

Principles for Sustainable Insurance – Annual Disclosure 2023

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 our 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 issues 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 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 our 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 Appetite Task Force	To provide appropriate management of TDI's climate-related risks, we formed a task force comprising leaders from across the business and first two lines of defence, 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	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. 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.



**TDI Advisory Board on Climate Change:
Spotlight on Resilience**

The TDI Advisory Board on Climate Change, consisting of external experts from seven Canadian universities and Engineers Canada, recommended TDI undertake a community-level intervention to increase risk awareness and preparedness. TDI provided funding and worked together with the Institute for Catastrophic Loss Reduction and its Showcase Homes program to retrofit four homes in the Edmonton area to increase their resilience to basement flooding.

With contributions from our Advisory Board member from the University of Alberta, TDI conducted surveys in select

high-risk communities to gauge their level of risk awareness and preparedness prior to the project. Following completion of the retrofit work, TDI hosted a display at one of its Auto Centres in Edmonton where working models of a sewer backflow valve and sump pump with battery backup were used for community education. On opening day, invited guests and community members toured retrofitted homes to gain an understanding of the options available to homeowners to reduce their risk of basement flood. The project garnered local and national media attention.

Visit [TD Stories](#) to learn more.

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 supporting colleagues' sustainability learning and engagement.

PROGRAM	INITIATIVE
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
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 all new applicable employees • ESG content is available on LevelUp, TDI's new learning platform, alongside modules available on Thrive, the enterprise-wide learning platform
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 2023, TDI Green Teams and BEN hosted an event for TDI colleagues on financial resilience.</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>
Persons with Disabilities Internship Program	<p>Focused on tapping into the potential of this underrepresented population, TDI offers an internship program for persons with disabilities.</p>



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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 appropriate in the case of an insurance business, products and services are continually assessed through the actuarial process. At TDI, we understand ESG risks and are cognizant of opportunities available to all lines of business to minimize these risks. Below are some of the ways we manage these risks.

PROGRAM	INITIATIVE
Risk Appetite Statement	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, 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.
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.
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	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.



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PROGRAM	INITIATIVE
Digital and Paperless Options	<p>Digital Quote & Buy</p> <p>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.</p> <p>As we work towards exceeding 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.</p>
	<p>MyInsurance Self-Service Tool</p> <p>This web portal allows customers to view their documents online and thereby helps to reduce waste by decreasing 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, where possible, to enroll in paperless communications, to help further reduce the number of paper documents we produce and send to customers.</p>
	<p>Digital Chat Function</p> <p>Our Digital Chat function gives TDI customers another convenient option for their interactions with TDI.</p>

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

Seneca Green Citizen Symposium

For six 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 2023, keynote speakers included innovators, award-winning authors and professors, and expert colleagues from TDI. This year's theme was Collaborate for Climate Action.

Claims Management

We strive to improve the experience for our clients by providing them with the information they need and streamlining the claims process.

PROGRAM	INITIATIVE
Eco-Efficient Rebuild	<p>Our enhanced Home Coverage includes additional protection to cover the cost 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 this coverage may also choose to pay out of pocket for the additional cost of green materials.</p>



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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
Pilot Project with Habitat for Humanity ReStores	In September 2023, TDI launched a pilot program to begin identifying and transferring salvageable items from home insurance claims to Habitat for Humanity's ReStores for sale at fair market value, keeping materials out of landfill and enabling access at lower costs when compared to retail outlets. To date, participants include our Ontario Contractor Network, comprising 76 locations across the province.
Bumper Cover Recycling	<p>In 2022, TDI initiated a bumper cover recycling program in seven Alberta auto centres. In 2023, the program was expanded to 23 of our 25 Auto Centres nationally, with 65.5% of all bumper covers transferred to be recycled, exceeding our target of 50%. Auto bumper covers are made of plastics that would otherwise end up in landfills following replacement.</p> <p>As part of TDI's ongoing commitment and responsibility, a monitoring and verification procedure was established to track the status of bumper covers received by third-party vendors to verify the integrity of the recycling process.</p>

