



Cody Fischer — founder of Footprint Development, developer of Solstice Northeast

Sunrise Banks Carbon Footprint Report

*2022 and 2023 Partnership for Carbon Accounting Financials
(PCAF) Disclosure*



Sustainability at Sunrise Banks

At Sunrise Banks, sustainability is at the heart of our mission to create positive change in our communities and the planet. We envision a world where financial wellness and environmental sustainability join forces to create a future where people and the planet prosper. Banks have a critical role to play in financing the climate transition and enabling the development of a more equitable future for all. We are dedicated to empowering individuals, businesses and communities through innovative banking solutions that prioritize financial inclusion, environmental stewardship, and social equity.

We also believe in maintaining the highest level of transparency in regard to sustainability, and with that in mind we are proud to report on our environmental impact. Below, we present our 2022 and 2023 carbon footprint disclosures from our operations as well as our loans through our commitment to the Partnership for Carbon Accounting Financials (PCAF).

Carbon Footprint – The total greenhouse gas emissions emitted by human activity, attributed to a specific organization or individual.

Greenhouse Gas Emissions – Human made gasses released to the earth’s atmosphere which heat the planet and contribute to climate change.



Purpose Statement

Sunrise Banks will continue to measure, report, and disclose our financed and operational emissions. In doing so, the results will continue to inform the strategic actions we undertake in order to reach our net zero emissions goal by 2050.

Financed Emissions – The greenhouse gas emissions that result from a financial institution’s lending and investment activities.

Operational Emissions – The emissions that result from the energy used to operate a building or infrastructure.

Our Commitments

PCAF

The Partnership for Carbon Accounting Financials is an industry led initiative and framework which allows financial institutions to measure and disclose the greenhouse gas emissions associated with their investments and loans annually. Sunrise Banks has been a member of the PCAF community since 2020.



GABV

The Global Alliance for Banking on Values is a network of independent banks using finance to deliver sustainable economic, social and environmental development. Sunrise Banks has been a member of the GABV since 2013 and our CEO David Reiling, is the chair of the board of the GABV.

3C Initiative

The 3C initiative is the GABV's climate change commitment which calls on members to measure and disclose their carbon footprint. It also calls on members to reach net zero status by 2050 and disclose progress through the PCAF.

Climate Change – Long term shifts in temperature and weather patterns which disrupt the usual balance of nature and increase the frequency of natural disasters.



Certified B Corp

Sunrise Banks is a certified B Corp, a designation given to qualifying businesses by B Lab which meet the highest standards of verified social and environmental performance. Sunrise Banks has been a Certified B Corp since 2009.

Impact & Success Stories

In 2023, Sunrise Banks financed \$756k in C-PACE (Commercial Property Assessed Clean Energy) loans to local businesses to assist them in reducing their energy consumption.

In 2023, Sunrise Banks was proud to finance the construction of the first multifamily Passive House in Minnesota, setting the stage for our Net Zero Financing expansion in 2024.

Net Zero – A state where the amount of greenhouse gasses emitted by human activities is equal to the amount removed or prevented from entering the atmosphere in an equal period of time.

THIS PROJECT — SOLSTICE APARTMENTS:

A building with 23 low-carbon footprint apartments in the heart of northeast Minneapolis.

Passive house is a voluntary set of standards that aim to create energy efficient buildings with significantly reduced ecological footprints.

The Solstice Apartments project was initiated by Cody Fischer, founder and developer of Footprint Development LLC. He created Footprint Development to meet the rising demand for environmentally friendly, healthier homes with fresh, filtered indoor air and reliably low utility costs. The company uses science-based building practices to develop, own, and manage carbon-smart, climate-resilient, medium-scale multi-family housing in Minneapolis.

Footprint Development recognizes that location is crucial in the fight against climate change. “What, how and where we build has a huge impact on climate change,” Fischer says. “New construction and building operations account for over 40% of greenhouse gas emissions. Transportation is our #1 source of emissions in Minnesota. *Housing developments today aren’t climate-compatible, so we must change how and what we build.*”

In May of 2023, the project became Minnesota’s first market rate apartment to be awarded Design Certification by the Passive House Institute of the U.S. Solstice Apartments uses around 84% less energy than the average apartment building in the region. Additionally, the project is 100% electrified, with one-third of this power coming from a rooftop solar array. Footprint Development will provide the residents of Solstice Apartments with unlimited Metro Transit passes, a bike hub equipped with 1.5 spots per unit, and bike washing and repair stations.

