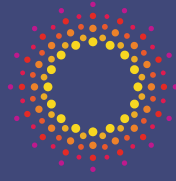


SUNRISE BANKS®



Net Zero Financing Framework



Sunrise Banks is no ordinary bank; we strive to be a place where money and values meet for our customers and our communities. We do this by prioritizing social responsibility, community impact, and environmental sustainability alongside our essential financial products and services. With locations in Minneapolis/St. Paul, Minnesota and Sioux Falls, South Dakota, Sunrise Banks seeks to build meaningful relationships, empower financial wellness, and drive positive change.

Certified B Corporation

In 2009, Sunrise Banks became the first certified B Corporation in Minnesota. In 2023, during our most recent recertification, we received a B Corp Impact score of 148.6, well above average. B Corporations are graded on their social impact in five categories: governance, workers, community, environment, and customers.



Community Development Financial Institution

Sunrise Banks was Minnesota's first Community Development Financial Institution (CDFI) bank. CDFIs are dedicated to community development. We provide financial products and services that meet the needs of economically disadvantaged individuals within underserved communities.



PROUD MEMBER

Global Alliance for Banking on Values

Since 2013, Sunrise Banks has been a member of the Global Alliance for Banking on Values (GABV) made up of 70+ mission-based banks worldwide. David Reiling, the bank's CEO, chairs the GABV, which works to create sustainable economic, social, and environmental development. It has launched initiatives like the Climate Change Commitment, which asks member banks to measure the carbon footprint of their financed emissions.



As a certified B Corporation, a Community Development Financial Institution, and a member of the Global Alliance for Banking on Values, we adhere to the highest standards of ethical and sustainable business practices.

Our Approach to Sustainability

At Sunrise Banks, we envision a world where financial wellness and environmental sustainability join forces to create a future where people and the planet prosper.

We are dedicated to empowering individuals, businesses, and communities through innovative banking solutions that prioritize environmental stewardship.

To support a healthy planet for current and future generations, we seek to limit ecological impact and reduce greenhouse gas emissions to net zero by 2050.

Our approach starts by fostering a company culture which enables our employees to create positive change in our communities and minimize our environmental impact.

We believe that sustainable banking is about managing resources wisely and fostering a sense of shared

responsibility and collective action. We work alongside leaders in our communities and support customers with the tools and knowledge they need to build a more resilient and equitable society.

Getting to net zero will require a transition away from society's current reliance on fossil fuels. In addition to considering the environmental impact of our own business operations when making decisions, Sunrise Banks will not finance the exploration, extraction, production, or refinement of fossil fuels. Recognizing that it will take time to eliminate the use of fossil fuels, we will disclose the financing associated with the distribution of fossil fuel products.

We use standards devised by the Partnership for Carbon Accounting Financials (PCAF) to measure our carbon footprint, promote climate action, and reduce our environmental impact as we work to meet our commitment to net zero. Through these efforts, we aim to lead by example and inspire others to join us in creating a sustainable future where innovative banking for good is the norm, and every individual has the opportunity to thrive.

Intent of the Net Zero Financing Framework

The purpose of this document is to outline the Sunrise Banks Net Zero Financing Framework and how it is used to identify, qualify, track, and report on Net Zero Deposits and net zero projects.

Net Zero Banking Overview

Net zero banking at Sunrise Banks means that deposits and projects work together to reduce or avoid greenhouse gas emissions.

Net Zero Deposits are dedicated to net zero projects, such as net zero loans or investments. These projects are designed to support the commitment to reach net zero greenhouse gas emissions by 2050 in alignment with the Paris Climate Agreement. Net Zero Deposits will reduce the financed emissions of a customer's bank account and net zero projects will reduce the operational emissions of a customer's home, business, or vehicle, benefiting the local community, addressing the global climate crisis, and supporting future generations.

To align with best practices and ensure transparency, Sunrise Banks has established the Net Zero Financing Framework to identify eligible net zero projects funded by the bank. The framework follows the guidelines and best practices outlined in the Green Bonds Principles (GBP). The four core components for alignment with

the GBP include Use of Deposits, Process for Project Evaluation and Selection, Management of Deposits, and Reporting.

Recognizing that information on environmental issues continues to evolve, Sunrise Banks will engage periodically with an external Second Party Opinion (SPO) provider to validate the framework, ensure alignment with the GBP, and, if needed, add or remove qualifying activities.

Use of Deposits

To support the goal to reach net zero emissions by 2050, the eligibility outlined below is limited to categories and activities that specifically focus on decarbonization.

