



TD Green Bond Framework

September 6, 2017

1. Overview/ Background

TD Bank Group (TD) is committed to environmental leadership and the transition to a low carbon economy. We have been on a journey to embed the environment across our business since 2008 and have taken the following actions:

- First North American-based carbon neutral bank
- First asset manager of a major Canadian financial institution to be a signatory to the UN Principles for Responsible Investing (UN PRI)
- Issued first Canadian commercial bank-led green bond
- Active in green bond underwriting
- First North American-based bank to publicly commit to incorporating green bonds into the bank's treasury investment portfolio through the TDBG Green Bond Investment Statement

TD's Green Bond Framework (2017) complies with the Green Bond Principles 2017. The framework describes:

- Criteria for Use of Proceeds
- Identification and Tracking of Projects
- Allocation and Management of Proceeds
- Reporting on Use of Proceeds, and
- External Review

The TD Green Bond Framework (2017) applies to TD Green Bonds issued on or after August 2017. The TD Green Bond Framework will be updated against industry good practice as required. The Framework is integrated within TD's Environmental Management System which is aligned with ISO14001, and is subject to TD's internal audit process.

To learn more about TD's environmental initiatives, goals, and, performance please visit TD's Corporate Responsibility Report. (<http://www.td.com/corporate-responsibility/index.jsp>). Additional information about TD Green Bonds can be found on TD's Investor Relations webpage. (<http://www.td.com/investor-relations/ir-homepage/ir-homepage/investor-index.jsp>)

2. Interested Parties

Management of Proceeds:

- TD Environment (TDE)
- Treasury & Balance Sheet Management (TBSM)

Initial Identification of Green Projects:

- TD Securities (TDS)
- TD Business Banking (TDBB)
- TD Bank National Association (TDBNA)
- TD Enterprise Real Estate (TDERE)

3. Criteria for Use of Proceeds

Proceeds obtained from TD's Green Bond issuances shall be used to fund the financing/refinancing of North American project loans, equipment loans, and general corporate finance loans/revolvers, where the underlying use of funds (referred to as "Projects") meet the TD Green Bond Eligibility Criteria (see below). TD's look-back period for eligible projects is 24 months prior to the date of issuance.

General corporate finance is eligible for funding by the TD Green Bond if at least 95% of the loan recipient's revenue is derived from sources that meet the TD Green Bond Eligibility Criteria, so long as this loan does not fund the expansion of activities that do not meet the TD Green Bond Eligibility Criteria.

3.1 TD Green Bond Eligibility Criteria

The TD Green Bond Eligibility Criteria reflect good practices for reduction of carbon emissions for project developments within North America. TD originally developed its Green Bond Eligibility Criteria in 2014 with support from the Canadian Standards Association. In 2016 the criteria were updated based on recommendations from Det Norske Veritas Germanischer Lloyd (DNV GL).

| Area | Description | Categories |
|---|--|---|
| Renewable energy generation | Investments that help supply energy from renewable and low carbon sources | Wind energy |
| | | Geothermal energy |
| | | Solar energy |
| | | Tidal and ocean energy generation |
| | | Biomass ¹ |
| | | Hydropower ² |
| Energy efficiency and management | Investments that help reduce energy consumption or help manage and store energy | Building efficiency |
| | | Industrial efficiency |
| | | Transportation efficiency |
| | | Energy distribution, storage, and management |
| | | Climate change and eco-efficient products, production technologies, and processes |
| Green infrastructure and sustainable land use | Investments that support conservation, sustainable land, waste or water management, and enhance climate resiliency | Sustainable agriculture |
| | | Sustainable forestry |
| | | Water and waste-water management and treatment |
| | | Sustainable waste management |
| | | Conservation |
| | | Pollution prevention and control |

¹ Bioenergy from sources that do not deplete existing terrestrial carbon pools.

² Existing hydropower assets in temperate zones, or new hydropower facilities under 25 MW generation capacity.

4. Identification and Tracking of Projects

4.1 Identification

TD's business finance segments assess potential Projects against the TD Green Bond Eligibility Criteria and provide recommendations to TD Environment. The TD Environment team reviews the proposed Projects and approves or rejects.

4.2 Tracking

TD's business finance segments provide TD Environment with a quarterly update on financing of all eligible loans. Key information tracked for each loan includes:

- Client name, loan/project ID number and key business activities
- Description of Project/use of proceeds
- Reference to eligibility criteria
- Loan type
- Total amount committed
- Finance/refinance and maturity dates

The TD Environment team confirms the accuracy of information gathered through loan documents and/or TD's lending tracking systems.

5. Allocation and Management of Proceeds

5.1 Allocation of Proceeds

Using the eligible pool of loans, the TD Environment team develops a recommendation on allocation based on level of impact and balance of funding across the TD Green Bond Eligibility Criteria categories. Total committed amounts from selected loans are allocated to the TD Green Bond annually, as at October 31 (TD's fiscal year-end). Loan amounts may include interest and fees.

TD's Chief Environment Officer approves the final allocation of proceeds.

5.2 Management of Proceeds

TD aims for green bond proceeds to be fully allocated within 18 months of the bond issuance. Pending allocation, TD's Treasury & Balance Sheet Management (TBSM) group holds the green proceeds in a segregated investment portfolio consisting of cash or short-term liquid money market instruments. As eligible loans are funded, investments are sold, releasing funds from the account to offset the green commitments.

6. Reporting on Use of Proceeds

TD reports on the use of proceeds and associated environmental benefit in TD's annual Corporate Responsibility Report. The reporting includes an aggregate breakdown by criteria category of the amounts allocated, as well as the following impact metrics (where relevant and possible):



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- Annual energy saved or renewable energy generated
 - Annual GHG emissions reduced/avoided
 - Natural capital value

Project information at the loan level is provided where client consent is obtained. TD is unable to provide loan level information for all Projects due to client confidentiality considerations.

7. External Review

TD has obtained a verification statement from DNV GL for this Green Bond Framework, indicating alignment with the Green Bond Principles. TD will obtain a second party opinion for each future green bond issuance. Additionally, TD will obtain assurance of the allocation of proceeds on an annual basis (at fiscal year-end). The external review statements will be made publicly available.