

# **TD Bank Group**

# **Sustainable Financing Framework**

September 2024



# 1. TD Bank Group Overview

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group (“TD” or the “Bank”). TD is the sixth largest bank in North America by assets<sup>1</sup> and serves millions of customers in four key businesses operating in a number of locations in financial centres around the globe. TD also ranks among the world’s leading online financial services firms, with millions of active online and mobile customers. The Toronto-Dominion Bank trades under the symbol “TD” on the Toronto and New York Stock Exchanges.

## TD’s Sustainability Strategy

TD works with clients to support their environmental and social goals. TD’s Sustainability Strategy is enabled and supported by various programs and initiatives across the Bank, which help to deliver on our strategic focus, targets, and goals.

TD has prepared its Sustainable Financing Framework (the “Framework”) in alignment with the International Capital Market Association (“ICMA”) principles and guidelines. Please see additional details in Section 2.

For more information on TD’s Sustainability Strategy, including targets and initiatives, please visit [TD’s Sustainability Reporting webpage](#).

## Sustainable Finance at TD



## TD’s Sustainable Financing Program

TD has been an active participant in the sustainable capital markets for over a decade:

### 2014

TD became the first Canadian commercial bank to issue a green bond

### 2017

Published inaugural TD Green Bond Framework

### 2020

Released updated Sustainable Bonds Framework, incorporating social activities into the framework, and issued the first-ever sustainability bond in SOFR<sup>2</sup> format

### 2021

Issued third green bond through a syndicate of underwriters that included minority-, women-, and veteran-owned business enterprises

### 2024

TD’s fourth green bond issued in December 2023 was awarded by Environmental Finance for “Green bond of the year – financial institution (2024)”



<sup>1</sup> TD Bank Group is the 6th largest bank by total assets, 6th largest bank by total deposits, and the 6th largest bank by market capitalization against North American Peers as of July 31, 2024. North American Peers defined as Canadian peers (Royal Bank of Canada, Bank of Montreal, The Bank of Nova Scotia and Canadian Imperial Bank of Commerce) and U.S. peers (Citigroup Inc., Bank of America Corporation, JPMorgan Chase & Co., Wells Fargo & Company and U.S. Bancorp).

<sup>2</sup> Secured Overnight Financing Rate.

## 2. TD Sustainable Financing Framework

TD has prepared its Sustainable Financing Framework in line with ICMA Green Bond Principles 2021 (with June 2022 Appendix) (the “GBP”), Social Bond Principles 2023 (the “SBP”) and Sustainability Bond Guidelines 2021<sup>3</sup> (the “SBG”). ICMA provides internationally recognized standards which outline best practices when issuing financing instruments serving social and/or environmental purposes through global guidelines and recommendations that promote transparency and disclosure. According to ICMA, their standards were referenced by 97% of issuers in the international sustainable bond market in 2023.

ICMA provides high-level guidance for eligible categories in recognition of the diversity of current views and of the ongoing development in the understanding of sustainability issues and consequences, while referring when needed to other parties that provide complementary definitions, standards and taxonomies. ICMA encourages all participants in the market to use this foundation to develop their own robust practices, referencing a broad set of complementary criteria as relevant.

In alignment with ICMA, TD has considered a variety of available standards, guidelines and industry practices to inform the Framework where possible, including, but not limited to, the EU Taxonomy for Sustainable Activities (Regulation (EU) 2020/852), the Climate Bonds Taxonomy by the Climate Bonds Initiative, and other international and regional guidance as applicable.

The Framework outlines four key components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework allows TD to issue bonds and other wholesale funding instruments, collectively referred to as “Sustainable Financing Instruments”, in the form of:

- **Green Financing Instruments** to finance and/or refinance assets that promote Green Eligible Categories (as defined in Section 3)
- **Social Financing Instruments** to finance and/or refinance assets that promote Social Eligible Categories (as defined in Section 3)
- **Sustainability Financing Instruments** to finance and/or refinance assets that promote a combination of Green Eligible Categories and Social Eligible Categories

The Framework replaces the [Sustainable Bonds Framework \(2020\)](#).<sup>4</sup> TD will review the Framework periodically and may choose to update or amend it.

### Second Party Opinion

TD has obtained a second party opinion from Moody’s Investors Service on the Framework which is available on [TD’s Supplementary Sustainability Resources webpage](#). This opinion provides an independent assessment of the Framework’s alignment with the transparency and reporting requirements of ICMA’s GBP, SBP, and SBG.

