

# Board Suitability Policy

Effective Date: 1 December 2021

## 1. Purpose

This TD Bank Europe Limited (“**TDBEL**”) Board Suitability Policy (the “**Policy**”) sets out the high-level approach to the suitability assessment of directors of the Board of Directors of TDBEL (the “**Board**”), the composition of the Board, the nomination, selection, appointment and re-appointment of Directors, Board succession planning, Board induction and training and Board conflicts of interest management.

## 2. Scope

This Policy applies to the Board and should be read by all Directors. Internal control functions should also read and review this Policy.

## 3. Policy Details/Requirements

### 3.1 Composition

The composition of the Board shall be considered in the context of the requirements of the business of TDBEL at any given point in time, including prevailing legal and regulatory considerations.

To adequately fulfil its role and responsibilities, the Board as a whole is required to possess the necessary balance of skills, experience, diversity and independence and also consider educational and professional background, skills, industry background, race, gender, age and geographical provenance. The Board is responsible for defining the strategy and objectives of TDBEL and for supervising management in the implementation of such, including scrutinising and monitoring the performance of management. The skills that should be represented on the Board are both generic and specific to the business of TDBEL.

The majority of members of the Board will be non-executive Directors. Independence shall be defined in accordance with the criteria set out in the UK Corporate Governance Code and other applicable European legislation, as transposed into UK law. Non-executive Directors shall act critically and independently so as to exercise objective and independent judgement to ensure that the corporate interests of TDBEL and its stakeholders are preserved.

The composition of the Board should reflect the knowledge, skill and experience necessary to fulfil its responsibilities in relation to:

- TDBEL's business and main risks
- Material activities of TDBEL
- Relevant areas of financial and sectoral competence
- Financial accounting and reporting
- Risk management, compliance, controls and internal audit
- Information technology and cyber security
- UK, European and global markets
- The legal and regulatory environment relevant to TDBEL
- Managerial skills and experience
- Strategic planning

The Board's defined target for female representation on the Board is set out in the TDBEL Board Diversity Policy. The Board shall take opportunities to balance the number of male and female Board Directors where that is consistent with other skills and diversity requirements.

### 3.2 Nomination/Selection

The Nomination Committee of the Board, composed of non-executive Directors (a majority of whom shall be independent), leads the process for Board nominations and makes recommendations to the Board in this respect.

All nominations to the Board shall be made:

- In accordance with a formal, rigorous and transparent procedure
- Against merit, based on a description of the roles and capabilities defined by the Board in respect of the particular appointment
- On the basis of a candidate's personal qualities, fitness and proprietary and their potential contribution as a Director to the balance of skills, knowledge, experience and capabilities on the Board (to be assessed against the suitability criteria set out below)

- With a view to ensuring a balanced Board and paying regard to the desired number of Independent Non-Executive Directors on the Board and actively taking all aspects of diversity into account, including the gender diversity targets defined in the TDBEL Board Diversity Policy

In addition, before making recommendations to the Board, the Nomination Committee shall consider the following expectations:

- Directors shall have the highest degree of personal integrity, honesty, ethics and good repute
- Directors shall have strong leadership qualities and a proven ability to exercise sound business judgement and provide constructive challenge
- Directors shall have sufficient seniority and experience so as to be able to take a strategic view
- Directors shall have independence of mind to effectively assess and challenge management decisions where necessary and to effectively oversee and monitor management decision-making
- Directors shall act cohesively and behave cooperatively
- Directors shall provide assurance that they are able to commit sufficient time to properly perform their duties
- Directors shall attend all Board (and where relevant Committee) meetings in person, where these are scheduled as physical meetings, (except under urgent and unavoidable circumstances)
- Directors shall provide details of actual or potential conflicts of interests associated with the directorship
- Directors shall confirm that they are not aware of any reason they would not meet regulatory Fitness and Probity requirements

Regarding independence and the assessment of such, the number and type of directorships and outside interests held and time commitments associated with Board members is reviewed and assessed in line with applicable governance guidelines (including Suitability Guidelines). Previous experience with TD is also considered including past employment and any close relationships that may have existed or may exist from a personal and business perspective for each Director.

The above principles shall also apply, where relevant, to the composition of the Committees of the Board. The balance of skills and experience among Committee members should be adequate to fulfil the mandate of the given Committee and relevant legal and regulatory requirements on independence and expertise shall be applied.

