

Second-Party Opinion

Truist Sustainable Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Truist Sustainable Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Access to Education, Affordable Housing, Access to Essential Infrastructure, Socioeconomic Advancement and Empowerment, Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals (“SDGs”), specifically SDGs 4, 6, 7, 8, 11 and 15.



PROJECT EVALUATION / SELECTION Truist Financial’s Sustainable Financing Group will be responsible for the ultimate review and selection of Eligible Assets in accordance with the eligibility criteria. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Truist Financial will establish the Eligible Portfolio to include Eligible Assets and ensure proceeds are allocated accordingly. Truist will invest unallocated proceeds in accordance with its normal liquidity activities held in cash, cash equivalents or government securities. This is in line with market practice.



REPORTING Truist Financial intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include details on category-level allocation of proceeds and balance unallocated funds. Truist intends on reporting on impact indicators such as number of educational institutions funded, number of affordable housing units built, and GHG emissions avoided per year. Based on the commitment to periodically report portfolio allocation along with the reporting on category-wise impact indicators in the Framework, Sustainalytics considers this to be in line with market practice.

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Issuer Location	Charlotte, North Carolina, USA

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Introduction

Headquartered in Charlotte, North Carolina, USA, Truist Financial Corporation (“Truist Financial”, or “Truist”) is a financial services company that was founded in 2019 as a merger between BB&T Corporation and SunTrust Banks, Inc. Truist holds US\$504.3 billion in assets, US\$376.2 billion in deposits and US\$321.1 billion in loans. It offers a wide range of services including retail, small business, commercial banking, asset management, capital markets, commercial real estate, corporate and institutional banking, mortgage, payments, and specialized lending.¹

Truist Financial has developed the Truist Sustainable Financing Framework (the “Framework”) under which it and its subsidiaries intend to issue green, social, and/or sustainable senior notes, subordinated notes, and preferred stock, each referred to as a “Truist Sustainable Financing”. Truist Financial intends to use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that deliver positive environmental and social outcomes and advance Truist’s sustainability objectives.

The Framework defines eligible social categories in the following four areas:

1. Access to Education
2. Affordable Housing
3. Access to Essential Infrastructure
4. Socioeconomic Advancement and Empowerment

Additionally, the Framework defines green categories in the following seven areas:

1. Renewable Energy
2. Energy Efficiency
3. Green Buildings
4. Clean Transportation
5. Sustainable Water and Wastewater Management
6. Pollution Prevention and Control
7. Environmentally Sustainable Management of Living Natural Resources and Land Use

Truist Financial engaged Sustainalytics to review the Framework, dated February 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and Sustainability Bond Guidelines 2018 (SBG).² This Framework has been published in a separate document.³

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project 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, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- 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 1.7, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

¹ Truist Financial Corporation website, “Truist Reports Fourth Quarter 2020 Results”, at: <https://ir.truist.com/2021-01-21-Truist-Reports-Fourth-Quarter-2020-Results>

² The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ The Truist Sustainable Financing Framework is available on Truist Financial’s website at: <https://ir.truist.com/corporate-social-responsibility>

⁴ 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.

As part of this engagement, Sustainalytics held conversations with various members of Truist Financial'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. Truist Financial representatives have confirmed (1) they understand it is the sole responsibility of Truist Financial 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 Truist Financial.

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 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond 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 Truist Financial has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Truist Sustainable Financing Framework

Sustainalytics is of the opinion that the Truist Sustainable Financing Framework is credible, impactful and aligns with the four core components of the GBP, SBP, and SBG. Sustainalytics highlights the following elements of Truist Financial's Sustainability Bond Framework:

- Use of Proceeds:
 - Truist Financial's four social categories are aligned with those recognized by the SBP and the seven green categories are aligned with those recognized by the GBP.
 - For the Access to Education category, Truist intends to invest in public, not-for-profit, free or subsidized educational facilities that offer child, youth, or adult education services and vocational trainings to low- and moderate-income ("LMI") students, either free-of-cost or at a subsidized rate. Sustainalytics has confirmed that Truist will exclude financing towards private education facilities and views the criteria to be aligned with market practice.
 - Under the Affordable Housing category, Truist Financial intends to finance affordable housing projects and efforts aimed at providing no-cost housing solutions for homeless families or individuals.
 - Financed projects will be aimed at the LMI individuals or families with incomes less than 80% of the Area Median Income⁵ in the U.S. (collectively, the "LMI Group") including communities financed with Low-Income Housing Tax Credit ("LIHTC"),⁶ or

⁵ Metro Council website, "AMI and Housing Affordability", at: [https://metro council.org/Handbook/Files/Resources/Fact-Sheet/HOUSING/Area-Median-Income-and-Housing-Affordability.aspx#:~:text=The%20Area%20Median%20Income%20\(AMI,earn%20less%20than%20the%20median](https://metro council.org/Handbook/Files/Resources/Fact-Sheet/HOUSING/Area-Median-Income-and-Housing-Affordability.aspx#:~:text=The%20Area%20Median%20Income%20(AMI,earn%20less%20than%20the%20median)