For updates or amendments to the Framework, TD will obtain a separate second party opinion and make it available on [TD’s Supplementary Sustainability Resources webpage](#).

<sup>3</sup> <https://www.icmagroup.org/sustainable-finance/>



<sup>4</sup> Issuances prior to the publication of this Framework will continue to utilize the Sustainable Bonds Framework (2020) or as stated in the relevant prospectus.

### 3. Use of Proceeds

The Bank intends to finance and/or refinance,<sup>5</sup> in part or in whole, loans, bonds, investments, and internal or external projects (collectively, “Eligible Assets”) that promote the categories outlined below (“Eligible Categories”) in an aggregate amount equal to or greater than the net proceeds of Sustainable Financing Instruments issued under the Framework. General corporate bonds, loans, or investments will qualify as Eligible Assets if at least 90% of the recipient’s revenue is derived from sources that meet the relevant eligibility criteria set out below.

The Framework notes the manner in which the Sustainable Financing Instruments will support and contribute towards the United Nations Sustainable Development Goals (“SDGs”).<sup>6</sup>

#### Green Eligible Categories

Category	Eligibility Criteria
<p data-bbox="109 667 390 703"><b>Renewable Energy</b></p> <div data-bbox="113 724 260 794">   </div>	<p data-bbox="548 659 1959 711">Acquisition, construction, development, operation, production, transport, distribution, renovation and/or maintenance of one or more of the following renewable energy generation sources:</p> <ul data-bbox="548 712 1959 1057" style="list-style-type: none"> <li>• Wind energy</li> <li>• Geothermal energy with direct life-cycle emissions &lt;100gCO<sub>2</sub>e/kWh</li> <li>• Solar energy</li> <li>• Tidal and ocean energy generation</li> <li>• Waste biomass and renewable biofuels, sourced from sustainable agriculture and forestry residues, with direct life-cycle emissions &lt;100gCO<sub>2</sub>e/kWh</li> <li>• Hydropower<sup>7</sup></li> <li>• Hydrogen produced through renewable energy sources with direct life-cycle emissions &lt;36.4gCO<sub>2</sub>e/MJN</li> <li>• Infrastructure to support the integration of renewable energy into the grid, including connections of renewables into the grid and investments to increase transmission capacity of the grid that comply with at least one of the following:               <ul data-bbox="579 979 1948 1057" style="list-style-type: none"> <li>– More than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100gCO<sub>2</sub>e/kWh, over a rolling five-year period<sup>8</sup></li> <li>– The average system grid emissions factor does not exceed 100gCO<sub>2</sub>e/kWh on a life-cycle basis, over a rolling five-year period</li> </ul> </li> </ul>

5 Eligible Assets are considered to be “financed” from the net proceeds of a Sustainable Financing Instrument when the relevant Eligible Asset is financed after the Sustainable Financing Instrument’s issuance. Eligible Assets are considered to be “refinanced” from the net proceeds of a Sustainable Financing Instrument when the relevant Eligible Asset was financed before the Sustainable Financing Instrument’s issuance. Accordingly, net proceeds raised through the issuance of Sustainable Financing Instruments under the Framework can be used to finance new Eligible Assets and to refinance existing Eligible Assets.









6 <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>. Relevant UN SDGs are noted under each category in the “Use of Proceeds” section of the Framework below.

7 Eligible hydropower projects include: 1) run-of-river facilities that do not have an artificial reservoir; 2) projects in operation before January 1, 2020 with average power density of >5 W/m<sup>2</sup> or operate with average life-cycle emissions <100gCO<sub>2</sub>e/kWh; or 3) projects in operation post January 1, 2020 with an average power density of >10 W/m<sup>2</sup> or operate with average life-cycle emissions <50gCO<sub>2</sub>e/kWh; or 4) refurbishment, operation and maintenance of existing hydropower projects, provided the size of the dam or reservoir is not increased.

