

Trinity Industries Leasing Company

Type of Engagement: Green Bond Pre-Issuance Review

Date: 29 April 2025

Engagement Team:

Aishwarya Ramchandran, aishwarya.ramchandran@morningstar.com

Daniel Kan, daniel.Kan@morningstar.com

Introduction

In January 2021, Trinity Industries Leasing Company (“TILC”) developed the Trinity Industries Leasing Company Green Financing Framework (the “Framework”)¹ under which its subsidiary – Trinity Rail Leasing 2023 LLC (the “Issuer”)² will issue the Amended and Restated TRL 2023-1 Notes (the “2023-1 Green Bond Issuance”)³ that will finance and/or refinance assets related to the purchase, lease or refurbishment of freight railcars.

In April 2025, TILC engaged Sustainalytics to review the projects that will be financed and/or refinanced by the 2023-1 Green Bond Issuance (the “Nominated Projects”) to provide an assessment as to whether the projects comply with the Use of Proceeds, Project Selection and Management of Proceeds sections of the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.⁴

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects as to whether:

1. They meet the use of proceeds eligibility criteria in the Framework; and
2. The commitments to select projects, manage proceeds and report on allocation and impact meet the ones described in the Framework.

Appendix 2 provides a summary of the Nominated Projects.

Issuing Entity’s Responsibility

TILC is responsible for providing accurate information and documentation relating to the Nominated Projects, including a description of the projects. This information was provided to Sustainalytics to support its review. TILC is also responsible for confirming to Sustainalytics that the processes for project selection and management of proceeds will remain aligned with the commitments in the Framework.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the 2023-1 Green Bond Issuance. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from representatives of TILC that the use of proceeds, processes for project selection and management of proceeds for the 2023-1 Green Bond Issuance will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by TILC with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by TILC.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment.

¹ The Trinity Industries Leasing Company Green Financing Framework is available on TILC’s website at:

https://s25.q4cdn.com/774532758/files/doc_downloads/2021/01/TILC_Green-Financing-Framework_vF.pdf

² TILC has communicated to Sustainalytics that it has operational control over the Issuer. It has further confirmed that it will be responsible for ensuring continual alignment of the issuance with the criteria defined in the Framework.

³ TILC has communicated to Sustainalytics that the Amended and Restated TRL 2023-1 Notes are secured green standard bonds.

⁴ Trinity Industries Leasing Company Green Financing Framework Second-Party Opinion is available on Sustainalytics’ website at:

<https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/trinity-industries-leasing-company/trinity-industries-leasing-company-green-financing-framework-second-party-opinion/trinity-industries-leasing-company-green-financing-framework-second-party-opinion-pdf>

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the 2023-1 Green Bond Issuance is not aligned with the Framework.

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects and assets, including description, estimated and realized costs, and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Use of Proceeds Eligibility Criteria of the Trinity Industries Leasing Company

In January 2021, TILC developed the Framework under which it may issue green financing instruments, including green bonds and loans in which the use of proceeds will finance and/or refinance projects that aim to improve the GHG emissions and fuel efficiency of railcars, and that meet the following eligibility criteria:

Table 1: Use of Proceeds Eligibility Criteria

Project Category	Eligible Green Projects
Low-carbon transportation	<ul style="list-style-type: none">• Investments related to the purchase, lease or refurbishment of freight railcars; and• Investments related to the improvement of freight railcars.

Appendix 2: Summary of the Nominated Projects

The 2023-1 Green Bond Issuance will finance and/or refinance the Nominated Projects in the portfolio, maintaining a 10% cushion to accommodate fluctuation in the fair market value ("FMV"), cash reserve associated with the transaction, and amortization over time, in accordance with the Framework.⁶

Additionally, when matching the green financing instrument to eligible green assets, TILC has committed in the Framework that the financed portfolio will consist of no more than 25% fossil fuel transport cars, measured by the FMV of assets.⁷

The 2023-1 Green Bond Issuance will finance and/or refinance a portfolio of 16,678 railcars comprising 149 off-lease railcars and the rest on 450 full-service leases, 37 net operating leases and 13 per diem leases.⁸ Of the total railcars in the portfolio, 14,153 railcars, accounting for 86% of the portfolio by FMV, are considered eligible green assets, which are utilized for transporting a range of commodities across the North American railroads.

