



# TD Sustainable & Decarbonization Finance Target Methodology

March 2025





# Overview of TD's Sustainable & Decarbonization Finance Target

As one of the largest banks in North America, TD operates across various sectors, offering products and services to meet client needs. TD recognizes the importance of transparency in its operations and business activities. As such, the Bank has established the Sustainable & Decarbonization Finance Target (the "Target") and associated Methodology to standardize definitions for environmental, decarbonization, and social categories, and to track progress by categorizing, assessing, and reporting how business activities align with these categories.

The Methodology outlines this approach and has three main sections:

- Business activities that contribute toward the Target, including lending, financing, underwriting, advisory services, insurance and the Bank's own investments.
- The environmental, decarbonization and social categories eligible to be counted toward the Target, including mapping to the United Nations Sustainable Development Goals (SDGs).<sup>1</sup>
- Governance process to provide accountability and assign responsibility for quantifying, validating, monitoring and reporting progress toward the Target.

TD recognizes the ongoing development of sustainable finance targets and that there are no specific market guidelines or standards for classifying business activities. TD has considered a variety of available standards, guidelines and industry practices to inform the Sustainable & Decarbonization Finance Target Methodology (the "Methodology") where possible, including, but not limited to, the International Capital Markets Association (ICMA) Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Sustainability-Linked Bond Principles, the Climate Bonds Taxonomy by the Climate Bonds Initiative, the Loan Market Association and Loan Syndications and Trading Association Sustainability-Linked Loan Principles, and the International Energy Agency's Net Zero Emissions by 2050 Scenario.

## TD's Sustainable Finance Targets

### 2017

TD was the first Canadian bank to set a financial target to further advance the low-carbon economy, setting a goal of facilitating \$100 billion by 2030 through low-carbon lending, financing, asset management and internal corporate programs.

### 2022

The Bank achieved its \$100 billion low-carbon economy target.

### 2023

TD announced its Sustainable & Decarbonization Finance Target focused on environmental, decarbonization and social activities with the goal of facilitating \$500 billion by 2030 through lending, financing, underwriting, advisory services, insurance and the Bank's own investments.<sup>2,3,4</sup>

### 2030

Goal to achieve \$500 billion Sustainable & Decarbonization Finance Target.<sup>5</sup>

## 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.

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

<sup>1</sup> Mapping of eligible categories to the SDGs is general only and not exhaustive. Specific transactions may be aligned with other SDGs that are not listed.

<sup>2</sup> The Sustainable & Decarbonization Finance Target does not include TD Asset Management, TD Epoch, philanthropic activities under The TD Ready Commitment, or investments held by TD clients.

<sup>3</sup> TD Bank Group's own green, social and sustainability bonds will continue to be issued in accordance with TD's relevant bond framework for that issuance.

<sup>4</sup> Progress toward satisfying the \$100 billion low-carbon economy target achieved in 2022 will not be included in the Sustainable & Decarbonization Finance Target. The Sustainable & Decarbonization Finance Target may include activities that are part of other targets or commitments the Bank makes, such as the [TDBNA Community Impact Plan](#) and [TD's \\$12 billion by 2030 Affordable Housing Target](#).

<sup>5</sup> Please reference the Cautionary Statement for additional information on how the Sustainable & Decarbonization Finance Target was established.