8 Emissions threshold measured on an ex-ante basis when historical rolling five-year data is not available.



## Green Eligible Categories

Category	Eligibility Criteria
<p data-bbox="107 284 401 321"><b>Nuclear Energy</b><sup>9,10,11</sup></p>  	<p data-bbox="548 277 1969 331">Acquisition, construction, development, operation, renovation, and/or maintenance of certain facilities, systems, or equipment related to nuclear energy:</p> <ul data-bbox="548 331 1969 440" style="list-style-type: none"> <li data-bbox="548 331 1472 358">• New and existing nuclear generation of electricity, heat, and/or hydrogen production</li> <li data-bbox="548 358 1934 386">• Research and development of technologies that produce energy from nuclear processes, with minimal waste from the fuel cycle</li> <li data-bbox="548 386 1969 440">• Investments in increasing the operating life span and/or output efficiency of existing nuclear power plants, including improvements in the level of operational safety</li> </ul>
<p data-bbox="107 516 369 553"><b>Energy Efficiency</b></p>  	<p data-bbox="548 509 1461 537">Acquisition, construction, development, operation, renovation and/or maintenance of:</p> <ul data-bbox="548 537 1885 695" style="list-style-type: none"> <li data-bbox="548 537 1178 565">• Energy distribution, storage and management, including:               <ul data-bbox="575 565 1241 646" style="list-style-type: none"> <li data-bbox="575 565 1087 592">– Efficient district heating and cooling systems</li> <li data-bbox="575 592 1241 620">– Energy management and storage facilities or infrastructure</li> <li data-bbox="575 620 1073 647">– Energy performance monitoring equipment</li> </ul> </li> <li data-bbox="548 646 1885 695">• Energy efficiency projects that result or are expected to result in a minimum 30% increase in energy efficiency and/or a 30% reduction in associated greenhouse gas (GHG) emissions</li> </ul>
<p data-bbox="107 771 411 841"><b>Pollution Prevention and Control</b><sup>12</sup></p>    	<p data-bbox="548 764 1934 818">Acquisition, construction, research, development, infrastructure, operation, renovation and/or maintenance of facilities, systems or equipment used for:</p> <ul data-bbox="548 818 1948 954" style="list-style-type: none"> <li data-bbox="548 818 1927 846">• Treatment/remediation, collection, reduction of emissions, reduction of non-hazardous waste or treatment of contaminated soil</li> <li data-bbox="548 846 1104 873">• Diverting non-hazardous waste away from landfill</li> <li data-bbox="548 873 1948 927">• Carbon capture and storage (CCS)<sup>13</sup> including direct air capture projects, with permanent underground geological storage of CO<sub>2</sub> and with a capture efficiency design of 90% or higher<sup>14</sup></li> <li data-bbox="548 927 1709 954">• Landfill gas capture projects<sup>15</sup> for non-operational landfills with a capture efficiency design of 75% or higher</li> </ul>

9 Any allocations to Nuclear Energy will be explicitly disclosed at or before time of issuance and subsequently in TD's annual Sustainable Financing Report.

10 TD finances projects, including those related to Nuclear Energy, in accordance with the regulations of the jurisdictions in which they are operated.

11 The EU Taxonomy for Sustainable Activities includes Nuclear Energy activities, and the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario states nuclear energy plays an important role in a global pathway to net zero.



12 For CCS activities, the IEA Net Zero Emissions by 2050 Scenario states the technology plays an important role in a global pathway to net zero.

13 CCS projects for the purpose of upstream Enhanced Oil Recovery activities are excluded.

14 Capture efficiency criteria will be subject to ongoing review by TD's Sustainable Financing Review Group to evaluate project eligibility.




15 Projects limited to landfills opened before July 8, 2020 and from which the produced landfill gas is used for the generation of electricity or heat as biogas or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in the chemical industry.

