DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

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DISCLOSURE OF CORPORATE GOVERNANCE POLICIES AND PRACTICES

Our board of directors and management believe that sound corporate governance practices contribute to the effective management of the bank and to achieving our strategic and operational plans, goals and objectives. The board's corporate governance policies, principles and practices are consistent with the Canadian Securities Administrators' National Policy 58-201 Corporate Governance Guidelines (CSA Guidelines) and focus on the board's responsibilities to the bank's shareholders and on creating long-term shareholder value. These policies, principles and practices take into account rules of the TSX. Because the bank is regulated by OSFI, these policies, principles and practices also comply with OSFI's Corporate Governance Guideline. Lastly, although they do not all directly apply to the bank, these policies, principles and practices take into account rules of the New York Stock Exchange (NYSE) and the U.S. Securities and Exchange Commission. The board's governance framework includes the charters and key practices of the board and its committees and a set of Corporate Governance Guidelines published on our website at *www.td.com/governance/index.jsp.*

You can find additional governance information on our website, including the Code of Conduct and Ethics (the Code), the Disclosure Policy, the Director Independence Policy, the position description for directors, the position description for the CEO, and the charters of the board and its committees, the chairman of the board, and the chairs of the committees. The corporate governance committee reviews corporate governance policies, principles and practices each year and recommends, where required or desired, amendments to the board for consideration and approval.

BOARD OF DIRECTORS

For information on director nominees proposed for election, such as other public company boards on which our director nominees serve, key areas of expertise/experience and their attendance record for all bank board and committee meetings during fiscal 2014, please see the "Director Nominees" section of this circular.

Director Independence

To be effective our board must operate independently of management. To that end, a large majority of the board and all committee members are independent, they are not part of management and do not have relationships with the bank that would make them personally beholden to the bank or that would otherwise interfere with the exercise of their independent judgment. Of the 17 nominees proposed for election, 16, or 94%, are "independent" under the bank's Director Independence Policy (available at *www.td.com/governance/other_policies.jsp*) and the CSA Guidelines and are not "affiliated" under the Bank Act.

Each audit committee member meets additional independence criteria under the Director Independence Policy and applicable law. Because of his position, Bharat B. Masrani, Group President and CEO, TD Bank Group, is not considered to be "independent" under the policy or the CSA Guidelines and is "affiliated" under the Bank Act.

The board has adopted the Director Independence Policy and delegated responsibility to the corporate governance committee for:

- recommending to the board independence criteria for directors;
- reviewing the policy, including as to the continued appropriateness of the director independence criteria; and
- evaluating the independence of directors annually, and as needed for director appointments during the year.

How We Determine Independence

The bank has a robust process to annually evaluate director independence. Directors must complete detailed questionnaires each year about their individual circumstances. Management directors and directors who have a material relationship with the bank are not considered independent under the Director Independence Policy. To determine if a director has a material relationship with the bank, the corporate governance committee considers the nature and importance of the director's connections with the bank. The corporate governance committee particularly scrutinizes any outsourcing, consulting, legal, accounting or financial services relationships. The committee also takes into account the people and organizations the director is related to, such as a spouse or an employer where the director is an executive. The committee then considers whether the director could reasonably be expected to be objective about management's recommendations and performance. The goal is that a large majority of the board be comprised of independent directors.

While not required to do so, the corporate governance committee also considers the director independence standards that apply only to NYSE-listed U.S. domestic issuers. Except for Mr. Masrani, all director nominees would be considered independent under these NYSE standards if they applied to the bank.

In addition to the Director Independence Policy, the board has implemented the following policies and practices:

- The board and each of its committees can meet independently of management at any time. Time to do so is provided on each board and committee meeting agenda. During fiscal 2014, 47 in-camera sessions were held.
- The board and each committee have the authority to engage their own independent advisors at the expense of the bank.
- Non-management directors must annually appoint a strong, independent chairman of the board with a clear mandate to provide leadership for the independent directors.

- The non-management directors must acquire, within five years of first being elected or appointed to the board, equity ownership in the bank with a value equivalent to at least six times their respective annual cash retainers.

Board members are expected to understand that independence also means preparing for meetings, understanding the issues, strength of character, integrity and an inquiring mind.

Board Interlocks

Although the board does not set a formal limit on the number of interlocking board and committee memberships that directors may have, the corporate governance committee reviews any interlocks as part of its annual evaluation of director independence. There are no interlocking board memberships among our directors.

Chairman of the Board

The chairman of the board is Brian M. Levitt. Mr. Levitt has been the chairman since January 1, 2011. For more information on Mr. Levitt, please see the "Director Nominees" section of this circular or our website at *www.td.com/governance/chair.jsp*.

