

Principles for Sustainable Insurance – Annual Disclosure 2020

In 2014, TD Insurance became the second Canadian-based signatory to the United Nations Environment Programme Finance Initiative's Principles for Sustainable Insurance (UNEP FI PSI). UNEP FI PSI serve as the global framework for insurance companies to better manage environmental, social and governance (ESG) risks, as well as opportunities in their core business strategies and operations.

As a PSI signatory, TD Insurance reports on its progress embedding the principles into all aspects of its operations. This document outlines the activities TD Insurance has undertaken to demonstrate its commitment to the PSI.

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

Company Strategy

United Nations Environment Programme Finance Initiative Task Force on Climate-related Financial Disclosures (TCFD) Implementation Pilot

In 2018, TD Insurance joined a group of 16 PSI signatories who have committed to participating in the UNEP FI supported pilot to implement the recommendations of the TCFD in the insurance industry. The pilot group developed and is testing analytical tools to support insurance industry climate risk disclosures, providing information to investors, consumers and other stakeholders. The tools and indicators incorporate the latest scenario analysis to assess climate-related physical and transition risks in insurance portfolios. The pilot group, whose focus is on non-life insurance work, released an interim report in September 2020 and concluded its work by releasing a final report in January 2021. The UNEP FI pilot participants will seek to begin public disclosures, in a format of their choosing, in 2021/2022.

Employee Experience

Employee Empowerment: Every TD Insurance office in Canada has a Green Team, made up of employees who volunteer their time to address local environmental issues through activities like tree planting, park and shoreline clean ups, and education sessions. In support of our PSI commitment we continued our ongoing efforts to revitalize our Green Teams by recruiting new members and ensuring strong leaders are in place. In addition to creating both physical and virtual spaces for employees across Canada to connect on these issues, we launched nationwide recycling initiatives focused on diverting and repurposing materials that would otherwise end up in landfills, and on reducing consumption of agricultural products responsible for high levels of greenhouse gas (GHG) emissions. This year, in response to the COVID-19 pandemic, we provided additional opportunities for virtual engagement in place of in person activities including: workshops on waste reduction and reduced consumption, a meatless recipe repository, sharing of gardening tips and activities for families, and interactive sessions on well-being.

We are supporting this work with organization-wide education on climate change issues, insurance industry concerns, TD Insurance activities and commitments, and opportunities for employee involvement.

Indigenous Internship Program: The TD Insurance Indigenous Internship Program provides opportunities for Indigenous young professionals to gain skills and experience with various segments of our business while actively participating in and contributing to the celebration and acknowledgement of Indigenous history and culture.

Risk Management and Underwriting

TD Insurance's underwriting criteria include:

- A requirement for customers to install sewer back-up valves following a claim in order to continue coverage; and
- Strict criteria for oil tanks.



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Product and Service Development and Claims Management

Extended water damage coverage	In 2019, TD Insurance 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, easy-to-understand endorsement. In addition, a mitigation feature has been included to 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	TD Insurance has offered discounts on insurance for hybrid vehicles in Canada since 2008. In 2011, the program was extended to electric vehicles.
Solar panel protection	Insurance on solar panels is included in TD Insurance's mainstream insurance offerings.
My Insurance self-service tool	This online portal for customers to view their documents reduces waste by reducing the need for paper documents.
Resilience-related discount	Customers in Alberta who choose stronger and longer-life-expectancy roofing materials to reduce damage from extreme weather events such as hailstorms, receive a discount on insurance.

Sales and Marketing

TD Insurance has implemented several advice initiatives on water damage prevention and earthquake coverage awareness.

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

Business Partner Initiatives

TD Insurance Advisory Board on Climate Change

In 2019, TD Insurance established its Advisory Board on Climate Change, a first for the Canadian insurance industry. The Advisory Board comprises experts from Engineers Canada, and six top Canadian universities with expertise in fields related to climate change, severe weather and its impact on people and our planet. The Advisory Board, together with TD Insurance executives, is focusing its efforts on two activities to address flood risk, resilience and homeowner education.