## Green Eligible Categories

Category	Eligibility Criteria
<p data-bbox="107 280 504 354"><b>Sustainable Management of Natural Resources</b></p> 	<p data-bbox="548 280 1944 331">Acquisition, development and/or operation of sustainably managed resources certified by credible third-party certification systems, including:</p> <ul data-bbox="548 334 1877 623" style="list-style-type: none"> <li>• Sustainable agriculture               <ul data-bbox="579 358 1192 440" style="list-style-type: none"> <li>– Canada Organic</li> <li>– USDA Organic</li> <li>– Round Table on Responsible Soy Association Standard</li> </ul> </li> <li>• Sustainable forestry               <ul data-bbox="579 464 1877 516" style="list-style-type: none"> <li>– Sustainably managed forest holdings and forest products including the Forest Stewardship Council, Programme for the Endorsement of Forest Certification, or Sustainable Forestry Initiative</li> </ul> </li> <li>• Sustainable aquaculture and fisheries               <ul data-bbox="579 540 978 623" style="list-style-type: none"> <li>– Marine Stewardship Council</li> <li>– Aquaculture Stewardship Council</li> <li>– Best Aquaculture Practices (2 stars or more)</li> </ul> </li> </ul> <p data-bbox="548 639 1913 690">Agricultural activities, facilities, equipment and technologies that improve resource use efficiency, reduce GHG emissions, and/or improve climate resilience, including:</p> <ul data-bbox="548 693 1787 797" style="list-style-type: none"> <li>• Advanced irrigation techniques</li> <li>• Precision farming, regenerative agriculture, and/or protected agriculture including greenhouses and shade houses</li> <li>• Use of climate smart farm inputs, including Rainforest Alliance-certified biological crop protection</li> <li>• Production of alternative proteins</li> </ul> <p data-bbox="548 813 1948 863">Conservation of biodiversity and terrestrial and aquatic ecosystems through preservation, restoration and sustainable management activities as applied by public sector and not-for-profit environmental organizations or equivalent private initiatives</p>
<p data-bbox="107 938 432 971"><b>Clean Transportation</b></p> 	<p data-bbox="548 938 1461 963">Acquisition, construction, development, operation, renovation and/or maintenance of:</p> <ul data-bbox="548 966 1982 1227" style="list-style-type: none"> <li>• Electrified and hydrogen fuel cell vehicles</li> <li>• Electrified rail, trams, and trolleybuses</li> <li>• Passenger rail (&lt;50gCO<sub>2</sub>e/km; 0gCO<sub>2</sub>e/km after 2025)</li> <li>• Hybrid or electric buses (&lt;50gCO<sub>2</sub>e/km; 0gCO<sub>2</sub>e/km after 2025)</li> <li>• Zero-emission freight vehicles including rail and water transport vessels<sup>16</sup></li> <li>• Supporting infrastructure dedicated to low-carbon transport including hydrogen refuelling and electric vehicle charging stations</li> <li>• Transportation infrastructure including network expansions and capacity improvements of metro/train systems and station upgrades</li> <li>• Cycling and walking infrastructure</li> <li>• Raw materials and/or enabling components used in the production of electrified and zero-emission vehicles including batteries, battery and fuel cells, electric motors, powertrains and other components used in zero-emission propulsion systems</li> </ul>






<sup>16</sup> Projects will be screened by the Sustainable Financing Review Group to ensure eligible vehicles and supporting infrastructure are not to be dedicated to the transport of fossil fuels where information is available to review.

## Green Eligible Categories

Category	Eligibility Criteria
<p data-bbox="107 277 506 354"><b>Sustainable Water and Wastewater Management</b></p> 	<p data-bbox="548 277 1885 331">Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for sustainable water and wastewater management, including:</p> <ul data-bbox="548 331 1923 410" style="list-style-type: none"> <li>• Collection, treatment,<sup>17</sup> recycling and/or reuse of water and wastewater</li> <li>• Flood defense, mitigation, prevention or stormwater management</li> <li>• Improvement to water infrastructure that increases water efficiency, including leakage control and water metering technologies</li> </ul>
<p data-bbox="107 521 415 597"><b>Green Buildings and Infrastructure</b></p> 	<p data-bbox="548 521 1934 574">Acquisition, construction, development, operation, renovation and/or maintenance of residential and/or commercial buildings that meet one of the following criteria:</p> <ul data-bbox="548 574 1934 919" style="list-style-type: none"> <li>• Received, or expect to receive based on their design, construction and/or operation plans, certification of regional (beyond mandatory levels), national or internationally recognized standards, including: <ul data-bbox="575 630 1402 732" style="list-style-type: none"> <li>– LEED Gold or Platinum</li> <li>– BOMA BEST Gold or Platinum</li> <li>– BREEAM Excellent or Outstanding</li> <li>– ENERGY STAR minimum of 85</li> </ul> </li> <li>• Refurbishment projects that result in or are expected to result in a minimum 30% improvement in energy efficiency and/or a 30% reduction in GHG emissions, based on a third-party assessment</li> <li>• Energy efficient buildings that are in the top 15% in their respective geographic regions based on a third-party methodology or assessment</li> <li>• Data centres that meet or are expected to meet the following Power Usage Effectiveness (PUE) requirements: <ul data-bbox="575 867 1724 919" style="list-style-type: none"> <li>– For data centres constructed prior to January 1, 2021, design or operational PUE of 1.5 or below</li> <li>– For data centres constructed on or after January 1, 2021, design or operational PUE of 1.4 or below</li> </ul> </li> </ul>
<p data-bbox="107 992 407 1068"><b>Climate Adaptation and Resilience</b></p> 	<p data-bbox="548 992 1976 1045">Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for projects related to:</p> <ul data-bbox="548 1045 1955 1203" style="list-style-type: none"> <li>• Information and communications technology for climate monitoring and data collection/management, including observation and early warning systems</li> <li>• Nature-based solutions that promote climate resiliency</li> <li>• Prevention, defense, management and mitigation barriers for severe weather events, including flood, drought and fire</li> <li>• Residential and commercial real estate climate resiliency measures</li> <li>• Non-fossil fuel-based energy backup generation and storage</li> </ul>

<sup>17</sup> Water and wastewater projects for the purpose of desalination are excluded.

