

TD BANK GREEN BOND 2

DNV GL ELIGIBILITY ASSESSMENT

Scope and Objectives

TD Bank Group, N.A. (henceforth referred to as "TD Bank") is a leading Canadian multinational banking and financial services corporation headquartered in Toronto.

TD Bank is intending to issue a second Green Bond in the total range of USD One Billion (henceforth referred to as "the Bond"). The purpose of the Bond is to finance/refinance TD Bank's loans and projects in 17 project categories, as listed in the Schedule 1 of this review.

DNV GL Business Assurance Services Limited (henceforth referred to as "DNV GL") has been commissioned by TD Bank to provide a Green Bond eligibility assessment on the TD Bank Green Bond. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

Responsibilities of the Management of TD Bank and DNV GL

The management of TD Bank has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform TD Bank's management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by TD Bank. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by TD Bank's management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

We have adapted our green bond eligibility assessment methodology to create TD Bank - specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion.

As per our Protocol, the criteria against which the Bond has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by TD Bank in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a TD Bank - specific Protocol, adapted to the purpose of the Bond, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by TD Bank on the Bond and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of TD Bank's published material with regards to TD Bank's environmental activities relating to the company;
- Review of TD Bank's marketing and roadshow materials in regards to the Bond;
- Discussions with TD Bank's management, and review of relevant documentation and evidence related to the criteria of the Protocol;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings; and
- Reviewed the project tracking mechanisms and process.

Findings and DNV GL's opinion

DNV GL's findings are listed below:

- 1. Principle One: Use of Proceeds.** TD Bank is intending to issue a Green Bond to finance and refinance assets in the following areas; Renewable energy generation, Energy efficiency and management, Green infrastructure and Sustainable land use. Schedule 1 provides further details of the project categories in these areas. The evidence we have reviewed suggests that the currently identified project categories are providing clear environmental benefits, either through the production of renewable and low carbon energy, the reduced consumption of energy, energy efficiency and management, green infrastructure, conservation, waste and water management, sustainable land use or enhancing climate resiliency. The expected benefits are quantified as annual energy saved or green energy generated, annual GHG emissions reduced/avoided and natural capital value. TD Bank has also confirmed a 24 month look back period prior to the date of issuance for eligible projects.
- 2. Principle Two: Process for Project Evaluation and Selection.** The TD Bank Green Bond Framework describes the process through which projects are identified, selected and reviewed, including details of the roles that different departments play in this process. In addition to this we have reviewed TD Bank's corporate policies in relation to environmental and social governance, and found these to be in line with industry practice.
- 3. Principle Three: Management of Proceeds.** Pending allocation, TD Bank'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 projects are funded, investments are sold, releasing funds from the account to offset the green commitments.
- 4. Principle Four: Reporting.** TD Bank will report on the allocation of proceeds of the Green Bond and associated environmental benefits on an annual basis through the TD Bank Corporate Responsibility Report and the Investor Relations website, including the following metrics: annual energy saved or green energy generated, annual GHG emissions reduced/avoided and natural capital value, where data is available.

On the basis of the information provided by TD Bank and the work undertaken, it is DNV GL's opinion that the Bond meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles 2017.

for DNV GL Business Assurance Services UK Limited

London, 08 September 2017



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About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

1 SCHEDULE 1: DESCRIPTION OF CATEGORIES/ASSETS TO BE FINANCED/REFINANCED THROUGH THE BOND

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.

SCHEDULE 2: TD BANK-SPECIFIC GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework 	<p>The TD Bank Green Bond falls within the category of a Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework 	<p>We conclude that the legal documentation confirms the utilization of proceeds is appropriately described.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework • The spreadsheet "Green Bond Tracking List Eligibility Criteria.xlsx" 	<p>The evidence reviewed gives us the opinion that the designated Green Project categories do provide clear environmentally sustainable benefits.</p> <p>In addition, eligibility criteria demonstrate that the Green Project categories provide clear environmental benefits and the thresholds of selection are within reasonable limits.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Issuer’s environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.	In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required. Evidence reviewed: <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework • The spreadsheet “Green Bond Tracking List Eligibility Criteria.xlsx” • TD 2016 Corporate Responsibility Report • TD Environmental Policy • TD Non-Retail Environmental and Social Credit Risk Process • TD Position Statement on Responsible Energy Development • TD Sustainable Investing Approach 	We conclude that, from the information provided, TD Bank’s approach to managing environmental sustainability is in line with the objective of the Green Bond and TD Bank’s material issues reflect this.

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate	In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required. Evidence review:	We found that the TD Bank Green Bond will be tracked in an appropriate manner and attested to by a formal internal process that will be linked to the TD Bank lending and investment operations for Green Projects.

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		<p>manner and attested to by a formal internal process that will be linked to the issuer’s lending and investment operations for Green Projects.</p>	<ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework • The spreadsheet “Green Bond Tracking List Eligibility Criteria.xlsx” • The spreadsheet “Green Bond - Green Projects Tracking - Q3 - 2017 - 09 01 2017.xlsx” 	
3b	Tracking procedure	<p>So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required.</p> <p>Evidence review:</p> <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework • The spreadsheet “Green Bond Tracking List Eligibility Criteria.xlsx” • The spreadsheet “Green Bond - Green Projects Tracking - Q3 - 2017 - 09 01 2017.xlsx” 	<p>We conclude that there is a clear process in place for the tracking of the balance taking into account investments or loan disbursements.</p>
3c	Temporary holdings	<p>Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required.</p> <p>Evidence review:</p> <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework • The spreadsheet “Green Bond Tracking List Eligibility Criteria.xlsx” • The spreadsheet “Green Bond - Green Projects Tracking - Q3 - 2017 - 09 01 2017.xlsx” 	<p>We conclude that TD Bank has in place a segregated investment portfolio consisting of cash and short-term liquid money market instruments to use as temporary investments.</p>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with TD Bank Management on the Criteria required.</p> <p>Evidence review:</p> <ul style="list-style-type: none"> • TD Bank Green Bond Term Sheet • TD Bank Green Bond Framework • TD 2016 Corporate Responsibility Report • Reporting on previous green bond "TD Green Bond – Use of Proceeds 2015" • Review of roadshow presentation and accompanying marketing materials 	<p>We found that TD Bank plan to report on the Green Bond in align with the required Criteria. TD Bank state that they will report on the proceeds of the bond annually in their CR report. Evidence of reporting in the CR report on the previous Green Bond was reviewed, as was evidence of the Use of Proceeds on the previous Green Bond.</p>