The chairman of the board's role is to facilitate the functioning of the board independently of management and to maintain and enhance the quality of our corporate governance. The chairman's key responsibilities are set out in the charter of the chairman of the board, which is available on our website at *www.td.com/governance/charters.jsp.* The chairman must be independent and is appointed on an annual basis by the non-management directors of the board. The chairman is responsible for chairing every meeting of the board (including the in-camera sessions) and the annual meeting of shareholders. The chairman of the board is also the chair of the corporate governance committee and serves as a member of the HRC. In fulfilling his responsibilities in 2014, the chairman regularly met with other directors and senior management to monitor the health of relationships between the board and senior management and among directors, and the implementation of the CEO succession plan. Consistent with industry practice, the chairman maintains a channel of open communication with the bank's regulators, independent of management, to engender trust and confidence in the quality of the board's governance and oversight of the bank. In 2014, the chairman met, both alone and with the committee chairs, 12 times with representatives of the bank's regulators. The chairman's and committee chairs' involvement in these meetings includes preparation as well as attendance and spans all of the bank's various businesses and the jurisdictions in which they are carried out.

Shareholders' Meetings

The chairman of the board is responsible for chairing and is available to answer questions at our annual shareholders' meetings. Directors are expected to attend annual shareholders' meetings. Last year, all of the director nominees then standing for election attended the annual shareholders' meeting in Calgary.

BOARD MANDATE

The board is responsible for enhancing the bank's long-term value for our shareholders.

Our employees and officers execute the bank's strategy under the direction of the CEO and the oversight of the board. Shareholders elect the board to oversee management and assure that the long-term interests of shareholders are advanced responsibly. This includes addressing, where appropriate, the concerns of the bank's other stakeholders and interested parties, including our employees, customers, regulators, communities and the public. The board's responsibilities are set out in its charter and include the following:

- Supervision of the management of the business and affairs of the bank.
- Disclosure of reliable and timely information to shareholders — shareholders depend on the board to get them the right information.
- Approval of our strategy and major policy decisions — the board must understand and approve where we are going, be kept current on our progress towards those objectives and be part of and approve any major decisions.
- Approval of our risk appetite statement – the board must be satisfied that there is a framework in place so that the bank only takes risks in accordance with its risk appetite and that a risk appetite statement is in place to inform and assess performance relative to its risk appetite.
- Evaluation, compensation and succession for key management roles — the board must be satisfied that we have the right people in the key roles, that they are monitored and evaluated by the board, and that they are appropriately compensated to encourage the bank's long-term success.
- Oversight of the management of capital, liquidity, risks and the implementation of internal controls — the board must be satisfied that policies are in place so that the bank has sufficient capital and liquidity, that the assets of the bank are protected, and that the bank's risk culture, compensation policies and practices and control functions are such that the bank is operated within the confines of its board-approved risk appetite.
- Effective board governance — to excel in their duties, the directors need to function properly as a board (i.e., have strong members with the right skills and the right information).

The board's charter is incorporated by reference into this circular and has been filed with securities regulators on SEDAR at *www.sedar.com* and on EDGAR at *www.sec.gov* and is available on our website at *www.td.com/governance/charters.jsp*. In addition, shareholders may promptly obtain a free copy of the board's charter by contacting TD Shareholder Relations (contact information is provided on page 72 of this circular).

The Bank Act requires certain important matters to be brought before the board. The board has also reserved certain other key decisions to itself. Under its charter, the board has an obligation to oversee the sufficiency of the checks and balances on management. The board has also put in place formal policies for approving material business acquisitions, investments and divestitures and for approving major outsourcing projects. In addition, the board has complete authority over the approval of certain other transactions out of the ordinary course of business and for approving the bank's financial statements prior to release to shareholders.

Strategic Planning

The board is responsible for overseeing the execution and fulfillment of our strategy and fundamental goals. This oversight includes reviewing and approving all major strategy and policy recommendations including the bank's annual strategic plan, annual financial plan (including the capital and liquidity plans), and specific requests for major capital expenditures. The board assesses the bank's major opportunities and the risk impact of such strategic decisions being contemplated, including considering whether they are within the board-approved enterprise risk appetite established for the bank and its individual business units. The board also oversees the strategic planning process, the implementation of strategic plans, and monitors performance against such plans. In addition to reviewing and discussing the bank's strategy at regular board meetings, the board annually participates in a two-day strategy session.

Risk Management

The board is responsible for overseeing the bank's risk culture and overseeing that appropriate policies and procedures are in place to protect the assets of the bank and assure its viable future. The board is also responsible for overseeing the identification and monitoring of the principal risks affecting the bank's business, and satisfying itself that appropriate policies, procedures and practices are in place for the effective and independent management of these risks under the bank's enterprise risk framework. The board is aided in this responsibility by the risk committee which, among other responsibilities, reviews and recommends, for approval by the full board, the bank's risk appetite statement and related measures and satisfies itself that a sound risk management framework is implemented to manage the bank's key risks. In addition, the risk committee has been delegated authority to oversee the bank's crisis management recovery and resolution plans as required by applicable regulatory requirements. See the "Managing Risk" section of the bank's 2014 MD&A for a list of the major risk types identified and the structures and processes in place to manage them.