## Social Eligible Categories


Category	Eligibility Criteria
<p data-bbox="107 277 348 350"><b>Access to Basic Infrastructure</b></p> 	<p data-bbox="548 277 1864 302">Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment used for:</p> <ul data-bbox="548 305 1902 358" style="list-style-type: none"> <li>• Infrastructure to provide low- and moderate-income or rural communities<sup>18</sup> access to services, including clean drinking water, sewers, sanitation, transport, clean energy and telecommunications (including mobile and internet access)</li> </ul>
<p data-bbox="107 521 401 594"><b>Access to Essential Services</b></p>  	<p data-bbox="548 521 678 545"><b>Healthcare</b></p> <p data-bbox="548 548 1881 602">Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment for public, subsidized and/or non-profit healthcare, including:</p> <ul data-bbox="548 605 1959 813" style="list-style-type: none"> <li>• Hospitals, clinics, healthcare centres, hospices and medical equipment</li> <li>• Care centres, including childcare centres, community centres, eldercare centres, refugee centres, safe houses and organizations that provide care and refuge to target populations such as the homeless, survivors of domestic abuse and persons with disabilities</li> <li>• Mental health facilities and services</li> <li>• Public health systems, including emergency response and disease control services</li> <li>• Health and medical education, including emergency medical response training</li> <li>• Healthcare and medical research</li> <li>• Digital healthcare</li> </ul> <p data-bbox="548 829 667 854"><b>Education</b></p> <p data-bbox="548 857 1955 911">Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment for public and/or government-subsidized education, including:</p> <ul data-bbox="548 914 1902 1016" style="list-style-type: none"> <li>• Universities, colleges, schools and early learning services</li> <li>• Activities that target inclusion of excluded and/or marginalized target populations in the education system, including women, Indigenous Peoples, Native Americans or People of Colour</li> <li>• Digital learning</li> </ul>
<p data-bbox="107 1089 459 1162"><b>Affordable/Community Housing<sup>19</sup></b></p>  	<p data-bbox="548 1089 1898 1143">Construction, development, purchase,<sup>20</sup> operation, renovation and/or maintenance of facilities, services, systems or equipment for the following:</p> <ul data-bbox="548 1146 1976 1325" style="list-style-type: none"> <li>• Housing for individuals or households whose income is below 80% of the area median income (AMI) and/or where housing costs are ≤30% of pre-tax income</li> <li>• Rent-to-own programs for households or individuals whose income is below 80% of the AMI or 120% of the AMI in high-cost areas</li> <li>• Accredited and registered affordable housing, halfway homes and shelters qualifying under local and/or regional classification, including:             <ul data-bbox="575 1276 1087 1325" style="list-style-type: none"> <li>– Canada Mortgage and Housing Corporation</li> <li>– U.S. Community Reinvestment Act</li> </ul> </li> </ul>

<sup>18</sup> To the extent possible, TD will use credible and, where available, third-party definitions for low-to-moderate income individuals, including those defined by the relevant government agencies and multilateral development banks, in the region of financing. Rural communities defined by applicable jurisdictions. In Canada, Statistics Canada defines rural areas as all territory lying outside population centres. For more information, refer to: <https://www12.statcan.gc.ca/census-recensement/2021/ref/dict/qz/Definition-eng.cfm?ID=geo042>.

<sup>19</sup> Loans and financing supporting the development of mixed-use housing will be included, on a pro-rata basis, in the use of proceeds report according to the proportion of affordable housing units in each project.

<sup>20</sup> Includes only U.S. residential real estate, with definitions based on criteria and data used for U.S. Community Reinvestment Act evaluations.

