

Energy Supply Ratio

Resolved: Shareholders request that Toronto Dominion disclose annually its Energy Supply Ratio defined as its total financing through equity and debt underwriting, and project finance, in low-carbon energy supply relative to that in fossil-fuel energy supply. The disclosure, prepared at reasonable expense and excluding confidential information, shall describe Toronto Dominion's methodology, including what is classified as "low carbon" or "fossil fuel". Toronto Dominion should include lending in its Energy Supply Ratio, if methodologically sound.

Supporting Statement:

As a major global bank, Toronto Dominion (TD) is broadly exposed to financial stability risks posed by climate change and has made certain climate-related commitments. Banks aligning their activities with their climate goals are better prepared to manage risks, including the legal, reputational and financial risks associated with climate change, and capitalize on opportunities associated with the global energy transition.

According to the International Energy Agency, reaching net zero greenhouse gas emissions by 2050 requires rapid transition away from fossil fuels and a tripling in global annual clean energy investment by 2030.¹ The pace at which low-carbon energy supply is scaled up will dictate the rate at which fossil fuels are phased down.²

TD is reportedly among the largest global financiers of fossil fuels; however, it has committed to achieve net zero emissions in its financing activities by 2050 and to a \$500 billion CAD Sustainable & Decarbonization Finance Target by 2030.³ Although TD has robust disclosures on sustainable finance, investors need additional disclosure to assess TD's clean energy financing activity and relative financing of fossil fuels.

The Energy Supply Ratio (ESR), a dollar-based metric, will complement and supplement TD's existing emission-based climate financial disclosures, including any disclosures under European Union reporting requirements, and provide decision-useful disclosure on TD's activities and progress in meeting its publicly commitments. In recent years, banks reportedly earned more in lending and underwriting fees from clean energy projects than from oil and gas, and coal companies.⁴ Investors seek to assess whether TD is positioning itself **competitively** as a leader in the energy transition.

The ESR has become a key climate disclosure metric. Bloomberg provides clients with ESRs for global banks, including TD, using a standardized methodology with clear definitions for "low carbon" and "fossil fuel", however it cannot include non-disclosed lending.⁵

Three of the largest North American banks **and TD peers**, Royal Bank of Canada, JPMorgan and Citibank committed to disclose ESR and their methodology, demonstrating that disclosure is feasible and leading market practice.

¹ <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

² <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach/executive-summary>

³ <https://stories.td.com/ca/en/news/2023-03-16-td-announces-new-interim-financed-emissions-targets-and-td-p>

⁴ <https://www.bloomberg.com/news/articles/2023-10-18/green-fees-overtake-fossil-fuels-for-second-straight-year>

⁵ https://assets.bbhub.io/professional/sites/24/Financing-the-Transition_Energy-Supply-Investment-and-Bank-Facilitated-Financing-Ratios.pdf

Investors believe that TD should similarly disclose its annual ESR for which it is accountable, set targets in relation to, **build from already existing guidance documents**, and work to reinforce an industry-standard approach for calculating and reporting ESR **including lending**. Bloomberg published an Implementation Guide⁶ and the Institute of International Finance, an industry association with 400 members globally, published a 2024 whitepaper providing a format for standardized disclosure of methodology.⁷

We urge you to vote FOR the proposal.

⁶ <https://assets.bbhub.io/professional/sites/24/Energy-Supply-Banking-Ratios-Implementation-Guide.pdf>

⁷ [32370132_iif_white_paper_energy_supply_ratio_september_2024_final.pdf](#)