Capital Management

The board oversees the bank's capital adequacy and management including by annually reviewing and approving the Global Capital Management Policy and the capital limits and thresholds therein. As part of this responsibility, the board is also responsible for declaring dividends and approving the issuances, redemptions or repurchases of all capital, if appropriate and permitted by applicable law regulations.

Corporate Responsibility

The corporate governance committee reviews and assesses the bank's corporate responsibility strategy and reporting. For a description of our approach to corporate responsibility, read our most recent Corporate Responsibility Report, which is available on our website at *www.td.com/corporateresponsibility*.

Succession Planning

The board and the HRC are responsible for succession planning for the senior leadership of the bank and for overseeing the bank's talent management strategy. This includes identifying potential succession candidates for the role of CEO, satisfying themselves that the senior leadership team is identifying potential succession candidates for other key executive roles, and monitoring development plans for those identified, as well as fostering management depth by rigorously assessing candidates for other senior positions.

Communication Policy

The corporate governance committee's responsibilities include satisfying itself that we communicate effectively, both proactively and responsively, with our shareholders, as well as the bank's other stakeholders and interested parties, including our employees, customers, regulators, communities and the public. Our commitment to providing timely, accurate and balanced disclosure of all material information to a broad audience is laid out in our Disclosure Policy. The corporate governance committee annually reviews this policy and receives a report from management, including members of the disclosure committee, on the Disclosure Policy, the design and operation of related disclosure controls, and procedures and any disclosure issues that may have arisen in the past year. A copy of the policy is available on our website at *www.td.com/governance/other_policies.jsp.*

The board or a committee of the board oversees communications with shareholders and other stakeholders and interested parties. This includes reviewing and/or approving key disclosure documents such as the quarterly and annual financial statements, the annual report, the annual information form, and the management proxy circular. The corporate governance committee receives an annual report on shareholder feedback on an enterprise-wide basis from management, with a primary focus on retail shareholders.

Measures for Receiving Stakeholder Feedback

Shareholders may provide feedback to the bank through a number of avenues, including via email, telephone, mail and at events (such as the annual shareholders' meeting and investor events involving TD Investor Relations). The bank also receives feedback through meetings with shareholders, including with those shareholders that are interested in the bank's approach to executive compensation and corporate social responsibility. Shareholders may communicate directly with our independent directors through the chairman of the board and they may contact TD Shareholders Relations (contact details for the chairman and for TD Shareholders Relations are provided on page 72 of this circular). For additional information, please visit the bank's website at *www.td.com/investor-relations/ir-homepage/contact.jsp*.

Each year, shareholders have the opportunity to vote for or against a non-binding, advisory resolution on the bank's approach to executive compensation disclosed in the "Report of the Human Resources Committee" and "Approach to Compensation" sections of this circular. As this is an advisory vote, the resolution is non-binding. However, the HRC and the board are committed to proactive, open and responsive communications with shareholders and consider feedback received from shareholders in the course of regular communications as part of the board's ongoing review of executive compensation policies, procedures and decisions.

In addition, the bank's whistleblower program provides an open and effective communication channel for employees and members of the public worldwide to report complaints regarding accounting, internal accounting controls or auditing matters and other ethical, legal or regulatory matters. The whistleblower program strives to ensure that individuals feel comfortable and secure and have no fear of reprisal when reporting complaints, in good faith, which they reasonably believe to be valid. The bank accepts anonymous reports except where they are prohibited by law. The audit committee monitors reports regarding accounting, internal accounting controls and auditing matters. A description of the program is available on our website at *www.td.com/governance/whistleblower.jsp*.

Management and the corporate governance committee also carefully consider shareholder proposals as well as feedback and communications from recognized governance groups in Canada and provide regular opportunities for shareholders to communicate with management and the board. All of these inputs help the board understand how we are doing and guide future governance innovations.

Internal Controls

The board is responsible for overseeing, and monitoring the integrity and effectiveness of, the bank's internal controls and management information systems. The board is also responsible for overseeing adherence to applicable legal, audit, compliance, regulatory, accounting and reporting requirements. Through this process the board must satisfy itself that the bank's financial reporting and financial control systems are operating appropriately. Management's report on internal control over financial reporting and related information is available under the heading "Accounting Standards and Policies — Controls and Procedures" in the bank's 2014 MD&A.

Developing the Bank's Approach to Corporate Governance

The board believes the bank's success is based on a culture of integrity which starts with the principle of the "tone at the top". As set out in its charter, the board is responsible for setting the tone for the risk, integrity and compliance culture throughout the bank. The board expects the highest level of personal and professional integrity from our CEO, other executive officers and all employees. The board also monitors the effectiveness of our corporate governance practices and approves any necessary or desired changes. The corporate governance committee keeps abreast of the latest regulatory requirements, trends and guidance in corporate governance and updates the board on corporate governance issues, as necessary. The bank's governance framework is based on Corporate Governance Guidelines recommended by the corporate governance committee together with the charters and key practices of the board and its committees.