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

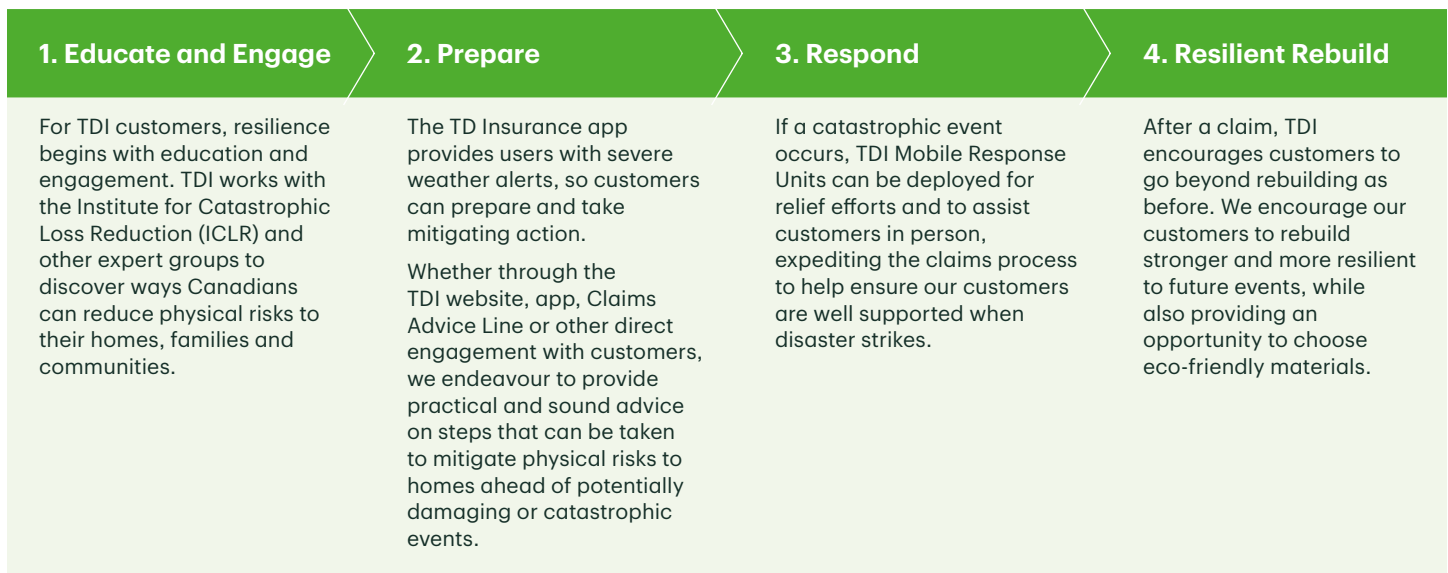
We place importance on improving our processes and governance model to better anticipate, monitor and manage ESG risks arising from our value and supply chains. The best solutions to mitigate these risks stem from close cooperation with our vendors and suppliers to share expertise, insights and visibility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

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*.

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.



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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	The TDI Mobile Response Units provide in-person assistance with claims in areas experiencing catastrophic events. In 2023, mobile units were deployed to Halifax in response to flooding and to Yellowknife and Kelowna in response to wildfires.

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
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) & Bank of Canada	TDI is working with OSFI and the Bank of Canada on the first national flood systemic risk assessment looking at mortgage and insurance coverage. TDI provided data to support the analysis that will lead to a greater understanding of the flood risks facing Canadians and the financial system.
OSFI	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. The Bank, working with TDI, has completed its initial assessment of Guideline B-15 and is working towards implementing the requirements.