⁶ HUD website, "Low-Income Housing Tax Credit", at:

<https://www.huduser.gov/portal/datasets/lihtc.html#:~:text=The%20Low%20Income%20Housing%20Tax,service%20between%201987%20and%202018>

- individuals that benefit from Housing Assistance Payment Contracts,⁷ or Housing Choice Voucher Program.⁸
- Projects in this category will meet definition for affordable housing as provided by local regulation in respective jurisdiction of investment.
 - Sustainalytics finds the Framework's targeting and reliance on regulation for definitions of affordability to be credible and accordingly, considers investments in this category to be aligned with market practice.
- For the Access to Essential Infrastructure category, Truist contemplates investments in infrastructure such as clean drinking water, sewers, emergency services, transport or communications.
 - Truist intends on investing in this infrastructure in areas which experience inadequate access or where the infrastructure is outdated.
 - The Framework further highlights that investments will be restricted to areas classified as majority LMI or distressed/underserved non-metropolitan middle-income geographies or are designated as disaster areas.
 - Sustainalytics views this category as aligned with market practice.
 - Under the Socioeconomic Advancement and Empowerment category, Truist intends to invest in minority owned or operated small and medium-sized enterprises (SMEs) as defined by the Organisation for Economic Co-operation and Development (OECD).⁹ Sustainalytics notes that Truist has adopted Framework-level exclusion criteria which prohibit lending towards fossil-fuel based energy generation projects and also acknowledges the positive social impact of such investments on generating employment as well as in improving access to financial services and considers these investments to be aligned with market practice.
 - For the Renewable Energy category, Truist intends to finance renewable energy projects, including wind, solar, geothermal, hydropower, and tidal power. The Framework highlights key eligibility criteria elaborated below:
 - Geothermal facilities are subject to direct emissions threshold of less than 100g CO₂ per kWh.
 - Hydropower facilities are subject to a power density benchmark greater than 5 watts per square meter. Further, hydropower assets over 25 megawatts will be subject to an environmental and social risk assessment based on recognized best practice guidelines.
 - Sustainalytics considers the above thresholds to be credible and investments in renewable energy projects to be aligned with market practice.
 - For the Energy Efficiency category, the Framework allows for investments in (i) equipment such as for HVAC, refrigeration, and lighting; (ii) projects that reduce electrical losses or enable better integration of renewables; and (iii) projects that enable monitoring and optimization equipment such as smart meter and building control systems.
 - The Framework indicates threshold of minimum 25% improvement in energy performance for upgraded equipment.
 - Sustainalytics views investments in energy storage and monitoring systems to be aligned with market practice.
 - For the Green Buildings category, Truist intends to invest in new or existing commercial or residential buildings that fall within the top 15% emission intensity performance in the region of finance or the buildings that are certified by credible third-party certification schemes including LEED Gold or Platinum standard and BREEAM very good or above. Sustainalytics recognizes that BREEAM Very Good is considered to be in line with market practice in some contexts, while in others BREEAM Excellent is preferred. In any case, Sustainalytics encourages the selection of BREEAM buildings that score high enough in the Energy category to fulfill the requirements for BREEAM Excellent in that category. Sustainalytics views the selection of buildings within the top 15% of their local market in terms of emission performance to be in line with market practice and considers these schemes to be credible (please refer to Appendix 1 for more details).

⁷ HUD website, "Housing Assistance Payments Contract", at: https://www.hud.gov/sites/documents/DOC_11737.PDF

⁸ HUD website, "Housing Choice Voucher Fact Sheet", at: https://www.hud.gov/topics/housing_choice_voucher_program_section_8

⁹ As per OECD, SMEs are non-subsidiary, independent firms which employ fewer than a given number of employees; the United States considers SMEs to include firms with fewer than 500 employees.

