboriginal Financial Officers Association of Canada, which offers 25 scholarships to high school and university students, including \$15,000 per year for up to four years, and employment opportunities at TD such as summer employment between years of study and full-time employment upon graduation.</p>
Chartered Professional Accountants (CPA)	<p>TDI hosted and moderated a fireside chat with the Chartered Professional Accountants (CPA) of Atlantic Canada to discuss the state of play of sustainable finance and ESG financial reporting.</p>
CatIQ Connect	<p>CatIQ Connect brings Industry, Academia, and Government together to discuss Canadian Natural and Human-Made Catastrophes. Central themes are preparedness and resiliency, available tools, and stakeholders and policy-makers working together for the greater good.</p> <p>TDI was among the panelists to explore how to craft incentives that motivate positive change, and what we can collectively do to improve awareness of those incentives.</p>

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

In 2024, along with the annual PSI disclosure, TDI's sustainability strategy, ESG risks, opportunities, and key metrics and milestones are also incorporated in the following TD Bank Group publications:

- TD Sustainability Report
- Carbon Disclosure Project (CDP) Response

TDI is active in assessing and integrating, where appropriate, emerging environmental, social and governance best practices, frameworks and reporting standards as they evolve and mature.

