

Second-Party Opinion

Trinity Industries Leasing Company

Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Trinity Industries Leasing Company Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds Clean Transportation is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the U.N. Sustainable Development Goals, specifically SDG 9.



PROJECT EVALUATION / SELECTION TILC's Investor Services team is charged with overseeing portfolio selection for all green financings and will monitor the assets in the portfolio to verify the green-labeled portfolios remain aligned with the commitments of the Framework. This process is in line with market practice.



MANAGEMENT OF PROCEEDS TILC's Investor Services team is charged with managing the proceeds of its green financing instruments; full allocation to refinance eligible assets is anticipated at the time of issuance. Sustainalytics considers the processes in place to manage proceeds to be in line with market practice.



REPORTING TILC intends to report on the allocation of its Green Financing Instrument on an annual basis. This report will include a breakdown of the green portfolio by value and the commodities transported. Sustainalytics views the above process as aligned with market practice. TILC's impact reporting will, on a best efforts basis, note any changes to the expected GHG emission reduction from rail compared to other transportation methods in the U.S. Sustainalytics considers asset-level impact reporting to be a best practice while recognizing the data limitations and consequent barriers to TILC providing these metrics, and encourages striving for more granular impact reporting over the long term.

Evaluation Date	Jan 18, 2021
Issuer Location	Dallas, United States

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Introduction

Formed in 1979, Trinity Industries Leasing Company ("TILC"), a wholly-owned subsidiary of Trinity Industries ("Trinity" or the "Company"), provides railcar leasing and management services for over 700 customers and over 130,000 railcars in North America. As a leading provider of railcar leasing services, TILC has raised \$6.8 billion of railcar secured debt since 2001 to support its leasing activities.

TILC developed the Trinity Industries Leasing Company Green Financing Framework (the "Framework") to support green financing instruments, including green bonds and loans in which the use the proceeds will finance and/or refinance projects that aim to improve GHG emissions and fuel efficiency of railcars. The Framework defines eligibility criteria in the area of Clean Transportation.

TILC engaged Sustainalytics to review the Framework, dated January 2021, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP) and the Green Loan Principles (GLP) as set out by the ICMA and LMA, APLMA and LSTA respectively.¹ This Framework will be published in a separate document.²

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2018, as administered by ICMA and the Green Loan Principles 2020, as administered by LSTA, LMA and APLMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6., which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of TILC's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. TILC representatives have confirmed (1) they understand it is the sole responsibility of TILC to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and TILC.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond or loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Trinity Industries Green Financing Framework is available on Trinity Industries' website at: <https://www.trin.net>.

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realized allocation of the bond or loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that TILC has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Trinity Industries Leasing Company Green Financing Framework

Sustainalytics is of the opinion that the Trinity Industries Leasing Company Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of Trinity's Green Financing Framework:

- Use of Proceeds:
 - The eligible category, Clean Transportation, is aligned with those recognized by the GBP and GLP.
 - Financing raised by transactions under the Framework will primarily support the acquisition and maintenance of railcar fleets, which Trinity leases to customers in a variety of industries.
 - Each Green Financing Instrument issued by TILC will be backed by a portfolio of assets which includes an amount of Eligible Green Assets, measured by fair market value (FMV), at least equal to the amount of the financing.
 - Green assets exclude railcars which transport fossil fuels (namely transport crude oil, coal, refined petroleum products, and natural gases⁴). Sustainalytics considers these exclusionary criteria to be aligned with market practice.
 - As the FMV of railcars may fluctuate over time,⁵ the Framework defines that a 10% "cushion" shall be permitted, to allow for a situation where the aggregate FMV of Eligible Green Assets drops below the amount of green financing. TILC has disclosed to Sustainalytics that any use of this tolerance margin would be intended to be temporary.
 - In addition to the matching of Green Financing to Eligible Green Assets, TILC's goal is that financed portfolios consist of no more than 25% fossil fuel transport cars (measured by asset FMV). While this is not obligatory, Sustainalytics views this secondary target as providing further reassurance of the positive impact of the financing.
 - Sustainalytics considers the financing of freight rail capacity to be aligned with market expectations based on the following:
 - The transport of freight by rail is recognized to result in much lower carbon emissions, on a per tonne-kilometer basis, compared to transport by road. Data from the U.S. Federal Highway Administration (FHWA) projects that a shift from road to rail could result in an up to 75% reduction in greenhouse gas emissions.⁶
 - While the vast majority of the U.S. railway system is powered by diesel locomotives, according to the IPCC the "typical range" for emissions from diesel rail is still much lower than all classes of road freight.⁷
 - TILC is unable to provide asset- or portfolio-level emissions performance data on the financed assets, as TILC is not the operator of the railcars. While such disclosures

⁴ TILC will review any new commodities to be transported to verify if they should be excluded.