- For the Clean Transportation category, Truist intends to invest in electrified public transport and freight and zero direct emission vehicles such as hydrogen and fuel-cell vehicles and associated infrastructure including electric charging stations. Sustainalytics notes that rolling stock where the primary purposes is fossil fuel transportation is excluded and considers the criteria to be aligned with market practice for green transportation.
- Under the Sustainable Water and Wastewater Management category, Truist intends to invest in technologies and projects aimed at the collection, distribution, treatment, recycling or reuse of water, rainwater or wastewater.¹⁰ For the financing of infrastructure for flood prevention, flood defense or storm-water management, Truist has communicated its intention to conduct vulnerability assessment and develop a management response plan noting how the identified climate risks will be addressed. Sustainalytics considers these investments to be aligned with market practice.
- For the Pollution Prevention and Control category, Truist intends to finance non fossil-fuel powered technologies and projects that are aimed at:
 - Collecting, sorting, treating, recycling or re-using emissions, waste, hazardous waste, contaminated soil, or postconsumer waste products;
 - Waste treatment and environmental remediation, including land treatment and brownfield cleanup, soil washing, chemical oxidation, and bioremediation;
 - Sustainalytics views these investments as aligned with market practice.
- For the Environmentally Sustainable Management of Living Natural Resources and Land Use category, Truist contemplates investments in certified operations especially in agriculture, fishery, forestry, climate-smart farm inputs and the preservation or restoration of natural landscapes.
 - Eligible certification schemes include USDA Organic, EU Organic, Rainforest Alliance for agriculture projects; Forest Stewardship Council (“FSC”), Programme for the Endorsement of Forest Certification (“PEFC”), and the Sustainable Forestry initiative (“SFI”) for forestry assets.
 - Sustainalytics views these certifications as credible and robust and accordingly, considers these investments to be aligned with market practice. Please refer to Appendices 2 and 3 for an overview of these schemes.
- Project Evaluation and Selection:
 - Truist Community Capital, Community Banking, Corporate Investment Bank, and other lending or corporate business units will identify existing and future green or social assets which meet Truist’s criteria set out in the Framework.
 - The Sustainable Financing Group will be responsible for the ultimate review and selection of Eligible Assets and ensuring compliance with the Eligible Criteria through the tenure of each Truist Sustainable Financing.
 - Based on the establishment of the Sustainable Finance Group, Sustainalytics considers this evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - Truist will establish a Sustainable Finance Register (the “Register”) to track loans originated towards financing of Eligible Assets. The leadership from Truist’s internal departments including Corporate Treasury, Corporate Social Responsibility, Community Reinvestment Act, Business Ethics, and Truist Community Capital will oversee the process.
 - Truist intends to fully allocate an amount equal to the net proceeds of each Truist Sustainable Financing within 24 months of issuance and maintain an aggregate amount of assets in the relevant Eligible Portfolio that is at least equal to the aggregate net proceeds of all outstanding Truist Sustainable Financings. The Eligible Portfolio may include investments in Eligible Assets until 36 months preceding the relevant Truist Sustainable Financing. Truist will manage the unallocated proceeds in accordance with its normal liquidity policy.
 - Based on the establishment of the Eligible Portfolio and the handling of unallocated net proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:

¹⁰ Sustainalytics has confirmed that these technologies and projects will not be powered by fossil fuel.

- Truist will publish a Truist Sustainable Financing Report to disclose the allocation of net proceeds within one year from each issuance, and then on an annual basis until full allocation and thereafter, as necessary in the event of material developments.
- Allocation reporting will include details on the allocation of proceeds at a category level, as well as the balance of unallocated funds.
- Truist intends on reporting on impact of investments by using a set of qualitative and quantitative performance indicators such as number of educational institutions funded, number of affordable housing units built, GHG emissions avoided per year, and energy saved per year. Performance indicators will be reported where feasible.
- Both the allocation report and the impact report will be made available on Truist’s website.
- Based on the commitment to periodically report portfolio allocation along with the reporting on category-wise impact indicators in the Framework, Sustainalytics considers this to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Truist Sustainable Financing Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 4: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Truist Financial

Contribution of Framework to Truist Financial’s Corporate Social Responsibility Strategy

Sustainalytics is of the opinion that Truist Financial demonstrates a commitment to sustainability and is in the process of further developing its CSR strategy. Truist has identified key ESG topics that are material to Truist and its stakeholders, such as (i) community investment, (ii) climate change, GHG emissions, and renewable energy, (iii) resource efficiency, (iv) supply chain, (v) income inequality, and (vi) company stance on sensitive industries.

In response to the COVID-19 pandemic, in 2020, Truist pledged US\$50 million in support of basic needs including food, medical supplies, and services to children and seniors.¹¹ In the same year, in response to the “Black Lives Matter” protests, Truist made a commitment to diversify its senior leadership teams. With respect to categories highlighted in the Framework, Truist has made commitments to community investment including a US\$60 billion Community Benefits Plan that focuses on lending and investing in low- to moderate-income borrowers and communities. Activities under this plan include US\$17.2 billion in affordable housing, small-business growth, and lending to non-profits, and US\$3.6 billion in Community Reinvestment Act qualified investments and philanthropy.¹²

In relation to the green categories noted in the Framework, in 2019 Truist allocated US\$700 million in investments and financing towards renewable energy projects and the low-carbon economy.¹³ An additional US\$1.3 billion has been invested in residential solar energy that has provided 75,000 households access to renewable energy. Truist has included renewable energy and energy efficiency in its sustainable finance and environmental investments outlook.