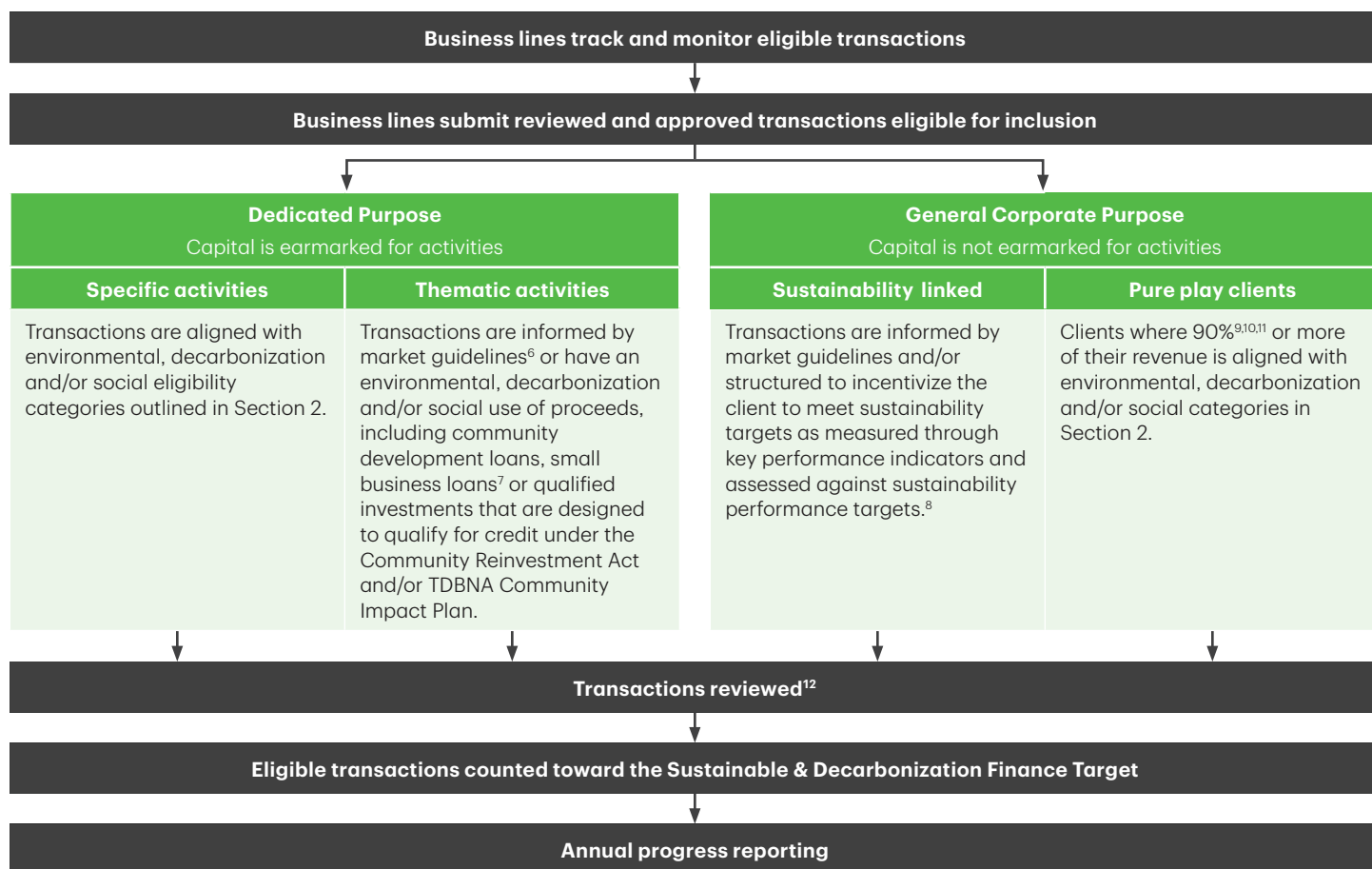
# 1. Business Activities That Contribute Toward the Sustainable & Decarbonization Finance Target

The Target covers key business activities of the Bank, including lending, financing, underwriting, advisory services, insurance and the Bank’s own investments. Please refer to the ‘Business Activities and Measurement Basis’ table for additional

information. In selecting these activities and in developing the approach, TD considered a variety of available standards, guidelines, frameworks and industry practices.

## Classification Pathway

The figure below illustrates how TD determines the eligibility of transactions for inclusion toward the Target.



6 Examples of market guidelines and principles for green, social and sustainable bonds or loans include International Capital Market Association (ICMA) Green and Social Bond Principles; ICMA Sustainability Bond Guidelines; or Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA) and Loan Syndications and Trading Association (LSTA) Green and Social Loan Principles.

7 Small businesses in the U.S. with under US\$ 1 million in annual revenue and/or located in a low-to-moderate income census tract. This definition may be updated as needed to reflect changes made to Community Reinvestment Act (CRA) criteria.

8 Sustainability-linked transactions are eligible for inclusion if interest payments are tied to the borrower’s performance against predetermined sustainability targets and/or the transaction is informed by relevant guidelines such as the ICMA Sustainability Linked Bond Principles, which apply to bonds that contribute from an environmental, social and/or governance perspective, or the APLMA/LMA/LSTA Sustainability Linked Loan Principles, which apply to loans or contingent facilities that aim to support economic activity and growth that is environmentally and/or socially sustainable.

9 For certain inclusion categories, including Healthcare and Education, grants will count towards the 90% threshold.

10 Pre-revenue companies are assessed on the percentage of expenditures aligned with the environmental, decarbonization and/or social activities in Section 2, which must be greater than or equal to 90%.

11 In certain instances, parent entities may be assessed against the 90% threshold to determine transaction eligibility where subsidiary activities are related to the activities of the parent company.