⁵ These changes in FMV may be due to market conditions, amortization, or cash reserves within the portfolio.

⁶ Calculations by the American Association of Railroads based on FHWA data, see: <https://www.aar.org/wp-content/uploads/2020/06/AAR-Positive-Environmental-Effects-of-Freight-Rail-White-Paper-62020.pdf>

⁷ IPCC, "Transport", Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter8.pdf

would provide additional assurance relating to the environmental credentials of the green assets, based on the above, Sustainalytics is nevertheless confident that the financing under the Framework will result in net-positive environmental outcomes.

- **Project Evaluation and Selection:**
 - TILC's Investor Services team is charged with overseeing portfolio selection for all green financings and ensuring compliance with the criteria of the Framework. This team will monitor the assets in the portfolio, as well as lease rates and remaining terms, to verify the green-labeled portfolios remain aligned with the commitments of the Framework.
 - Based on the clear delegation of responsibility, Sustainalytics considers this process to be in line with market practice.
- **Management of Proceeds:**
 - TILC's Investor Services team will manage the proceeds of issuances under the Framework, and will ensure that they are allocated to finance eligible rail assets as described in the use of proceeds section.
 - Full allocation to refinance eligible assets is anticipated at the time of issuance of each Green Financing, as described above.
 - Based on the commitments around ongoing monitoring, Sustainalytics considers TILC's management of proceeds to be in line with market practice.
- **Reporting:**
 - TILC will make available to its investors or lenders annual reporting on the allocation of its Green Financing Instrument. Information provided will include a breakdown of the green portfolio by value and the commodities transported, and the reporting will be certified by a responsible officer of TILC.
 - TILC will, on a best efforts basis, aim to supplement its allocation reporting with impact reporting. This impact reporting will provide any changes to the expected GHG emission reduction from rail compared to other transportation. Sustainalytics recognizes the data limitations, and consequent barriers to asset- or portfolio-level impact reporting, currently faced by TILC. Nevertheless, Sustainalytics encourages TILC to strive for more granular impact reporting over the long term, such as estimated emissions reductions (e.g. tonnes CO₂e) or emissions intensity (e.g. gCO₂/tonne-km) for the freight transported by its railcar fleet, in order to align with best practice in the market.
 - Based on the above commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018 & Green Loan Principles 2020

Sustainalytics has determined that the Trinity Industries Leasing Company Green Financing Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Trinity Industries

Contribution of Framework to Trinity Industries and Trinity Industries Leasing Company's sustainability strategy

Sustainalytics is of the opinion that Trinity demonstrates its commitment to sustainability through its focus on key environmental areas such as air emissions, energy consumption, and waste and water management. Sustainalytics highlights the following aspects of this strategy.

- Recognizing environmental challenges in the freight transportation industry, Trinity has committed to operating under an environmental management system which strives to minimize environmental impact from the Company's operation and upholds principles of the American Chemistry Council's Responsible Care® Management System (RCMS).⁸
- Trinity views air quality as a priority for their business and therefore commits to continuous evaluation and reduction of air emissions from railcar manufacturing and maintenance facilities. Specific actions taken include promoting clean fuels, technologies and business opportunities that have lower environmental impacts. With six existing U.S. facilities

⁸ Trinity Industries, Statement on Environmental Stewardship, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Environmental-Stewardship.pdf

operating under Environmental Protection Agency (EPA) defined Minor Source emission levels, Trinity intends to continue reducing emissions at additional facilities to the same level.⁹