Fischer has overcome several challenges during the building process. This includes opposition from neighbors, legal issues, even a temporary injunction of the Minneapolis 2040 plan. But he says he’ll continue to advocate for these types of sustainable housing projects in the City, and he’s glad to have a partner like Sunrise Banks.

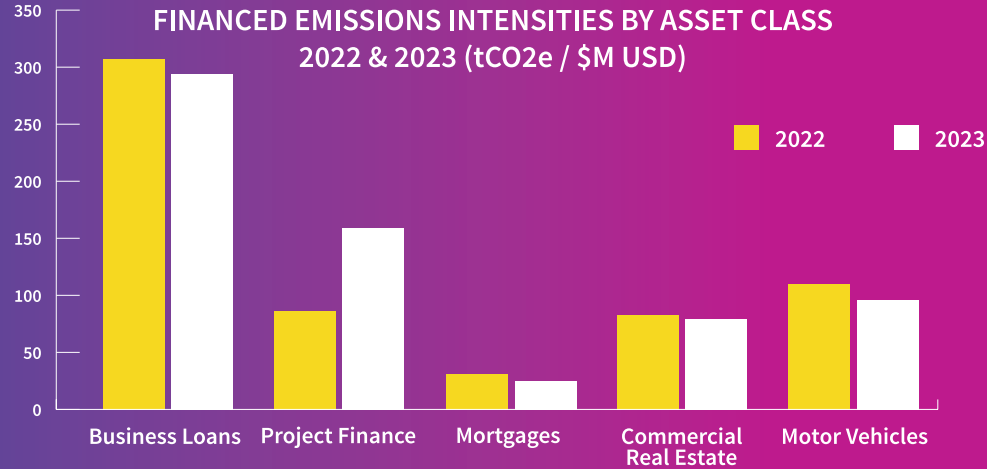
“The Sunrise team was really in my corner from day one. Underwriting for projects like this is a bit different, and they were tireless figuring out how to get to ‘yes;’” Fischer says. “They’re willing to be creative and invest in impact.”



Key Findings



Between 2022 and 2023, the financed emissions intensities in four out of five of our asset classes decreased by up to 20%.



Emissions Intensity – The financed emissions associated with a certain asset class or sector in terms of dollars lent or invested in that category. Expressed as: tCO2e (emissions) per \$1 million lent in a given asset class (ex. The emissions intensity of concrete production in our portfolio is 42 tCO2e per \$1m lent).



Between 2022 and 2023, the absolute financed emissions of our business loans decreased by 13%.



Between 2022 and 2023, the absolute financed emissions of our mortgages decreased by 11.5%.



While our PCAF assessed loan portfolio grew by nearly 10% from 2022 to 2023, its absolute financed emissions for the same time period only grew by 0.6%.



From 2022 to 2023, our operational emissions were reduced by 19.2%, due to the sale of unused facilities resulting in a large decrease in energy consumption.



Commercial Real Estate loans continue to make up the majority of our financed carbon footprint, at 66% of absolute financed emissions.



How We Collect This Data

The data quality scores (DQS) associated with each loan give information on what method was used to calculate its carbon footprint, and how accurate the estimation likely is. In PCAF data quality scores range from 1-5, with 1 being the most accurate data possible.

Our PCAF data quality scores for 2022 and 2023 improved across all asset classes, and by a full point in the automobile asset class.

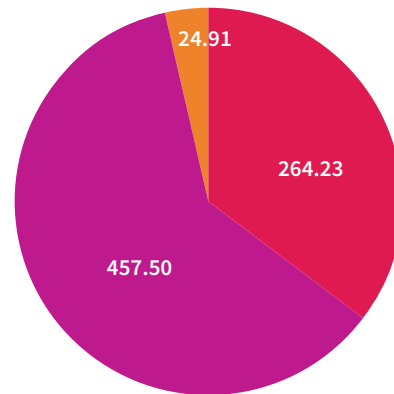
Data collection and calculation processes increased in accuracy and became more robust in 2023, meaning that some loans were reclassified into different asset classes. This caused both the absolute emissions and emissions intensity of the project finance asset class to increase greater than it would have in a normal accounting year. This effort also could have contributed to other increases or decreases in absolute financed emissions.

2022 & 2023 Total Carbon Footprint

In addition to our financed emissions, Sunrise Banks also measures the carbon footprint of its physical locations and business operations. Below is our total carbon footprint from 2022 and 2023.