12 Review performed by Sustainability & Corporate Citizenship and/or an external vendor.

## Business Activities and Measurement Basis

The business activities included in the Target and measurement basis are summarized in the table below. The table includes mapping to the Classification Pathway on page 2. The Target includes both new financing and refinancing activities. If TD provides multiple business activities (as set out in the

table below) towards the same eligible transaction, the monetary value of each such business activity will be counted toward the Target. This will result in the aggregate monetary value of these business activities being counted toward the Target for the same eligible transaction.<sup>13</sup>

Business Activities	Description	Classification Pathway Mapping	Measurement Basis	Relevant Guidelines, Principles and Methodologies <sup>14</sup>
<b>Commercial, Corporate and Retail Lending</b>	<b>Commercial/Corporate:</b> Loans, credit lines, project financing, commercial mortgages, municipal finance and sustainability-linked loans	Specific Activities Thematic Activities Sustainability-Linked Pure Play Clients	Total authorized amount <sup>15</sup>	TD Sustainable & Decarbonization Finance Target Methodology APLMA/LMA/LSTA Green Loan Principles APLMA/LMA/LSTA Social Loan Principles APLMA/LMA/LSTA Sustainability Linked Loan Principles
	<b>Retail:</b> Secured and unsecured lending (e.g., auto financing and mortgages)	Specific Activities Thematic Activities Pure Play Clients		
<b>Advisory Services</b>	Mergers & acquisitions (M&A)	Specific Activities Pure Play Clients	League table value is allocated in full to both buy-side and sell side-advisors upon successful closing	TD Sustainable & Decarbonization Finance Target Methodology
<b>Capital Markets</b>	Debt capital markets (e.g., green, social, sustainability and sustainability-linked bond underwriting)	Specific Activities Thematic Activities Sustainability-Linked Pure Play Clients	League table value is allocated to each bookrunner for their portion of the principal amount of the offering/ transaction <sup>16</sup>	TD Sustainable & Decarbonization Finance Target Methodology ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines ICMA Sustainability Linked Bond Principles
	Equity capital markets Municipal underwriting		For private placements, the value is apportioned between bookrunners	
<b>Principal Investments</b>	Limited partnership equity investments held on balance sheet	Thematic Activities	Total investment amount	TD Sustainable & Decarbonization Finance Target Methodology

<sup>13</sup> For example, if TD is acting as an advisor on an eligible M&A transaction and is also providing financing with respect to that transaction, then both business activities will count towards the Target.

<sup>14</sup> Represents a non-exhaustive list informing our inclusion criteria and, where applicable, measurement basis for each type of business activity. One or more of the listed guidelines, frameworks or methodologies may be used in practice. Where there are no mandatory external guidelines, principles, methodologies or other standards, the Bank may set its own guidelines, principles, methodologies or standards to inform the Bank's inclusion criteria.

<sup>15</sup> For refinancing activities where the facility amount is increased with no term increase, only the incremental authorized amount is counted towards the Target. For other refinancing activities (e.g. term increased), the total authorized amount is counted towards the Target.

<sup>16</sup> Reflects the apportioned value of eligible offerings/transactions underwritten by TD.

Business Activities	Description	Classification Pathway Mapping	Measurement Basis	Relevant Guidelines, Principles and Methodologies <sup>14</sup>
<b>Treasury Investments<sup>17,18</sup></b>	Green, social and sustainability bond purchases held on balance sheet	Thematic Activities	Total investment amount	ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines TD Sustainable & Decarbonization Finance Target Methodology
<b>Insurance</b>	Premiums	Specific Activities	Value of gross written premiums	TD Sustainable & Decarbonization Finance Target Methodology
<b>Tax Credit Investments</b>	Low-Income Housing Tax Credit investments, Renewable Energy Tax Credit investments and other tax credit investments	Specific Activities Thematic Activities	Committed value	TD Sustainable & Decarbonization Finance Target Methodology
<b>TD Corporate<sup>19</sup></b>	Corporate	Specific Activities	Total amount spent	TD Sustainable & Decarbonization Finance Target Methodology

17 Net proceeds raised from TD Bank Group's issuances of green, social or sustainable bonds are not within scope of the Sustainable & Decarbonization Finance Target.

18 Based on Bloomberg's designation as green, social and sustainability bonds or as otherwise permitted pursuant to the TD Sustainable & Decarbonization Finance Target Methodology.






19 "TD Corporate" refers to the amount spent on internal corporate programs that align with eligible environmental, decarbonization and social activities (e.g., facility upgrades to improve energy efficiency or water conservation, electric and fuel cell charging stations or TD's own vehicle fleet of zero tailpipe emission or low-carbon passenger vehicles). TD expects this business activity to represent a small portion of overall contribution toward the Target.

## 2. Eligible Environmental, Decarbonization and Social Categories

TD recognizes there are no specific market guidelines or standards for classifying environmental, decarbonization and social categories for sustainable finance targets. TD intends to update the eligible environmental, decarbonization and social categories, as appropriate, to reflect evolving market practices, guidelines, frameworks and standards. For further details, please see Section 3: Governance and Reporting.