Within its own operations, Truist Financial made a US\$15 million commitment to energy and water reduction efforts across its offices. Truist has committed to reducing natural resource consumption through materials and recycling. Truist also runs several other initiatives focused on Earth Day, beach cleanups, supporting college internships, fellowships and urban tree planting initiatives. Truist has developed a supplier diversity team that has set a target of 10% of spending on suppliers that are owned by minority, women, disabled peoples, veterans, LGBTQ, and small businesses.¹⁴ Truist also reports on the Global Reporting Initiative indicators and reported 26.6 thousand metric tons of Scope 1 emissions, 194.6 thousand metric tons of Scope 2 emissions, and 7 thousand metric tons of Scope 3 emissions in 2019.¹⁵

¹¹ Truist, “Truist 2019 Corporate Social Responsibility Report”, (2020), at: <https://www.truist.com/content/dam/truist/us/en/documents/truist-corporate-social-responsibility-report.pdf>

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

Sustainalytics notes that Truist Financial is exploring the integration of ESG criteria into investment and financing strategies, and encourages Truist to develop and incorporate quantitative, time-bound targets into its commitments to sustainable investing and financing. Sustainalytics is of the opinion that the Truist Sustainable Financing Framework is aligned with Truist's overall sustainability strategy and initiatives and will further its action on its key social and environmental priorities.

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

Sustainalytics recognizes that while projects financed through issuances under this Framework generally provide environmental and social benefits, they may have some associated environmental and social risks. These risks include, but are not limited to, land and biodiversity concerns associated with construction/infrastructure projects, improper disposal of site waste, worker health and safety, and predatory lending. Sustainalytics is of the opinion that Truist is able to manage and/or mitigate potential risks through implementation of the following practices and regulations.

- Truist Risk Identification Committee – governs Truist's risk identification framework that identifies and monitors granular and enterprise-level risk exposure. The framework includes ESG risks and is outlined by the Risk Committee Charter.¹⁶
- ESG and Climate Related Reporting – Truist has adopted industry recognized ESG reporting frameworks including Global Reporting Initiative which captures impacts from social and environmental risks, and the Sustainability Accounting Standards Board, that is industry specific to report on financial impact from sustainability risks. Truist has committed to reviewing and potentially disclosing through the Task Force on Climate-related Financial Disclosures in future years.¹⁷ In 2019, Truist completed its inaugural reporting under CDP.
- Ethics and Compliance - Truist complies with all applicable provisions of Truist Secrecy Act and the USA Patriot Act that include risk assessments, transaction monitoring, compliance with economics and trade sanctions and anticorruption policy and programs. Sustainalytics notes that the financing under the Framework will take place primarily in the United States which is on the list of Designated Countries under the Equator Principles, indicating that environmental and social governance legislation systems and institutional capacity in¹⁸ are sufficient to ensure mitigation of the common environmental and social risks.¹⁹
- Exclusionary criteria – The Framework excludes financing to certain projects or activities including predatory lending, nuclear energy, and matured loans or investments.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Truist Financial 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

All eleven use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on four below where the impact is specifically relevant in the local context.

Importance of affordable housing investments in the United States

The lack of affordable housing is a significant problem in the United States with about 568,000 people experiencing homelessness in 2019, a 3% increase over the previous year. More than 18.5 million households spend greater than 30% of their income on rent, with about 10.8 million households spending over 50%.²⁰ Lack of affordable housing further leads to negative social outcomes across multiple dimensions as families and individuals are compelled to make trade-offs between spending on rent and on other essentials such as food, healthcare, and transportation.

Solutions to address this severe shortage are multi-faceted and, amongst others, include state-sponsored solutions such as (i) the National Housing Trust Fund ("HTF"), an annual grant to states for creation, preservation, or rehabilitation of rental housing for low-income renters; and (ii) the LIHTC, a tax incentive to

¹⁶ Truist, "Board Committees", (2021), at: <https://ir.truist.com/Board-Committees>

¹⁷ Truist, "Truist 2019 Corporate Social Responsibility Report", (2020), at: <https://www.truist.com/content/dam/truist/us/en/documents/truist-corporate-social-responsibility-report.pdf>

¹⁹ Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>

²⁰ National Low Income Housing Coalition (NLIHC) report, "The Gap: A Shortage of Affordable Homes, (2020)", at: https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf

construct or rehabilitate affordable rental housing for low-income households. In 2020, the government announced allocations of US\$326 million towards the HTF in 2020, an increase of over 30% compared to 2019.²¹ The U.S. federal government spends approximately US\$9 billion per year on the LIHTC, making it the largest federal program for low-income housing.²²

In addition to state-sponsored support, housing development at the scale required will also require significant private-sector investment. In this context and considering the thresholds, including the LMI Group in the Framework, Sustainalytics views positively investment in affordable housing projects.

The impact of green buildings in reducing GHG emissions

According to a GlobalABC report, the building sector is a significant contributor to both global energy use and total CO₂ emissions, with building construction and operations accounting for 35% of global final energy use and contributing 38% of energy-related CO₂ emissions globally.²³ In the United States alone, residential and commercial buildings account for 39% of total U.S. energy consumption²⁴ and 72% of national electricity consumption.²⁵ In this context, Truist's investment and financing of buildings which have received certification from international building rating and certification systems, including LEED or BREEAM has the potential to significantly reduce GHG emissions associated with its overall operations and investments.