## Social Eligible Categories

Category	Eligibility Criteria
<p data-bbox="107 280 399 391"><b>Socioeconomic Advancement and Empowerment</b></p> 	<p data-bbox="548 280 1955 331">Micro-, small- and medium-sized enterprises (MSME)<sup>21</sup> in regions that economically underperform or suffer from multiple deprivations as measured in the local context.<sup>22</sup></p> <p data-bbox="548 347 1902 371">Activities that support the socioeconomic development of excluded and/or marginalized populations and communities such as:</p> <ul data-bbox="548 375 1919 505" style="list-style-type: none"><li data-bbox="548 375 1919 423">• Businesses where at least 51% of the owners of the enterprise are a member of historically excluded and/or marginalized target populations including women, Indigenous Peoples, Native Americans or People of Colour</li><li data-bbox="548 427 1304 451">• Indigenous Peoples' band, council, government and/or organizations</li><li data-bbox="548 454 1845 505">• Activities designed to qualify for credit under the U.S. Community Reinvestment Act, including Community Development Financial Institutions</li></ul>

### Exclusionary Criteria

TD takes a client-focused and risk-based approach, and the Bank's track record demonstrates our continued support of clients across all sectors. Decisions to undertake particular business activities follow regular business decision processes at TD. In relation to the Framework, proceeds from TD's Sustainable Financing Instruments will not knowingly finance any business for which TD has assessed that the principal activity is any of the following:

- Weapons
- Tobacco
- Gambling
- Adult entertainment
- Predatory lending

<sup>21</sup> MSME based on relevant local definitions.

<sup>22</sup> Definitions will vary based on the local context; e.g., for Canada, this would be in alignment with the Statistics Canada definition of the Canadian Index of Multiple Deprivation.

## 4. Process for Project Evaluation and Selection

### Sustainable Financing Review Group

The TD Sustainable Financing Review Group (“TD SFRG”) will hold ultimate responsibility for the governance and implementation of the Framework. The TD SFRG comprises senior representatives from TD’s Sustainability and Corporate Citizenship, Treasury and Balance Sheet Management, Risk Management, Capital Markets and business segments. The TD SFRG will meet no less than quarterly and its responsibilities will include:

- Review and approval of the Framework and any updates or amendments to the Framework
- Review, selection and approval of Eligible Assets and any additions to or subtractions from the pool of Eligible Assets
- Review and approval of the annual reporting conducted under the Framework
- Review of the external verification report and resolution of any issues therein
- Monitoring of ongoing market practices in the sustainable capital markets, including the consideration of whether any updates or amendments should be made to the Framework to reflect new or developing practices

TD’s business segments assess potential loans, investments and internal/ external projects according to the Green Eligible Categories and Social Eligible Categories described in the Framework, and propose asset recommendations to the TD SFRG for review, selection and approval. TD will maintain a pool of Eligible Assets in a “Sustainable Assets Portfolio.” The Sustainable Assets Portfolio will be reviewed by the TD SFRG at least quarterly to verify that all Eligible Assets continue to meet the eligibility criteria set out in the Framework. Assets that have matured, been repaid, or no longer comply with the eligibility criteria, will be removed from the Sustainable Assets Portfolio.

### Risk Management

TD applies a risk-based approach in the ordinary course of making business decisions; risk identification and assessment processes are a core part of how the Bank manages risk, and these processes are embedded throughout the organization in governance processes, risk programs and practices. This includes conducting risk-based analysis for all material financial and non-financial risks that the Bank faces, including environmental and social (E&S) risk. As with any other financial or non-financial risk, the Bank has developed tools to identify, assess, monitor, mitigate and report E&S risks. Decisions to undertake particular business activities follow regular business decision processes; once approved, the transaction details and supporting information are reviewed to confirm eligibility toward the Sustainable Assets portfolio.

## 5. Management of Proceeds

Net proceeds of Sustainable Financing Instruments will be managed in a portfolio approach. All Eligible Assets in TD's Sustainable Assets Portfolio will be selected in accordance with the eligibility criteria and evaluation and selection process presented in the Framework. The Sustainable Assets Portfolio is intended to be dynamic, with new Eligible Assets added and existing Eligible Assets removed, as needed. The TD SFRG intends to monitor the aggregate value of Eligible Assets in the Sustainable Assets Portfolio at a level that is equal to or greater than the net proceeds raised from its outstanding Sustainable Financing Instruments. TD aims to fully allocate an amount equal to the net proceeds within 18 months of issuance.

If for any reason the aggregate value of Eligible Assets in TD's Sustainable Assets Portfolio is less than the total outstanding net proceeds of Sustainable Financing Instruments issued under the Framework, TD will invest the balance of unallocated net proceeds in cash/cash equivalents and/or other liquid securities in accordance with TD's normal liquidity management policy.

## 6. Reporting

TD intends to make, and keep readily available, reporting for the Sustainable Financing Instruments issued under the Framework, on an annual basis as long as such Sustainable Financing Instruments remain outstanding.