POSITION DESCRIPTIONS

The corporate governance committee annually reviews the board-approved written position description for directors and charters for the chairman of the board and for the chairs of the board committees that the board has approved, and recommends amendments if required. These documents are available on our website at *www.td.com/governance/charters.jsp.* The HRC has developed a written position description for the CEO which it reviews and approves annually. In addition, the HRC reviews mandates for all senior leadership roles (rank of or equivalent to group head or higher and other key positions as determined from time to time).

ORIENTATION AND CONTINUING EDUCATION

Orientation

The corporate governance committee oversees the implementation and monitors the effectiveness of an orientation program for new directors. Our program is comprised of four components: orientation reference materials; education sessions; meeting with the relevant committee chair(s); and assignment of a "buddy" director, each as described below.

Each new director receives a manual of director's orientation reference materials that is tailored to the individual director's needs and areas of interest, taking into consideration which committee(s) the director is joining. Director orientation reference materials include, among other things:

- our key corporate governance and public disclosure documents, including our Corporate Governance Guidelines and board and committee charters;
- information regarding the evaluation process for the board and its chairman, its committees and their chairs, and individual directors;
- minutes for the previous year's board meetings;
- minutes for the previous year's committee meetings for the committee(s) which the director is joining;
- important policies and procedures for the bank, including our Disclosure Policy and Code of Conduct and Ethics; and
- organizational charts and other business orientation materials, including financial statements and regulatory information.

At the comprehensive education sessions, the CEO and other members of the executive management team present and answer questions on how the bank is managed, our business and control functions, strategic direction, capital management, finance, human resources, information technology, regulatory environment, directors' responsibilities, and the significant issues and key risks we face. The program also includes a meeting of new directors with the CEO and the chairman of the board. Committee chairs also meet with any new director appointed to serve on the committee as part of his or her overall orientation session. New directors are also offered an opportunity to visit various sites (e.g., retail branch, operations centre, trading floor).

In addition, new directors are assigned a "buddy" director for the director's first few meetings to answer questions and provide contextual information to better understand materials, presentations and processes.

Continuing Education

The corporate governance committee oversees continuing education for directors and is a resource for ongoing education about directors' duties and responsibilities. It satisfies itself that prospective candidates fully understand the role of the board and its committees and the contribution expected of individual directors. Presentations are regularly made to the board on different aspects of our operations, and periodically on topical areas, to assist directors in fulfilling their responsibilities. In addition to training and education for the full board, there is specialized training for committees as required or desirable. These educational presentations are made by management and in some cases by external presenters.

As part of their continuing education, directors participate in in-depth sessions or "deep dives" as well as an annual two-day strategy session on different business, economic, enterprise and regulatory topics. Each deep dive includes an element of general education as context for the discussions (e.g., the industry, competitors, trends, and risks/opportunities). In addition, directors in their second year of service are also invited to attend new director orientation sessions at their option.

Directors have access to management to enable them to better understand and keep up-to-date with the bank's businesses and for any other purposes that may help them fulfill their responsibilities. Directors have other opportunities, outside of bank-scheduled education sessions, to meet additional members of senior management through participation in board – executive vice president interaction sessions which are informal events for directors to get to know the bank's next generation of talent and their businesses.

As well, directors are canvassed on specific topics, trends or best practices relevant to the board as a whole or to a specific committee that they would like to learn more about. Examples of topics covered in fiscal 2014 are included in the chart below. It is the expectation that all non-management board members receive sufficient continuing education to be effective in their roles.

Directors also receive periodic reports summarizing significant regulatory developments and corporate governance matters of general interest. All directors have also been enrolled as members in the Institute of Corporate Directors (ICD), giving them access to ICD publications and events to enhance their knowledge of directors' responsibilities and current governance trends. In addition, directors are provided with information regarding relevant external sessions. The bank reimburses directors' expenses for outside education sessions which they are encouraged to attend.

The following chart summarizes the number of continuing education sessions held in fiscal 2014 and gives examples of topics to illustrate their nature.

Participant	Total Sessions	Examples of Sessions Held	
Board of Directors	26	• Consumer Digital Banking Strategy • Wealth Management Strategy • Customer Experience	• Interest Rate Environment and Balance Sheet Management • Organic Growth Opportunities • Technology Transformation
Audit Committee	10	• New and Emerging Anti-Money Laundering Methods • Accounting for Credit Cards • External Audit Quality Initiatives	• Canadian, U.S. and UK Consumer Compliance • General Allowance Process Review
Risk Committee	9	• Central Clearing Parties • New Basel III Liquidity Rules • General Allowance Process Review	• Emerging Risk • New Business and Product Approval Policy Case Study
Human Resources Committee	4	• Market Compensation Trends	• Updates on the Impact of Regulatory Changes on Compensation

Note: There were two joint sessions of the audit committee and risk committee.

ETHICAL BUSINESS CONDUCT

As a responsible business enterprise and corporate citizen, we are committed to conducting our affairs to the highest standards of ethics, integrity, honesty, fairness, and professionalism at all times. While reaching our business goals is critical to our success, equally important is the way we achieve them. There are a number of policies and procedures in place, including the Code and the Anti-Bribery and Anti-Corruption Policy, which encourage and promote a culture of ethical business conduct at the bank.

