



March 20, 2025

Relating to: The Toronto-Dominion Bank Annual General Meeting (April 10, 2025)

Subject: **Supplementary Information regarding Proposal No. 1 requesting The Toronto-Dominion Bank disclose its Energy Supply Ratio.**

**SHARE is urging Toronto-Dominion Bank's shareholders to vote FOR Proposal No. 1 requesting the bank to disclose annually its Energy Supply Ratio.**

To Shareholders,

The Pension Plan of the United Church of Canada, represented by the Shareholder Association for Research & Education ("SHARE"), with co-filers PFA Pension and the Trottier Family Foundation, has submitted a shareholder proposal to be considered at the Toronto-Dominion Bank's ("TD") 2025 Annual General Meeting of Shareholders scheduled for April 10, 2025. This letter provides supplementary information relevant to your review in voting on Proposal No. 1 (page 87 of TD's 2025 Management Proxy Circular)<sup>1</sup>, requesting that TD 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. This letter also directly addresses the Board's position (outlined on page 88 of the TD 2025 Proxy Circular)<sup>2</sup>.

**As you review the proposal, we would like to draw your attention to the following:**

1. The Energy Supply Ratios are a necessary tool to help investors understand how and to what extent TD is accelerating the pace and scale of investment in clean energy.
2. The Energy Supply Ratio supplements and complements the bank's existing and upcoming climate-related financial disclosures.
3. Commitment to Energy Supply Ratio disclosure from several of TD's Canadian and US peers, including the Royal Bank of Canada and Bank of Nova Scotia, demonstrates both the feasibility of the ask under consideration and the growing consensus that it is a necessary metric for investors.
4. There is already a well-established methodology developed by a leading financial industry association which the bank can apply, and which can facilitate industry harmonization around these ratios.

The Proponent views the Bank's arguments outlined in the Proxy Circular as insufficient, warranting shareholders to vote FOR Proposal No. 1.

<sup>1</sup> <https://www.td.com/content/dam/tdcom/canada/about-td/pdf/td-investor-2025-proxy-en.pdf> [TD Proxy Circular]

<sup>2</sup> TD Proxy Circular, *supra*

## **Section 1. The Energy Supply Ratio is an important tool for investors.**

Considering a range of the most referenced 1.5°C climate scenarios, the ratio of investment in low-carbon energy to investment in fossil fuels, referred to as the “Energy Supply Ratio”, must reach a minimum of 4:1 by 2030<sup>3</sup>—and must rise further in the decades after—to limit average global temperature rise to 1.5°C.

Recognizing the critical role they will play in order to achieve this vital goal, an increasing number of Canadian and U.S. banks have announced ambitious commitments to green or sustainable financing. Despite these commitments, research by BloombergNEF (BNEF)<sup>4</sup> covering 1,100 banks globally found that in 2023, bank financing for low-carbon energy projects totalled \$776 billion, while about \$870 billion went to fossil fuel projects, for a 0.89:1 ratio of low-carbon energy to fossil fuel financing for this cohort of banks.

The Energy Supply Ratio can provide investors with a reliable ratio to better understand the bank’s total scope of financing activities for both the transition and fossil fuel energy supply, where decision-useful disclosure has been limited to date. It enables investors to assess the bank’s pace and scale of investment in clean energy relative to fossil fuels, which can serve as an effective mitigation tool against transition risks on both sides of the energy equation.

As noted by the Blackrock Investment Institute, “[t]ransition risk is about mismatches in resources. Indeed, the energy market’s underlying issue is a mismatch in investments. Capex in fossil fuels has slowed to levels consistent with a net-zero future, but investment in renewables has lagged”<sup>5</sup>.

## **Section 2. The Energy Supply Ratio supplements and complements TD’s existing and upcoming climate-related financial disclosures.**

Relying on third-party Energy Supply Ratios, such as those currently developed by BNEF, is insufficient to provide investors with decision useful information related to the full spectrum of TD’s actual clean energy financing. In this instance, the bank is uniquely positioned to provide investors with a much clearer picture, as it can pull from internal data related to the full spectrum of its lending and underwriting activities, much of which is not available to third-party providers.

While the bank’s ongoing disclosures regarding its financed emissions and targets remain essential, they are often reliant on voluntary client disclosure. In contrast, the energy supply ratio can help the bank demonstrate its real economy impact on energy supply financing, as these ratios rely on internal dollar-based data rather than emissions figures from other organizations that may present data availability and reliability challenges.

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<sup>3</sup> <https://about.bnef.com/blog/investment-requirements-of-a-low-carbon-world-energy-supply-investment-ratios/>

<sup>4</sup> <https://about.bnef.com/blog/third-annual-energy-supply-investment-and-banking-ratios/>

<sup>5</sup> <https://www.blackrock.com/corporate/literature/whitepaper/bii-managing-the-net-zero-transition-february-2022.pdf>



**Section 3. Many of TD's peers have already disclosed or have committed to disclosing their respective Energy Supply Ratios applying an industry-standard methodology.**

Recent commitments to disclosing an Energy Supply Ratio from several of TD's peers, including the Royal Bank of Canada, Scotiabank, JP Morgan Chase and Citigroup, demonstrate both the feasibility and value for banks and their investors of developing an internal ratio. As RBC's CEO noted, in committing to disclose the Energy Supply Ratio publicly, the bank viewed it as "an important metric going forward"<sup>6</sup>.

We also disagree with management's assertion that "an industry-accepted methodology for the Energy Supply Ratio does not yet exist"<sup>7</sup>. In September 2024, the Institute of International Finance, the global association of the financial industry, with over 400 members including the TD Bank Group and the Canadian Bankers' Association<sup>8</sup>, published a [comprehensive methodology](#) for banks seeking to develop and disclose an Energy Supply Ratio.

Additionally, BNEF has published an Energy Supply Ratio Implementation Guide<sup>9</sup>, which outlines how banks can calculate their own energy supply financing ratio in line with BNEF's approach, while laying out potential design choices that banks can apply to better adapt the ratio to suite their circumstances and data availability.

**For all the reasons mentioned above, we urge shareholders to vote FOR Proposal No. 1 (page 87) in TD's 2025 Management Proxy Circular.**

For questions regarding the proposal, please contact: Michael Toulch, Engagement Research Manager at SHARE, at [mtoulch@share.ca](mailto:mtoulch@share.ca).

Sincerely,

Michael Toulch  
Engagement Research Manager, SHARE

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<sup>6</sup> <https://financialpost.com/pmn/business-pmn/rbc-cements-dominant-status-as-it-closes-hsbc-canada-takeover>

<sup>7</sup> TD 2025 Proxy Circular, *supra*, p88

<sup>8</sup> <https://www.iif.com/membership/our-member-institutions>

<sup>9</sup> <https://assets.bbhub.io/professional/sites/24/Energy-Supply-Banking-Ratios-Implementation-Guide.pdf>



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