

Principles for Sustainable Insurance – Annual Disclosure 2022

TD Insurance

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

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

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 its policies and controls are established at the enterprise level, throughout the organization and with engagement from the Board and executive team.

TDI has also established its own committees, advisory board, and task force to ensure ESG priorities are front and centre to the business, and to set up a framework that supports the identification and management of ESG 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.

TDI Executive Sustainability Governance Committee	The Committee comprises leaders from across TDI that work to embed the Principles for Sustainable Insurance (PSI) and ESG considerations into our operational framework.
TDI Climate Risk Appetite Task Force	To provide appropriate management of TDI's climate-related risks, we formed a task force comprising leaders from areas of the TDI's business and first two lines of defense, including Risk, Compliance, General Insurance, Life & Health, Reinsurance, Claims, and Business Operations Control. The task force reviews the findings in reports released by the Intergovernmental Panel on Climate Change (IPCC) and makes recommendations as to how TDI should address those risks in the near-, medium- and long-term.
TDI Advisory Board on Climate Change	The TDI Advisory Board on Climate Change consists of external experts from six Canadian universities and Engineers Canada. Members of the Advisory Board are helping TDI consider ways to support climate resilience in the communities it serves. The Advisory Board has conducted research into approaches and strategies to motivate preparedness behaviours and developed a second report with recommendations on how TDI can approach customer communications in a way that motivates policyholders.

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Resilience

An important component of TDI’s strategy is an 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 are alongside our customers to face these threats and challenges, while working to reduce emissions and future risks.

TDI Advisory Board Spotlight on Research

The TDI Advisory Board on Climate Change, consisting of external experts from six Canadian universities and Engineers Canada, conducted research and produced a paper: “Prospective Interventions for Policyholder Preparedness.” The paper explores potential pilot initiatives that could be implemented to support policyholders in making their homes become more climate resilient and prepared for prospective climate-influenced disasters.

Employee Engagement

Education and engagement are key to embedding ESG across our business. To support this, we have programs and initiatives focused on supporting colleagues' ESG learning and engagement.

<p>Green Teams</p>	<p>Every TDI office in Canada has a Green Team, made up of employees 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 employees’ personal stories via other internal channels.</p> <p>Spotlight on Green Teams:</p> <ul style="list-style-type: none"> • Mowless May • Earth Day Scavenger Hunt • World of Bees Workshop • Spring Fit: Activities for physical and mental health • Connect to Clean Up • Green Your Ravine • ABC Life Literacy (financial literacy programs for Indigenous communities)
<p>Training & Education</p>	<ul style="list-style-type: none"> • An introduction to ESG principles is included in a TDI onboarding program for all new applicable employees • ESG content is available on LevelUp, TDI’s new learning platform • Green Teams at all TDI locations including engagement at Auto Centres • Local and national activities including Spring Fit, Meatless Mondays, and TD Tree Days
<p>TDI Black Employee Network (BEN)</p>	<p>TDI BEN is delivering meaningful initiatives that promote colleague engagement, support career progression, and help find more ways to have greater community outreach.</p> <ul style="list-style-type: none"> • On the theme of career development, we initiated our Building Career Pathways Program, in partnership with TD Wealth. This program partners colleagues with a TD Executive Counsellor who provides dedicated one-on-one career counselling with the goal of helping colleagues achieve their long-term career objectives. • TDI BEN in partnership with our TDI Green teams is helping to bring awareness on key environmental issues faced by racialized communities.

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TD Insurance Internship for Indigenous Peoples	TD Insurance Internship for Indigenous Peoples 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.
Persons with Disabilities Internship Program	Focused on tapping into the potential of this underrepresented population, in 2022, TDI launched an internship program for persons with disabilities.

Risk Management and Underwriting

A multi-discipline, company-wide risk management process is critical to 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 an insurance business, products and services are continually assessed through the actuarial process. At TDI, we understand ESG risks and opportunities can be significant to all lines of business through operations and at the enterprise level.

Examples:

Risk Appetite Statement	Starting in 2022, the TDI Risk Appetite Statement, Risk Insurance Category, considers the impact of climate-related risks in the design of products and in assessment of pricing, reserving and reinsurance protection purchase.
Loss Mitigation	An incentive for customers to install sewer back-up valves 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 and issues while embedding good governance into their application. A prime focus is to better serve our customers by enhancing resilience to ESG risks that Canadians face.

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.
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 initiatives on water damage prevention and earthquake coverage awareness.