The board and its committees oversee the culture of integrity or "tone at the top" established throughout the bank, including compliance with our policies and procedures for ethical personal and business conduct. The corporate governance committee receives a periodic report from management discussing the various policies and structures that support this important oversight function.

Code of Conduct and Ethics

Our Code applies at all levels of the organization, from major decisions made by the board, to day-to-day business transactions. The Code has been filed with securities regulators on SEDAR at *www.sedar.com* and on EDGAR at *www.sec.gov*. Any shareholder may obtain a copy of the Code from our website at *www.td.com/document/PDF/governance/td-governance-code-ethics.pdf* or by contacting TD Shareholder Relations via the contact details on page 72 of this circular.

The Code establishes the standards that govern the way directors and employees deal with each other, our shareholders, customers, governments, regulators, suppliers, competitors and the media and the public at large. Within this framework, directors and employees are expected to exercise good judgment and be accountable for their actions. Compliance with the Code is part of the terms and conditions of employment of every employee with the bank. All directors and employees are required to review and attest to compliance with the Code annually.

The corporate governance committee annually reviews the Code and the audit committee oversees monitoring compliance with the Code, including approving, where appropriate, any waiver from the Code to be granted for the benefit of any director or executive officer of the bank. In fiscal 2014, there were no such waivers sought or granted. Compliance with the Code is monitored by management on an ongoing basis and material issues arising under the Code are reported to the audit committee by the Human Resources Department. An annual report is submitted by the Head of Human Resources to the audit committee on the attestation process confirming compliance with the Code. Employees have a responsibility to report violations immediately to TD and various internal contacts are outlined in the Code under "Reporting Violations". Employees who may be uncomfortable using these internal channels can report possible violations through the TD Whistleblower Hotline as described under "Measures for Receiving Stakeholder Feedback" above in this Schedule B. The audit committee is responsible for overseeing that concerns or complaints relating to accounting, internal accounting controls or auditing matters are resolved in a satisfactory manner.

Insider Trading Policies

Safeguards are in place to monitor personal trading of executive officers and other officers and employees in key positions for insider trading. This monitoring is conducted by trained and experienced compliance officers who have access to records of the bank trading accounts in which these individuals hold securities. All officers and employees covered by the bank's insider trading policies are required to disclose trading accounts to the bank and ensure that such accounts are maintained in-house. In addition, covered officers and employees (including the named executive officers listed in the Summary Compensation Table under the "2014 Performance and Compensation" section of this circular) are required to pre-clear any securities trade with the Compliance department. Trading in bank securities is restricted during "closed window periods" which span the period when our financial results are being compiled but have not yet been released to the public. Reporting insiders, as required by law, must file insider reports via the internet-based System for Electronic Disclosure by Insiders. Current named executive officers must also pre-disclose to the public, by way of a press release, any intention to trade in our common shares, including the exercise of stock options, not less than five business days in advance of the date of the transaction. Current named executive officers must also disclose to the public the establishment of an automatic disposition plan covering common shares and stock options.

Director Conflict of Interest

Directors may not be eligible to stand for election if they have a potential or actual conflict of interest that is incompatible with service as a director. Directors have an ongoing obligation to provide the bank with complete information on all entities in which they have a material interest so that any conflicts they may have regarding these entities can be identified. In addition, directors complete an annual questionnaire that includes questions on material interests with the bank.

It is the responsibility of each director to submit a report to the corporate governance committee whenever there is a potential or actual conflict of interest between him or her and the bank, and the committee may require additional information from that director where it deems appropriate. The committee will determine an appropriate course of action for the director, always with a view to the best interests of the bank. Where a director's conflict of interest is manageable (for example, by the director being absent for certain deliberations of the board), the director may be eligible for election and the corporate governance committee will monitor the conflict. Should a conflict become incompatible with service as a director, the director must offer his or her resignation.

BOARD COMPOSITION AND NOMINATION OF DIRECTORS

The board is required to have a minimum of 12 directors. The exact size of the board is set by directors' resolution prior to each annual shareholders' meeting on the recommendation of the corporate governance committee. The board size may be changed by the board from time to time between annual shareholders' meetings. In considering board size, the board balances the competing goals of keeping the board to a size which facilitates effective discussions while at the same time offering adequate representation to meet the experience requirements of board and committee work in the context of the bank's business and operating environment.

The corporate governance committee recommends to the board criteria for composition of the board, annually assesses the overall composition of the board by considering the competencies and personal attributes the board needs to fulfill its wide-ranging responsibilities, and identifies individuals qualified to become director nominees. In so doing, it invites suggestions from other directors and management, and it may engage independent consultants to help in these tasks. The chair leads the process and the CEO is included with a number of directors in the interview process. The bank maintains an evergreen list of potential director candidates. The corporate governance committee regularly considers potential candidates even when the board does not have an immediate vacancy.