The environmental sustainability objectives of the eligible net zero projects are:

- Carbon reduction, avoidance, and removal
- Climate change mitigation and adaptation
- Pollution prevention and control



Eligible Categories and Activities

Categories	Eligible Activities	Exclusions
Renewable energy <i>Avoided or reduced emissions</i>	<p>Acquisition, development, operation, and maintenance of projects/assets generating electricity from:</p> <ul style="list-style-type: none"> ○ Onshore solar and wind power <ul style="list-style-type: none"> • For Concentrated Solar Power (CSP) technologies, more than 85% of electricity generated will be derived from solar energy ○ Geothermal ○ Waste to energy (Biomass or biogas power, forestry and agricultural residues, animal manure) achieving a lifecycle emissions intensity below 100g CO₂e per kWh or lower ○ Battery storage systems (for solar only) 	<ul style="list-style-type: none"> ○ Production of bioenergy from waste with any of the following characteristics: <ul style="list-style-type: none"> • Takes place on land with high biodiversity • Competes with food sources • Does not achieve a substantial reduction in life-cycle emissions relative to fossil fuel baseline ○ Geothermal projects with lifecycle emissions intensity greater than 100 gCO₂/kWh ○ Bioenergy from forestry and agricultural residues excludes the following: <ul style="list-style-type: none"> • Waste from non-RSPO certified palm oil operations • Animal fats, oil and other animal processing by-products • Animal manure from industrial-scale livestock operations
Energy reduction and efficiency <i>Reduced emissions</i>	<ul style="list-style-type: none"> ○ Renovations to commercial and residential buildings that achieve 30% energy reduction or higher over a pre-retrofit baseline ○ Construction of commercial or residential buildings among the top 15% energy-performing buildings in the area based on emissions intensity performance or primary energy demand, or comply with a CBI-approved proxy ○ Purchase or installation of energy efficiency improvements to commercial or residential buildings, including lighting, building design (see Appendix A), and insulation with energy performance of 20% over the ASHRAE 90.1 Standard ○ Substitution of existing heating/cooling systems with electric energy-efficient systems ○ Installation of new heat recovery systems to commercial or residential buildings, or upgrades to existing systems with thermal efficiency improvement of at least 20% from baseline 	<ul style="list-style-type: none"> ○ Technologies that improve the energy efficiency of fossil fuel production and/or distribution and production processes within heavy industries ○ Buildings designed for extraction, storage, transportation, or manufacture of fossil fuels ○ Heat pumps that utilize refrigerants with a GWP of over 700 ○ All appliances and equipment driven or powered by fossil fuels, such as: oil or gas, cogeneration, and combined heat and power (CHP) units

Categories	Eligible Activities	Exclusions
Clean transportation <i>Avoided emissions</i>	Passenger vehicles – Purchase of: <ul style="list-style-type: none"> ○ Electric vehicles ○ Plug-in hybrid vehicles ○ Electric vehicle charging Infrastructure Mass transit – Purchase of: <ul style="list-style-type: none"> ○ Low-to-zero carbon buses ○ Electric vehicle charging infrastructure 	<ul style="list-style-type: none"> ○ Public buses with emissions in excess of 50 gCO₂e/p-km ○ Alternative transportation methods that would be used for recreation such as bicycles or electric scooters ○ Systems and infrastructure used primarily for the transportation of fossil fuels ○ Fossil fuel filling stations and other assets that prolong the life and/or facilitate the use of fossil fuel-powered transport ○ Efficiency improvements involving conventional fossil-fuel combustion engines ○ Hybrid vehicles which are not plug-in, or which do not have an all-electric mode ○ Vehicles with direct emissions in excess of 75g CO₂e/ km and 25g CO₂e/ ton-km (for freight vehicles). Verified by EPA fuel economy data via FTP-75.
Green buildings <i>Avoided emissions</i>	<ul style="list-style-type: none"> ○ Development, acquisition, or retrofit of commercial or residential buildings that achieve credible third-party building certifications (see Appendix B) 	
Resource Efficiency Infrastructure <i>Avoided emissions</i>	Facility Improvements - Procurement of: <ul style="list-style-type: none"> ○ Automated sorting systems which improve material recovery rates and reduce contamination ○ High efficiency shredders and granulators which enhance processing speed and material quality ○ High efficiency variable frequency drives (VFDs) which reduce energy consumption in the process Production of low-carbon products utilizing recycled materials – Procurement of: <ul style="list-style-type: none"> ○ Equipment to manufacture RSB certified goods or SCS certified with a minimum of 90% recycled content ○ Infrastructure to support reverse logistics and take-back programs, creating a closed loop for suppliers and manufacturers 	<ul style="list-style-type: none"> ○ E-waste recycling without robust waste management processes in place to ensure the mitigation of environmental and social risks ○ The production of single-use plastics ○ Chemical recycling

Process for Project Evaluation and Selection

The Sunrise Banks Net Zero Advisory Committee (Advisory Committee) and Net Zero Working Group (Working Group) play key roles in governing the evaluation and selection of net zero projects.