Other Key Stakeholders

STAKEHOLDER	INITIATIVE
TDI Advisory Board on Climate Change	In September 2023, we completed work on a resilience-focused project in partnership with the Institute for Catastrophic Loss Reduction and its Showcase Homes Program. The Advisory Board will regroup in 2024 to chart a course for future initiatives.
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's Associate Vice President (AVP), Environment, Government and Industry Relations, is Board Chair of the UNEP FI PSI. In 2023, TDI co-led the work on a position paper <i>Closing the protection gap in Canada: A social sustainability framework for the Canadian life and health insurance industry</i> .
Insurance Bureau of Canada (IBC)	TDI's President and CEO is a board member of the IBC. TDI's AVP, Environment, Government and Industry Relations serves as Vice Deputy of IBC's Natural Catastrophe & Climate Standing Committee. TDI is actively working with its industry peers through the IBC to support the technical development of a National Flood Program that will provide insurance to Canadians at the highest risk of flood, contributing to Canada's resilience to the effects of climate change.
Nature Conservancy of Canada (NCC)	Three NCC projects were completed in partnership with TDI and with funding from TD Friends of the Environment Foundation. One each in Alberta and Ontario focused on flood prevention, and a third in British Columbia focused on wildfire risk reduction. All included considerations for conservation, species preservation and increased climate resilience of the area. The Ontario project, which also included building an accessible trail and other facilities in the Happy Valley Forest, was completed in October 2021. The other two projects were completed in 2023.



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STAKEHOLDER	INITIATIVE
TD Scholarship for Indigenous Peoples	TDI led the development of the TD Scholarship for Indigenous Peoples, administered by AFOA 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.

Dialogue & Engagement

The Environment, Government and Industry Relations team contributed to internal TD continuing education sessions, as well as external industry submissions on national and international environmental, social and governance issues.

INSTITUTION	ACTIVITY
Canadian Life and Health Insurance Association (CLHIA) Compliance and Consumer Complaints Conference	TDI planned and spoke on a panel, <i>What does 'Social' in ESG mean for insurers?</i>
Chartered Professional Accountants (CPA)	CPA hosted a symposium on ESG where TDI shared industry perspectives with participants.
GLOBExCHANGE	TDI spoke on three panels at the GLOBE Conference in Toronto: <i>Nature is Next: Integrating biodiversity risks into financial decision making; From theory to action: Translating the global biodiversity framework into practice; and Regulatory developments for ESG in North America.</i>
Insurance Bureau of Canada Financial Affairs Symposium	As a panellist, TDI's AVP, Environment, Government and Industry Relations, spoke on climate risk assessment and disclosure. Attendees at this industry conference included representatives from OSFI and Financial Services Regulatory Authority of Ontario (FSRA).
Institute of International Finance CBA Canada Forum: Financing a World in Transition, Challenges and Opportunities	Panel discussions were held with leading experts covering trends and challenges in Canadian and international financial regulation, global coordination, the transformation (and translocation) of risks for the financial sector, and the role of the private financial sector in supporting an economy-wide, pro-growth transition to a low-carbon future.
UNEP FI Regional North American Roundtable	The UNEP FI Regional Roundtable North America was held in March 2023 in Toronto, Canada. The event gathered over 200 UNEP FI members and supporting institutions, as well as the wider sustainable finance community, including regulators, civil society, policymakers and academia, to discuss the state of play and define the future of sustainable finance in the region. TDI hosted a workshop for stakeholders covering several topics including life and health.
UNEP FI European Roundtable	UNEP FI hosted its Regional Roundtable on Sustainable Finance for Europe in September 2023 in Madrid, Spain. This important event helped define the role of banking, insurance and investment in proactively accelerating a greener economy while transitioning to a low-carbon, inclusive and sustainable future in the region. TDI's AVP, Environment, Government and Industry Relations, chaired the meeting of the UNEP FI Principles for Sustainable Insurance Board and spoke on a panel: <i>Managing ESG risks in life & health insurance business.</i>



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INSTITUTION	ACTIVITY
UNEP FI Principles for Sustainable Insurance (PSI) Position Papers	<p>A webinar was the stage for the launch of a paper, <u>Closing the Protection Gap in Canada: A Social Framework for the Life and Health Insurance Industry</u>, developed by PSI signatories with work led by TDI. This paper was an important step by the Canadian insurance industry to table climate change adaptation considerations and the role that the insurance industry can play to help vulnerable populations.</p> <p>TDI was also a contributor to a second position paper, <u>Health is our greatest wealth: How life & health insurers can drive better health outcomes and address the protection gap.</u></p>
UN Sendai Disaster Recovery Framework Mid-Term Review	As a panellist, TDI's AVP, Environment, Government and Industry Relations, spoke on the topic of working with nature for resilience alongside Natural Resources Canada.

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

In 2023, 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
- TD Climate Action 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.

