

Principles for Sustainable Insurance – Annual Disclosure 2021

In 2014, TD Insurance (TDI) 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

Executive Sustainability Governance Committee In addition to the work we do to support TD Bank Group's sustainable finance activities, at TD Insurance we have established a Sustainability Governance Committee. The Committee comprises leaders from across TD Insurance that work to embed the PSI and ESG considerations into our operational framework.

Climate Risk Appetite Taskforce To provide appropriate management of TD Insurance's climate-related risks, we formed a taskforce comprising leaders from areas of the business that manage components of our organization-wide risk management strategy. The taskforce reviews the findings in the UN's latest report on the impacts of climate change and makes recommendations as to how TDI should address those risks in the near-, medium- and long-term.

Consolidating Our Footprint Providing increased opportunities for ongoing remote work arrangements while reducing the amount of office space we occupy, in order to help reduce emissions associated with vehicular commuting and energy consumption in our offices.

Employee Experience

Education, Engagement and 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 employee education sessions. In support of our PSI commitment, we continued our ongoing efforts to keep employees across the country engaged and connected while the majority worked remotely due to the COVID-19 pandemic. We provided 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. Our Green Teams maintain a thriving blog on issues related to our PSI commitments, we've highlighted activities and issues, and spotlighted employees' personal stories via other internal channels.

In the spring of 2021, we launched a nationwide campaign to encourage employees and their families to get outside, to promote physical and mental wellness while engaging with the environment. Across the country employees logged more than a million minutes of physical activity and the response was overwhelmingly positive. In the fall of 2021, we launched a similar campaign, and in November we will be making donations to our annual United Way giving campaign on behalf of winning teams, based on their accumulated minutes of physical activity.

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. In the spring of 2021, we added a learning module on ESG to our employee orientation program, and in the fall we launched a detailed course on ESG issues as they relate to our industry and to our organization specifically.

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. Since its launch in 2017, the program has hosted 28 interns, and from that group 12 have joined our team in full- or part-time roles.



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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.

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 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	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	TDI includes insurance on solar panels in its mainstream insurance offerings standard homeowner insurance product; we do not require our customers to purchase additional coverage for their solar panels.
Mobile Response Units	TD Insurance deploys Mobile Response Units to provide disaster relief in areas experiencing catastrophic incidents related to severe weather. In 2021, our teams used these vehicle-based units to assist TD Insurance customers in Barrie, Ontario, after a tornado hit the area in late July. We were on site the morning after the tornado hit, providing in-person support to affected customers.
My Insurance self-service tool	This online portal allows customers to view their documents online and thereby helps to reduce waste by reducing the need for paper documents.
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.
Eco Efficient Rebuild	Our Enhanced Home Coverage includes additional protection to cover any extra costs of buying environmentally friendly products for repairs. Customers can take the opportunity to install environmentally friendly materials at no additional cost up to an extra 10% over the amount of their claim (up to \$50,000). Customers without the coverage can still choose to pay out of pocket for the additional cost of green materials.

Sales and Marketing

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

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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: one focusing on addressing flood risk, and the second on resilience and homeowner education. Unfortunately these projects were delayed due to the pandemic. We are grateful for the continued contributions of our Board members and look forward to sharing details of these projects in 2022.

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 and enterprise-level Responsible Procurement leads are working together 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.
Digital Transformation and Journey to Paperless	<p>In late 2020, we began offering TDI customers the option to go paperless, setting the goal of 50% participation by 2025. As of late 2021, we're well on our way with nearly 15% of our customers opting in to simplify communications and reduce paper consumption. At this early stage of the program, our customers have helped us save about 350 trees.</p> <p>Extending our focus on making things easier for our customers in light of the ongoing pandemic, in early 2021 we implemented electronic funds transfers for claims payments to transfer payments to customers, claimants or vendors within 24 hours, which reduced printing and mailing waste.</p> <p>Turning attention to our operations, we've centralized return mail processing at a single location eliminating the use of ground and air carriers. We've revised our claims records retention policy, eliminating unnecessary printing. We established a process to eliminate printing of documents received electronically, archiving them instead. Furthermore, we eliminated the requirement to print to microfilm documents that are provided to customers by email. Combined, these activities will save more than 600,000 pages per year and reduce our annual CO₂ emissions by 76,393 kg.</p>
TD Insurance Open Innovation Challenge	<p>Under the theme, The Future of Sustainable Insurance Claims, our innovation challenge returned for its fourth year in late 2021. The challenge, powered by the online platform Agorize, is a crowdsourcing initiative that helps support TD Insurance's ESG and innovation goals by connecting with the global student community to generate new ideas. This year's participants were asked to come up with new initiatives to help TD Insurance reduce the environmental footprint of our residential and automobile claims process.</p> <p>Through the Agorize platform, hundreds of students chose to invest their time helping TD Insurance make a positive impact. We are grateful for the participants' enthusiasm and creativity and look forward to further exploring their ideas.</p>
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.
Evolution of Gender Identity Management	In 2021, TD Insurance implemented technology changes to our Life & Health systems to help ensure we accurately capture and respect customers' gender identity preferences.
Insurance Literacy	To help our colleagues to navigate the insurance marketplace, in 2021 we embedded insurance education into Financial Literacy Month programming, TD Bank Group's employee educational sessions, held annually in November.

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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:

- Member, United Nations Environment Programme Finance Initiative (UNEP FI) Leadership Council, a high-level body championing the integration of sustainability considerations into financial practice and fostering industry uptake of the UN Principles for Responsible Banking and Sustainable Insurance
- Member and key contributor of Climate Proof Canada, a broad coalition of insurers and other stakeholders advocating for government action to address climate preparedness and resilience across the country
- Vice Chair and Member for North America, Principles for Sustainable Insurance, UNEP FI's Board
- Leading discussions with Canadian PSI signatories 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 as a panellist in the UNEP FI Virtual North America Roundtable 2021
- 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

Engaging Key Stakeholders

Seneca College's Green Citizen Forum

For the fourth consecutive year, TD Insurance renewed its commitment as the presenting sponsor of Seneca College's Green Citizen Forum. This year's theme, Today's Challenge. Tomorrow's Opportunity placed emphasis on improving societal systems during and after the pandemic, addressing equity, inclusion, and communities working together for a better future. 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 the continuing virtual format, we were able to make several of the sessions open to TD Insurance employees and interested members of the community.

Nature Conservancy of Canada

Together with TD Friends of the Environment Foundation, TD Insurance will continue to work with the Nature Conservancy of Canada on three projects that are continuing into 2022 – 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 early 2022, in coordination with our Green Teams, we are creating virtual opportunities for our employees to learn about this work as in-person activities are restricted due to the continuing pandemic.

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;
- Annual Climate Action Plan: Report on Progress and Update on TCFD; and
- Annual CDP Response.