Upon the recommendation of the corporate governance committee, the board annually recommends the director nominees to shareholders, who may vote on each new director nominee at the annual shareholders' meeting. The nominees identified in the "Director Nominees" section of this circular were recommended to the board by the corporate governance committee.

Competencies and Skills/Experience Matrix

The corporate governance committee seeks candidates to fill any gaps in the competencies of the board, while also considering candidate personal attributes and perspectives. The board is committed to selecting candidates who will be able to satisfactorily represent the bank in the places the bank carries on business, both domestically and internationally. The board is composed of members with a broad spectrum of skills, educational backgrounds, experience and expertise from a range of industry sectors that reflect the nature and scope of the bank's business. With a view to recruiting needs, the corporate governance committee uses a skills/experience matrix as a tool to identify any gaps in the competencies considered most relevant to the board, taking into consideration the bank's strategy, opportunities, risk profile and overall operations, as set out below:

- Senior Executive/Strategic Leadership
- Financial Services
- Insurance
- Risk Management
- Talent Management & Executive Compensation
- Audit/Accounting
- Capital Markets/Treasury
- Corporate Responsibility
- Governance
- Government/Public Affairs
- Legal/Regulatory
- Marketing/Brand Awareness
- Technology
- Other Board Experience

Directors annually self-assess their skills and experiences against the above-listed competencies. The corporate governance committee reviews the matrix annually to confirm that it continues to reflect the most relevant skill and experience competencies. Key areas of expertise/experience for each director nominee are listed in the charts under the "Director Nominees" section of this circular.

Diversity Policy

The bank is committed to diversity and inclusion at all levels in the workplace and on the board. This includes a commitment to ensuring there are no systemic barriers or biases in the bank's policies, procedures and practices. The bank believes that supporting a diverse workplace is a business imperative that helps the bank and its board attract and retain the brightest and most talented individuals.

As provided in our Corporate Governance Guidelines, the corporate governance committee considers diversity (including gender, as well as age, geography, members of minority groups, aboriginal heritage, and persons with disabilities) when reviewing qualified candidates for recommendation for appointment or election to the board. The committee regularly considers board composition and anticipated board vacancies in light of its stated objectives and policies. It also completes a self-assessment measuring, among other things, how it has performed against its objectives.

When identifying candidates for executive officer positions that comprise our senior executive team (SET), the bank takes a similar approach, considering both competencies and personal attributes, including diversity, to build the strongest leadership team for the enterprise.

The bank sets three year goals for representation of women and other groups at the bank's senior management levels. Each business within the bank monitors its respective progress against these diversity objectives on a quarterly basis. In 2014, the bank met its goal to have at least 35% of vice president and above roles in Canada filled by women. To achieve these results, the bank invests significant resources in diversity and talent initiatives to support the development and advancement of our current and future women leaders.

Specific targets or quotas for gender or other diversity representation have not been adopted for the SET or for the board due to the small size of these groups and the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the board and to SET be made, and be perceived as being made, on the merits of the individual and the needs of the bank at the relevant time. In addition, targets or quotas based on specific criteria could limit the board's ability to ensure that the overall composition of the board and the SET meets the needs of the bank and our shareholders. Targets and quotas are also unnecessary to promote gender diversity on the board and in executive officer positions in light of the bank's demonstrated leadership and the effectiveness of our diversity policy: 35% (6 of 17) of our director nominees are women, and 30% (3 of 10) of our SET are women.

Other Considerations

The composition of the board must meet Bank Act residence and affiliation requirements and all directors must meet the qualifications for directors set out in the Position Description for Directors (available at *www.td.com/governance/charters.jsp*). This includes meeting the highest ethical and fiduciary standards as well as having sound judgment, knowledge of and inquisitiveness about the issues facing the bank, and a commitment to the board and the bank. Non-management directors are expected to meet the standards for independence from management established pursuant to the Director Independence Policy.

The corporate governance committee also considers whether each new nominee can devote sufficient time and resources to his or her duties as a board member. Directors must be committed to diligent attendance at board and committee meetings, and to full preparation for and participation in such meetings. If a director attends fewer than 75% of board and committee meetings during the fiscal year, the corporate governance committee will inquire into the situation and take steps to work with the director to improve attendance. Attendance is also taken into consideration in the nomination process. While the corporate governance committee does not restrict the number of public company boards that a director may serve on, each director must devote sufficient time to carrying out his or her duties effectively. Each director also commits to serve on the board for an extended period of time, if elected (see "Retirement Age and Term Limits" below). No member of the audit committee may serve on more than three public company audit committees without the consent of the corporate governance committee and the board. No such consents have been required for any director nominee standing for election at the meeting.

