



Why TD Bank's (TSX:TD) ESG Efforts Will Pay Massive Dividends!

Description

TD Bank ([TSX:TD](#))([NYSE:TD](#)) isn't just Canada's most American bank; it's one of Canada's most environmentally and socially responsible companies on the planet. The Canadian bank is the top holding of **MSCI Canada ESG Leaders Index**, making it the poster child for high ESG (environment, social, and corporate governance) performance in Canada and is the only Canadian bank to be included in the Dow Jones Sustainability Indices (DJSI).

ESG factor investing is a pretty big deal, especially among younger investors who desire to make an impact with their invested capital. And TD Bank has taken a pro-active approach to scoring better than its peers in the environment, social, and governance categories.

We've entered an era where ESG isn't just "nice to have"; it's a "must-have" to win over young investors who care about more than just earnings growth. In essence, investing in ESG has the potential to pay huge dividends, as the inclusion to such sustainability indices can reward shareholders who are 100% return oriented.

ESG investing isn't a fad. It's a secular trend, and it's only going to give firms who've done their part to leave a positive impact on the community and the planet. In essence, the magnitude of ESG-friendliness of a company has a direct impact on how much it's worth.

And with TD Bank setting an example for global banks, investors would be wise to consider the favourable ESG performance when determining the intrinsic value of the stock.

We already know that TD Bank is a premier player in the Canadian banking scene, as demonstrated by exceptional risk management, but what many investors may not know is that Canada's (arguably) most premier bank is also one of Canada's most responsible companies.

"We are targeting \$1 billion, in total, in community giving by 2030 in four areas: financial security, vibrant planet, connected communities and better health across our North American footprint." said TD CEO Bharat Masrani in a note on TD Bank Group's 2018 ESG report.

"The size and scale of TD provide us with many advantages, including our ability to make a meaningful

and long-lasting impact in the communities where we work and live. Our purpose is to enrich the lives of our customers, colleagues and communities. We do this through our businesses, our people and our philanthropy. It's a responsibility we take very seriously as a purpose-driven organization, especially in light of the complex challenges confronting society today."

Indeed, TD Bank hasn't scored such high ESG marks by doing the minimal amount. The company has an active plan to give back a generous amount to the community, and as one of the pioneers in ESG, I believe TD's ESG investments will have a [high return](#)— not just in the good given back to the community, but in terms of shareholder value.

As the company's reputation improves, so too will its stock price, as the premium bank looks to capitalize on one of the biggest trends of our time.

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Author

joefrenette

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