Allocation and impact reporting will be disclosed on an annual basis for all outstanding Sustainable Financing Instruments as at the relevant fiscal year-end (October 31), made available concurrently with the disclosure of TD's Sustainability Reporting suite.

Any allocations to Nuclear Energy will be explicitly disclosed at or before the time of issuance and subsequently disclosed in TD's annual Sustainable Financing reporting.

Additionally, TD may, when reasonably possible, provide investors with an indication of the expected allocation of proceeds for any Sustainable Financing Instruments at the time of issuance.

TD's Sustainable Financing reporting will be publicly available at [TD's Supplementary Sustainability Resources webpage](#) and will include the following:

### Allocation Reporting

TD intends to report annually on the allocation of net proceeds from Sustainable Financing Instruments issued under the Framework at fiscal year-end and will include the following information:

1. Net proceeds raised from each Sustainable Financing Instrument issuance
2. Aggregate amounts of proceeds allocated to each of the Eligible Categories
3. The balance of unallocated proceeds, if any
4. The proportion of financed and refinanced Eligible Assets to which proceeds have been allocated

Project information at the asset level may be provided where client consent is obtained. TD is unable to provide asset-level information for all Eligible Assets due to client confidentiality considerations.

### Impact Reporting

In addition to the allocation reporting, TD will adopt the recommendations in the ICMA Harmonised Framework for Impact Reporting (June 2024) and intends to provide, where feasible, examples of Eligible Assets financed or refinanced by Sustainable Financing Instruments issued under the Framework, as well as impact metrics for each of the Eligible Categories, which may include, but are not limited to, the metrics on the following pages:

## Green Eligible Category Metrics

Category	Metrics <sup>23</sup>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Annual renewable energy generation (megawatt hours or MWh) and/or capacity of renewable energy plants constructed or rehabilitated (MW)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (tonnes CO<sub>2</sub>e)</li> </ul>
<b>Nuclear Energy</b>	<ul style="list-style-type: none"> <li>• Annual nuclear energy generation (kilowatt hours or kWh) and/or capacity of nuclear power plant(s) constructed or rehabilitated (MW)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (tonnes CO<sub>2</sub>e)</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Annual energy savings (MWh)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (tonnes CO<sub>2</sub>e)</li> </ul>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>• Amount of air pollutants prevented or reduced (tonnes)</li> <li>• Amount of waste diverted from landfill (tonnes)</li> <li>• Number of CCS projects financed (#) and/or the associated annual GHG emissions reduced/captured in tonnes of CO<sub>2</sub> equivalent (tonnes CO<sub>2</sub>e)</li> </ul>
<b>Sustainable Management of Natural Resources</b>	<ul style="list-style-type: none"> <li>• Area of sustainable agriculture projects (hectares), with reference to specific certification schemes where relevant</li> <li>• Area of sustainable forestry projects (hectares), with reference to specific certification schemes where relevant</li> <li>• Number of projects financed (#)</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Annual absolute (gross) GHG emissions in tonnes of CO<sub>2</sub> equivalent avoided (tonnes CO<sub>2</sub>e)</li> <li>• Public transit passenger capacity (#)</li> </ul>
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>• Annual reduction in water use (litres)</li> <li>• Wastewater treated (litres)</li> <li>• Total population served by system (#)</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Annual energy savings (MWh)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent (tonnes CO<sub>2</sub>e)</li> <li>• Floor space of green real estate (m<sup>2</sup>)</li> </ul>
<b>Climate Adaptation and Resilience</b>	<ul style="list-style-type: none"> <li>• Number of adaptation and resilience measures installed (#)</li> <li>• Types of adaptation and resilience measures</li> <li>• Area covered by flood, drought and/or fire mitigation and management activities (km<sup>2</sup>)</li> <li>• Reduction in repair costs due to climate-related weather events (\$)</li> </ul>

<sup>23</sup> Quantitative metrics for some categories may be estimated by a third-party consultant, based on data provided by borrowers.



## Social Eligible Category Metrics

Category	Metrics
<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>• Additional people served by infrastructure type (#)</li> </ul>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>• Number of hospitals and other healthcare facilities built or refurbished (#)</li> <li>• New or improved service provided by number of beds (#)</li> <li>• Number of people serviced (#)</li> <li>• Number of educational institutions funded by type (#)</li> <li>• Number of students served (#)</li> </ul>
<b>Affordable/Community Housing</b>	<ul style="list-style-type: none"> <li>• Number of affordable/community housing units built or refurbished (#)</li> <li>• Number of people with access to affordable housing (#)</li> </ul>
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>• Examples of impact<sup>24</sup></li> </ul>

## 7. External Review

### Verification

For Sustainable Financing Instruments issued under the Framework, TD intends to obtain a reasonable assurance report from its external auditor, on an annual basis, of the allocation of Sustainable Financing Instruments proceeds until maturity of the instruments. Additionally, where feasible, TD intends to obtain validation over selected disclosed impact metrics in the Sustainable Financing reporting.