The importance of increasing the share of renewable energy in the United States

According to the Intergovernmental Panel on Climate Change, as global energy demand rises at increasingly rapid rates due to population growth, shifting towards clean energy plays an important role in mitigating climate change and meeting the Paris Agreement's long-term goal of limiting temperature increases to well below 2°C, and ideally to 1.5°C.^{26,27} In 2019, due to slower economic growth and the impacts of milder weather on heating and cooling-related energy consumption, global energy demand increased by 0.9%, which was a lower rate of increase than in 2018. While the share of renewable energy in global energy production increased by 7.6% in the same year,²⁸ fossil fuel energy still supplied approximately 84% of the global energy needs in 2019, with renewable energy only contributing to 5% of global primary energy supply.²⁹ The International Renewable Energy Agency states that the total share of renewable energy must rise to approximately 66% of the total primary energy supply by 2050 in order to meet the 2°C target.³⁰

While renewable energy generation in the United States has experienced significant growth since 2008, it accounted for a total of only 11% of the country's total energy consumption and approximately 17% of electricity generation in 2019.³¹ Specifically, wind energy contributed to 7.3% of total electricity generation in the country, while solar energy contributed 1.8% in the same year.³² According to the Department of Energy's National Renewable Energy Laboratory, by increasing renewable electricity generation from technologies that are presently available, there is capacity for 80% of the country's electricity to be generated from renewable energy, including through wind and solar generation, by 2050.³³

Considering the above, Sustainalytics believes that the activities carried out under the Framework, including investments and financing of generation, transmission, and distribution of renewable energy, are expected to provide meaningful contribution towards increasing the share of renewable energy generation in the United States, and positively impact global decarbonization efforts.

²¹ NLIHC article, "FHFA Authorizes \$326.4 Million Disbursement for National Housing Trust Fund for 2020, (2020)", at: <https://nlihc.org/resource/fhfa-authorizes-3264-million-disbursement-national-housing-trust-fund-2020>

²² Tax Policy Center report, "What is the LIHTC and how does it work?", (2020)", at: <https://www.taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work>

²³ GlobalABC report, "2020 Global Status Report for Buildings and Construction", (2020), at: https://globalabc.org/sites/default/files/inline-files/2020%20Buildings%20GSR_FULL%20REPORT.pdf

²⁴ EIA website, "U.S. Energy Information Administration FAQ", at: <https://www.eia.gov/tools/faqs/faq.php?id=86&t=1>

²⁵ EPA website, "EPA Energy and Environment, Electricity Customers", at: <https://www.epa.gov/energy/electricity-customers#industrial>

²⁶ IPCC website, "Global Warming of 1.5°C", at: <https://www.ipcc.ch/sr15/>

²⁷ OCED website, "OECD Green Growth Studies, Energy", at: <https://www.oecd.org/greengrowth/greening-energy/49157219.pdf>

²⁸ UNEP website, "Uptick for renewable electricity generation in 2019", at: <https://www.unenvironment.org/news-and-stories/story/uptick-renewable-electricitygeneration-2019>

²⁹ BP report, "Statistical Review of World Energy 2020", at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energyeconomics/statistical-review/bp-stats-review-2020-full-report.pdf>

³⁰ IRENA report, "Global Energy Transformation, at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf

³¹ EIA website, "U.S. primary energy consumption by energy source, (2019)", at: <https://www.eia.gov/energyexplained/us-energy-facts/>

³² EIA website, "What is U.S. electricity generation by source", at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

³³ National Renewable Energy Laboratory report, "Renewable Electricity Futures Study", at: <https://www.nrel.gov/docs/fy13osti/52409-ES.pdf>

Alignment with/contribution to SDGs

The SDGs were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Truist Sustainable Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Education	4. Quality education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes.
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing, and basic services and upgrade slums.
Access to Essential Infrastructure	6. Clean water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
Socioeconomic Advancement and Empowerment	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Sustainable Water and Wastewater Management	6. Clean water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

Conclusion



Truist Financial has developed the Truist Sustainable Financing Framework under which Truist and its subsidiaries will issue green, social, and sustainable senior notes and other fixed income securities, and use the proceeds to finance twelve categories mentioned above. Sustainalytics considers that the assets funded by each Truist Sustainable Financing are expected to provide positive environmental and social impact.

The Framework outlines a process by which proceeds are intended to be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the Eligible Assets in the Sustainable Finance Register. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the use of proceed categories will contribute to the advancement of the UN SDGs 4, 6, 7, 8, 11, and 15. Additionally, Sustainalytics is of the opinion that Truist 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 Truist Financial is well-positioned to issue Truist Sustainable Financings and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020).

