

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

Trinity Industries Green Financing Framework

March 23, 2026

Location: United States

Sector: Transportation

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

See [Alignment Assessment](#) for more detail.

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**Medium
green**

Activities that represent significant steps towards a low-carbon climate resilient future but will require further improvements to be long-term low-carbon climate resilient solutions.

Our [Shades of Green Analytical Approach](#) >

Strengths

The framework supports a shift towards a more sustainable freight mode. The clean transportation project category funds railcars to facilitate movement of freight from higher-emission trucking to lower-emission rail, and does so with significant gains in efficiency.

The company's ambitious recycling programs are bolstered by the framework. Trinity has recycled over 95% of the materials in retired railcars; this is critical to the sustainability of the sector as it seeks to displace trucking as a freight mode and the quantity of railcars increases.

Weaknesses

None

Areas to watch


Visibility into the emissions footprint of end users is limited. Although six railroad companies operate most rail freight in North America, leasing arrangements through intermediaries can limit visibility into the precise environmental footprint. However, we recognize these operators are all pursuing decarbonization strategies in the near term.

The framework lacks quantifiable performance thresholds for some green projects. This is notable in areas such as pollution prevention and control, and sustainable water and wastewater management.

Shades of Green Projects Assessment Summary

To date, the company has exclusively used the low-carbon transportation category in securitizations, and we expect this to remain the dominant allocation of proceeds as well, though several others are permitted under the framework.


Low-carbon transportation

 Medium green

Freight railcars such as tank cars, covered hoppers, auto racks, flat and intermodal, gondolas, open hoppers, and box cars will be defined as eligible green projects, which exclude freight railcars dedicated to the transportation of fossil fuels (e.g., coal, crude oil, natural gas liquids, and refined products).

Design improvements to reduce weight and increase capacity of freight railcars.

Eco-efficient and/or circular economy adapted products, production technologies and processes

 Medium green


Expenditure and investments related to technologies, systems, programs, or equipment that support the reuse, repurpose, refurbishment, and remanufacturing of freight railcars and components, including the Sustainable Railcar Conversion Programs such as major modifications, retrofits, rebuilds, inspection, testing, recertification, and reuse of railcar wheelsets, trucks, valves, and brakes; reuse of freight railcar components through recasting; rebuild and recondition brake equipment, draft components, truck components, and wheels; and lower carbon composite and sustainable materials.

Renewable energy

 Dark green


Expenditure and investments related to the construction, development, acquisition, maintenance, and operation of renewable energy generation assets (on-site or off-site) or purchases of renewable energy pursuant to long-term (five years or more) power purchase agreements (PPA) or virtual power purchase agreements (VPPA) entered prior to the commencement, or in the case of repowering projects, the recommencement of commercial operation of the renewable energy project. Sources include solar photovoltaic; wind; and geothermal with direct emissions.

Energy efficiency

 Medium green

Expenditure and investments related to equipment, systems, and technologies that are designed to reduce energy consumption and greenhouse emissions and aim to improve the energy efficiency of offices and facilities by 30%, including energy efficient LED lighting and heating, ventilation, and air conditioning (HVAC) systems; and technology systems, smart meters, load controls, and sensors that enable the monitoring and optimization of energy usage and consumption.

Pollution prevention and control

 Medium to Light green

Expenditure and investments related to reducing waste sent to landfills and other air emissions or environmental pollution across operations, including recycling of disassembled steel components; waste sorting systems and processes to enhance recycling rates; reduce volatile organic compounds (VOC) emissions through switching to low-VOC coatings; and low-global warming potential refrigerants for refrigerated box cars.

Sustainable water and wastewater management

 Light green

Expenditure and investments related to technologies, processes, systems, equipment, or facilities that track and address water use, consumption, and wastewater management, including installation of TERSUS (robotic cleaning process with a water recycling system) that allows for the reuse of wash water during railcar cleaning process; capture and treatment of industrial wastewater from railcar cleaning and maintenance; and collection, distribution, treatment, recycling or reuse of water, stormwater, or wastewater.