### Eligible Environmental Categories<sup>20</sup>

When selecting the eligible environmental categories in the table below, TD considered available guidelines, frameworks and standards, such as the ICMA Green Bond Principles, and the SDGs which are mapped to each category below.<sup>21</sup>






Category	Overview of Inclusion Criteria
<p><b>Renewable Energy</b></p>  	<p>Acquisition, construction, development, operation, renovation, storage and/or maintenance of one or more of the following renewable energy generation sources:</p> <ul style="list-style-type: none"> <li>• Solar</li> <li>• Wind</li> <li>• Ocean and wave energy</li> <li>• Hydro<sup>22</sup></li> <li>• Geothermal<sup>23</sup></li> <li>• Biomass/biogas where the source is derived from residues associated with sustainable agriculture and forestry practices<sup>23</sup></li> </ul> <p>Acquisition, construction, development, operation and/or maintenance of electricity transmission and distribution systems that have:</p> <ul style="list-style-type: none"> <li>• Generation capacity where 90% or more of newly enabled capacity has an emissions threshold below 100 g CO<sub>2</sub>e/kWh; or</li> <li>• An average grid emissions threshold below 100 g CO<sub>2</sub>e/kWh</li> </ul> <p>Acquisition, construction, development, operation and/or maintenance of infrastructure that supports the integration of renewable energy into the grid, including connections of renewables into the grid and increasing transmission capacity of the grid.</p>
<p><b>Energy Efficiency</b></p>   	<p>Acquisition, construction, development, operation, renovation and/or maintenance of:</p> <ul style="list-style-type: none"> <li>• Energy distribution, storage and management, including: <ul style="list-style-type: none"> <li>– District heating and cooling systems</li> <li>– Energy storage infrastructure</li> <li>– Digital controls and sensors for demand management</li> <li>– Smart grids which improve electricity transmission efficiency through efforts to reinforce the grid and reduce transmission losses</li> <li>– Energy-efficient equipment</li> </ul> </li> </ul>

<sup>20</sup> The business activities of the Bank classified as one or more Eligible Environmental Categories may not generate GHG emissions reductions or otherwise produce a GHG emissions impact.

<sup>21</sup> Mapping of eligible categories to the SDGs is general only and not exhaustive. Specific transactions may be aligned with other SDGs that are not listed.

<sup>22</sup> Eligible hydro 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 <100 g CO<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 <50 g CO<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.

<sup>23</sup> Projects with less than 100 g CO<sub>2</sub>e/kWh life-cycle emissions.

Category	Overview of Inclusion Criteria
<p><b>Green Buildings</b></p>  	<p>Acquisition, construction, development, operation, renovation and/or maintenance of residential or commercial buildings that:</p> <ul style="list-style-type: none"> <li>• Meet or intend to meet regional, national or internationally recognized standards, including: <ul 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 75</li> <li>– Passive House Institute – EnerPHit</li> <li>– Toronto Green Standard (v4) Tier 2 or higher</li> <li>– BC Energy Step Code (Step 3 or above); or</li> </ul> </li> <li>• Are energy-efficient buildings that are in the top 15% in their respective geographic regions; or</li> <li>• Intend to achieve a minimum 30% improvement in energy use or GHG emissions reduction</li> </ul>
<p><b>Climate Resilience and Adaptation</b></p> 	<p>Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for projects related to:</p> <ul style="list-style-type: none"> <li>• Climate monitoring (observation and early warning systems)</li> <li>• Nature-based solutions that promote climate resiliency</li> <li>• Flood, drought and fire protection related to climate change</li> <li>• Residential and commercial real estate climate resiliency measures</li> </ul>
<p><b>Clean Transportation</b></p>  	<p>Acquisition, manufacturing, development, operation and/or maintenance of facilities, systems or equipment used for:</p> <ul style="list-style-type: none"> <li>• Zero tailpipe emission and low-carbon passenger vehicles, including: <ul style="list-style-type: none"> <li>– Electric and fuel cell electric vehicles</li> <li>– Hybrid electric vehicles (&lt;50 g CO<sub>2</sub>e/km)</li> <li>– Electric and fuel cell charging stations</li> </ul> </li> <li>• Zero tailpipe emission and low-carbon public transit, including: <ul style="list-style-type: none"> <li>– Electrified and fuel cell trains</li> <li>– Electric and fuel cell buses</li> <li>– Hybrid buses (&lt;50 g CO<sub>2</sub>/p-km)</li> </ul> </li> <li>• Zero tailpipe emission and low-carbon freight vehicles and vessels,<sup>24</sup> including: <ul style="list-style-type: none"> <li>– Electric and fuel cell transport vehicles and trains</li> <li>– Low-carbon transport vehicles and trains (&lt;50 g CO<sub>2</sub>/km)</li> </ul> </li> </ul>

24 Ships with emissions intensity thresholds below those set out in the International Maritime Organization's (IMO) Initial GHG Strategy.