Appendices

Appendix 1: Summary of Referenced Green Building Certification Schemes

	LEED ³⁴	BREEAM ³⁵
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM can be used for new, refurbished and extension of existing buildings.
Certification Levels	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum 	<ul style="list-style-type: none"> • Pass • Good • Very Good • Excellent • Outstanding
Areas of Assessment	<ul style="list-style-type: none"> • Energy and Atmosphere • Sustainable Sites • Location and Transportation • Materials and Resources • Water Efficiency • Indoor Environmental Quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation
Requirements	Prerequisites (independent of level of certification) + Credits with associated points. These points are then added together to obtain the LEED level of certification. There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Prerequisites depending on the levels of certification. Credits with associated points. This number of points is then weighted by item and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.
Performance Display		
Accreditation	LEED AP BD+C LEED AP O+M	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor

³⁴ USGBC, "LEED rating system", at: www.usgbc.org/LEED.

³⁵ BREEAM, "How certification works" at: <https://www.breeam.com/discover/how-breeam-certification-works/>

<p>Qualitative Considerations</p>	<p>Widely recognized internationally, and strong assurance of overall quality.</p>	<p>Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.</p>
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Appendix 2: Overview and Assessment of Agricultural Certifications

	USDA Organic³⁶	EU Organic³⁷	Rainforest Alliance³⁸
Background	The USDA Organic label is a US certification system overseen, administered and enforced by the National Organic Program of the United States Department of Agriculture. The US Organic label is regulated by the US Organic Foods Production Act of 1990 and involves input from the National Organic Standards Board (a Federal Advisory Committee made up of 15 members of the public) and the public.	The EU Organic Farming is a European wide label organized under the European Commission's Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural projects, processed agricultural products for use of food, feed, and vegetative propagating material and seeds for cultivation.	The Rainforest Alliance Seal is a global certification system for Agriculture, Forestry and Tourism. The Rainforest Alliance certification indicates compliance with the organization's standards for environmental, social and economic sustainability. Rainforest Alliance merged with UTZ in January 2018.
Clear positive impact	Promoting sustainable farming practices that improve water quality, conserve energy, increase biodiversity and contribute to soil health.	Promotion of a sustainable management system that respects nature's systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards.	Promoting sustainable practices in agriculture, forestry and tourism.
Minimum standards	The USDA Organic seal sets strict production and labeling requirements: <ul style="list-style-type: none"> • produced without genetic engineering, ionizing radiation or sewage sludge • produced using allowed substances based on a comprehensive list of authorized synthetic and non-synthetic substances overseen by a USDA NOP authorized agent 	The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionizing radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals.	Rainforest Alliance establishes a minimum threshold for impact through critical criteria and requires farmers to go beyond by demonstrating improved sustainability on 14 continuous improvement criteria.
Scope of certification or programme	The USDA Organic system addresses key risks such as substance use through the regulation of synthetic and non-synthetic substances to preserve soil quality and in line with federal guidelines on animal raising practices, pest and weed control and the use of additives.	The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilizers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion).	Rainforest Alliance addresses key risks such as human rights, child labour, pesticide use and biodiversity use through its criteria.
Verification of standards and risk mitigation	The USDA seal has a twofold enforcement mechanism, one by Organic Certifiers and one by the USDA Agricultural Marketing Services. The two bodies undergo audits to ensure compliance with criteria and continuous improvement at least once a year or unannounced.	Certified entities undergo audits to ensure compliance with criteria and continuous improvement at least once a year, or more often based on a risk assessment.	Certified entities undergo third party verification to ensure compliance with criteria and continuous improvement.
Third party expertise and multi-stakeholder process	organized by the National Organic Program which develops the rules and regulations for the production, handling, labeling and enforcement of all USDA organic	The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line	Standard setting is aligned with the ISEAL Standard Setting Code.

³⁶ U.S. Department of Agriculture, USDA Organic: <https://www.usda.gov/topics/organic>

³⁷ European Commission, Organics at a glance: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organics-glance_en