See [Analysis Of Eligible Projects](#) for more detail.

See [Alignment Assessment](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

Incorporated in 1933 and headquartered in Dallas, Trinity Industries Inc. provides railcar products and services under the TrinityRail trade name in North America. The company operates in two segments, Railcar Leasing and Services Group and Rail Products Group. The Railcar Leasing and Services Group leases freight and tank railcars, originates and manages railcar leases for third-party investors, and provides fleet leasing, management, and administrative services, as well as railcar maintenance and modification services, and other railcar logistics products and services. As of Dec. 31, 2025, it had a fleet of 146,270 railcars. This segment serves industrial shipper and railroad companies operating in refined products and chemicals, energy, agriculture, construction and metals, and consumer products. The Rail Products Group manufactures freight and tank railcars for transporting various liquids, gases, and dry cargo, and manufactures and sells railcars and related parts and components. This segment serves railroads, leasing companies, and industrial shippers of refined products and chemicals for energy, agriculture, construction and metals, and consumer products markets.

Material Sustainability Factors

Climate Transition Risk

Transportation is the fastest expanding source of emissions worldwide. Autos, airlines, and freight account for about a quarter of global greenhouse gas emissions, according to the International Energy Agency (IEA). Infrastructure design and condition can affect greenhouse gas emissions (such as rail lines being electrified or the availability of ship-to-shore power at ports) and existing transportation infrastructure may require investment to support wider decarbonization trends. Infrastructure development also produces significant emissions due to land use changes and reliance on carbon-intensive materials such as steel and cement. Rail transportation specifically is an opportunity to reduce emissions via modal shift, though most freight engines remain powered by diesel.

Physical Climate Risk

Acute physical risks such as storms, wildfires, and floods can impair, disrupt, or even destroy transportation assets, limiting the availability of essential infrastructure including roads and mass transit systems. Over time, both acute and chronic risks of changing temperature, precipitation patterns, and sea level rise may shorten the useful life of vehicles and infrastructure. Many service interruptions are regional, but the key role of transportation access in communities and economies can lead to major impacts. These can be much broader if key assets such as bridges, tunnels, or ports are unavailable for extended periods. The increasing frequency and often severity of acute physical risks and the assets' long-term nature and fixed locations point to increasing materiality. Physical climate risks may extend beyond the assets themselves and play out to infrastructure providers' regions or service areas. This could have more prolonged impacts on demand, potentially affecting stakeholders.

Waste and Recycling

Direct manufacturing operations can generate hazardous waste, such as wastewater or chemical compounds regulated to a varying degree around the world. In North America, hazardous waste is mainly governed federally by the U.S. Resource Conservation and Recovery Act and Canada's Canadian Environmental Protection Act, with additional, often stricter state and provincial rules. Wastewater discharges are regulated under the U.S. Clean Water Act and comparable Canadian laws, requiring permits that limit specific chemical compounds and metals before discharge to sewers or surface waters. Even more material is the waste associated with the disposal of products at end of life. Customers increasingly expect manufacturers to participate in end-of-life waste and recycling programs, which could increase regulation in some regions. Some markets such as steel, aluminum, and other metals have established recycling chains, where recovered materials have economic value. However, many components are difficult to recover, reuse, or recycle, particularly electronics, some plastics, and hazardous materials. To manage potential scarcity of raw materials, we expect circular product life cycle management will become more strictly regulated. Capital goods issuers are also indirectly exposed to local air, soil, and wastewater pollution risks stemming from mining in their upstream supply chains.