Category	Overview of Inclusion Criteria
<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p> 	<p>Acquisition, development and/or operation of sustainable management of living natural resources, land use and natural ecosystem protection, including:</p> <ul style="list-style-type: none"> <li>• Sustainable agriculture: <ul style="list-style-type: none"> <li>– Low-carbon agricultural technologies or projects that improve productivity and efficiency (e.g., reduction in energy, water use and/or GHG emissions)</li> <li>– Agriculture practices that maintain or improve existing carbon pools (e.g., decreased fertilizer and/or pesticide usage, low tillage techniques, restoration of degraded lands)</li> <li>– Livestock management projects that reduce methane or other GHG emissions such as manure management with biodigesters</li> <li>– Certified organic operations (e.g., Canada Organic, USDA Organic)</li> </ul> </li> <li>• Sustainable forestry: <ul style="list-style-type: none"> <li>– Sustainably managed forests and forest products certified by third parties such as the Forest Stewardship Council, Programme for the Endorsement of Forest Certification or Sustainable Forestry Initiative</li> </ul> </li> </ul> <p>Conservation of biodiversity or of terrestrial or aquatic ecosystems through preservation, restoration and/or sustainable management activities, such as the protection of coastal, marine and watershed environments certified by the Marine Stewardship Council.</p>
<p><b>Sustainable Water and Wastewater Management</b></p> 	<p>Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for sustainable water and wastewater management, including:</p> <ul style="list-style-type: none"> <li>• Collection, treatment, recycling and reuse of water, rainwater and wastewater</li> <li>• Improvement to water infrastructure that increases water efficiency</li> <li>• Water metering activities to support conservation initiatives</li> </ul>
<p><b>Circular Economy</b></p> 	<p>Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used to facilitate or carry out circular economy activities, including:</p> <ul style="list-style-type: none"> <li>• Substitution of virgin raw materials with 100% recycled or reused materials in manufacturing and industrial processes</li> <li>• Production of products that can be recycled or composted in whole or in part, where the input feedstock is from recycled or reused materials</li> <li>• Mineral-based materials recovery or recycling in mining and industrial processes</li> <li>• Increasing the capacity utilization of a product or asset during its useful life (e.g., through the sharing economy)</li> </ul>
<p><b>Pollution Prevention and Control</b></p> 	<p>Acquisition, construction, development, operation, renovation and/or maintenance of facilities, systems or equipment used for:</p> <ul style="list-style-type: none"> <li>• Treatment, collection, reuse, reduction of emissions, reduction of waste and hazardous waste or treatment of contaminated soil</li> <li>• Diverting waste and/or hazardous waste away from landfill</li> <li>• Landfill GHG emission capture that utilizes municipal or industrial solid waste only when the landfill is no longer operational and emission capture rate is greater than 75%</li> </ul>






## Eligible Decarbonization Categories<sup>25</sup>

Decarbonization is the reduction in or displacement of emission-intensive activities where that reduction or displacement is important for sectoral transformation and supports a client's low-carbon journey. Eligible decarbonization categories outlined in this section are those that align with industry best practice, including the International Energy Agency's Net Zero Emissions by 2050 Scenario (NZE) and other scenarios and guidance developed by external bodies. TD intends to update the eligible decarbonization categories, as appropriate, considering the evolving market practices, guidelines, frameworks and standards.

Activities that will qualify as decarbonization will consider domestic regulatory requirements and industry best practices. In addition to the inclusion criteria set out below, TD will only count decarbonization activities if the client meets each of the following criteria:<sup>26</sup>

- Client-level net-zero GHG emissions target by 2050 or sooner;
- Interim net-zero GHG emissions targets; and
- Transition planning and climate disclosure.<sup>27</sup>

Category	Overview of Inclusion Criteria
<p><b>Carbon Capture</b></p> 	<p>Acquisition, development, construction, installation, operation and/or maintenance of carbon capture, utilization and storage (CCUS)<sup>28</sup> such as the implementation of CCUS in industrial facilities, and direct air capture.</p>
<p><b>Low-Carbon Intensity Fuels</b></p> 	<p>Development, manufacturing, equipment, facilities and/or distribution of low-carbon-intensity fuels,<sup>29</sup> including:</p> <ul style="list-style-type: none"> <li>• Liquid clean fuels equal to or below 50 g CO<sub>2</sub>e/MJ and gaseous clean fuels equal to or below 36 g CO<sub>2</sub>e/MJ <ul style="list-style-type: none"> <li>– Eligible fuel types include hydrogen, ethanol, renewable diesel, co-processing of biocrude, sustainable aviation fuel, synthetic fuel and renewable natural gas<sup>30</sup></li> <li>– Low-carbon marine fuels such as hydrogen, ammonia, biodiesel and biomethane or liquified natural gas in alignment with the International Marine Organization's emission reduction goals<sup>31</sup></li> </ul> </li> </ul>
<p><b>Nuclear Energy<sup>32</sup></b></p> 	<p>Construction, operation, refurbishment, maintenance, research and development and/or component replacement of nuclear energy facilities, services, systems or equipment such as:</p> <ul style="list-style-type: none"> <li>• New installations in accordance with applicable laws to produce electricity or process heat, including for the purposes of district heating, industrial processes such as hydrogen production or small modular reactors</li> <li>• Increasing operational lifespan while maintaining or improving the level of operational safety</li> <li>• Increasing the output of the existing units used to displace other GHG-emitting electricity generators while maintaining or improving the level of operational safety of such units</li> </ul>

<sup>25</sup> The business activities of the Bank classified as one or more Eligible Decarbonization Categories may not generate GHG emissions reductions or otherwise produce a GHG emissions impact.

