TD Green Bond (2021) Issuance – Use of Proceeds

The Toronto-Dominion Bank ("TD") aims to have a differentiated strategy – anchored in our proven business model, we are guided by our desire to give our customers, communities, and colleagues the opportunities and confidence to thrive in a changing world. TD is on a journey to embed sustainability across its business. Green, Social and Sustainability Bonds (collectively "Sustainable Bonds") are one way of demonstrating our commitment to increasing the flow of capital to low-carbon and socially responsible economic growth. In 2021, TD issued its first Green Bond under the TD Sustainable Bonds Framework, which was published in 2020. The 2021 Green Bond is a US$500 million three-year bond maturing on December 13, 2024, closed through a syndicate of underwriters that included minority-, women- and veteran-owned business enterprises (MWVBEs)[1].

Under the TD Sustainable Bonds Framework, an amount equal to the net proceeds of the Green Bond will be used to finance and/or refinance,[2] in part or in whole, loans, investments and internal or external projects that meet the TD Sustainable Bonds Framework's Green Eligible Categories criteria. Please refer to the TD Sustainable Bonds Framework for more information on the eligible categories and TD Sustainable Bonds.

2021 Green Bond Issuance

Four projects or companies funded by the 2021 TD Green Bond are featured below, as well as a breakdown of benefits and use of proceeds by eligibility category.[3]

Clean Transportation

Amount Allocated:
US $160.9 million

Description:

Portfolio of electric passenger car loans through TD Auto Finance in the U.S. that meet the eligibility criteria of TD's Sustainable Bonds Framework, where vehicle emissions must be below 50 g CO_2e/km.

Expected Benefits:

Electric vehicles are a key technology in decarbonizing the transportation sector, which accounts for 16% of global greenhouse gas emissions according to the International Energy Agency (IEA).

Green Buildings

Amount Allocated:
US $28.6 million

Description:

Construction loan provided to 1 Madison Office Fee LLC. (One Madison) to be used for the redevelopment of a 1.4 million square foot, 27-story, office tower located in the Midtown South/Gramercy neighborhoods of Manhattan, New York City. TD is one of the lead lenders in the syndicated loan for this development.

Expected Benefits:

One Madison is expected to achieve both WELL and LEED-Gold certification. As part of the LEED Certification process, environmental goals are integrated in design, construction and planning decision-making. Planned features of the building include high efficiency mechanical systems to conserve energy, as well as a high-performance curtain wall that optimizes heating and cooling efficiency. The building is also planned to have more than 1 acre of outdoor space across various setback, terrace and rooftop spaces, each connected to a stormwater drainage system that feeds into a 74,000 gallon reclamation tank to provide makeup water to the building's cooling towers.

Renewable Energy

Amount Allocated:
US $47.3 million

Description:

Credit facility to Lightsource Titan Borrower USD Limited (Lightsource bp), an international solar business, to support the development of utility-scale solar projects, which will support Lightsource bp's goal to develop 25 GW of solar by 2025. Lightsource bp is a renewable energy company, with at least 95% of their revenue derived from sources that meet the TD Sustainable Bonds Framework eligibility criteria.

Expected Benefits:

The credit facility, along with other sources of financing, helped to develop an initial 2 GW of solar projects approximately. Additionally, Lightsource bp seeks to limit adverse impacts on biodiversity while also incorporating ecosystem protection and biodiversity enhancements into its projects, with Lightsource bp reporting a large majority of its self-developed projects in 2021 utilizing a Biodiversity Management Plan.

Renewable Energy

Amount Allocated:
US $12.3 million

Description:

Letter of credit and revolving credit facilities to support the collateral and working capital requirements for Cypress Creek Renewables' operating and development assets. Cypress Creek Renewables develops, finances, operates and owns utility-scale and distributed solar power plants across the United States.

Expected Benefits:

As a renewable energy source, solar energy helps to support the transition to a low carbon economy. To date, Cypress Creek Renewables has developed 12 GW of solar power plants and currently operates 4 GW of solar power plants. The letter of credit and revolving credit facilities are intended to support the advancement of Cypress Creek Renewables project development pipeline.

1. The enterprises were certified as MWVBEs by certification programs of the U.S. Department of Veterans Affairs, the State of New Jersey, and the New York & New Jersey Minority Supplier Development Council, as applicable.
2. As set out in the TD Sustainable Bonds Framework, Eligible Assets are considered to be "financed" from the net proceeds of a Sustainable Bond when the relevant Eligible Asset is financed after the Sustainable Bond's issuance. Eligible Assets are considered to be "refinanced" from the net proceeds of a Sustainable Bond when the relevant Eligible Asset was financed before the Sustainable Bond's issuance. Accordingly, net proceeds raised through the issuance of Sustainable Bonds under this Framework can be used to finance new Eligible Assets or to refinance existing Eligible Assets.
3. Information and specifications below, including expected benefits, have been provided and/or confirmed by the applicable borrower.