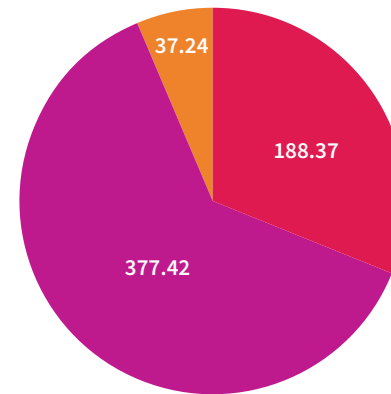
SCOPE & CATEGORIES	2022 EMISSIONS (TCO2E)	2023 EMISSIONS (TCO2E)
Scope 1 Emissions		
Stationary Combustion (Natural Gas)	264.24	188.37
Mobile Combustion (Vehicles)	—	—
Scope 2 Emissions		
Purchased Energy (Electricity)	457.50	377.42
Upstream Scope 3 Emissions		
Category 6: Business Travel (Air Travel)	24.91	37.24
Downstream Scope 3 Emissions		
Category 15: Investments (Financed Emissions)	104,240.82	104,913.24
Total Emissions		
Scope 1 Total Emissions	264.24	188.37
Scope 2 Total Emissions	457.50	377.42
Scope 3 Total Emissions	104,265.73	104,950.48
Overall Total Emissions	104,987.47	105,516.27

2022 OPERATIONAL EMISSIONS (tCO2e)



- Stationary Combustion
- Purchased Electricity
- Air Travel

2023 OPERATIONAL EMISSIONS (tCO2e)



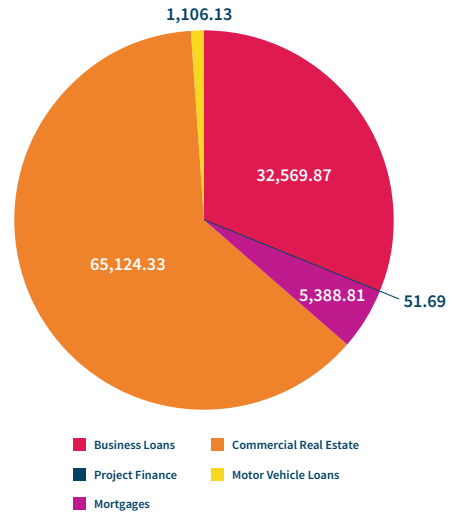
- Stationary Combustion
- Purchased Electricity
- Air Travel

2022 & 2023 Financed Emissions

Sunrise Banks prioritizes accurate, actionable and transparent reporting in line with our commitments. For 2022 and 2023, Sunrise Banks enhanced its data collection processes and estimation methods. Below are the financed emissions associated with the 2022 and 2023 loan portfolios.

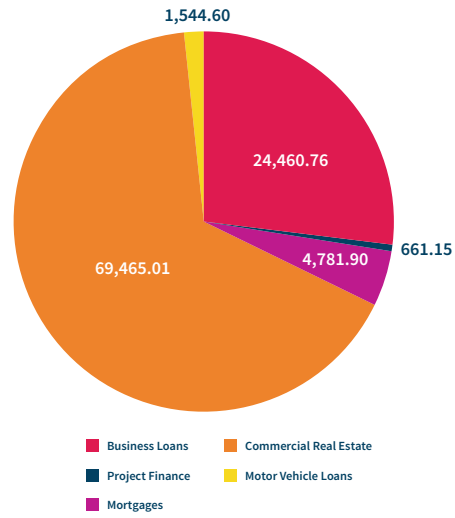
SUNRISE BANKS FINANCED EMISSIONS ACTIVITY REPORT 2022					
Activity	Outstanding Amount in Portfolio (\$M)	Scope 1 & 2 Emissions (tCO2e)	Scope 3 Emissions (tCO2e)	Emmissions Intensity (tCO2e/\$M)	Weighted Data Quality Score
Absolute Emissions by Asset Class					
Business Loans	\$ 106.11	18,563.94	14,005.93	306.94	4.24
Project Finance	\$ 0.60	11.71	39.98	86.15	4.79
Mortgages	\$ 175.36	5,388.81	—	30.73	4.02
Commercial Real Estate	\$ 789.16	65,124.33	—	82.52	4.31
Motor Vehicle Loans	\$ 10.22	1,106.13	—	108.23	2.00
TOTAL	1,081.45	90,194.92	14,045.91	—	—