### 3.3 Appointment & Reappointment

The terms of appointment of independent non-executive Board members shall be for an initial period of up to two years. Where

an independent non-executive member has served on the Board for more than nine years, his or her membership will be subject to a formal review and, if applicable, rationale for continued service will be documented.

The Nomination Committee shall submit to the Board its proposals regarding appointment and reappointment of Board members, supported by an individual suitability assessment of the candidate in question which assesses them against the selection criteria set forth in this Policy and their availability to perform the role, in order to ensure that the Board composition remains appropriate to promote the effective leadership of TDBEL. The assessment shall also include whether candidates are considered to be independent within the criteria set out in this Policy.

When a Board member leaves the Board before the end of their term, the Board can appoint a new Board member to fill the vacancy.

Each proposition of appointment or reappointment of a Board member, any decision not to renew the directorship of a Board member, as well as the resignation of a Board member shall be notified to the FCA and PRA. In addition, where a new Board member is being appointed, the FCA and PRA shall be provided with all the necessary information and documents to assess the experience and skills of the candidate and ensure they meet Fitness and Probity requirements and the appointment shall be made having obtained pre-approval from the FCA and PRA for SMF roles. For non-SMF roles, management should notify the regulator of such changes in advance of them coming into effect.

### 3.4 Succession Planning

The Nomination Committee shall annually assess the performance, composition and balance of the Board and its Committees and shall assess what competencies and skills the Board and its Committees should possess in light of the opportunities and risks facing the firm.

The Nomination Committee, together with the Head of HR, shall prepare a Succession Plan for the Executive Directors of the Board taking into consideration the above assessment (including for dealing with sudden or unexpected absences or departure of members, including any relevant interim arrangements). The Succession Plan should ensure continuity of decision-making and prevent, where possible, too many members having to be replaced simultaneously. The Succession Plan shall also take into consideration the diversity targets defined in the Board Diversity Policy in order to ensure that a broad set of qualities and competencies are engaged at Board level and to achieve effective challenge and sound decision-making through a variety of views and experiences.

The Board shall review the Succession Plan on an annual basis and each time there is a vacancy on the Board and shall agree any required changes to the Succession Plan.

### 3.5 Induction and Training

Upon a Director's appointment to the Board, they shall receive all relevant induction and training required in order for them to discharge their duties effectively. The Board induction itinerary for Directors shall be presented to the Board for review and approval on a regular basis. Specific Board Sub-Committee induction itineraries will be presented to the relevant Committees for review and approval on a regular basis.

An annual Board Training Plan is prepared by the Nomination Committee Chair in conjunction with the Head of Governance, HR and the control functions and is reviewed by the Nomination Committee for recommendation to the Board for approval. The Plan incorporates any specific collective training needs identified by the Board and individual training needs of Directors identified as part of individual Director suitability assessments. Any training needs of new Directors identified as part of the onboarding suitability assessment will be incorporated into the annual Board Training Plan, which will remain a living document. At each scheduled quarterly board meeting, Directors shall be asked whether they have any request specific training requirements and such shall be built into the Board Training Plan.

The Board will consider annually whether sufficient human and financial resources have been allocated for induction and training of Directors.

### 3.6 Suitability Assessment and Criteria

The Board, supported by the Head of HR, shall assess and monitor on an annual basis the collective and individual suitability of the members of the Board, and reassessments will be performed as required. In particular, an assessment of suitability shall normally be undertaken:

- prior to the appointment of a Director to the Board
- when reappointing a Director (in the case of non-executive Directors), particularly where the requirements of the position to which they have appointed have changed
- where an existing Director is appointed to a new position or area of responsibility
- A reassessment of suitability should also be considered:
- where a Director takes on additional directorships or starts to perform new relevant activities
- where there are concerns regarding individual or collective suitability
- in the event of a material impact on the individual or collective suitability of Directors or the Board (including as a result of a breach of the conflicts of interest policy)
- as part of a review of internal governance arrangements
- in the case of any event that can otherwise materially affect the suitability of a Director

When material changes occur in the composition of the Board, or in the event of a material change to TDBEL's business model, risk appetite or strategy, a reassessment of its collective suitability should also be made.

The assessment will consider (a) the personal qualities, fitness and proprietary (b) the skills, knowledge, experience and capability of each Director and (c) for those Directors considered independent non-executive Directors, the independence requirement.

In addition to a review of individual Directors, the attributes and suitability of the Board as a whole shall be assessed at least annually to ensure that, collectively, they are adequate.

