



TD Bank Group
77 King Street West
TD North Tower
Toronto, Ontario M5K 1A2

January 15, 2018

Christen Dobson and Marti Flacks
Business & Human Rights Resource Centre
2-8 Scrutton Street, 2nd floor
London EC2A 4RT
United Kingdom

Dear Mr. Dobson and Ms. Flacks:

Thank you for your letter and the opportunity to respond. At TD, we value and respect the diverse views held by our customers, shareholders, employees and community partners. This includes listening to and engaging with those who have raised their concerns about TD's involvement in oil and gas infrastructure projects. I appreciate the opportunity to provide you with information on TD's approach to energy development.

TD is headquartered in Canada and our business focus in North America. As part of the global commitment to mitigate climate change impacts, made through the Paris Climate Accord, Canada is committed to transitioning to a low-carbon economy. At the same time, the North American economy in which TD conducts business contains abundant oil and gas resources and related industries – representing one of the largest sectors contributing to our domestic and export economy, providing millions of jobs, and energy security. Independent analyses show that traditional energy sources will continue to be an important component of global energy supply for the next several decades. As TD's CEO Bharat Masrani (<https://newsroom.td.com/insights/180>) shared at our Annual Meeting of Shareholders in March 2017, we believe that it is important to balance these economic realities even as we work to achieve the transition to a low-carbon economy.

We recently announced [a set of initiatives](http://td.mediaroom.com/index.php?s=19518&item=135953) (<http://td.mediaroom.com/index.php?s=19518&item=135953>) to advance the low-carbon economy, grounded in a target of CDN\$100 billion in low-carbon lending, financing, asset management and other programs by 2030. TD's low-carbon initiatives to support the \$100 billion target include:

- Work with companies, ventures and projects that are driving innovation and contributing to carbon emissions reduction, energy-efficient housing and urban green space enhancement.
- Accelerate the low-carbon economy – including renewable and clean energy technologies, businesses and processes – through TD's low-carbon lending, financing, asset management (in accordance with TD Asset Management's sustainable investing approach) and other programs.
- Foster understanding and dialogue – through research, publishing and conversations – to help society and the economy make a successful transition.

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- Enhance focus on successful green bonds strategy, (issuing, underwriting and investing) to support projects that provide both economic growth and environmental benefit.
- Build on a 7-year track record of carbon neutrality to further reduce TD's carbon footprint.
- Plant 1 million new trees in communities in North America, more than doubling the number planted since 1990.

We support responsible energy development backed by federal and provincial energy policy, regulation, and our own rigorous due diligence. Specifically, with regard to the Dakota Access Pipeline syndicated deal, we understand and respect the concerns raised about this engagement as well as the peaceful demonstrations that people used to express their views. On behalf of the lending syndicate and in partnership with Citi, TD commissioned an independent human rights study to better understand the complex issues involved in the Dakota Access Pipeline. The summary of the recommendations are publicly available, and we believe they provide valuable guidance to the industry, especially around engagement with Indigenous peoples and bridging the gap between current U.S. law and international industry best practices. Drawing upon their findings, TD continues to review our due diligence policies and make improvements, where appropriate.

As it relates to the Trans Mountain Pipeline Expansion Project, TD has been following the project closely for many years, including Kinder Morgan's adoption of best practices around management of environmental and social risk, Indigenous engagement and benefit sharing, and incorporation of Indigenous knowledge. The nearly 200 conditions imposed by the National Energy Board and the Government of British Columbia are comprehensive. In addition, there has been extensive government and corporate engagement with the numerous Indigenous communities along the pipeline route.

TD works with industry and environmental stakeholders and Indigenous communities to actively encourage dialogue and develop guidance for good practice in managing issues related to resource development. These are complex issues that are evolving through engagement with governments, the legal system, and corporate practice. Since 2012, we have worked with multi-stakeholder groups to produce a number of guidance documents and have a long-standing commitment to advancing the practical implementation of free, prior and informed consent (FPIC). We believe that strong partnerships and productive dialogue with Indigenous peoples is both essential and beneficial to energy project planning and construction.

TD has a longstanding commitment to the environment dating back nearly a decade. TD was among the first in the banking industry to recognize climate change as an economic and environmental megatrend. This understanding has served as the foundation for TD's expanding focus on low-carbon initiatives. Our key milestones include:

2009: TD Economics issues its first paper on carbon pricing

2010: First major North American-based financial institution to become carbon neutral

2013-2017: Recognized as a top performing Canadian bank for climate disclosure by CDP

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2014-2017: Listed on DJSI World Sustainability Index; only Canadian bank last 3 years

2014: First Canadian bank to issue a green bond

2015: Joined RE100; met our 100% renewable electricity commitment

2016: Reduced TD's GHG emissions by 24% since 2008

2016: Helped protect 60,000 acres of critical forest habitat in the past five years and helped plant 900,000 trees since 1990

2016: TD Securities participated in \$6.5 billion of green bond underwriting since 2010

2017: TD Friends of the Environment Foundation enters its 27th year with the support of more than 180,000 donors, having provided approximately \$82 million to over 24,000 environmental projects and programs across Canada

2017: Issued US\$1 billion green bond, TD's first in the United States

2017: One of 16 banks around the world committed to pilot the recommendations of the Task Force on Climate-related Financial Disclosures under the leadership of the United Nations Environment Programme – Finance Initiative

2017: TD achieves 249 LEED-certified locations in North America

TD is also signatory to both the Equator Principles and the United National Principles for Responsible Investment. For more information on our environmental programs see our corporate responsibility report: <https://www.td.com/corporate-responsibility/index.jsp>.

In our view, TD is taking a responsible approach in taking steps to accelerate the development of a low-carbon economy, while recognizing the importance of responsibly developing conventional energy, vital to North America's economic strength and security. Thank you for the opportunity to respond to your concerns.

Sincerely,



Karen Clarke-Whistler
Chief Environment Officer

