

# Truist 2022 TCFD Brief

## Truist 2022

# Task Force on Climate-Related Financial Disclosures (TCFD) Brief

When Truist prepared an inaugural report on its progress related to the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD) in December of 2021, the publication timing meant that Truist wasn't able to publish full-year data.

As Truist completes its merger integration and aligns reporting activities, we are shifting the TCFD reporting and publication schedule to spring 2023 in concert with the next ESG and CSR report, which will allow us to publish complete full-year data on Scope 1, Scope 2 and certain Scope 3 emissions. This schedule will also align with the timeline of the proposed SEC Rules regarding The Enhancement and Standardization Climate-Related Disclosures for Investors.

This interim update highlights Truist's progress on initiatives related to measuring and assessing climate-related risks and opportunities. These accomplishments required a great deal of prerequisite work, including developing and refining the processes and procedures for identifying and measuring risk, and deepening quantitative and qualitative analyses.

Truist takes a client-first approach to support the decarbonization efforts of businesses and organizations of all sizes and across industries, while also making improvements in its own operations to conserve resources and reduce emissions.



Please scan this code to see Truist's most recent reports, including ESG and CSR, CDP disclosure, and Social Bond Impact Report.

Since the publication of its inaugural TCFD report in 2021 and in the interest of following the TCFD reporting framework, Truist is pleased to share this progress on its climate-related work:



### Governance update

- The Climate Risk Management team now provides quarterly updates to the Board of Directors Risk Committee
- Truist incorporated a climate risk module into the enterprise Risk Management training program provided to teammates



### Risk Management update

- Enhanced risk assessment processes and analysis through detailed reviews of specific companies, sectors and overall portfolio concentrations
- More fully integrated climate risk into Truist's Enterprise Risk Management Framework including expanding the risk taxonomy to include climate risk categories (both physical and transition risks) across its eight primary risk types
- Further developed climate risk reporting to measure and monitor physical and transition risks on a recurring basis



### Strategy update

- Added ESG-focused positions to build additional capacity and internal expertise in capital markets, wealth, community banking, Risk Management, risk data analytics, and other lines of business and functions to help clients on their transition journeys
- Conducted further analysis of transition risk and sectoral heat mapping to inform and guide the bank's focus in higher risk sectors
- Sustainable Finance Review working group established in Corporate & Investment Banking business line to evaluate and govern sustainably-linked business activity
- Truist established ESG Connect, a cross-functional working group that promotes knowledge sharing and coordination across lines of business and corporate functions
- Assisted with underwriting \$15.3 billion in investment grade ESG-themed bonds in 2021, including serving as active bookrunner on \$4.1 billion
- Made \$856 million in direct capital commitments to renewable energy, including project finance, tax equity, and consumer lending in 2021

## Heatmap of climate risks and credit exposure of Truist's C&I portfolio by GICS codes<sup>a</sup>

● High ● Medium ● Low

Sector	Outstanding loan balances (\$ billions)	Outstanding loan balances (% of total C&I)	Transition risk	Physical risk
<b>Energy</b> (i.e., Oil, Gas and Consumable Fuels, Equipment and Services)	4.2	3.1%	●	●
<b>Utilities</b>	3.5	2.6%		
Electric Power Generation, Transmission, and Distribution	1.7	1.2%	●	●
Natural Gas and Water Utilities	1.1	0.8%	●	●
Renewable Electric Power Generation	0.8	0.6%	●	●
<b>Auto</b> (i.e., Auto and Parts Manufacturers, Auto Retail)	9.4	7.0%	●	●
<b>Transportation</b>	3.6	2.7%		
Marine	0.8	0.6%	●	●
Road and Rail	2.0	1.5%	●	●
Aviation	0.8	0.6%	●	●
<b>Industrials</b>	13.1	9.7%		
Industrial Products and Distribution	6.2	4.6%	●	●
Metals, Mining, and Chemicals	1.3	1.0%	●	●
Paper, Forest Products, and Packaging	1.1	0.8%	●	●
Building Products, Construction, and Engineering	4.5	3.3%	●	●
<b>Consumer</b>	22.8	16.9%		
Food, Beverage, and Tobacco (including Agriculture)	4.4	3.2%	●	●
Hotels, Restaurants, and Leisure	5.1	3.8%	●	●
Other Consumer <sup>b</sup> (i.e., Consumer Durables and Apparel)	13.3	9.8%	●	●
<b>Real Estate</b> (i.e., REITs, Management, Development)	13.1	9.7%	●	●
<b>Financials</b>	21.1	15.6%	●	●
<b>Government</b>	7.5	5.6%	●	●
<b>Telecom, Media, and IT</b>	9.0	6.7%	●	●
<b>Health Care</b>	16.1	11.9%	●	●
<b>Commercial and Professional Services</b>	10.1	7.5%	●	●
<b>Other</b>	1.6	1.2%		
<b>Grand Total</b>	<b>135.1</b>	<b>100.0%</b>		

a. This data includes Truist's Commercial & Industrial loans, leases and tax equity outstanding balances as of 12/31/2021. Unlike the 6/30/2021 data that was published in Truist's inaugural TCFD Report that covered only loans and leases with a committed balance of \$1 million or greater, this chart covers the entire C&I portfolio with no floor on balances. Sector segmentation was developed based on Global Industry Classification Standard (GICS) but adjusted for Truist's exposure and sector risk assessment. Namely, sectors with lower exposure and a lower risk assessment are combined. Sector aggregations may differ from other reporting based on scope and data requirements unique to this analysis.