Allocation Reporting

Use of Proceeds as at October 31, 2022.

Eligible Category	Allocated Proceeds ($MM USD)
Green Categories	
Renewable Energy	161.9
Energy Efficiency	25.6
Green Buildings	136.5
Clean Transportation	160.9
Environmentally Sustainable Management of Living Natural Resources and Sustainable Land Use	13.5
Pollution Prevention and Control	–
Sustainable Water and Wastewater Manage-ment	–
Total	**$498.4**[4,5,6,7]

Impact Reporting

The impact indicators below, as outlined in the TD Sustainable Bonds Framework, provide the expected quantifiable environmental outcomes associated with the Green Bond.

Project Category	Impact Indicator	Unit	Impact of the TD Green Bond Proceeds[8,9,10,11]
Green Eligible Categories			
Renewable Energy	Annual renewable energy generation and/or capacity of renewable energy plants constructed or rehabilitated	MWh	n/a
	Annual GHG emissions reduced/avoided	tonnes CO_2e	n/a
	Natural capital value	$CAD	n/a
Energy Efficiency	Annual energy savings	MWh	n/a
	Annual GHG emissions reduced/avoided	tonnes CO_2e	718
	Natural capital value	$CAD	169,885
Environmentally Sustainable Management of Natural Resources	Area of sustainable forestry projects	hectares	n/a
	Number of projects financed	#	3
Clean Transportation	Annual absolute (gross) GHG emissions avoided	tonnes CO_2e	11,641
	Public transit passenger capacity	#	n/a
	Natural capital value	$CAD	2,756,300
Green Buildings	Annual energy savings	MWh	1,298
	Annual GHG emissions reduced/avoided	tonnes CO_2e	588
	Natural capital value	$CAD	139,145

4. TD received cash proceeds of US$498,385,000 net of agency fees.
5. The proportion financed and refinanced Eligible Assets for the allocated proceeds as at October 31, 2022 was 22% and 78%, respectively.
6. Visit the 2022 Assurance Statement from E&Y LLP.
7. For more information on the basis of allocating the use of proceeds, visit the TD Sustainable Bonds Framework.
8. Impact measurement metrics reflect TD's loan share of the project.
9. The impact results have been estimated by a third-party consultant engaged by TD, with the exception of "area of sustainable forestry projects" and "number of projects financed," which are reported by TD based on publicly available information.
10. In this column, "n/a" denotes categories where TD does not have sufficient data to reasonably estimate TD's attributed proportion of the impact of the projects.
11. Indicators are intended to provide a measurement of the environmental and social impacts that are expected to result from a project to which Green Bond proceeds have been allocated under the TD Sustainable Bonds Framework. To the extent available and subject to any applicable confidentiality obligations and any other non-disclosure obligations, TD will report on an annual basis information on relevant environmental and social impacts. Readers are cautioned not to place undue reliance on these indicators as a number of risk factors could cause actual results to differ materially from the expectations presented in any forward-looking impact indicator including the risk that eligible projects will not be completed within a specified period or at all or with the results or outcomes as originally expected or anticipated by TD.

Natural Capital Valuation[12]

TD Green Bond Projects

	2022
Carbon reduced or avoided (tonnes CO_2e)	12,947
Natural capital value ($CAD)	3,065,330

TD Economics[13] has defined natural capital as "the stock of natural resources (finite or renewable) and ecosystems that provide direct or indirect benefits to the economy, our society and the world around us." Natural capital valuation helps us to understand the true costs, benefits and return on investment of planned activities. Proceeds of the TD Green Bond were used to fund projects that provided a measurable environmental benefit, such as the construction of energy efficient buildings, solar farms, wind power developments and low-impact hydroelectric facilities.

12. Natural capital valuation is completed by a third-party consultant based on available data from energy efficiency buildings, clean transportation, and renewable energy generation projects reflecting TD's loan share of allocated proceeds. Expected energy savings for energy-efficient buildings are estimated by comparing energy use intensity of LEED buildings to typical non-LEED buildings of the same floor area using U.S. Energy Information Administration data. Energy efficiency savings are then multiplied by appropriate electricity emissions factors, to estimate GHG emissions avoided. For clean transportation projects, the end-use emissions differential between an average car as provided by the U.S. Environmental Protection Agency and the average of the allocated electric passenger car loans was estimated. For renewable energy projects, the expected energy generation is multiplied by the appropriate electricity emissions factors using Environment and Climate Change Canada and U.S. Environmental Protection Agency data allowing GHG emissions avoided to be estimated. For green buildings, clean transportation and renewable energy projects, GHG emissions avoided are multiplied by the Social Cost of Carbon, sourced from the Technical Update to Environment and Climate Change Canada's Social Cost of Greenhouse Gas Estimates document published by Environment and Climate Change Canada, to calculate the natural capital value of avoiding or reducing GHG emissions.
13. www.td.com/document/PDF/economics/special/NaturalCapital.pdf.

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March 2023