³⁸ Rainforest Alliance: <https://www.rainforest-alliance.org/>

	products. This process receives input from the national Organic Standards Board (a Federal Advisory Committee made of 15 members of the public) and the general public.	with the European Commission’s typical legislative approach.	
Performance Display			
Third-party verified	80 certifying agents are USDA accredited and authorized to certify operations under the USDA organic standards. 48 of the 80 certifying authorities are US based and 32 are in foreign countries. Most certifying agents are directly accredited by the USDA National Organic Program, with an additional 21 members being officially authorized through recognition agreements between US and other governments.	Every Member State must designate one or more private and/or public control authorities in charge for the organic production and labelling of organic products in the EU Member States.	<ul style="list-style-type: none"> • Africert • Conservacion y Desarrollo Certified S.A. • Imaflora • IMO India • CERES • IBD • Indocert • NaturaCert • Productos y Procesos Sostenables, A.C. • NEPCon
Qualitative considerations	Under the USDA Organic seal, the US federal legislation allows three levels of organic foods, namely: purely organic products made entirely with certified organic ingredients and labeled 100% organic, products with at least 95% organic ingredients. Both categories are allowed to be certified USDA Organic. A third category with at least 70% organic ingredients may be labeled as “made with organic ingredients”, but cannot display the USDA Organic seal.	The EU Organic Farming system is widely recognized across all 28 Member States. Currently, 11.9% million hectares are currently certified under the system, with the whole organic area representing 6.2% of the total utilized agricultural area in the European Union.	Global recognition across 76 countries around the world. There are 763 Rainforest Alliance certified products and more than 1,354,057 people who have conducted training, certification and verification under the Rainforest Alliance standard. Rigorous on the enforcement of minimum standards and strong governance over the implementaton of social and environmental mitigation processes.

Appendix 3: Overview of Referenced Forestry Certifications

	FSC ³⁹	PEFC ⁴⁰	SFI ⁴¹
Background	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.	PEFC was founded in 1999 in response to the specific requirements of small- and family forest owners as an international umbrella organization providing independent assessment, endorsement and recognition of national forest certification systems.	In 2005, the PEFC recognized the SFI standard with an aim to advance sustainable forestry and responsible purchasing globally. The SFI program has on-product labels to help consumer interact with the forestry supply chain by supporting responsible forestry. The SFI standards pertain to - Forest Management Standard, Fiber Sourcing Standard and Chain-of-Custody Standard
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations 	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements 	<ul style="list-style-type: none"> • To practice sustainable forestry that integrates land stewardship ethic and conservation of ecosystem services • To protect and maintain forest productivity and health • To protect water resources and biological diversity • To manage the visual impacts of forest operations, and to provide recreational opportunities for the public • To manage and protect integrity of forests and lands of special significance (ecologically, geologically or culturally important) • To use and promote sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible • To avoid Controversial Sources including Illegal logging in Offshore Fiber Sourcing as well as sourcing from countries that do not have effective social laws. • To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations • To support advances in sustainable forest management through forestry research as well as improve the practice of sustainable forestry through training and education programs • To broaden the practice of sustainable forestry on public lands through community involvement as well as the understanding of the standard by documenting certification audits and making the findings publicly available. • To continually improve the practice of forest management

³⁹ Forest Stewardship Council, at: <https://www.fsc.org/en>.

⁴⁰ Programme for the Endorsement of Forest Certification, at: <https://www.pefc.org/>.

⁴¹ Sustainable Forestry Initiative, at: <https://www.sfiprogram.org/>.

<p>Governance</p>	<p>The General Assembly, consisting of all FSC members, constitutes the highest decision-making body.</p> <p>At the General Assembly, motions are proposed by one member, seconded by two more, and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies, and clarify, amend or overturn a policy decision by the board.</p> <p>Members apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers.</p> <p>Each chamber holds 33.3% of the weight in votes, and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p> <p>The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%.</p> <p>The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board, elected by the US-based members.</p>	<p>PEFC’s governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders.</p> <p>Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p> <p>The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups.</p> <p>In general, PEFC’s governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the organization does include stakeholders from all sectors.</p>	<p>The SFI program is operated by SFI Inc., a fully independent non-profit charitable 501(c)(3) organization.</p> <p>SFI Inc. is governed by an 18-member board of directors made up of three chambers with equal membership: environmental, social and economic. This multi-stakeholder board of directors is the sole governing body over all aspects of the SFI program, including the SFI 2010-2014 Standard, chain-of-custody, labeling and claims, marketing and promotion.</p> <p>The SFI has an External Review Panel, comprising environmental, conservation and forestry experts. This panel annually reviews the program’s progress and releases a report publicly.</p> <p>There are thirty-seven SFI Implementation Committees across North America that operate at the regional, state and provincial level to help promote the SFI Standard through targeted local actions. They involve public agencies, universities, local forestry associations, landowners, loggers, partnerships with conservation groups, and other community based organizations</p>
<p>Scope</p>	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)⁴² and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>SFI Standards promote sustainable forest management in North America and responsible procurement of forest products around the world.</p> <p>The SFI Forest Management Standard particularly applies to organizations in the United States and Canada and the Fiber Sourcing Standard as well as the Chain-of-Custody standard apply to any organization globally.</p>

⁴² ISO, “ISO/IEC Guide 59:2019”, (2019), at: <https://www.iso.org/standard/23390.html>.