Table 2: FMV of the Nominated Projects

FMV of Green Assets (USD)	FMV of Total Assets (USD)	Share of Green Assets (%)
1,365,242,988	1,586,676,080	86%

Table 3: Detailed List of the Nominated Projects

Market Group	Number of Cars	Car Type ⁹	Car Type
Agriculture	2,078	Freight	Box Cov. Hopper - PD Cov. Hopper Jumbo Cov. Hopper Large Cov. Hopper Medium
	1,108	Tank	Tankcar - 20,413 CI Tankcar - 20,413 NCI Tankcar - 23,589 CI Tankcar - 25,498 CI Tankcar - 29,188 CI Tankcar - 30,145 NCNI Tankcar - Corn Syrup Tankcar - Other General Service Tankcar - Phosphoric Acid Tankcar Pressure - 112J500 Tankcar Stainless
Construction/Metals	1,758	Freight	Aggregate Box Cov. Hopper - PD Cov. Hopper - Plastics Cov. Hopper Jumbo Cov. Hopper Large Cov. Hopper Medium Cov. Hopper Small Flat Car

⁶ The 2023-1 Green Bond Issuance is secured by 16,678 railcars with an FMV of USD 1,587 million. TILC has communicated to Sustainalytics that the final balance of notes is USD 1,050 million.

⁷ Sustainalytics notes that fossil fuels (coal, crude oil, natural gas and refined products) comprise 14% of the total portfolio, as measured by the FMV of assets.

⁸ TILC has communicated to Sustainalytics that full-service lease refers to railcars where the owner is responsible for the maintenance costs of the asset, whereas in net operating lease, the maintenance costs are borne by the lessee. Finally, per diem leases are short-term where the customer leases the railcars based on their mileage or hourly need.

⁹ TILC has confirmed to Sustainalytics that tanks in the portfolio are a subset of freight transportation and hence, align with the criteria defined in the Framework.

			Mill-Gon Other
Consumer Products	2,071	Freight	Auto-Rack Box Flat Car Well Car
	2	Tank	Tankcar - 23,589 CI Tankcar - 25,498 CI
Downstream/Chemicals	1,718	Freight	Box Cov. Hopper - PD Cov. Hopper - Plastics Cov. Hopper Large Mill-Gon
	4,644	Tank	Tankcar - 20,413 CI Tankcar - 23,589 CI Tankcar - 25,498 CI Tankcar - 28,371 CI Tankcar - 30,145 NCNI Tankcar - 30,300 NCI Tankcar - 31,808 NCNI Tankcar - Asphalt Tankcar - Caustic Soda Tankcar - Hydrochloric Acid Tankcar - Molten Sulfur Tankcar - Other General Service Tankcar - Sulfuric Acid Tankcar Pressure - 105J300 Tankcar Pressure - 105J400 Tankcar Pressure - 105J500 Tankcar Pressure - 105J600 Tankcar Pressure - 112J340 Tankcar Pressure - 112J400 Tankcar Pressure - 112J500 Tankcar Stainless
Energy	1,268	Freight	Coal - Gon Coal - RD Cov. Hopper - PD Cov. Hopper - Plastics Cov. Hopper Small Mill-Gon
	1,940	Tank	Tankcar - 23,589 CI Tankcar - 25,498 CI Tankcar - 28,371 CI Tankcar - 30,145 NCNI Tankcar - 30,300 NCI Tankcar - 31,808 NCNI Tankcar Stainless
Other	83	Freight	Box Cov. Hopper Jumbo Mill-Gon Well Car
	8	Tank	Tankcar - 25,498 CI Tankcar Pressure - 112J400
Total Railcars	16,678		

Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine if they meet the use of proceeds eligibility criteria in the Framework.	All projects reviewed (Appendix 2) complied with the use of proceeds eligibility criteria.	None
Project Selection and Management of Proceeds Criteria	Verification of the Nominated Projects to determine if the processes for project selection and management of proceeds are consistent with the Framework.	Trinity Industries Leasing Company has confirmed to Sustainalytics that the processes for project selection and management of proceeds for the 2023-1 Green Bond Issuance are consistent with the commitments described in the Framework.	None

Disclaimer

Copyright ©2025 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein (the "Information") are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided "as is" and reflects Sustainalytics' opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers' names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