Workforce Health, Safety, and Working Conditions

Manufacturing is exposed to occupational health and safety risks for employees and contractors operating large equipment. Workers can be exposed to high heat, noise, dust, and heavy machinery. Incidents are infrequent, but they can have severe impacts such as workplace injuries and fatalities that also affect operations, legal exposure, and reputation. A reliance on labor in several countries exposes manufacturers to a wide array of considerations for working conditions. Further, the manufacturing of machinery and the equipment sector's supply chain rely heavily on the sourcing of scarce resources and cost-competitive components. Procurement of such resources exposes these companies and their suppliers to human and labor rights issues that can be relatively severe. The costs and practices associated with maintaining adequate working conditions vary by jurisdiction. Even small manufacturers or makers of lower-margin products can source fabricated inputs from myriad providers globally.

Issuer And Context Analysis

Trinity's green financing framework addresses the most relevant sustainability factors for this sector. Investments in efficient railcars that promote a modal shift to rail freight, alongside projects focused on energy efficiency, renewable energy, and circular economy, directly address climate transition risk. Pollution prevention, sustainable water, wastewater management, and circular economy initiatives mitigate waste and recycling risks.

A modal shift to rail transportation helps reduce the freight sector's emissions footprint. Transportation is the fastest expanding source of emissions worldwide. Trinity's framework supports sector decarbonization through design improvements that reduce railcar weight, improve efficiency, and exclude freight cars used to transport fossil fuels. The framework also seeks to reduce the company's operational footprint through investments in renewable energy and circularity. Despite meaningful gains in railcar efficiency, significant environmental risks remain in the U.S. rail sector due to its heavy reliance on diesel locomotives and limited use of electrification. While a transition to more efficient technologies is clearly beneficial, rail freight already offers a substantial emissions advantage per mile compared to trucking, which is likely to increase over time with greater proliferation of renewable diesel and electrification of the system in some areas.

Trinity manages waste streams in compliance with regulations, tracking, and hazardous waste. Recycling, particularly of scrap metal, is incorporated into operations, supported by railcar maintenance and refurbishment activities. The company historically recycles over 95% of the metal in its railcars. Trinity reports total water withdrawal volumes, with certain facilities treating stormwater and wastewater to meet regulatory standards. The company reports some hazardous waste generation and water usage, but public disclosures lack time-bound targets across the enterprise for waste diversion, recycling rates, or wastewater reuse, focusing instead on compliance and current performance.

Health and safety programs include training and incident reporting. Trinity discloses key metrics such as recordable incidents and lost-time rates. It has established policies governing workplace safety and requires suppliers to adhere to health and safety standards through a statement of supplier management. While it reports safety performance and outlines its programs and supplier expectations, public disclosures primarily focus on performance and policy commitments, lacking quantitative targets for broader safety performance indicators. Trinity has committed to report impact metrics for the projects funded under the framework.

The company does some physical risk planning, though the exposure is less visible because Trinity does not operate the railcars it produces. Trinity incorporates climate risk identification and assessments, including scenario analysis, into its enterprise risk management process. This information is communicated to leadership and informs strategic planning.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Loan principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Green Bond Principles, ICMA, 2025

✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

✓ Use of proceeds

We assess the framework's green project categories as having a green shade. The issuer commits to allocating an equivalent amount to net proceeds issued under the framework exclusively for eligible green projects. Refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

The process for project evaluation and selection is described in the framework. The issuer identifies relevant environmental objectives for all eligible project categories. To conduct the selection and evaluation of green projects that are aligned with the criteria set out in the framework, Trinity has established a committee consisting of representatives from its treasury, legal, sustainability, and capital markets teams. Eligible projects will be reviewed and approved by Trinity's chief financial officer, chief compliance officer, and head of capital markets. Eligible projects will be subject to due diligence, which includes an assessment of environmental and social risks and potential mitigants.

✓ Management of proceeds

The framework outlines that Trinity will monitor net proceeds through an internal process, which keeps a record of assigned eligible assets. Net proceeds from the secured green collateral bonds will be fully allocated to eligible green projects and adjusted to match allocations to eligible projects while the instruments are outstanding. Pending allocation, net proceeds will be held in cash or cash equivalents, in accordance with the company's treasury liquidity management policies.