<sup>26</sup> However, TD is not precluded from financing clients that do not meet these criteria. The Bank supports clients across all sectors, including clients in carbon-intensive sectors, on their own journeys to transition to a low-carbon economy.

<sup>27</sup> TD will evaluate whether the client: 1) has developed or is developing a plan for its transition toward its net-zero target; and 2) discloses information about its progress towards its net-zero target.



<sup>28</sup> To the extent that these CCUS projects store captured CO<sub>2</sub> through an eligible use including dedicated geological storage and storage of CO<sub>2</sub> in concrete. CCUS for the purpose of upstream enhanced oil recovery activities is excluded.

<sup>29</sup> Compliant with the Department of Natural Resources Canada's Clean Fuels Program and/or the Government of Canada's Clean Fuel Regulations.

<sup>30</sup> The Natural Resources Canada's Clean Fuels Program defines renewable natural gas as, "gas that meets the standard for injection into the closest natural gas pipeline and that is either synthetic natural gas from biomass or derived from processing biogas."





<sup>31</sup> Aligned with emissions intensity thresholds set out in the IMO Initial GHG Strategy.

<sup>32</sup> In the NZE, nuclear power plays an important role in a global pathway to net zero.

Category	Overview of Inclusion Criteria
<b>Electrification</b>  	<p>Acquisition, development, construction, installation, operation and/or maintenance of facilities, services, systems or equipment used for the electrification of conventional (non-electric) technologies, including:</p> <ul style="list-style-type: none"> <li>Aluminum decarbonization, including thermal efficiency improvement, novel anode technologies and retrofitting of smelters<sup>33</sup></li> <li>Iron &amp; steel decarbonization, including scrap-based production of steel, blast furnace retrofits, iron ore electrolysis, scrap-based electric arc furnaces, retrofitting of smelters or hydrogen-based direct reduced ironmaking</li> <li>Cement decarbonization, including electric kilns<sup>34</sup></li> <li>Industrial heating, steam and/or cooling</li> <li>All end uses, including space heating, water heating or cooking</li> </ul>

### Eligible Social Categories<sup>35</sup>

When selecting the eligible social categories in the table below, such as the ICMA Social Bond Principles, and the SDGs which are mapped to each category below, TD considered available guidelines, frameworks and standards,

Category	Overview of Inclusion Criteria
<b>Affordable and Community Housing</b>  	<p>Construction, development, operation, renovation, acquisition, preservation, refurbishment and/or maintenance of facilities, services, systems or equipment used for accredited, qualified and/or registered affordable housing, halfway homes and shelters based on local classification systems, including:<sup>36</sup></p> <ul style="list-style-type: none"> <li>Public programs that facilitate affordable housing</li> <li>Housing for households or individuals whose income is below 80% of the area median income</li> <li>Housing where rents are <math>\leq 30\%</math> of pre-tax household income</li> </ul> <p>Home lending to low- and moderate-income (LMI) and/or minority<sup>37</sup> borrowers and borrowers in LMI and/or majority-minority geographies.<sup>38</sup></p>
<b>Employment Generation and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, Including Through the Potential Effect of SME Financing</b>  	<p>Small to medium-sized enterprises (SME)<sup>39</sup> in regions that economically underperform and/or suffer from multiple deprivations as measured in the local context.<sup>40</sup></p> <p>Programs designed for an emergency response to a crisis (economic or health, for example) to alleviate unemployment and/or to provide financial support for individuals and businesses.</p>

33 Aluminum is not explicitly mentioned in the NZE; however, it is an important sector for decarbonization. Activities included considered the World Economic Forum's report *Aluminium for Climate*.

34 Such activities must align to the Climate Bonds Initiative's Cement Criteria (April 2023).

35 Community development loans, small business loans or qualified investments that are designed to qualify for credit under the Community Reinvestment Act and/or TDBNA Community Impact Plan are eligible to be reported under any of the Eligible Social Categories listed in Section 2 if the relevant criteria are met. If the relevant criteria of Section 2 are not met, these CRA-qualifying activities will be reported as Multi-Sector & Thematic Activities.





36 The threshold for density of affordable housing is based on applicable definitions within the jurisdiction in which it is built, such as definitions from the Canada Mortgage and Housing Corporation, the U.S. Department of Housing and Urban Development or other regional equivalents.