For the purposes of an assessment of the Board as a whole, the results of individual Director assessments shall be amalgamated by the Head of HR and reported to the Chair of the Board, who shall ascertain any training and development needs of the individuals and the Board as a whole.

The overriding aim of the assessments, both on an individual and collective basis, and the consequent actions taken, is to ensure that at all times the Board collectively possesses adequate knowledge, skills and experience to be able to understand TDBEL's activities, including its key risks, to enable it to take appropriate decisions concerning TDBEL's business, and to monitor and challenge decisions made by its management.

### 3.7 Sufficient Time Capacity

In addition to assessing suitability in terms of their personal attributes as detailed above, an assessment should be made as to the capacity of each Director to commit sufficient time to perform their functions and properly discharge duties within TDBEL. This assessment should be made prior to initial appointment and monitored thereafter.

### 3.8 Directorships

In order to ensure a Director is able to commit sufficient time to discharge their duties within TDBEL, the following limit is placed on the number of directorships that may be held by a Director at any one time:

- one executive director role and two non-executive director roles; or
- four non-executive roles

For this purpose, however, directorships in the same group of companies shall count as a single directorship only; and directorships of non-commercial organisations may be ignored. Where a directorship (or multiple directorships within the same group of companies) involves at the same time executive and non-executive responsibilities, it will count as an executive directorship.

Directors should notify the Company Secretary and/or Chair of TDBEL immediately of any proposed new directorship

appointment to be taken up (whether executive or non-executive). Where a Director proposes to take on an additional directorship or starts to perform any new relevant activities (including political ones), the time commitment of the Director shall be reassessed along with any conflicts of interest assessment.

### 3.9 Conflicts of Interest

Directors are required to disclose all external relationships and engagements which may give rise to a potential or actual conflict of interest at onboarding as part of suitability and background assessments and on an ongoing basis thereafter to ensure that such can either be managed or mitigated against appropriately. Conflicts may include but are not limited to:

- Personal conflicts
- Business conflicts
- Directorships and Outside Business Interests
- Service Providers

Where the director's conflict of interest is manageable (for example, by not giving the director material pertaining to the conflicted issue and/or the director being absent for certain deliberations of the board), the director may remain on the board and the conflict will be monitored.

If a conflict cannot be effectively managed or mitigated then the Board will formally consider the appropriateness of a Director remaining on the Board.

Conflicts of interest checks at onboarding may include but are not limited to:

- Initial assessment undertaken by recruitment firm
- Review of director's external relationships and engagements by relevant Business Heads and Regional Head TDS Europe & Asia-Pacific
- Review of director's external relationships and engagements by TD Legal and Head of Governance, TDS Europe & Asia-Pacific
- Review of director's external relationships and engagements by Compliance
- Review and approval of director's external relationships and engagements by the Board

### 3.10 Documentation of Assessments

The suitability assessment process and its results (including any weaknesses identified) shall be formally documented and retained by management and made available to the Board upon request.

### 3.11 Senior Manager Function Roles

TDBEL shall apply the same governance process and assessment criteria for the selection of designated TDBEL Senior Manager Function roles under the Financial Conduct Authority's and Prudential Regulation Authority's Senior Managers & Certification Regime (SMF Roles) in order to ensure that appropriate candidates are appointed to position in the first instance.

The Nomination Committee, together with the Head of HR, shall also prepare a Succession Plan for SMFs based on the considerations noted above (including for dealing with sudden or unexpected absences or departure of SMFs, including any relevant interim arrangements).

### 3.12 Competent Authority Communication

In the event TDBEL identifies any material deficiencies concerning any Director's suitability, the Board's composition with respect to collective suitability, or the suitability of a SMF, the FCA and the PRA will be informed without delay. This information will include the measures taken or those which will be taken to remediate the deficiencies and the timeline for their implementation.

Individual and collective suitability assessments, including those conducted upon a change to the Board (or SMFs) shall be documented and made available to the FCA and the PRA at their request. Communication with the FCA and the PRA is the responsibility of Compliance in the first instance or their chosen delegate.

## 4. Monitoring & Review

The Nomination Committee shall, on an annual basis, review the design and implementation of the Policy to ensure that it remains appropriate and shall advise the Board of the outcome of such review and of any recommended changes

## 5. Policy Ownership and Review Cycle

### Policy Owner & Contact

The Head of Governance, Europe & Asia-Pacific owns this Policy and is responsible for the annual review of the Policy to ensure that the content remains accurate and relevant, although in doing so will consult with relevant corporate and control functions, including HR. The Head of Governance, Europe & Asia-Pacific is also responsible for addressing any questions or feedback with respect to this Policy.

