

TD Sustainability Bond (2020) Issuance – Use of Proceeds

TD is committed to being a sustainability leader and is working to embed environmental and social principles into its products and processes. 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 was 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, 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 green and social categories and TD Sustainable Bonds.

2020 Sustainability Bond Issuance

Four projects financed and/or refinanced by the 2020 TD Sustainability Bond are featured below, as well as a breakdown of benefits and use of proceeds by project category.¹

Affordable/Community Housing

Amount Allocated:

US \$5.3 million

Project Description:

Construction loan to an operational 36-unit affordable apartment complex located at Little Egg Harbor Township, Ocean County, New Jersey.

Social Benefits:

Harbor House Apartments was originally developed and built with United States Department of Agriculture’s Rural Development funds in 1989. Ingerman Management Company, which purchased the complex consisting of three residential buildings, renovated all 36 of the units, which included new windows and doors, new plank flooring to replace the carpet, kitchens with energy star appliances, washers and dryers added to every unit, and new lighting. This complex is part of the Low Income Housing Tax Credit program and is designed to offer affordable housing to only those individuals who meet specific income requirements, as determined by the county’s area median income and State housing agencies.

Access to Essential Services: Healthcare

Amount Allocated:

US \$29.6 million

Project Description:

The Hamlets at Red Deer, owned by H & H Total Care Services, is a 190-unit seniors independent assisted living and designated supportive living community in Red Deer, AB, and a key provider of services to vulnerable seniors in the area.

Social Benefits:

The project is expected to provide residents of The Hamlets at Red Deer with support and services to help them to live independently for as long as possible. The facilities also offer “Designated Supportive Living 4 Services” which are intended to support those residents with more complex medical needs.

Renewable Energy

Amount Allocated:

US \$30.0 million

Project Description:

Term financing to assist Brookfield Renewable to acquire two portfolios of distributed generation solar facilities across nearly 600 sites in the United States, as well as projects under development. The facilities are contracted under long term power purchase arrangements (PPA) and are geographically diversified across 13 states and the District of Columbia within the United States.

Environmental Benefits:

As a renewable energy source, solar energy helps to support the transition to a low carbon economy. According to Brookfield Renewable, the portfolios produce a total aggregate capacity of 360 megawatts of solar energy for use primarily by commercial and industrial customers across the United States. Additionally, the term financing assisted Brookfield Renewable to acquire a development pipeline of over 700 megawatts and a dedicated development and PPA origination team with a proven track record.

Energy Efficiency

Amount Allocated:

US \$34.2 million

Project Description:

Modernization and expansion of an existing district energy system (DES) in Ottawa (National Capital Region) that is intended to help the Government of Canada meet its goal of reducing greenhouse gas emissions (GHG) in its own operations by 40% by 2030.

Environmental Benefits:

Energy Services Acquisition Program (ESAP) will be delivered through a public-private partnership under the responsibility of Public Services and Procurement Canada and is intended to modernize and expand the existing DES that heats 80 and cools 67 federal and non-federal buildings, respectively. Modernizing the DES will support the federal government’s climate change commitments by both helping the transition to a low-carbon economy and helping to stimulate the development of the clean technology sector in Canada. ESAP shared that since 2005, the program has reduced its GHG emissions by 30% in the program’s operations and this program is projected to cut GHG emissions by another 33%, bringing its total estimated GHG emission reductions in the program’s operations to 63% by 2025 from 2005 baseline levels.

1. Information and specifications below, including expected benefits, have been provided by the project party.



Allocation Reporting

Use of Proceeds as at October 31, 2021

Eligible Category	Allocated Proceeds (\$MM USD)
Social Categories	
Affordable/Community Housing	95.4
Affordable Basic Infrastructure	41.4
Access to Essential Services: Healthcare	56.6
Access to Essential Services: Education	8.7
Socioeconomic Advancement and Empowerment	27.9
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of small to medium-sized enterprises financing	-
Social Total	230.0
Green Categories	
Renewable Energy	31.9
Energy Efficiency	34.2
Green Buildings	158.9
Clean Transportation	43.0
Environmentally Sustainable Management of Living Natural Resources and Sustainable Land Use	-
Pollution Prevention and Control	-
Sustainable Water and Wastewater Management	-
Green Total	268.0
Total	<input checked="" type="checkbox"/> \$498.0 ^{2,3,4,5}

Balance of unallocated proceeds equals \$0

Totals may not add up due to rounding

Facts and figures over which Ernst & Young LLP provided reasonable level assurance

2. TD received cash proceeds of US\$498 million net of agency fees.

3. The proportion financed and refinanced Eligible Assets for the allocated proceeds as at October 31, 2021 was 75% and 92.5%, respectively.

4. Visit the [2021 Assurance Statement](#) from Ernst & Young LLP.

5. 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 TD's sustainability bond.

Project Category	Impact Indicator	Unit of Measure	Impact of the TD Sustainability Bond Proceeds ^{6,7,8}
Eligible Green Categories			
Renewable Energy	Annual renewable energy generation and/or capacity of renewable energy plants constructed or rehabilitated	MWh	16,069
	Annual GHG emissions reduced/avoided	tonnes CO2e	10,095
	Natural capital value	\$CAD	2,167,172
Energy Efficiency	Annual energy savings	MWh	61
	Annual GHG emissions reduced/avoided	tonnes CO2e	23
	Natural capital value	\$CAD	4,992
Clean Transportation	Annual absolute (gross) GHG emissions avoided	tonnes CO2e	n/a
	Estimated public transit passenger capacity	# people daily	1,680
Green Buildings	Annual energy savings	MWh	579
	Annual GHG emissions reduced/avoided	tonnes CO2e	264
	Natural capital value	\$CAD	56,720
Eligible Social Categories			
Affordable Basic Infrastructure	Additional people served by infrastructure type	#	1,130 (access to energy)
Access to Essential Services: Healthcare	Number of hospitals and other healthcare facilities built or refurbished	#	2
	Number of new beds providing improved service	#	467
Access to Essential Services: Education	Number of educational institutions funded by type	#	1 (elementary school)
	Number of students served	#	343
Affordable / Community Housing	Number of affordable/community housing units built or refurbished	#	491
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	20,218
	Annual GHG emissions reduced/avoided	tonnes CO2e	7,767
	Natural capital value	\$CAD	1,667,387
	Number of infrastructure projects allocated to support socioeconomic development of marginalized communities	#	1
	Additional people served by infrastructure type	#	2,709 (waste treatment)

6. 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.

7. The impact results have been provided to TD by the applicable borrower or, where impact data was not available, it has been estimated by an independent third-party consultant engaged by TD.

8. 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 Valuation⁹

TD Sustainability Bond Projects

	2021
Carbon reduced or avoided (tonnes CO2e)	18,150
Natural capital value (\$CAD)	3,896,271

TD Economics¹⁰ 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 allows us to understand the true costs, benefits and return on investment of planned activities. Proceeds of the TD Sustainability Bond were used to finance and/or refinance 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.

9. Natural Capital Valuation is completed by an independent 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, to calculate the natural capital value of avoiding or reducing GHG emissions using Environment and Climate Change Canada estimates.

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



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