37 The term "minority," for the purpose of this Target, means Black or African American, Hispanic, Asian, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander.

38 Includes, within the TD Bank N.A. facility-based assessment areas: 1) TD-originated residential lending products to minority borrowers, borrowers residing in majority-minority geographies, LMI borrowers and borrowers residing in LMI census tracts; and 2) TD-purchased residential lending products to LMI borrowers and borrowers residing in LMI census tracts.

39 SME based on relevant local definitions and criteria (e.g., in the U.S., small businesses with under US\$1 million in annual revenue and/or located in a low-to-moderate income census tract).

40 Definitions and criteria will vary based on the local context (e.g., in Canada, the Canadian Index of Multiple Deprivation, published by Statistics Canada, is used).

Category	Overview of Inclusion Criteria
<b>Affordable Basic Infrastructure</b> 	Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment used for the development of infrastructure for communities that have inadequate or unreliable access to services such as clean drinking water, sewers, sanitation, transport and energy. <sup>41</sup>
<b>Access to Essential Services: Health Care</b> 	Construction, development, operation, renovation and/or maintenance of facilities, services, systems, or equipment for publicly available health care, including: <ul style="list-style-type: none"> <li>• Hospitals, clinics, health-care centres, long-term care facilities, hospices and medical and diagnostic equipment</li> <li>• Eldercare facilities and services</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>• Health-care and medical research</li> <li>• Digital health care</li> </ul>
<b>Access to Essential Services: Education</b> 	Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment for public and government-subsidized education, including: <ul style="list-style-type: none"> <li>• New infrastructure for or improvements to universities, colleges, schools and early learning services</li> <li>• Activities that target inclusion of excluded and/or marginalized populations in the education system</li> <li>• Digital learning</li> <li>• In the U.S., accredited Historically Black Colleges and Universities and Tribal Colleges and Universities</li> </ul>
<b>Socioeconomic Advancement and Empowerment</b> 	Activities or organizations <sup>42</sup> that support the socioeconomic development of Indigenous Peoples or underserved individuals or groups <sup>43</sup> through activities such as: <ul style="list-style-type: none"> <li>• Increased opportunities for ownership<sup>44</sup></li> <li>• Employment, income and/or revenue-generation initiatives</li> </ul>

### Multi-Sector and Thematic Activities

Multi-sector refers to transactions that satisfy two or more of the eligible environmental, decarbonization or social categories. Eligible transactions assessed as 'Thematic Activities' as outlined in the Classification Pathway will also be classified as 'Multi-Sector & Thematic' in TD's reporting. This includes activities designed to qualify for credit under the Community Reinvestment Act and/or TDBNA Community Impact Plan that do not directly align with the inclusion criteria in Section 2.

41 Includes activities that are outlined in the Sustainable Infrastructure Alliance's *International Standards for Sustainable Infrastructure: An overview*.

42 Includes both for-profit and non-profit activities and organizations – for example, non-profit, community-based financial institutions, such as Community Development Corporations and Community Development Financial Institutions certified by the U.S. Department of the Treasury Community Development Financial Institutions Fund, Minority Depository Institutions as defined by the Federal Deposit Insurance Corporation and organizations that provide financing to underserved groups.

43 Individuals or groups of people (including geographic communities) who have been historically disadvantaged and under-represented. In Canada, these groups include, but are not necessarily limited to, the four groups designated by the federal Employment Equity Act as of the date of this document (women, visible minorities, Indigenous Peoples and people with disabilities), as well as 2SLGBTQ+ people and people with low incomes. In the U.S., these groups include, but are not necessarily limited to, Black, Latinx and Indigenous people, Pacific Islanders and other persons of colour; 2SLGBTQ+ people; people with disabilities; women; veterans; and people with low-to-moderate incomes.

44 Includes opportunities for businesses majority-owned (>50.1%) by individuals who self-identify as a member of an underserved community.

### 3. Governance and Reporting

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TD has established a governance process to provide accountability and assign responsibility for quantifying, validating, monitoring and reporting progress toward the Target. TD reviews each potentially qualifying transaction identified against the eligibility criteria in this document. This process includes the collection, review and approval of the transactions from the relevant lines of business. Transactions will qualify for inclusion based on the purpose of the transaction and/or the customer's intended use of capital, as determined by TD at the time of the transaction. The transaction descriptions and supporting details submitted by the lines of business will be reviewed by teams separate from the line of business, according to established internal procedures, to confirm that the transaction is eligible for inclusion toward the Target. TD intends to report annually on its progress toward the Target in one or more future sustainability-related reports.

The Bank aims to regularly review and, if appropriate, update the methods used to quantify and monitor transactions that meet the eligibility criteria of the Target. TD reports only on eligible environmental, decarbonization and categories activities that TD is able to measure and assess against the inclusion criteria according to our internal procedures. As a result, our reporting may not capture the full value of the sustainable and decarbonization finance we provide annually.