## Policy Approval

The TDBEL Nomination Committee reviews and approves the Policy annually and agrees any changes to it. Policy Owner Head of Governance, TDS Europe & Asia-Pacific

<b>Policy Approval</b>	TDBEL Nomination Committee
<b>Approval Date</b>	29 November 2021
<b>Effective Date</b>	1 December 2021
<b>Review Frequency</b>	Annual
<b>Next Review Date</b>	December 2022

## 6. Related Policies and Other Supporting Documents

The Policy should be read in conjunction with the TDBEL Board Diversity Policy and TD Code of Conduct.

## 7. Publication of Policy

This Policy is published on the TD Securities website: [tdsecurities.com/ca/en/legal](https://tdsecurities.com/ca/en/legal).

## Appendix 1

### Personal Qualities, Fitness and Proprietary Assessment Considerations

1. Honesty, integrity, ethical approach and being of good repute
2. Independence of mind so as to enable the independent and objective performance of duties
3. Proven ability to exercise sound business judgement and to take a strategic view
4. Ability to assess and challenge decisions of senior management
5. Ability to detect and resist imprudence, dishonesty or irregularities of others
6. Ability to act cohesively, behave cooperatively and interact smoothly with other Board members
7. Capacity and willingness to attend all Board (and where relevant Committee) meetings in person (except under urgent and unavoidable circumstances)
8. Employment history and any dismissals or forced resignations (particularly from positions of trust)
9. Past and present business performance and soundness (including involvement in an insolvent company, personal bankruptcy, and civil judgments)
10. Disqualification from directorships and failures to meet regulatory standards
11. Actions taken by the PRA, FCA and any other regulatory authorities (globally) and the individual's transparency in dealing with them (cumulative effects of minor incidents and breaches should also be considered)
12. Existence of a criminal record (with particular consideration given to the nature of the charge and whether it related to financial services and/or honesty, the penalty imposed, the surrounding circumstances, and any mitigating factors)

### Skills, Knowledge, Experience and Capability Assessment Considerations

1. Relevant knowledge to enable an up-to-date understanding of each of TDBEL's activities, key risks and strategy and of the industry and markets in which it operates
2. Adequately broad range of experience and relevant practical professional experience
3. Management experience and skills (taking into account length of experience, position in hierarchy, type and complexity of business, competencies and responsibilities held)
4. Education, training and qualifications relating to banking and financial services or other relevant business areas (e.g. accounting, administration, auditing, business strategy, financial regulation, governance, IT, risk, strategic planning and oversight and controls)
5. Knowledge of TD Bank Group structure and governance arrangements
6. An understanding of where conflicts of interest may arise in relation to TDBEL's activities, particularly within the context of TD Bank Group

### Independence Assessment Considerations

1. Any financial or other obligation the individual may have to TDBEL, TD Bank Group or any of their respective directors
2. Whether the individual is or has been employed by TDBEL or a TD Bank Group entity in the past five years
3. Whether the individual has or had within the last three years a material business relationship with TDBEL either directly or as a partner, shareholder, director or senior employee of a body that has had a relationship with TDBEL or any member of TD Bank Group
4. Whether the individual is or has been a provider of professional services to TDBEL or any other member of TD Bank Group in the recent past
5. Whether the individual has any ongoing contractual relationship with a provider of professional services (including audit) to TDBEL or any other member of TD Bank Group or affiliates
6. Whether the individual represents a significant shareholder (including another member of TD Bank Group)
7. Whether the individual has acted as an independent non-executive director of TDBEL or another member of TD Bank Group for extended periods
8. Any additional remuneration received from any member of TD Bank Group in addition to the director's fee from TDBEL

9. Holding significant links with other directors through involvement in other companies and bodies
10. Any close business or personal relationship with any of TDBEL's or any other member of TD Bank Group's directors or senior employees
11. Any direct or indirect relationships with TDBEL or any other member of TD Bank Group that would make the individual personally beholden to that entity and consequently interfere with the exercise of the individual's independent judgment
12. Any close family ties with any of TDBEL's or any other member of TD Bank Group's advisers, directors or senior employees
13. Service on the Board for more than nine years since the date of first appointment