<p>Chain-of-Custody</p>	<ul style="list-style-type: none"> • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards. • CoC standard includes procedures for tracking wood origin. • CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products. • CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC. 	<ul style="list-style-type: none"> • Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC. • Only accredited certification bodies can undertake certification. • CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. • The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials. • The CoC standard includes specifications for the physical separation of certified and non-certified wood. • The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody. 	<ul style="list-style-type: none"> • Any entity harvesting, transporting, handling or processing forest based products can use CoC certification to track and communicate forest fiber content using one of the following optional approaches for chain of custody: physical separation, average percentage or volume credit method. • These entities shall obtain an independent, third-party certification by an SFI certification body to the requirements set out in this standard if they choose to utilize an SFI CoC label or claim. • Quality or environmental management systems (ISO 9001: 2008) or environmental management system (ISO 14001:2004) can be used to meet minimum requirements for the management system. • This standard shall be used together with the requirements specifying the origin, which is to be verified by the CoC. Usage of labels and claims based on the implementation of this standard shall follow ISO 14020:2000 (Environmental labels and declarations)
<p>Non-certified wood sources</p>	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ol style="list-style-type: none"> Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, Wood harvested in violation of traditional and civil rights, Wood harvested in forests where high conservation values are threatened by management activities, Wood harvested in forests being converted from forests 	<p>The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ol style="list-style-type: none"> forest management activities that do not comply with local, national or international laws related to: operations and harvesting, including land use conversion, <ul style="list-style-type: none"> management of areas with designated high environmental and cultural values, protected and endangered species, including CITES species, health and labor issues, 	<p>SFI requires program participants to:</p> <ol style="list-style-type: none"> Comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations such as - The Clean Water Act, The Endangered Species Act, The Species at Risk Act, The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) etc. Avoid controversial sources including Illegal Logging and Fiber Sourced from Areas that do not have Effective Social Laws pertaining to: workers' health and safety, fair labor practices, indigenous peoples' rights, anti-discrimination and anti-harassment measures, prevailing wages and workers' right to organize. Document information that includes knowledge about direct suppliers' application of the principles of sustainable forestry.

	<p>and other wooded ecosystems to plantations or non-forest uses,</p> <p>e. Wood from management units in which genetically modified trees are planted.</p>	<ul style="list-style-type: none"> o indigenous peoples' property, tenure and use rights, o payment of royalties and taxes. <p>c. genetically modified organisms,</p> <p>d. forest conversion, including conversion of primary forests to forest plantations.</p>	
<p>Accreditation/ verification</p>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit every year and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). Like a certification body checks a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>	<p>All SFI certifications require independent, third-party audits and are performed by internationally accredited certification bodies.</p> <p>Accredited certification bodies are required to:</p> <ul style="list-style-type: none"> • maintain audit processes consistent with the requirements of ISO 17021:2006 conformity assessment – requirements for bodies providing audit and certification of management systems; and • conduct audits in accordance with the principles of auditing contained in the ISO 19011:2002 Guidelines for Quality and/or Environmental Management Systems Auditing.
<p>Conclusion</p>	<p>Sustainalytics views both FSC and PEFC, as well as the PEFC-affiliated scheme SFI, as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices⁴³ and both have also faced criticism from civil society actors.^{44,45} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are equal or similar to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.</p>		

⁴³ FESPA, "FSC, PEFC and ISO 38200", (2018), at: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

⁴⁴ Yale Environment 360, "Greenwashed Timber: How Sustainable Forest Certification Has Failed", (2018), at: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

⁴⁵ EIA, "PEFC: A Fig Leaf for Stolen Timber", (2017), at: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Truist Financial
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Truist Sustainable Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 17, 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 and SBP:

- | | |
|--|--|
| <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 categories for the use of proceeds - Access to Education, Affordable Housing, Access to Essential Infrastructure, Socioeconomic Advancement and Empowerment, Renewable Energy, Energy Efficiency, Green Buildings, Clean Transportation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals (“SDGs”), specifically SDGs 4, 6, 7, 8, 11 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" 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 checked="" 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 checked="" 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 GBPs | <input type="checkbox"/> Other (please specify): |

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

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Truist Financial's Sustainable Financing Group will be responsible for the ultimate review and selection of Eligible Assets in accordance with the eligibility criteria. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability 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

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Truist Financial will establish the Eligible Portfolio to include Eligible Assets and ensure proceeds are allocated accordingly. Truist will invest unallocated proceeds in accordance with its normal liquidity activities held in cash, cash equivalents or government securities. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- | | |
|--|--|
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Truist Financial intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include details on category-wise allocation of proceeds and balance unallocated funds. Truist intends on reporting on impact indicators such as number of educational institutions funded, number of affordable housing units built, and GHG emissions avoided per year. Based on the commitment to periodically report portfolio allocation along with the reporting on category-wise impact indicators in the Framework, Sustainalytics considers this to be in line with market practice.

Use of proceeds 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 (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

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

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 (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Number of educational institutions funded, number of affordable housing units built or refurbished. |

Frequency:

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify): Bank website
 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.truist.com/>

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

- Consultancy (incl. 2nd opinion)
 Certification
 Verification / Audit
 Rating
 Other (*please specify*):

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

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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