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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.
TD MyAdvantage Discount	We enhanced communications about our MyAdvantage discount for our customers in Ontario and Quebec, highlighting discounts offered upon enrollment and at renewal. The MyAdvantage program is a usage-based insurance savings program for Ontario and Quebec-based drivers designed to reward safe driving behaviour.
Digital and paperless options	<p>Digital Quote & Buy:</p> <p>We are continuing our journey that we began in 2021 to go paperless. This year we made several changes in 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 the MyInsurance app to allow for an easier and more convenient experience for our customers.</p> <p>As we work towards our goal of meeting and exceeding our customers' increasing digital demand, we are proud to introduce capabilities that will allow more customers to transact on MyInsurance and bring overall improved digital experience.</p>
	<p>MyInsurance self-service tool:</p> <p>This online portal allows customers to view their documents online and thereby helps to reduce waste by reducing the need for paper documents.</p>
	<p>Paperless Opt-In:</p> <p>Paperless opt-in is an initiative that provides existing MyInsurance customers additional options to enroll in paperless communications, to further help reduce the number of paper documents being produced and sent to customers.</p>
	<p>Digital Chat Function:</p> <p>We recently launched the Digital Chat function. Together with the voice channel, customers have multiple convenient ways to interact with us.</p>

Develop or support literacy programs on risk, insurance and ESG issues

Seneca Green Citizen Symposium

For five consecutive years, TDI has sponsored and supported an educational symposium at Seneca College, bringing ESG education to students in a variety of programs that include a focus on sustainability. In 2022, keynote speakers included innovators, award-winning authors and professors, and expert colleagues from TDI. This year's theme was "Be the Change."

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Claims Management

We are always striving to improve the experience for our clients, providing them with information they need and streamlining the claims process. We're focused on supporting our clients when they have experienced an adverse event.

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 up to an extra 10% over the amount of their claim (up to \$50,000). Customers without the coverage may also choose to pay out of pocket for the additional cost of green materials.

Integrate ESG issues into repairs, replacements and other claims services

We recognize that the process of repairs, replacements, and claims presents opportunities to increase the resilience of our customers and the health of our environment.

Bumper Cover Recycling

In 2022, TDI initiated a bumper cover recycling program that was operationalized in an initial seven Alberta auto centres. During a one-month period, 58% (413 out of 703) of bumper covers requiring replacement were transferred to be recycled. Bumper covers are a significant source of plastic waste that end up in landfills following claims and repairs. We aim to expand this program in more auto centres across Canada.

Return Mail Simplification

In June 2022, we launched the Return Mail Simplification project. This eliminates the need for us to internally ship boxes of return mail between our offices to be opened, scanned, and sent for processing to our vendor. Now, Canada Post will deliver our returned mail directly to our vendor.

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 that arise from our value and supply chains. The best solutions to mitigating these risks stem from close cooperation with our vendors and suppliers to share expertise, insights, and visibility on key issues of concern as well as areas of opportunity.

Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry

Members of our Environment, Government and Industry Relations team were invited by Chartered Professional Accountants (CPA) Canada to contribute to their efforts to better understand ESG and the implications for their profession. The result was a presentation to CPA members titled "The Evolving ESG Regulatory and Reporting Landscape."

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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 & Engage	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 the physical risks to their homes, families, and communities by enhancing their ability to withstand floods, fires, and other events.
2. Prepare	The TD Insurance app provides users with severe weather alerts, so customers can further prepare and take mitigating action. Whether through the TDI website, TDI app, the TD Claims Advice Line or through other direct engagement with customers, we endeavor to provide practical and sound advice on steps that can be taken to mitigate physical risks to homes ahead of potential damaging or catastrophic events.
3. Respond	If a catastrophic event occurs, TDI Mobile Response Units can be deployed for relief efforts and to assist customers with their loss in their time of need.
4. Resilient Rebuild	After a sustained loss and claim, TDI and its products encourage and incentivize customers to go beyond rebuilding as before – to rebuild stronger and more resilient to future events with additional incentives for choosing eco-friendly materials.

TD Insurance App: Safety Alerts	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	The TDI Mobile Response Units provide disaster relief to areas experiencing catastrophic incidents related to severe weather. In September of 2022, a Mobile Response Unit was deployed alongside Catastrophe Advisors Teams to Sydney, Nova Scotia, to support recovery efforts and customers in an area heavily impacted by Hurricane Fiona.

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. We also recognize that there is much work to be done to meet existing challenges and to be prepared for new challenges over the horizon.

Governments, regulators and other policymakers

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.
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Task Force on Flood Insurance and Relocation	TDI participated in the Task Force on Flood Insurance and Relocation, whose mandate was to explore solutions for low-cost flood insurance for residents at high risk of flooding, as well as relocation alternatives. In 2022, the task force concluded and published its report, “Adapting to Rising Flood Risk” which reviewed Canada’s flood risk.
OSFI & Bank of Canada	TDI began work with the Office of the Superintendent of Financial Institutions (OSFI) and the Bank of Canada on the first national flood systemic risk assessment looking at mortgage and insurance coverage. TDI is providing data to support the analysis that will lead to a greater understanding of the flood risks facing Canadians and the financial system.
OSFI	Through its industry associations, TDI participated in the consultation on OSFI guideline <i>B-15 Climate-Risk Management</i> .