2022 ABSOLUTE FINANCED EMISSIONS BY ASSET CLASS (tCO2e)



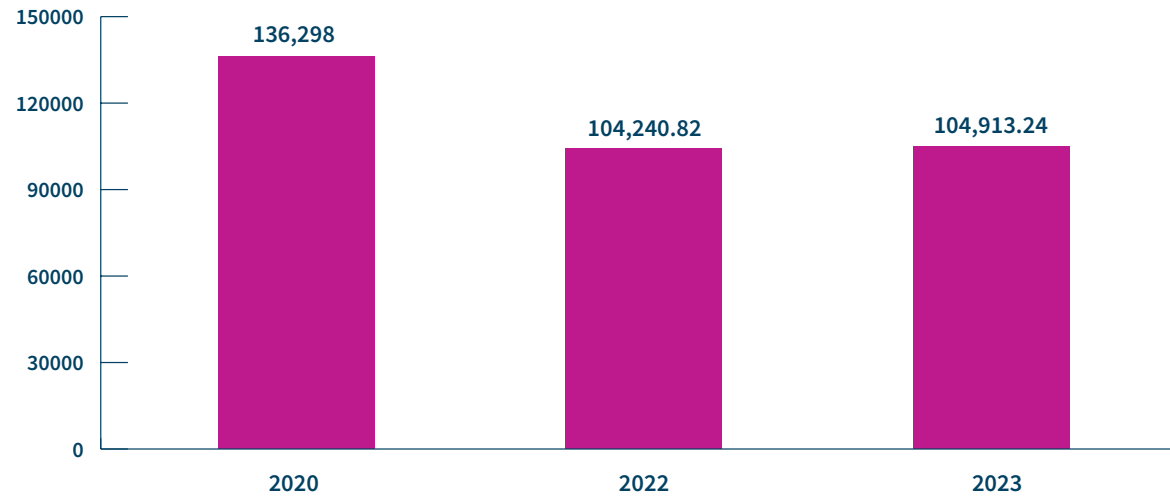
SUNRISE BANKS FINANCED EMISSIONS ACTIVITY REPORT 2023					
Activity	Outstanding Amount in Portfolio (\$M)	Scope 1 & 2 Emissions (tCO2e)	Scope 3 Emissions (tCO2e)	Emmissions Intensity (tCO2e/\$M)	Weighted Data Quality Score
Absolute Emissions by Asset Class					
Business Loans	\$ 96.83	16,245.23	12,215.53	293.93	4.30
Project Finance	\$ 4.16	62.56	598.59	158.93	4.65
Mortgages	\$ 193.24	4,781.90	—	24.75	4.01
Commercial Real Estate	\$ 879.14	69,465.01	—	79.01	4.27
Motor Vehicle Loans	\$ 15.68	1,544.60	—	98.51	2.00
TOTAL	1,189.05	92,099.30	12,814.12	—	—

2023 ABSOLUTE FINANCED EMISSIONS BY ASSET CLASS (tCO2e)

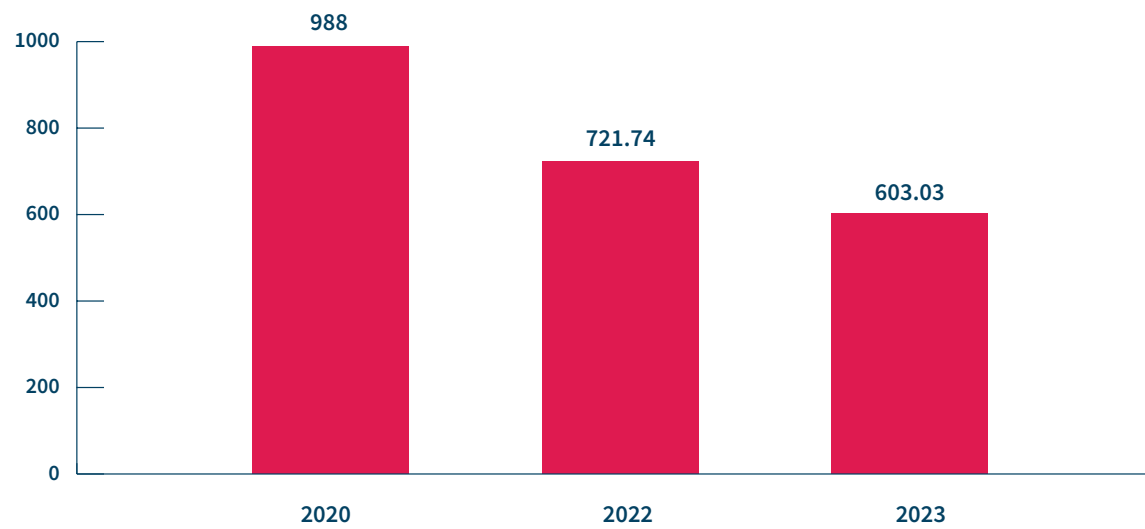


Year over Year Emissions Comparison

SUNRISE BANKS FINANCED EMISSIONS BY YEAR (tCO₂e)