✓ Reporting

Trinity intends to disclose annually the allocation of proceeds and impact of the financed projects on its website until full allocation or in the event of any material developments. Allocation reporting will include a brief description of the projects and allocated amount, proportion of financing versus refinancing, and the amount of unallocated proceeds. Where feasible, the issuer will include impact reporting metrics and their associated calculations, methodology, and impact assessments. Impact metrics include the weight reduced from railcar design by railcar type; tons of redundant products that have been repurposed, refurbished, and/or remanufactured; the percentage of renewable energy consumed; and annual energy savings.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Trinity Industries' Framework, we assess the framework Medium green.

Medium green

Activities that represent significant steps towards a low-carbon climate resilient future but will require further improvements to be long-term low-carbon climate resilient solutions.

Our [Shades of Green Analytical Approach](#) >

Green project categories

Low-Carbon Transportation

Assessment

 **Medium green**

Description

Expenditure and investments related to the acquisition, lease, manufacture, design, maintenance, and service of freight railcars.

- Freight railcars such as tank cars, covered hoppers, auto racks, flat and intermodal, gondolas, open hoppers, and box cars will be defined as eligible green projects, which exclude freight railcars that are dedicated to the transportation of fossil fuels (e.g., coal, crude oil, natural gas liquids, and refined products).
- Design improvements to reduce weight and increase capacity of freight railcars.

Analytical considerations

- The framework's focus on design improvements allows for better energy efficiency throughout the rail transportation sector in the U.S. These improvements will focus on using lesser amounts of metals in the production process and reducing emissions per mile traveled, leading to greater carrying capacity for each car. Trinity maintains over 270 railcar designs and types designed for energy efficiency, capacity, durability, and recyclability. For instance, Trinity has used composite material in TrinCool cars that reduce weight and improve efficiency. Trinity uses a corrugated side seam in covered hoppers that increases weight efficiency. Other features such as an hourglass auto rack with additional interior width for enhanced operational efficiencies, among others, demonstrate how Trinity is focused on efficiency.
- The framework minimizes the risk of environmental impact of end use of freight by excluding fossil fuels from transportation, but also through other project categories, such as energy efficiency and renewable energy usage, which help reduce overall emissions, and through recycling, water use, and eco-efficiency practices. For instance, gondola cars have a variety of configurations, such as lighter versions with alternate materials. This means they can be adjusted depending on the weight of the commodity, allowing for reduced overall weight when possible. Trinity also has several other practices to improve efficiency. While it has a variety of lessees across sectors, end users are typically rail operators, all of which have transparent plans for deploying greater proportions of renewable diesel and increasing electrification before 2030 to sharply reduce Scope 1 and 2 emissions.

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- A modal shift in freight transportation from trucking to rail is essential to decarbonize the broader transportation sector, which is the largest and fastest increasing source of emissions globally. The manufacturing and leasing of unpowered railcars envisioned by the framework is a critical enabler of this transition. The emissions benefits are substantial, with rail freight using only about 20% of transit trucking emissions per mile and each railcar taking the equivalent of approximately three truckloads of goods off roads. Lock-in risk is very low, since these railcars can be used with any type of engine. Additionally, as rail operators in North America continue to gain share of freight shipped for a variety of reasons (including economic and labor), further decarbonization of the sector via electrification and blending will not be possible without a greater supply of railcars.
- There are still considerable risks in rail freight in the U.S., where unlike in some European countries freight locomotives are remain largely powered by diesel and will be for some time outside of urban corridors. Since Trinity is a leasing company, it has limited visibility into the modality of the shippers that lease its railcars. Additionally, while it forbids the inclusion of fossil fuels, it may serve other sectors that are also emissions-intensive. While some rail companies have taken advantage of favorable tax treatment in recent years to pilot innovative low-carbon technologies, the trajectory can be altered by policy decisions going forward.
- These freight railcars are primarily used in the U.S. and Canada rail systems, which, although relying primarily on diesel fuels, has an average emissions per ton-kilometer that compares favorably to global standards and favorably to external benchmarks such as the Climate Bonds Initiative. Emissions intensity of freight rail in the U.S. is lower than in other countries due to the distances locomotives travel and the loads they carry, despite a continued dependence on diesel for powering locomotives.

