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Update: TD addresses involvement with the Dakota Access Pipeline

Update - May 9th, 2017

On behalf of the lending syndicate and in partnership with Citi, TD commissioned Foley Hoag to better understand the complex issues involved in the Dakota Access Pipeline. TD thanks Foley Hoag for their insights and recommendations on managing the social impacts of oil pipelines in the United States. 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 is reviewing its due diligence policies and making improvements, where appropriate. TD will continue to be a constructive partner in the responsible development of natural resources by promoting a balanced approach towards environmental, social and economic concerns.

The below article was posted to the TD Newsroom on February 19th, 2017

TD's commitment to the environment is a source of great pride for many employees, customers and shareholders. The bank has set out a goal of being an environmental leader and has succeeded in a number of ways: as North America's first carbon neutral bank, as a global leader in underwriting green bonds, by using 100% green electricity, and through financing green energy businesses.

Recently however, TD has been placed in the spotlight for its participation in the Dakota Access Pipeline (DAPL) lending syndicate. The pipeline project has garnered a great deal of interest in the U.S. and Canada, in large part due to the protests along one portion of the pipeline project near the Standing Rock Sioux Reservation. These developments have highlighted that gaining a "social license" is complex and can go beyond compliance with regulatory and permitting processes.

Some have asked TD: "why won't you divest from the project?" TD is not an investor in the Dakota Access Pipeline; TD Securities is a lender in a banking syndicate with 16 other banks and contractually obligated to fulfill the project financing agreement that is associated with pipeline construction.

TD's Chief Environment Officer has fielded calls from customers, shareholders and members of the public on the pipeline project, wanting to understand TD's position. "TD is concerned about a number of issues and we continue to make our views known

publicly as well as privately to Energy Transfer Partners," says Karen Clarke-Whistler. While the dispute is ongoing, TD is urging for a safe and peaceful resolution.

Feedback from customers was a big factor in why TD helped secure an independent human rights expert to advise ETP and Sunoco Logistics on their human rights practices moving forward. The report is expected to be completed in the coming weeks and Clarke-Whistler is hopeful that it will provide learnings for future projects. Has the public reaction to the project affected TD's overall policy when it comes to participating in traditional energy projects? TD recognizes that the energy sector is in a state of transition toward a lower carbon economy, with rapid growth in renewable energy supply for electricity. Energy security is also a driver of change. Traditional energy transportation projects such as pipelines will continue to be an important component for some time to come.

When asked how TD plans to approach future oil and gas transportation projects, the North American bank has a pragmatic view. "We operate primarily in economies with abundant energy resources and strong related industries - products required for citizens' prosperity, comfort, and daily living needs, and they represent millions of jobs within their footprint," states Glenn Gibson Vice Chair and Regional Head USA, TD Securities. Although, conventional energy financing comprises only 1.5% of TD's lending portfolio, Gibson says TD takes their responsibilities in this area seriously. "We have strong due diligence processes in place because we will only finance responsible resource development that appropriately balances environmental, economic, and social considerations." TD is also a signatory to both the Equator Principles and the United Nations Principles for Responsible Investment.

Clarke-Whistler recognizes that many of us feel passionate about issues relating to climate change. "These are complex problems. And, at the end of the day, I'm a big believer that corporations like TD can play a constructive role in fostering not just economic opportunity for communities, but also an ambitious environmental agenda."

Highlights: Support for Cleaner Energy

- Carbon neutral since 2010, with 100% of our electricity from renewable sources.
- Issued Canada's first low carbon green bond in 2014; and a leader in green bond underwriting.
- Contributor of reports and information in relation to carbon policy through TD Economics.
- Over 97% of lending in 2015 was to business sectors that are not considered to be high emitters of greenhouse gases.
- Financed \$1.6 billion of low carbon initiatives in 2015, representing an increase of 84% since 2010.
- During the last five years, TD has done over \$10 billion in "clean energy" financing

Additional information about TD's approach to the environment is available in the 2015 Corporate Responsibility Report: <http://www.td.com/corporate-responsibility/index.jsp>

TD's Approach to Energy Development: Economic opportunity and Environmental sustainability

Economic growth and environmental sustainability are intrinsically linked - and TD believes that we have a positive role to play in fostering both. We operate primarily in Canada and the U.S., in economies that are heavily resource-based and commodity driven. North America's abundant energy supply means that these sectors remain contributors of jobs and economic prosperity for many communities. Over 3.6 million Americans work in traditional energy industries and in Canada, more than 900,000 jobs support the energy sector. Two-way energy trade between Canada and the U.S. was \$124 billion in 2015 alone. As a North American bank, we support these industries, as well as the people and communities that rely on them. We are also passionate supporters of the new clean energy economy.

Responsible development of resources should balance environmental, social and economic considerations. TD employs rigorous sector specific due diligence to ensure that the resource development companies that we finance have strong policies and processes that comply with regulation - and where necessary, go beyond those strict requirements. We also review this performance on a regular basis, and engage with our clients to address concerns that arise.

The transition to cleaner energy will take place over time, during which the mix of conventional and renewable energy sources will gradually change. However, even as renewable energy quickly becomes cheaper and more viable, global demand for energy from natural gas and oil will continue for such basic needs as transportation, heating and cooling, and power to support our manufacturing and services sectors. In addition, technological advances will continue to reduce the greenhouse gas impact associated with the production and consumption of all types of energy.

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. We also recognize that resource development can raise issues around Indigenous rights. These are complex issues that are evolving through engagement with governments, the legal system, and corporate practice. TD recognizes that Free Prior and Informed Consent (FPIC) of indigenous peoples is becoming an increasingly important factor in securing social license. This is a challenging and rapidly evolving area that can require consideration of international standards, legal decisions,

government to government issues, and project development considerations. TD has been an advocate for development of practical guidance for implementation of FPIC at a project level. Since 2012 we have worked with multi-stakeholder groups to produce a number of guidance documents'. We believe that strong partnerships and productive dialogue with Indigenous peoples is both essential and beneficial to energy project planning and construction.