Other key stakeholders

TDI Advisory Board on Climate Change	<ul style="list-style-type: none"> Current advisory board workstreams are focused on customer resiliency, including academic research and a partnership with the Institute for Catastrophic Loss Reduction (ICLR) to demonstrate the effectiveness of home improvements to improve flood resilience. The TDI Advisory Board on Climate Change conducted research and produced a paper: “Prospective Interventions for Policyholder Preparedness.” The paper explores potential pilot initiatives that could be implemented to support policyholders in becoming more climate resilient and prepared for prospective climate-influenced disasters.
UN Environment Programme Finance Initiative (UNEP FI)	TDI’s President and CEO holds a seat on the UNEP FI Leadership Council.
UNEP FI Principles for Sustainable Insurance (PSI)	TDI contributed to the PSI Life and Health ESG underwriting risks guide published in June 2022 and a paper on Life and Health insurance to be published in 2023.
Partnership for Carbon Accounting Financials (PCAF)	TDI continues to participate in the consultation on Net Zero and insurance guidelines with PCAF.
Insurance Bureau of Canada (IBC)	In 2022, IBC started the Natural Catastrophe & Climate Standing Committee. TDI’s Associate Vice President (AVP) of Environment, Government & Industry Relations was nominated as Vice Deputy of the newly formed committee.
ACAP Saint John	In 2022, led by TDI and funded by the TD Friends of the Environment Foundation, an ACAP Saint John program distributed 86 rain barrels to local residents to increase resilience to climate change and conserve water. The collection of rainwater reduces household and outdoor water usage while redirecting water that would otherwise runoff into storm sewers.
Nature Conservancy of Canada (NCC)	Three NCC projects are at various stages of completion with TDI partnership and funding from TD Friends of the Environment Foundation. One each in Alberta and Ontario focused on flood prevention, and a third in B.C. focused on wildfire risk reduction. All include considerations for conservation, species preservation

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	and increased climate resilience of the area. The Ontario project, also included building an accessible trail and other facilities in the Happy Valley Forest, was completed in October 2021. Work on the other two projects was well underway in 2022.
TD Scholarship for Indigenous Peoples	In 2022, TDI led the development of the TD Scholarship for Indigenous Peoples in partnership with Aboriginal Financial Officers Association Canada (AFOA). The scholarship will offer scholarships to 25 students to address financial barriers faced by Indigenous Peoples in pursuing post-secondary education.

Dialogue & Engagement

The Environment, Government and Industry Relations team contributed to several internal TD continuing education sessions, as well as dozens of industry submissions on national and international climate standards through leadership in industry associations.

TDI's AVP of Environment, Government and Industry Relations spoke at several external conferences, including:	
Canadian Reinsurance Conference	TDI's AVP of Environment, Government and Industry Relations, moderated a panel, <i>Life Insurance ESG: The social connection</i> . Participants from The Canadian Life and Health Insurance Association, TD Insurance and Manulife explored how social issues have become part of the Life and Health insurance ESG agenda.
Insurance Bureau of Canada (IBC) – Regulatory Affairs Symposium	TDI moderated a panel, <i>Climate Risk and Climate Related Disclosure Frameworks: An overview of the current state of climate risk, various climate related disclosure frameworks, its application to the insurance industry, and the future of climate risk</i> .
Insurance Bureau of Canada (IBC)- IBC 23 rd Annual Financial Affairs Symposium	TDI was part of an industry panel focused on climate transition strategies from a P&C insurer perspective.
UNEP FI Principles for Sustainable Insurance - PSI after 10 years: Amplifying sustainable insurance in the UN's Decade of Action (Switzerland)	TDI spoke at a session titled <i>Launch of the PSI ESG Guide for Life & Health Insurance Business</i> , and a session titled <i>Work of the PSI Canadian Sustainable Insurance Working Group</i> . This special event looked back at how the PSI initiative has shaped the sustainable insurance agenda for the last 10 years, since it was launched at the 2012 UN Conference on Sustainable Development in Rio de Janeiro with the endorsement of the UN Secretary-General and insurance industry CEOs.
UN TCFD Regional Pilot	TDI spoke to Brazilian insurance companies involved in a UN TCFD regional pilot on climate change risk disclosure.
The International Economic Forum of the Americas (Conference of Montreal)	<i>Environmental Reporting: How to Keep Business Accountable?</i> This session discussed topics such as how are the different sectors of the economy exposed to environmental and climate risks and what are the existing initiatives to prepare for it.

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

In 2022, along with the annual PSI disclosure, TDI's ESG strategy, risks, opportunities, and key metrics and milestones are also incorporated in the following TD Bank Group publications:

- **TD ESG Report**
- **TD Climate Action Report**
- **Carbon Disclosure Project (CDP) Response**

TDI is active in assessing and integrating, where appropriate, emerging ESG best practices, frameworks, and reporting standards as they evolve and mature. Along with the Principles of this disclosure, the frameworks and standards that we consider for their relevance and importance are those set by consultation through the TCFD, PCAF, and the ISSB, along with the standards and requirements set by Canadian regulatory bodies. Work is underway to implement aspects of each of these frameworks into our strategy, risk management and reporting practices.