Eco-efficient and/or circular economy adapted products, production technologies and processes

Assessment

 **Medium green**

Description

Expenditure and investments related to technologies, systems, programs, or equipment that support the reuse, repurpose, refurbishment, and remanufacturing of freight railcars and components, including:

- The Sustainable Railcar Conversion Program, including major modifications, retrofits, rebuilds of freight railcars, inspection, testing, recertification, and reuse of existing railcar wheelsets, trucks, valves, and brakes.
- Reuse of freight railcar components through recasting.
- Rebuild and recondition brake equipment, draft components, truck components, and wheels.
- Lower carbon composite and sustainable materials.

Analytical considerations

- The sourcing of materials and energy use related to the production of goods, and their final disposal, accounts for around two-thirds of global greenhouse gas emissions, in addition to having other negative environmental impacts, such as land and water pollution. Goods produced in energy-efficient ways that also seek to limit resource use can contribute to significant emissions savings.
- Circular economy projects under the framework aim to reuse and refurbish railcar components. These projects are in line with circular economy principles by prolonging the lives of trains, reducing waste, and using less energy and raw materials. Overall, refurbishing freight railcars enables the entity to maintain and improve service while protecting the environment.
- Trinity Industries' Sustainable Railcar Conversion Program offers a sustainable alternative to new railcar production. Railcar rebuilding, from parts replacement to full overhauls, inherently reduces end-of-life emissions by extending the lifespan of assets and reusing components. However, it does not perform a comprehensive life cycle emissions assessment of sourced components.
- Reuse of railcar components through recasting significantly lowers life cycle environmental impacts. Although the process requires energy for melting and reforming, it is substantially more efficient than producing steel from virgin materials. According to the Bureau of International Recycling, recycled steel can reduce energy use 60%-75% and emissions more than

70% as it avoids mining and primary smelting. This supports circularity by lowering life cycle environmental impacts despite moderate energy use.

- Trinity Industries' use of lower-carbon composites and sustainable materials, though potentially energy-intensive to produce, provides life cycle benefits. These materials reduce railcar weight, reducing operational energy use and emissions. Trinity's focus on durability and long design life for railcars also minimizes the need for frequent replacements. According to the IEA, such material efficiency can significantly lower overall life cycle energy demand and emissions.

Renewable Energy

Assessment

 **Dark green**

Description

Expenditure and investments related to the construction, development, acquisition, maintenance, and operation of renewable energy generation assets (on-site or off-site), or purchases of renewable energy pursuant to long-term (five years or more) PPAs or VPPAs prior to the commencement, or in the case of repowering projects, recommencement of commercial operation of the renewable energy project, including:

- Solar photovoltaic
- Wind
- Geothermal with direct emissions less than 100 grams of carbon dioxide equivalent per kilowatt hour (kWh)

Analytical considerations

- Renewable energy projects such as solar photovoltaic, wind, and geothermal are key elements in limiting global warming to well below 2 degrees Celsius. Still, these projects may change land use, adversely affect local biodiversity, and are exposed to physical risks.
- We consider Trinity's investments in solar photovoltaic, wind, and geothermal, including PPAs, to be aligned with a Dark green shade, as they contribute to a long-term energy system dominated by zero- and low-carbon electricity sources in line with well below 2 degrees Celsius global warming scenarios.
- Projects financed are not intended to involve utility-scale solar installations for which the company would commission an Environmental Impact Assessment. Instead, Trinity may participate as an off-taker in large-scale solar projects in which the developers and relevant authorities have conducted environmental assessments. For smaller on-site installations such as rooftop or parking lot installations, the company will apply its environmental and social risk management policies and procedures to identify and mitigate project-specific risks.
- Trinity plans to invest in geothermal facilities utilizing closed-loop systems, which we view as less risky than open-loop systems due to their reduced environmental impact. Closed-loop systems minimize air and water pollution by routing all toxic gases and wastewater back underground. Positively, Trinity has established a carbon intensity threshold for this project category--less than 100 grams of carbon dioxide equivalent per kWh. Should Trinity consider open-loop systems, it will assess the projects through its environmental and social risk management framework, including effective mitigation measures.

