Investor brief: NYSE, TSE: TD

Feb. 23, 2021

TD must stop financing new fossil fuel supply

VOTE FOR THE SUMOFUS SHAREHOLDER PROPOSAL AT THE TORONTO DOMINION BANK AGM

Meeting date:
April 14, 2022

Proxy cut-off date:
1pm EST, April 12 2022

Voting information here

NOTE: This is not a solicitation of authority to vote your proxy. Please DO NOT send us your proxy card; SumOfUs is not able to vote your proxies, nor does this communication contemplate such an event. SumOfUs urges shareholders to vote FOR its shareholder proposal at TD following the instructions provided on management's proxy mailing.

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Shareholder Proposal

SumOfUs, a corporate accountability organization representing thousands of shareholders, has filed a shareholder proposal for consideration at the TD's AGM on April 14th, 2022. The proposal asks the company to adopt a policy to end financing of new fossil fuel supply, in line with a 1.5°C, or less, global warming.

TD has significant exposure to fossil fuels, ranking 9th[1] in the world in fossil fuel funding according to the 2021 Banking on Climate Chaos report.

TD committed in 2020 to net-zero by 2050, as well as joining the Net-Zero Banking Alliance in 2021. In order to achieve these targets, the bank must commit to ending funding to new oil and gas. According to the "Oil and Gas Expansion: a lose-lose bet for banks and their investors"[2], oil and gas field expansion is incompatible with a net-zero scenario.

The bank's net-zero commitment must be more than a greenwashing publicity stunt and end funding to oil and gas expansion.

[1] https://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf
[2] https://api.shareaction.org/resources/reports/Oil-Gas-Expansion-lose-lose.pdf

The Science Is Clear

The 2022 International Panel on Climate Change (IPCC)[3] report on climate change, and its impacts, clearly states that we are already experiencing significant global disruptions from climate change, including nearly half of the entire global population living in danger zones, and many ecosystems already past the point of no return. The report also stresses that every 0.1°C is critical, and remaining under a 1.5°C global warming is critical to preventing catastrophic impacts.

The 2018 IPCC[4] report stated that a global emissions reduction target of 50% was needed by 2030 in order to prevent catastrophic, irreversible climate change. However, TD's recent 2030 interim target is only a 29% reduction of Scope 1-3 emissions in the energy sector[5] – not nearly enough to prevent catastrophic climate change. These targets are also intensity-based and not absolute, which allows for the possibility of net-emissions increases.

The 2021 report from the International Energy Agency[6] stated that, in order to stay under 1.5°C warming, there must be no new development of fossil fuel assets of any kind.

With the science so clearly stating what is necessary to prevent catastrophe, TD must meet this challenge by eliminating funding to fossil fuel expansion.

[3] https://www.ipcc.ch/report/ar6/wg2/
[4] https://www.ipcc.ch/sr15/
[5] https://www.td.com/document/PDF/ESG/2021-Climate-Action-Report.pdf
[6] https://www.iea.org/reports/net-zero-by-2050

TD's History in Fossil Fuel Funding

TD has been one of the world's top 10 largest funders of fossil fuels since the Banking on Climate Chaos report started tracking fossil fuel funding in 2010.

TD is also reported to be considering funding the highly risky Trans Mountain pipeline for the government of Canada[7].

[7] https://www.ipcc.ch/report/ar6/wg2/ https://www.ipcc.ch/sr15/ https://www.td.com/document/PDF/ESG/2021-Climate-Action-Report.pdf

Exposure and Risk for Investors

Escalating legal challenges and direct opposition to oil and gas projects globally, but especially in North America, are pushing back completion dates and are causing many corporations to abandon projects before completion, threatening default on loans and affecting shareholder value.

TD risks considerable reputational risk by creating potential loopholes in its Climate Action Plan that could see TD accused of greenwashing, or seen by the public, its customers and investors, as not taking a serious enough stance on climate change.

Additionally, the physical and financial risks posed by climate change to long-term investors are systemic, portfolio-wide, unhedgeable, and undiversifiable. Therefore, the actions of companies that directly, or indirectly impact climate outcomes pose risks to the financial system as a whole, and to investors' entire portfolios. In order to manage this systemic portfolio risk, investors must move beyond disclosure and company-specific climate risk management frameworks, and focus on holding accountable the relatively small number of large companies whose actions are a significant driver of climate change.

Vote For the SumOfUs shareholder proposal.