b. Includes sub-sectors within consumer space determined to have a lower risk assessment. Sub-sectors in this bucket with the largest exposure are Diversified Consumer Services, Distributors, Consumer Durables & Apparel.



## Metrics and Targets update

- In 2022, Truist set a goal of net zero by 2050
- Made progress toward calculating a Scope 3 Category 15 (Financed Emissions) baseline from loans and investments using the methodology from the Partnership for Carbon Accounting Financials (PCAF)
- Conducted deeper analysis on higher emitting sectors to review individual client emissions, goals, and aspirations
- Published a second ESG and CSR report and a second public CDP declaration, both of which included Scope 1, Scope 2, and certain Scope 3 emissions disclosures
- Made merger-related improvements in data quality to include more facilities that weren't previously included in 2019 and 2020 emissions calculations
- Implemented operational improvements at Truist facilities such as LED lighting, more efficient HVAC systems, energy management systems, and smart irrigation
- Consolidated our real estate footprint, including closing a cumulative 400+ branches and eliminating 4.6 million net square feet at non-branch facilities, which reduced energy and water usage

For more information on Truist's most recent disclosures of Scope 1, Scope 2, and select Scope 3 greenhouse gas emissions, please see:

- [Truist 2022 CDP Climate Change Submission](#)
- [Truist 2021 ESG and CSR report](#)
- [Truist TCFD report 2021](#)

## Next steps:

- In the spring of 2023, Truist endeavors to publish the next iteration of Scope 1, Scope 2, and certain categories of Scope 3 emissions data, which will capture the full calendar year data for 2022
- Continue to make progress toward calculating financed emissions and disclosing more information in the future
- Continue to incorporate climate risk analysis and learnings into regular business processes while also conducting more detailed scenario analysis and improving data quality
- Remain committed to an inclusive, client-centric approach to decarbonization by offering financing and making investments that drive innovation and progress

## Additional online resources

For ESG questions, please contact:

Tori Kaplan

Chief ESG and CSR Officer

[Tori.S.Kaplan@Truist.com](mailto:Tori.S.Kaplan@Truist.com)

For climate risk management questions, please contact:

Drew Barker

Head of Climate Risk Management

[Andrew.C.Barker@Truist.com](mailto:Andrew.C.Barker@Truist.com)





## Disclosure statement

*This publication is a brief summary by Truist Financial Corporation ("Truist") made in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Please note that some numbers in this report may be rounded.*

*The objectives, plans, goals, and targets included in this report are aspirational and depend on a number of factors outside of the control or influence of Truist. As such, the precise path to attainment is sometimes unclear, and no guarantees or commitments are made that they will be met or successfully executed. Furthermore, some data, statistics, and metrics included in this report are non-audited, non-assured estimates and continue to evolve, and may be based on assumptions believed to be reasonable at the time of preparation that may be revised in the future.*

*This report contains forward-looking statements in which we discuss future performance and goals. Forward-looking statements are all statements in this report other than historical facts such as statements regarding our environmental, social, and governance targets, objectives, commitments; programs and other business plans; initiatives, goals or strategies relating to environmental, social, safety and governance performance including expectations regarding future execution of our climate strategies; the underlying assumptions and estimated impacts on our business related thereto; our approach to lower emissions; our plans and expectations in relation to our future clean energy transition including targeted reductions of GHG emissions and water consumption; our operational resiliency and climate scenarios; and*

*our expectations regarding climate-related risks and future risk mitigation. These statements are typically accompanied by the words "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "projects," "may," "will," "should," "would," "could," or other similar expressions. All such statements are intended to identify those assertions as forward-looking statements and intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended.*

*Our actual future results, including the achievement of our targets, goals, objectives, or commitments, could differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include the risk factors discussed in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, and other filings made with the Securities and Exchange Commission (SEC), as well as, with respect to our sustainability targets, objectives, and commitments outlined in this report or elsewhere, the challenges and assumptions identified in this report. Additionally, this report contains statements based on hypothetical scenarios and assumptions.*

*These statements should not necessarily be considered as being indicative of current or actual risk or forecasts of expected risk. While future events discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality of the disclosures required under securities laws and regulations.*

*Truist urges you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report. Truist cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements in this report are made as of the date of this report, unless otherwise indicated, and we undertake no obligation to update this report to reflect subsequent events or circumstances.*