Energy Efficiency

Assessment

 **Medium green**

Description

Expenditure and investments related to equipment, systems, and technologies designed to reduce energy consumption and greenhouse **gas** emissions and aim to improve the energy efficiency of offices and facilities by 30%, including:

- Energy efficient LED lighting and HVAC systems.
- Technology systems, smart meters, load controls, and sensors that enable monitoring and optimization of energy usage and consumption.

Analytical considerations

Second Party Opinion: Trinity Industries Green Financing Framework

- Energy efficiency measures are necessary to transition to a low-carbon economy, but climate benefits and risks vary. Exposure to climate risk arises, for example, in high emitting sectors or lock in high-energy processes or fossil fuel use. They help reduce energy consumption and, consequently, decrease emissions. Efforts to improve energy efficiency should be backed by rigorous quantitative performance metrics and aim to reduce additional environmental impacts.
- Trinity will use investments for equipment, systems, and technologies designed to reduce energy consumption and improve the emissions profile of its offices and facilities 30%. These include LED lighting, HVAC systems, technology systems, smart meters, load controls, and sensors that enable the monitoring and optimization of energy usage. The company has informed us that, where feasible, it will consider environmental certifications such as U.S. Green Building Council, Leadership in Energy and Environmental Design, Environmental Protection Agency EnergyStar, etc. Also, the company would make its best efforts to use transitional or renewable fuels as an energy source, prioritizing the use of renewables over other energy sources through the development of renewable assets, or purchase of renewable energy. Trinity will pursue such upgrades at assets that have not been converted to emissions-optimizing technologies as it executes on its capital improvement plans.
- We believe that replacing outdated technologies with HVAC systems improves energy management. Investments in LED lighting can further reduce energy consumption. Eligible projects aim to reduce energy needs 30%. Although we consider the targets as ambitious, we note that proceeds may be used to renovate buildings and facilities with direct use of fossil fuel or transitional fuels for heating, which may lock in greenhouse gas emissions. We view these projects as Medium green

Pollution Prevention and Control

Assessment

 **Medium to Light green**

Description

Expenditure and investments related to reducing the amount of waste sent to landfill and other air emissions or environmental pollution across operations, including:

- Recycling of disassembled steel components.
- Waste sorting systems and processes to enhance recycling rates.
- Reduce VOC emissions through switching to low-VOC coatings.
- Low-global warming potential refrigerants for refrigerated box cars.

Analytical considerations

- Pollution remediation projects have direct benefits to local biodiversity and human health by reducing air and soil pollutants concentration. This category covers air pollutant emissions and waste reduction projects.
- Pollution prevention and waste management can reduce local air, water, and soil pollution, and enhance ecosystem health. Recycling, if implemented properly, can reduce emissions and resource use. Waste prevention and reuse are preferred under the waste management hierarchy because they have the least environmental impairment, followed by recycling and energy recovery. Although these activities can vary in ambition, expected benefits, and the management of associated issues such as energy sourcing are key components of a low-carbon, climate-resilient future.
- Eligible projects will prioritize material sorting and recycling, particularly steel, to minimize landfill waste. Trinity also intends to reduce VOC emissions through low-VOC coatings and low-global warming potential refrigerants in refrigerated box cars. While vendors may implement initiatives such as energy efficiency improvements or electric arc furnaces and small modular reactors in steel recycling processes, these are not criteria for project selection.
- Diverting waste from landfills mitigates the risk of soil contamination. While steel recycling is energy intensive, it remains significantly less resource- and energy-intensive than virgin steel production, yielding environmental benefits. However, potential fossil fuel use in scrap material transport and sorting machinery introduces a risk of carbon lock-in. Limited transparency regarding eligibility criteria, specifically life cycle emissions considerations and the absence of specific efficiency gain thresholds for recycling projects create uncertainty regarding their environmental impact. We assess these projects as Medium green.
- Air pollution, including VOCs and refrigerants, significantly contributes to climate change. While the issuer commits to excluding investments in fossil fuel-powered technologies, the broad project description and lack of emissions reduction