<sup>24</sup> Due to the variety of Eligible Assets that could be included in this category, impacts will be reported based on the Eligible Assets included.

# Disclaimer

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From time to time, TD makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made or referenced in this document regarding the Bank's business, its economic and sustainability (environmental, decarbonization and social)-related objectives, vision, commitments, goals, metrics and targets. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's stakeholders in understanding the Bank's vision, objectives, metrics and targets as well as its economic and sustainability-related objectives and impacts and may not be appropriate for other purposes.

Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "goal", "intend", "may", "outlook", "plan", "possible", "potential", "predict", "project", "should", "target", "will", and "would" and similar expressions or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements. By their very nature, forward-looking statements are based upon certain assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. In particular, because of the limitations and uncertainties inherent in climate and sustainability science, risk analysis and reporting, the Bank relies upon various market practices, taxonomies, methodologies, criteria and standards, and makes approximations and assumptions that it believes are reasonable, in establishing its sustainability-related goals and eligibility criteria. However, there are many factors that the Bank may not foresee or be able to predict accurately, any of which may impact the Bank's ability to engage in sustainability-related activities or otherwise achieve the results anticipated by such forward-looking statements.

Those factors include the absence of a standardized taxonomy regarding sustainability-related terms (including in meaning and scope), the absence of standardized methodologies for classifying sustainability-related activities or for evaluating their impact, and the availability of comprehensive and high-quality data (including from the Bank's clients on whom the Bank may be required to rely for information), the assumptions underlying third-party decarbonization scenarios, economic trends (including changes in interest rates), fluctuations in the Bank's clients' enterprise values, the applicable domestic and international regulatory regimes, the need for active and continuing participation of stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations), the development and deployment of new technologies and production methods, border measures, and the availability of sector-specific solutions, among other unforeseen events or conditions.

Additional information regarding the assumptions, risks and uncertainties underlying the Bank's forward-looking statements can be found in the "Risk Factors and Management" section of the Bank's 2023 Management's Discussion and Analysis, as may be updated in subsequently filed quarterly reports to shareholders, which may be found on [www.td.com/](http://www.td.com/). These and other factors may cause actual results to differ materially from the Bank's expectations and may result in the Bank modifying its forward-looking statements, including such statements relating to its sustainability-related activities.

All such factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. The Bank cautions readers not to place undue reliance on the Bank's forward-looking statements.

## Additional Caution Regarding Sustainability-Related Disclosures

The Bank also cautions readers of the following regarding the sustainability-related disclosures included in this document:

- The terms "sustainability", "sustainable investing", "sustainable finance", "ESG", "carbon neutral", "decarbonization", "net-zero" and similar terms, taxonomies, methodologies, criteria and standards are evolving in terms of both meaning and scope. As a result, the Bank's use of such terms may vary over time to reflect such evolution. Any references to such terms in this document are intended as references to the internally defined criteria of the Bank and not to any jurisdiction-specific regulatory definition or voluntary standard that may exist.
- There could be changes to the market practices, taxonomies, methodologies, criteria and standards that regulators, non-governmental bodies, the financial sector, civil society, the Bank and its clients use to classify, measure, determine the eligibility of, report on and verify financial transactions and environmental, decarbonization and social activities for inclusion toward the Bank's sustainability-related activities, or to evaluate the impact of such activities. In some cases, these market practices, taxonomies, methodologies, criteria and standards may not yet exist.
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- Except as otherwise noted, the information contained in this document is unaudited. Ernst & Young LLP ("EY") has performed a limited assurance engagement for a select number of the Bank's sustainability performance indicators, as set out in EY's 2023 Assurance Report for Sustainability Metrics, and a reasonable assurance engagement for the Bank's use of net proceeds from its 2021 Green Bond issuance, as set out in EY's 2023 Assurance Report for TD Green Bond (2021) Issuance – Use of Proceeds. The remainder of the information contained in this document was not subject to any assurance engagement. You can read more about the scope of EY's work in the Assurance Reports hyperlinked above.

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