Client, Community and Supplier Initiatives

Claims Advice Line	TD Insurance provides preventative advice to customers as part of the Claims Advice Line, including advice on prevention related to damage from severe weather events.
Vendor management and procurement	We have embedded ESG considerations into our vendor selection and procurement processes. TD Insurance leads are working with leads of the enterprise-level Responsible Procurement program to invite our larger suppliers to participate in TD's Carbon Supply Chain Program where we have asked them to measure, disclose and make efforts to reduce their carbon emissions.
Green Living Show	For a third year, TD Insurance sponsored the 2020 Green Living Show, Canada's largest consumer show focused on solutions for leading a healthy and sustainable lifestyle. Unfortunately, the timing of the show coincided with the start of the COVID-19 pandemic and the event had to be cancelled. The TD Insurance installation was to feature panel discussions and an interactive installation on making homes more resilient to the effects of climate change and severe weather. We are working with the show organizers to repurpose the materials for consumer education when large public gatherings are permitted again.
TD Insurance Open Innovation Challenge	<p>The TD Insurance Make a Difference Challenge returned for its third year. The challenge, powered by Agorize, is a crowdsourcing initiative that helps support TD Insurance's innovation vision by connecting with the global student community and gathering new ideas. This year's participants were asked to come up with new initiatives to improve TD Insurance's impact on society and enrich the lives of our customers, communities and colleagues.</p> <p>Through the Agorize platform, more than 405 students chose to invest their time helping TD Insurance make a positive impact. And after five months of online competition between 101 teams, it came down to three finalists who gathered virtually on June 10th to pitch their solutions to TD Insurance's panel of executive judges. The winning team, TKSurance, proposed reducing insurance premiums for youth by increasing the use of driver safety and distraction prevention apps.</p>



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Extending life insurance coverage	In 2018, TD Insurance began offering life insurance coverage for HIV positive customers. TD Insurance continues to work diligently to increase the number of Canadians eligible for life and health insurance products through product and underwriting innovation.
Increasing insurance literacy	In spring 2020, TD Insurance carried out a consumer education campaign focused on increasing consumer understanding of life and health insurance products, with a particular focus on the benefits for vulnerable and often underserved populations.
Innovation and recognition	TD Insurance was selected as a finalist in two categories at the 2020 Insurance Business Canada Awards: Digital Innovator of the Year and Life & Health Insurer of the Year. These recognize TD Insurance's embracing of technology, and simplifying of sales and services to make insurance products more accessible and easier to understand.

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

Working with Governments and Regulators

TD Insurance is engaged in the following government and industry initiatives to promote action on ESG issues:

- Atmospheric and Environmental Research (AER)
- Member and sponsor of Alberta Severe Weather Management Society
- Participation in industry associations such as the Insurance Bureau of Canada, the Canadian Association of Direct Relationship Insurers, the Canadian Life and Health Insurance Association and the Institute for Catastrophic Loss Reduction (ICLR), and subject-specific working groups
- Participation in the National Roundtable on Flood Risk working groups
- Participation in the GLOBE Forum
- Participation in the National Roundtable for Disaster Risk Reduction – Advancing and Empowering Disaster Risk Reduction in Canada
- Member for North America, Principles for Sustainable Insurance, United Nations Environment Programme Finance Initiatives Board
- Leading discussions on the development of a roadmap for the Canadian insurance industry to address ESG issues in partnership with governments at all levels across the country
- Participation in the UNEP FI Virtual Global Roundtable 2020

Seneca College's Green Citizen Forum	For the third consecutive year, TD Insurance renewed its commitment as the presenting sponsor of Seneca College's Green Citizen Forum. This year's forum focused on our changing world and emergence from the pandemic: Recover, Renew, Reshape. The three-day conference featured speakers on a variety of topics related to ESG issues and included workshops for the attendees, many of whom were students in Seneca's programs with an environmental or sustainability focus. The students in these programs are already addressing pressing environmental issues through Seneca's entrepreneurial incubator. As an additional benefit of this year's virtual event, we were able to make several of the sessions open to TD Insurance employees and interested members of the community.
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Engaging Key Stakeholders

Nature Conservancy of Canada	Together with TD Friends of the Environment Foundation, TD Insurance is working with the Nature Conservancy of Canada on three projects that will continue into 2021 – one each in Quebec and Ontario focused on flood prevention, and the third in British Columbia focused on wildfire risk reduction. All three projects include considerations for conservation, species preservation and resilience. In 2021, we will look for opportunities to engage our employees and local communities in this work and in activities that allow them to enjoy these spaces and engage with the environment.
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Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

TD Insurance discloses information related to its implementation of the PSI through the following TD Bank Group reports:

- Annual ESG Report; and
- Annual CDP Response.

