

TD Sustainability Bond (2020) 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 2020, TD issued its first Sustainability Bond – a US\$500 million three-year bond maturing on September 28, 2023 and the first-ever Sustainability Bond in a Secured Overnight Financing Rate (SOFR) format.

Under the TD Sustainable Bonds Framework, an amount equal to the net proceeds of the Sustainability Bond will be used to finance and/or refinance,¹ in part or in whole, loans, investments and internal or external projects that meet the TD Sustainable Bonds Framework’s criteria. Please refer to the [TD Sustainable Bonds Framework](#) for more information on the [eligible categories and TD Sustainable Bonds](#).

2020 Sustainability Bond Issuance

Four projects funded by the 2020 TD Sustainability Bond are featured below, as well as a breakdown of benefits and use of proceeds by eligibility category.²

Green Buildings

Amount Allocated:
US \$38.8 million

Description:

Commercial real estate mortgage for a 631,866 square foot office building in Miami, known as 600 Brickell World Plaza. The property has a LEED Platinum certification for Core and Shell, which meets the eligibility inclusion criteria.

Expected Benefits:

As part of this certification, the building has been tested for certain sustainability-related factors, such as construction site selection, water use efficiency, energy use performance, building materials used and indoor environmental quality. This building was also awarded an Energy Star label in 2015 and 2017 for its operating efficiency.

Renewable Energy

Amount Allocated:
US \$0.6 million

Description:

Credit facility to Mann MS2013400 LP (Mann) to develop and operate a rooftop solar facility located in Plattsville, Ontario. The solar facility is jointly owned by two entities, Mann and a local Indigenous Nation, who each have a 50% stake in the project.

Expected Benefits:

Since 2019, the Plattsville rooftop solar facility has generated approximately 1 GW of power. The project has also facilitated a working relationship between Mann and the Indigenous Nation.

Access to Essential Services: Healthcare

Amount Allocated:
US \$33.6 million

Description:

Intercare Corporate Group Inc. is a supportive living accommodation and personal care service provider in the Calgary Health Region, currently operating four care facilities, comprising 886 beds. TD provided construction financing for renovation and expansion of one of those facilities, the Chinook Care Centre.

Expected Benefits:

The Chinook Care Centre provides seniors who need supportive long-term care and services with a total of 279 beds. In addition to long-term care beds, the Centre offers 14 hospice beds, and an additional 28 specialized care beds.

Green Buildings

Amount Allocated:
US \$30.0 million

Description:

Commercial construction loan to support the development of 7750 Wisconsin Avenue in Bethesda, Maryland, a 700,000+ square foot global headquarters and 238-room hotel owned by one of the world’s largest hospitality firms. The building is LEED Gold Certified for Core and Shell, which is aligned with the TD Sustainable Bonds Framework.

Expected Benefits:

7750 Wisconsin Avenue has a Fitwel 3-star certification. An energy recovery unit is placed at the top of the building to temper incoming air for the building tenants. The building also has 66 EV charging stations, a lockable bicycle parking garage for 100 bikes, and dedicated locker rooms adjacent to the bike storage area for cycling commuters. Finally, the location has 7,600 square feet of outdoor garden space and a green, planted roof.

1. 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.
2. 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	249.0
Renewable Energy	25.1
Energy Efficiency	8.9
Green Buildings	108.8
Clean Transportation	106.2
Environmentally Sustainable Management of Living Natural Resources and Sustainable Land Use	-
Pollution Prevention and Control	-
Sustainable Water and Wastewater Management	-
Social Categories	249.0
Affordable/Community Housing	134.0
Affordable Basic Infrastructure	45.3
Access to Essential Services: Healthcare	38.9
Access to Essential Services: Education	7.5
Socioeconomic Advancement and Empowerment	23.3
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing	-
Total	\$498.0^{3,4,5,6}

³ TD received cash proceeds of US\$498,000,000 net of agency fees.

⁴ The proportion financed and refinanced Eligible Assets for the allocated proceeds as at October 31, 2022 was 13% and 87%, respectively.

⁵ Visit the [2022 Assurance Statement](#) from E&Y LLP.