- In addition to air emissions, Trinity also commits to a reduction of GHG emissions, energy consumption, waste generation and water usage. Trinity incorporates climate change mitigation into its business strategy and will continue to explore opportunities to improve its environmental impact.^{10,11,12,13}

Sustainalytics is of the opinion that the Trinity Industries Leasing Company Green Financing Framework is aligned with the Trinity Industry's overall sustainability strategy and initiatives and will enhance the Company's actions on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While the net proceeds from instruments issued under the Framework will be directed to financing assets that are recognized as having positive environmental impacts, Sustainalytics recognizes that such eligible projects could also lead to negative environmental and social outcomes in some contexts. Key environmental and social risks associated with the eligible projects could include the release of non-GHG air pollutants and occupational health and safety and industrial safety concerns.

Sustainalytics is of the opinion that Trinity is able to manage and/or mitigate potential risks through implementation of the following:

- Sustainalytics recognizes that, as a railcar lease provider, TILC does not have operational control over the assets financed or the direct ability to influence the environmental performance of the locomotives hauling its railcars. Nevertheless, TILC and Trinity recognize the importance of mitigating the environmental and health risks associated with rail operations by evaluating and reducing manufacturing emissions by promoting clean fuels and cost-effective technologies. Trinity installed regenerative thermal oxidizer technology to reduce solvent emissions from coating, equipped its railcar blasting booths with high-efficiency filters to control particulate matter, and continuously works with paint manufacturers to identify alternatives with reduced environmental impact.
- Trinity commits to providing a safe and healthy work environment for its employees, and seeks to protect their well-being through comprehensive health and safety policies and procedures that include the identification and elimination of health and safety risks, operations management, health and safety training, emergency preparedness, performance auditing, program certification, and improvement targets. This includes robust protocols and procedures that extend to employees and suppliers. Further, as a certified partner company in RCMS, Trinity engages in performance measurement, as well as preventive and corrective actions, including self-assessments and RCMS maintenance procedures. In addition to RCMS, Trinity has also developed a Safety and Environmental Excellence at Trinity program, which further commits to environmental and safety risk reduction and parallels several ISO 45001 standards. Trinity is committed to achieving conformance with the ISO 45001 and 14001 standards, with certification targeted for 2021.¹⁴
- To manage product quality and safety assurance, in addition to RCMS, Trinity is certified to Association of American Railroads M-1003 for its rail operations. Trinity's product safety program addresses relevant procedures for risk assessment, training, emergency responses, hazard reporting and incident tracking and investigation.¹⁵

⁹ Trinity Industries, Statement on Air Emission, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Air-Emissions.pdf

¹⁰ Trinity Industries, Statement on Climate Change and GHG Emission, available at:

https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Climate-Change-and-GHG-Emissions.pdf

¹¹ Trinity Industries, Statement on Waste, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Waste.pdf

¹² Trinity Industries, Statement on Water, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Water.pdf

¹³ Trinity Industries, Statement on Energy, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Energy.pdf

¹⁴ Trinity Industries, Statement on Occupational Health and Safety, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Occupational-Health-and-Safety.pdf

¹⁵ Trinity Industries, Statement on Product Stewardship, available at: https://s25.q4cdn.com/774532758/files/doc_downloads/ESG/Statement-on-Product-Stewardship.pdf

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Trinity has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics has focused on the below aspect where the impact is specifically relevant in the local context.

Importance of clean rail transportation in the United States

Transporting more than 2 billion tons of goods across 140,000 miles annually, the freight rail network in the U.S. is the largest freight system in the world.¹⁶ According to the U.S. Department of Transportation, freight moved by rail accounts for 39.5% of the country's total domestic freight transport. More importantly, the country's economy largely relies on rail freight as 91% of the goods moved by rail are bulk commodities. Additionally, the high capacities of freight rail are a projected solution for future transportation challenges such as increasing urbanization in the U.S.¹⁷