Election of Directors and Majority Voting Policy

If a director nominee in an uncontested election receives, from the common shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election (i.e., the nominee is not elected by at least a majority of 50% + 1 vote), he or she must immediately tender his or her resignation to the chairman of the board. The corporate governance committee and the board will expeditiously consider the director's offer to resign. The board will accept the resignation offer unless there are exceptional circumstances, and the resignation will take effect as soon as the board accepts it. The board must make its final determination within 90 days of the relevant shareholders' meeting and promptly announce that decision (including, if applicable, the reasons for rejecting the resignation) through a news release. Any director who tenders his or her resignation pursuant to the bank's majority voting policy will not participate in any deliberations on the resignation offer by the corporate governance committee or board. In the event any director fails to tender his or her resignation in accordance with the majority voting policy, the board will not re-nominate the director. The board is not limited in any action it may take if a director's resignation is accepted, including appointing a new director to fill the vacancy. The majority voting policy does not apply to a contested election of directors; that is, where the number of nominees exceeds the number of directors to be elected.

Retirement Age and Term Limits

The board strives to be constituted to achieve a balance between experience, on the one hand, and the need for renewal and fresh perspectives, on the other. The Corporate Governance Guidelines provide that no director will serve beyond the annual meeting following his or her 75th birthday. Subject to the preceding, as well as receiving solid annual performance assessments and being annually re-elected by shareholders (i) new director nominees are expected to serve up to a maximum term of 10 years of service, and (ii) non-management directors as of September 23, 2004 are expected to serve a term ending on the annual shareholders' meeting following September 23, 2014; in each case, on the recommendation of the corporate governance committee, the board may extend the term of a director for up to five additional years following that date. In exceptional circumstances, on the recommendation of the corporate governance committee, the board may extend the maximum 15-year term of a director for up to five additional years. Pursuant to the Bank Act, the CEO of the bank is required to serve on the board for so long as he or she holds such office.

COMPENSATION GOVERNANCE

Director Compensation

The corporate governance committee reviews director compensation to satisfy itself that it is competitive in the marketplace and aligns directors' and shareholders' interests. The board determines the adequacy and form of director compensation based on the corporate governance committee's recommendation. Further information on director compensation can be found in the "Director Compensation" section of this circular.

Executive Compensation

The HRC oversees our executive compensation program. The objective of the bank's compensation strategy is to attract, retain and motivate high performing executives to create sustainable value for shareholders over the long term. To achieve this objective, the executive compensation program is designed based on the principles outlined below and described more fully in the "Approach to Compensation" section of this circular:

- align with the bank's business and talent strategy
- effective risk management
- align to shareholder interests
- good corporate governance
- pay for performance
- pay competitively

The HRC, in consultation with the committee's independent advisor, Frederic W. Cook & Co., Inc., reviews and approves (or recommends to the board for approval) the salary, annual cash incentive, and equity compensation awards for certain executive officers. These include the named executive officers listed in the Summary Compensation Table in the "2014 Performance Compensation" section of this circular, members of the senior executive team, heads of oversight functions, and the 50 highest paid employees across the organization. The committee also approves aggregate compensation awards under all executive compensation and equity plans including the Performance Compensation Plan for TD Securities employees, and has oversight for all material employee compensation plans. The committee reviews the executive compensation disclosure in this circular before the board approves it and makes it public. To support our objective of striving to be a market leader on governance issues, we have adopted certain policies and processes that align with best practices and ensure that risk is appropriately considered in compensation plans, including:

- at year end, the chief risk officer presents an enterprise risk appetite scorecard to the risk and human resources committees to allow for appropriate consideration of risk when determining the amount of compensation to be awarded and if any adjustments to maturing deferred compensation are appropriate;
- any changes to the plan design for material compensation plans must be reviewed and endorsed by the chief risk officer to make sure that the design does not create an incentive for risk taking beyond the bank's risk appetite;
- all bank executives and all TD Securities employees are evaluated on governance, control, and risk management behaviours as part of the annual performance assessment process. Results from this assessment are considered when year-end performance and compensation decisions are made;
- the HRC has the discretion to reduce annual incentive awards (including cash and equity based incentives) to zero under all executive plans;
- the HRC has the discretion to reduce or cancel unvested deferred compensation;
- a claw back feature has been introduced in all executive compensation plans;
- for all executives, a significant portion of compensation is awarded as equity which vests after a minimum of three years; and
- share ownership requirements for executives are among the highest in the market, and include post retirement holding requirements for the most senior executives.

Information on the committee's independent advisor can be found in the "Independent Advisors" section of this circular.

CEO Compensation

The board annually assesses the CEO's performance against pre-defined goals and objectives. In consultation with the committee's independent advisor, the HRC then recommends the CEO's total salary, annual cash incentive and equity compensation to the board for approval. The CEO's evaluation includes an assessment of his personal integrity as well as the culture of integrity he and other executive officers have established throughout the bank. For a detailed analysis of the CEO's compensation in fiscal 2014, see the "CEO Compensation" section of this circular.

OTHER BOARD COMMITTEES

The board has four committees: audit; corporate governance; risk; and human resources. More information on these committees can be found in the "Corporate Governance" section of this circular.

