Environmental and Social Credit Risk Process for Non-Retail Credit Business Lines

Step 1

High-Level Screen

A high-level screen is applied against all borrowing accounts to identify any activities that are prohibited under TD's Environmental Management Framework.

Step 2

Social and Environmental Assessment (SEA)

This step assesses a client's commitment, capacity and track record based on regulatory issues and other material environmental risks, stakeholder engagement and, where applicable, issues relating to free prior and informed consent of Aboriginal Peoples.

Step 3

Equator Principles Categorization Tool

This tool is applied where a project or fixed asset is being financed.

Step 4

Sector-Specific Due Diligence Guides

Guides have been developed for environmentally sensitive sectors. TD's Environment team maintains tools and resources to support credit risk managers.

Step 5

Escalation

If an application scores high for environmental sensitivity, TD's Environment team helps assess if any action can be taken to reduce the environmental or social risk. In cases where risk remains high, the escalation process moves through Credit Risk Management and may proceed ultimately to TD's Reputational Risk Committee.

Every lending transaction goes through a High-level Screen and Social and Environmental Assessment (Steps 1 and 2).

If a project or fixed asset is being financed, the Equator Principles Categorization Tool is applied (Step 3). Additional sector-specific due diligence is applied to transactions in environmentally sensitive sectors (Step 4).

Transactions that score high risk for environmental sensitivity are escalated to Senior Management. TD Environment provides subject matter expertise, detailed review and recommendations for further action, as required (Step 5).