Accounting for 28% of the country's total emissions, transport emissions in the U.S. represent the highest share of any country in the world.¹⁸ Of this total, rail transportation is responsible for 2%.¹⁹ As the U.S. is expected to re-commit to its climate targets previously made under the Paris Agreement, namely reducing GHG emission by 26% to 28% by 2025 compared to 2005 level²⁰, addressing emissions in this sector will be of crucial importance. As of 2019, GHG emissions had only decreased 12% from 2005 levels.²¹ On average, railcars can move a ton of freight over 470 miles on a gallon of fuel, which makes rail four times fuel efficient than highway and thereby generating less GHG emissions.²² As a more sustainable and low-carbon transportation solution, rail plays an important role in reducing transportation emissions. Considering this context, Sustainalytics considers TILC's investment in clean transportation to be well-positioned to deliver positive environmental impact through its green bond issuance.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

¹⁶ Association of American Railroads, Freight Rail in Your State: <https://www.aar.org/data-center/railroads-states/#:~:text=Workforce-Freight%20Rail%20in%20Your%20State,that%20runs%20through%2049%20states>.

¹⁷ US Department of Transportation, Freight Rail Overview, <https://railroads.dot.gov/rail-network-development/freight-rail/freight-rail-overview-0>

¹⁸ World Resources Institute, Everything You Need to Know About the Fastest-Growing Source of Global Emissions: Transport, 2019, <https://www.wri.org/blog/2019/10/everything-you-need-know-about-fastest-growing-source-global-emissions-transport>

¹⁹ EPA, Fast Facts on Transportation Greenhouse Gas Emissions, <https://www.epa.gov/greenvehicles/fast-facts-transportation-greenhouse-gas-emissions>

²⁰ Climate Action Tracker, USA, [https://climateactiontracker.org/countries/usa/pledges-and-targets/#:~:text=Paris%20Agreement%20targets&text=The%20US%20NDC%20set%20a,change%20and%20forestry%20\(LULUCF\)](https://climateactiontracker.org/countries/usa/pledges-and-targets/#:~:text=Paris%20Agreement%20targets&text=The%20US%20NDC%20set%20a,change%20and%20forestry%20(LULUCF)).

²¹ ecoRI News, No Progress Made to Reduce U.S. Greenhouse-Gas Emissions, 2020, <https://www.ecori.org/climate-change/2020/1/22/no-progress-made-to-reduce-us-greenhouse-gas-emissions>

²² CSX, Fuel Efficiency, <https://www.csx.com/index.cfm/about-us/the-csx-advantage/fuel-efficiency/>

Conclusion

Trinity Industries Leasing Company has developed a Green Financing Framework, under which it may issue Green Financing Instruments, including green bonds and loans, and use the proceeds primarily to support the acquisition and maintenance of railcar fleets. Sustainalytics considers that the assets finance will provide positive environmental impacts by advancing carbon-efficient freight transport in the U.S.

The Trinity Industries Leasing Company Green Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Framework is aligned with the overall sustainability strategy of Trinity Industries and that the use of proceeds categories will contribute to the advancement of the U.N. Sustainable Development Goals, in particular Goal 9. Additionally, Sustainalytics is of the opinion that Trinity has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Trinity Industry Leasing Company is well-positioned to issue Green Financing Instruments and that Trinity Industries Leasing Company Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Green Loan Principles (2020).

Appendix 1

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Trinity Industries Leasing Company
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Trinity Industries Leasing Company Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 18 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds Clean Transportation is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the U.N. Sustainable Development Goals, specifically SDG 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

TILC's Investor Services team is charged with overseeing portfolio selection for all green financings and will monitor the assets in the portfolio to verify the green-labeled portfolios remain aligned with the commitments of the Framework. This process is in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

TILC's Investor Services team is charged with managing the proceeds of its green financing instruments; full allocation to refinance eligible assets is anticipated at the time of issuance. Sustainalytics considers the processes in place to manage proceeds to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

TILC intends to report on the allocation of its Green Financing Instrument on an annual basis. This report will include a breakdown of the green portfolio by value and the commodities transported. Sustainalytics views the above process as aligned with market practice. TILC's impact reporting will, on a best efforts basis, note any changes to the expected GHG emission reduction from rail compared to other transportation methods in the U.S. Sustainalytics considers asset-level impact reporting to be a best practice, while recognizing the data limitations and consequent barriers to TILC providing these metrics, and encourages striving for more granular impact reporting over the long term.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
|
 | |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Green portfolio by value and the commodities transported | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Reporting information will be available in addition to the transaction required reporting at: https://www.trin.net . |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.trin.net>.

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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