thresholds for air pollution projects, coupled with limited eligibility criteria, constrain our assessment of the environmental benefits. Thus, we assign these projects a Light green shade.

Sustainable Water and Wastewater Management

Assessment

 **Light green**

Description







Expenditure and investments related to technologies, processes, systems, equipment, or facilities that track and address water use, consumption, and wastewater management, including:

- Installation of TERSUS (robotic cleaning process with a water recycling system) that allows for the reuse of wash water during the railcar cleaning process.
- Capture and treatment of industrial wastewater from railcar cleaning and maintenance.
- Collection, distribution, treatment, recycling or reuse of water, stormwater, or wastewater.







Analytical considerations

- Wastewater systems reduce pollution, enable resource recovery, and enhance ecosystem and public health. They are key components of a low-carbon, climate-resilient future. The primary benefits include improving water quality, which has important cumulative effects on a watershed, relieving water stress, and, depending on the system, providing a source of nutrient and energy recovery. However, these systems are energy-intensive and, if not sufficiently managed, can produce significant solid waste and methane emissions.
- Trinity intends to allocate proceeds to projects focused on water resource recycling systems, including a wastewater recycling system for railcar cleaning and maintenance to minimize reliance on natural water resources. Eligible projects also include collection, distribution, treatment, recycling, and reuse of water, wastewater, and stormwater.
- The company informed us that hazardous waste is the primary solid waste material, directed toward advanced disposal providers. The volume of nonhazardous solid waste is not relevant enough for waste to energy recovery to generate additional environmental benefits.
- Chemicals used in wastewater treatment processes generate solid waste and methane emissions, and powering these systems can be energy and emissions intensive. The Light green shade reflects limited information regarding mitigation of potential negative environmental impacts, including the energy source for these facilities and life cycle emissions (encompassing energy efficiency and chemical usage) beyond compliance with local regulations. While the company intends to primarily utilize grid electricity, the energy mix of the grid and potential reliance on fossil fuel for some equipment introduces uncertain overall environmental impact.
- The company has not set quantifiable thresholds for these projects' performance such as targets for energy efficiency, source of energy, energy recovery, nutrient recovery, and waste diversion, etc., which limits our ability to assess the environmental benefits of these projects on local hydrology.
- The framework lacks detailed project-specific management of biodiversity and physical climate risks, relying primarily on the company's general risk identification and mitigation processes as outlined in public disclosures.

S&P Global Ratings' Shades of Green

Assessments					
					
Dark green	Medium green	Light green	Yellow	Orange	Red
Description		Description		Description	
Activities that correspond to the	Activities that represent significant	Activities representing	Activities that do not have a material	Activities that are not consistent with the	Activities that are inconsistent with and

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long-term vision of an LCCR future.	steps toward an LCCR future but will require further improvement to be long-term LCCR solutions.	transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	impact on the transition to an LCCR future or activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	likely to impede the transition to a long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Fossil fuel buses and rails	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Related Research

- [Analytical Approach: Second Party Opinions](#), March 6, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions](#), March 6, 2025
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023

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Second Party Opinion: Trinity Industries Green Financing Framework

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