TD also monitors and assesses legal, policy, regulatory, economic, technological and stakeholder developments regarding sustainability matters. Accordingly, the Bank may review and adjust the Methodology at least every two years to reflect these developments. Updates to the Methodology may be reported alongside TD's Sustainability Reporting Suite and applied to the prior year(s) contribution, or may result in TD amending or revising its Target. This Methodology replaces the previous Sustainable & Decarbonization Finance Target Methodology (2023).<sup>45</sup>

In 2024, TD Bank launched its Community Impact Plan. This plan will provide an estimated US\$20 billion supporting lending, banking access and other activities for the benefit of diverse and underserved communities. The activities of the Community Impact Plan are aligned with our sustainability priorities and are counted toward the Target. TD has updated the Methodology to include these activities. Activities that intend to satisfy Community Reinvestment Act (CRA) criteria are also eligible for inclusion towards the Target.

<sup>45</sup> This Methodology will be applied to F'24 Sustainable & Decarbonization Finance Target progress and on a go-forward basis.



# Cautionary Statement Regarding Disclosure on the Sustainable & Decarbonization Finance Target

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This Sustainable & Decarbonization Finance Target Methodology (this “document”) is provided for informational purposes only and is subject to change without notice. After the date of this document, The Toronto-Dominion Bank and its subsidiaries, collectively known as TD Bank Group (“TD” or “the Bank”) does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. No liability whatsoever is or will be accepted by TD for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

Nothing in this document shall constitute, or form part of, an offer to sell or solicitation of an offer to buy or subscribe for any security or other instrument of TD or any of its affiliates,

or as an invitation, recommendation or inducement to enter into any investment activity, and no part of this document shall form the basis of or be relied upon in connection with any contract, commitment, or investment decision whatsoever. Offers to sell, sales, solicitation of offers to buy or purchases of securities issued by TD or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

This material is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation.

# Caution Regarding Forward-Looking Statements

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 the Target, other 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 2024 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, including from the Target, and may result in the Bank modifying its forward-looking statements, including such statements relating to its sustainability-related activities and the Target.

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 and the assumptions made in order to set the Target:

- 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.

- The Bank has assumed, among other things, continued growth in its clients' investments in and expenditures on sustainability activities (including environmental, decarbonization and social activities) in light of regulatory, policy, economic, technological, climatic and other trends. The Bank has also assumed ordinary rates of growth and development of the Bank's business, including in its lending, financing, underwriting and advisory services, in its own investments, in all sectors, in its ownership and control of subsidiaries and in its geographic footprint (including through relocations, mergers, acquisitions, or dispositions). If any of these assumptions prove incorrect, it could have a material effect on the Bank's sustainability-related goals, including the Target, and the Bank's ability to meet them.
- 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 Target and the Bank's sustainability-related activities, or to evaluate the impact of such activities. TD may update the Target, its progress toward the Target and the eligibility of certain transactions and activities as appropriate, in light of evolving market practices, taxonomies, methodologies, criteria and standards, which in some cases, may not yet exist.
- In engaging in and reporting on sustainability-related financing, including setting, tracking and reporting on progress toward meeting the Target, the Bank must rely on data obtained from clients and other third-party sources. The Bank's use of third-party data must not be taken as an endorsement of the third-party or its data or be construed as granting any form of intellectual property. Although the Bank believes these sources are reliable, the Bank has not independently verified any third-party data, or assessed the assumptions underlying such data, and cannot guarantee the accuracy of such third-party data or assumptions. The data used by the Bank in connection with the Target and its sustainability-related activities, including to evaluate clients' intended use of capital, may be limited in quality, unavailable, or inconsistent across sectors. Certain third-party data may also change over time as market practices, taxonomies, methodologies, criteria and standards evolve. These factors and related uncertainties could have a material effect on the Bank's sustainability-related activities, the Bank's ability to engage in them and the Bank's ability to meet the Target.

### **Additional Disclaimers**

This document is intended to provide information from a different perspective and in more detail than is required to be included in mandatory securities filings, and the information contained herein should not be read as necessarily rising to the level of materiality of disclosure required in our securities law filings. This document should not be used as a basis for trading in securities of the Bank or for any other investment decision. This document is not intended to constitute financial, legal, tax, investment, professional or expert advice. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained in this document. This document may provide addresses of, or contain hyperlinks to, websites that are not owned or controlled by the Bank. Each such address or hyperlink is provided solely for the recipient's convenience, and the content of linked third-party websites is not in any way included or incorporated by reference into this document. The Bank takes no responsibility for such websites or their content, or for any loss or damage that may arise from their use. If you decide to access any of the third-party websites linked to this document, you do so at your own risk and subject to the terms and conditions of such websites.