



Independent auditor's report

To the Management of Toronto-Dominion Bank

Opinion

We have audited the Schedule of Use of Proceeds from the Sustainable Bond (the "Schedule") related to the proceeds of the Sustainable Bond maturing September 28, 2023 (the "Sustainable Bond") of Toronto-Dominion Bank (the "Bank") as at October 31, 2020 and the notes to the Schedule.

In our opinion, the accompanying Schedule is prepared, in all material respects, in accordance with the financial reporting provisions in the *Use of Proceeds* section of the TD Sustainable Bond (2020) Term Sheet dated September 23, 2020 (the "Term Sheet").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the Schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 below, which describes the basis of accounting for the Schedule. The Schedule was prepared to assist the Bank in disclosing its use of proceeds allocation activities related to the Sustainable Bond. As a result, the Schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Use of Proceeds

Management is responsible for the preparation of the Schedule in accordance with the financial reporting provisions of the Term Sheet and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.



Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Use of Proceeds

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

March 1, 2021
Toronto, Canada



**Toronto-Dominion Bank
 Schedule of Use of Sustainable Bond Proceeds
 As of October 31, 2020**

(MM USD)

Opening Balance as of November 1, 2019	0
Add: Net proceeds from 2020	498.0
Net proceeds available for allocation	498.0

Proceeds used for the allocation to Eligible Projects:

Social Categories

Affordable/Community Housing	114.2
Affordable Basic Infrastructure	15.2
Access to Essential Services: Healthcare	32.3
Access to Essential Services: Education	8.5
Socioeconomic Advancement and Empowerment	26.1
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing	-
Total (Social)	196.1

Green Categories

Renewable Energy	1.8
Energy Efficiency	1.0
Green Buildings	220.5
Clean Transportation	78.5
Environmentally Sustainable Management of Living Natural Resources and Sustainable Land Use	-
Pollution Prevention and Control	-
Sustainable Water and Wastewater Management	-
Total (Social)	301.9

Total allocated proceeds October 31, 2020	498.0
--	--------------

Remaining unallocated proceeds	-
---------------------------------------	----------



Notes to the Schedule of Use of Sustainable Bond Proceeds

1. Background

In 2020, TD issued its first sustainability bond - a US\$500 million three-year bond maturing on September 28, 2023 and was the first-ever sustainability bond in SOFR format. TD Sustainable Bonds support projects in Canada and the United States that contribute to economic growth and environmental sustainability. An amount equal to the net proceeds of the sustainability bond will be used to finance and/or refinance, 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.

2. Basis of Accounting

We intend to use an amount equal to the net proceeds of the sale of the Notes to finance and/or refinance, in part or in whole, loans, investments and internal or external projects (collectively, "Eligible Assets") that promote the categories outlined below ("Eligible Categories"). Eligible Assets will be considered to be "financed" from the net proceeds of the Notes when the relevant Eligible Asset is financed after the issuance of the Notes. Eligible Assets will be considered to be "refinanced" from the net proceeds of the Notes when the relevant Eligible Asset was financed before the issuance of the Notes. Accordingly, the net proceeds from the issuance of the Notes can be used to finance new Eligible Assets or to refinance existing Eligible Assets.

General corporate loans will qualify as Eligible Assets if at least 95% of the loan recipient's revenue is derived from sources that meet the relevant eligibility criteria set out above.

Proceeds from the Notes will not knowingly finance any business for which the principal activity is any of the following: weapons, tobacco, gambling, adult entertainment or predatory lending.

Amounts equal to the net proceeds of the sale of the Notes will be managed in a portfolio approach. We will maintain a pool of Eligible Assets in a "Sustainable Loans Portfolio," and we will select such Eligible Assets in accordance with the eligibility criteria described above. The Sustainable Loans Portfolio is intended to be dynamic, with new Eligible Assets added and existing Eligible Assets removed, when applicable. The TD sustainable bonds review group intends to monitor the aggregate value of Eligible Assets in the Sustainable Loans Portfolio with the goal of maintaining the aggregate value of Eligible Assets in the Sustainable Loans Portfolio at a level that is equal to or greater than the net proceeds raised from the Notes.

If for any reason the aggregate value of Eligible Assets in the Sustainable Loans Portfolio is less than the total outstanding amount of Notes issued hereby, we will invest surplus in cash/cash equivalents and/or other liquid securities in accordance with our normal liquidity management policy.



We expect amounts equal to the net proceeds of the sale of Notes to be fully allocated to Eligible Assets within 18 months of the date of original issuance of the Notes. Funds will be released to pay the actual funding obligations of an Eligible Asset or, to the extent general funds of the Bank are instead used or have been used to fund Eligible Assets, such released funds may be used by us for general corporate purposes.

Payment of principal and interest on the Notes will be made from our general funds and will not be directly linked to the performance of any Eligible Asset.

From within a year of the Notes' issue date and during the term of the Notes, we will provide investors with annual updates regarding (1) the aggregate amount of proceeds from the sale of the Notes to each of the Eligible Categories, (2) the balance of unallocated proceeds, if any and (3) the proportion of financed and refinanced Eligible Assets to which such proceeds have been allocated. The updates set forth above may be accompanied by a third-party assurance report from an independent external auditor in respect of the independent external auditor's examination of the allocation of the proceeds of the Notes to Eligible Assets. These updates will be provided as a supplement to our Environmental, Social and Governance Report, which will be hosted on the TD Environmental, Social and Governance (ESG) reporting website and archived within the 'Archived ESG Reports' page. We do not incorporate website contents into this pricing supplement. We will provide these updates and accompanying reports through and including the last annual update after amounts equal to the net proceeds of the sale of the Notes have been fully allocated to Eligible Assets, after which we may discontinue such updates at any time in our sole discretion.