The charter of each of the board's four committees sets out composition requirements. The corporate governance committee recommends to the board the membership of each committee. Each independent director should serve on at least one committee each year. The board approves the composition of its committees and can remove members in accordance with applicable rules and regulations, and any other relevant considerations. In determining appropriate membership on committees, the corporate governance committee strives to strike a balance between having members with adequate experience and expertise on each committee, on the one hand, and rotating membership to bring in new ideas and insights, on the other hand. Each committee may conduct all or part of any meeting in the absence of management. As stated earlier, each committee includes such in-camera sessions on its meeting agendas. For example, the audit committee meets separately with each of the CEO, chief financial officer, chief auditor, chief compliance officer, global anti-money laundering officer and the shareholders' auditor as well on its own at each of its regularly scheduled quarterly meetings. Each committee also may engage independent advisors, paid for by the bank, to provide expert advice.

Each year the committees review their charters to satisfy themselves that they meet or exceed regulatory and shareholder expectations and are operating effectively. The corporate governance committee reviews changes which are then approved by the board. Each committee establishes annual objectives or key goals as a focus for its core responsibilities and activities, and to help prioritize the committee's time and effort throughout the year. The committees measure progress against their objectives throughout the year. The charter for each committee is available on our website at *www.td.com/governance/charters.jsp.*

ASSESSMENTS

The board annually evaluates the effectiveness of the board and its chairman, its committees and their chairs, individual directors, and the CEO. The corporate governance committee is responsible for establishing an effective evaluation process and works with an independent consultant to design the feedback surveys and facilitate the feedback process. The evaluation of individual directors involves both a self-evaluation and peer review. The board's approach to feedback is meant to be constructive and to see that the right programs are in place for continuously improving directors' individual skills and the board's and its committees' functioning and effectiveness.

Board and Individual Director Feedback

Directors complete a comprehensive annual feedback survey on the effectiveness and performance of the board. Among other matters, directors are asked to consider what the board could do differently, and what the board's priorities in the coming year should be. Directors are also asked to provide feedback on the execution of the bank's strategy, oversight of the risk appetite and overall effectiveness of communications between the board and senior management.

Director's responses are submitted to the independent consultant on a confidential basis. The consultant consolidates the results and reviews them with the chairman of the board to identify key themes and possible actions. The chairman also has one-on-one discussions with each director. He first meets with each director to obtain self-assessment input and to receive feedback about the performance and any development needs of the board, its committees, or peer directors, and then subsequently to provide individual feedback to each director.

The chairman leads a preliminary discussion with the corporate governance committee to review the feedback report prepared by the independent consultant and propose board priorities for the upcoming year to address any development opportunities highlighted by the survey results. He then leads a discussion of the results and the proposed board priorities with the board, including whether any changes to the structure or composition of the board or its committees may be appropriate. These board priorities for the upcoming year are then approved by the board. The corporate governance committee monitors the implementation of the action plans addressing these board priorities throughout the year. Input from the feedback process is also taken into account when considering the director nominees to be recommended for election at the annual shareholders' meeting.

Committee and Committee Chair Feedback

A separate process is undertaken to obtain feedback from directors on the effectiveness and performance of the committees on which they sit and of the chairs of those committees. Members of each committee complete a committee self-assessment survey and the responses are submitted to the independent consultant. The consultant consolidates the results and reviews them with each committee chair. Each committee holds an effectiveness self-assessment session to share views and sets objectives to respond to any development opportunities identified in the survey results. Each committee chair then reviews the results and committee-approved objectives with the board. Each committee monitors its activities to address these objectives throughout the year. The corporate governance committee also monitors how well the other committees implement action plans against their objectives throughout the year to see that they are appropriately addressed. The corporate governance committee identifies any recurring themes across committees to be dealt with at a governance level.

Also, the corporate governance committee oversees the continued improvement in board and committee processes for agenda time management, advance materials, and presentations.

Chairman of the Board Feedback

As part of the annual survey, directors are asked to assess and comment on the chairman of the board's performance. The independent consultant consolidates individual responses of directors. The chair of the HRC leads an in-camera discussion with the board (with the chairman absent), and meets with the chairman of the board to provide feedback and develop objectives for the coming year. These objectives are reviewed and recommended by the corporate governance committee and approved by the board.

Chief Executive Officer Assessment

The annual survey also asks directors to assess and comment on the CEO's performance. Again, the independent consultant consolidates the responses. The chairman of the board, together with the chair of the HRC, leads an in-camera discussion of the results with the HRC and then with the board (with the CEO absent). Subsequently, the chairman of the board and the chair of the HRC together meet with the CEO to provide feedback. The HRC annually reviews the CEO's corporate goals and objectives which include performance indicators and key milestones relevant to the CEO's compensation. The board approves such goals and objectives on the committee's recommendation.

360 — Feedback by Management

In the case of the assessment of the board, the chairman of the board and the CEO, senior executive management members are asked to complete the survey (on a confidential basis) to provide candid feedback as part of the process. Again, the independent consultant consolidates the responses. In the case of committee self-assessments and the assessment of the respective committee chairs, the senior executive supporting each committee is invited to participate in a portion of the session.