⁶ For more information on the basis of allocating the use of proceeds, visit the [TD Sustainable Bonds Framework](#).



Impact Reporting

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

Project Category	Impact Indicator	Unit	Impact of the TD Sustainability Bond Proceeds ^{7,8,9,10}
Green Eligible Categories			
Renewable Energy	Annual renewable energy generation and/or capacity of renewable energy plants constructed or rehabilitated	MWh	1,051
	Annual GHG emissions reduced/avoided	tonnes CO ₂ e	412
	Natural capital value	\$CAD	97,666
Energy Efficiency	Annual energy savings	MWh	n/a
	Annual GHG emissions reduced/avoided	tonnes CO ₂ e	249
	Natural capital value	\$CAD	59,061
Clean Transportation	Annual absolute (gross) GHG emissions avoided	tonnes CO ₂ e	n/a
	Estimated public transit passenger capacity	# people daily	n/a
Green Buildings	Annual energy savings	MWh	611
	Annual GHG emissions reduced/avoided	tonnes CO ₂ e	287
	Natural capital value	\$CAD	67,844
Social Eligible Categories			
Affordable Basic Infrastructure	Additional people served by infrastructure type	#	1,364 (access to energy)
Access to Essential Services: Education	Number of educational institutions funded by type	#	1 (elementary school)
	Number of students served	#	326
Access to Essential Services: Healthcare	Number of hospitals and other healthcare facilities built or refurbished	#	1
	New or improved service provided by number of beds	#	276
Affordable / Community Housing	Number of affordable/community housing units built or refurbished	#	853
Socioeconomic Advancement and Empowerment	Number of renewable energy projects allocated to support socioeconomic development of marginalized communities	#	3
	Annual renewable energy generation and/or capacity of renewable energy plants constructed or rehabilitated	MWh	13,340
	Annual GHG emissions reduced/avoided	tonnes CO ₂ e	5,234
	Natural capital value	\$CAD	1,239,322
	Number of infrastructure projects allocated to support socioeconomic development of marginalized communities	#	1
	Additional people served by infrastructure type	#	2,776 (waste treatment)

⁷ Impact measurement metrics reflect TD's loan share of the project, with the exception of "number of hospitals and other healthcare facilities built or refurbished," "number of educational institutions funded by type," "number of renewable energy projects allocated to support socioeconomic development of marginalized communities," and "number of infrastructure projects allocated to support socioeconomic development of marginalized communities."

⁸ The impact results have been estimated by a third-party consultant engaged by TD, with the following exceptions: (i) "additional people served by infrastructure type," "number of students served," and "additional people served by infrastructure type" are reported by TD based on publicly available information; (ii) "number of hospitals and other healthcare facilities built or refurbished" and "new or improved service provided by number of beds" have been provided to TD by the applicable borrower; and (iii) "number of educational institutions funded by type" and "number of affordable/community housing units built or refurbished" are reported by TD based on the applicable loan documentation and/or public information.

⁹ 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.

¹⁰ Indicators are intended to provide a measurement of the environmental and social impacts that are expected to result from a project to which Sustainable 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 Valuation¹¹

TD Sustainability Bond Projects

	2022
Carbon reduced or avoided (tonnes CO ₂ e)	6,183
Natural capital value (\$CAD)	1,463,894

TD Economics¹² 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 Sustainability 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.

¹¹ Natural capital valuation is completed by a third-party consultant based on available data from energy efficiency buildings and renewable energy generation projects reflecting TD's loan share of allocated proceeds. Expected energy savings for energy-efficient buildings are calculated by comparing energy use intensity of LEED buildings to typical non-LEED buildings of the same floor area using Energy Information Administration data. Energy efficiency savings are then multiplied by appropriate electricity emissions factors, to calculate GHG emissions avoided. For renewable energy projects, the expected energy generation is multiplied by the appropriate electricity emissions factors using Environment and Climate Change Canada and Environmental Protection Agency data allowing GHG emissions avoided to be calculated. For both green buildings 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.

¹² www.td.com/document/PDF/economics/special/NaturalCapital.pdf.



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