SUNRISE BANKS OPERATIONAL EMISSIONS BY YEAR (tCO₂e)



Transparency and Disclaimer

Accuracy

- PCAF uses the Scope 1, 2, and 3 categorizations for attributing financed emissions.
 - Scope 1 emissions are direct operational emissions by the reporting company.
 - Scope 2 emissions are indirect emissions from purchased or acquired energy consumed by the reporting company.
 - Scope 3 emissions are also indirect and encompass all other value chain emissions, which can be further divided into upstream emissions (for example, production or extraction of purchased materials) or downstream emissions due to the use of the organization's products or services.
- PCAF assigns data different scores based on data quality. A data quality score of 1 represents the highest quality, and 5 is the lowest.
- The Sunrise Banks data quality for 2022 and 2023 PCAF assessments are above the minimum threshold, and continuing work is ongoing to further improve data quality in the future
- At this point in time, the Sunrise Banks PCAF information has not been verified by a third party.

Completeness

- PCAF includes six asset class categorizations for loans. Our loan portfolio includes five of the six asset classes, since only those five asset classes are in our portfolio. They are Automobiles, Business Loans, Project Finance, Commercial Real Estate, and Mortgages.
- Consumer Loans make up \$343.7 Million of the \$1.19 billion loan portfolio (2023). Consumer loans are not assessed via PCAF's current methodology.
- 100% of loans in all five asset classes were assessed for 2022 and 2023.

PCAF Asset Class – The different classifications of loan types outlined in the PCAF standard and defined by the methodology used to estimate their financed emissions]

Consistency

- Sunrise Banks will comply with PCAF methodology for this and future reports.
- The combined third and fourth annual release of the PCAF report allows for comparability across emissions reporting.

Transparency

Sunrise Banks utilized the PCAF online database to determine emissions factors used in calculating absolute financed emissions for the Business Loans, Project Finance, Mortgages and Commercial Real Estate Asset classes. Datasets from Exiobase, CBECS (Commercial Buildings Energy Consumption Survey), and RECS (Residential Energy Consumption Survey) were pulled from the database. For the Motor Vehicle Loans asset class, EPA data from www.fueleconomy.gov was used to obtain emissions factors on motor vehicles.

Sunrise Banks uses the PCAF Global Standard methodology with a few variations and the following assumptions:

- To determine attribution for Commercial Real Estate and Residential Mortgages, Sunrise Banks uses the loan collateral value to represent the “value of the property at origination.” For a small percentage of both asset classes, Sunrise Banks utilized 100% attribution when the collateral value was not available to prevent underestimating emissions.
- tCO₂e is a standardized approach to measuring emissions, where each type of greenhouse gas is converted to a carbon dioxide equivalent based on its global warming potential (GWP). Methane, for example, is 25 times more potent than carbon dioxide, so 1 unit of methane equals 25 units of carbon dioxide.



Glossary

CARBON FOOTPRINT – The total greenhouse gas emissions emitted by human activity, attributed to a specific organization or individual.

CLIMATE CHANGE – Long term shifts in temperature and weather patterns which disrupt the usual balance of nature and increase the frequency of natural disasters

DATA QUALITY SCORE – The data quality scores (DQS) associated with each loan give information on what method was used to calculate its carbon footprint, and how accurate the estimation likely is. In PCAF data quality scores range from 1-5, with 1 being the most accurate data possible.

EMISSIONS INTENSITY – The financed emissions associated with a certain asset class or sector in terms of dollars lent or invested in that category. Expressed as: tCO₂e (emissions) per \$1 million lent in a given asset class (ex. The emissions intensity of concrete production in our portfolio is 42 tCO₂e per \$1m lent).

GREENHOUSE GAS EMISSIONS – Human made gasses released to the earth's atmosphere which heat the planet and contribute to climate change.

NET ZERO – A state where the amount of greenhouse gasses emitted by human activities is equal to the amount removed or prevented from entering the atmosphere in an equal period of time.

PCAF ASSET CLASS – The different classifications of loan types outlined in the PCAF standard and defined by the methodology used to estimate their financed emissions.

FINANCED EMISSIONS – The greenhouse gas emissions that result from a financial institution's lending and investment activities.

OPERATIONAL EMISSIONS – The emissions that result from the energy used to operate a building or infrastructure.



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