Net Zero Working Group

The Working Group is responsible for assessing how each project's underlying assets align with eligible net zero project categories. This involves verifying that projects contribute to carbon emission reductions or avoidance and comply with the net zero criteria outlined above. As part of the evaluation process, the Working Group identifies potential social and environmental risks, ensuring that projects adhere to the Bank's credit policy, support our mission, and align with our commitments as a B Corp, a member of the GABV, and a certified CDFI. When necessary, Enterprise Risk, Compliance, Third Party Risk, or Loan Underwriting may help manage risks and conduct additional analyses such as environmental reviews (e.g., assessing ground contamination), or fair lending risk evaluations. The Working Group is composed of the Commercial Senior Loan Officer managing the Net Zero Loan Portfolio, the Net Zero Banking Product Manager overseeing Net Zero Deposits, the ESG Analyst, and, when applicable, the EVP Director of Consumer Lending.

Net Zero Advisory Committee

The Advisory Committee provides strategic oversight of the risk and performance of the Bank's Net Zero Banking activities. Meeting monthly, the committee reviews the net zero project pipeline and portfolio, monitors the allocation of Net Zero Deposits, and assesses risks at the project, portfolio, strategic, and enterprise levels. Chaired by the Net Zero Banking Product Manager, the Advisory Committee includes the Chief Credit Officer, Chief Financial Officer, Director of Enterprise Risk Management (ERM) and Compliance, along with members of the Working Group.

Management of Deposits

The goal of Net Zero Banking is to designate Net Zero Deposits to specifically finance or refinance qualified net zero projects. To ensure accuracy and transparency, Sunrise Banks continuously monitors and manages the program using the following mechanisms:

Internal Tracking System

The Net Zero Working Group is responsible for tracking and monitoring the allocation of Net Zero Deposits to eligible projects. The balance of Net Zero Deposits is tracked through a combination of internal systems, including weekly and monthly reports, as well as a real-time dashboard. These tools help prevent double-counting and maintain compliance with the Framework's guidelines.

Deposit Capacity

The objective is to ensure all deposits are backed by loans and to prevent Net Zero Deposits from exceeding eligible projects for an extended period. Therefore, the deposit capacity is equal to 90% of the total value of eligible projects. This maintains a 10% buffer to account for fluctuations in deposits or loans.

Excess Deposits

If necessary, any excess Net Zero Deposits are temporarily placed in the Sunrise Banks Community Impact Deposits program until suitable net zero projects are identified. Community Impact Deposits fund initiatives such as affordable housing, community services, and small businesses. Sunrise Banks ensures all excess deposits are fully allocated to net zero projects within 36 months and are not allocated to excluded activities as outlined in the Framework.

Continuous Allocation

Net Zero Banking is an ongoing program with continuous allocation as long as the program is offered to customers. This means the average monthly balance of Net Zero Deposits will be matched to the outstanding principal balance of net zero projects. Sunrise Banks will continuously work to increase the financing of eligible net zero projects, grow the deposit capacity, and expand the positive impact of net zero banking.

Refinancing Projects

In addition to financing net zero projects, Sunrise Banks may refinance projects. The lookback period for refinancing projects is up to three years.

Reporting

Sunrise Banks will publish an annual public report that details the allocation of Net Zero Deposits. Details provided will include the total dollar amount of the aggregated portfolio, a breakdown of the types of projects funded, the percentage allocation across project categories, and the total tons of greenhouse gas emissions reduced or avoided by Net Zero Deposits.

The impact metrics of the net zero projects, the assets financed under this framework, will also be included in the Sunrise Banks annual impact report. As a B Corp, Community Development Financial Institution, and member of the Global Alliance for Banking on Values, Sunrise Banks publishes an annual impact report disclosing the bank's environmental, social, and overall community impact indicators.



Appendix

Appendix A: List of Efficient Building Design Requirements

- Windows: U value below 0.3
- Skylights: U value below 0.3
- Doors: U value below 0.3
- Cool roofing: SRI above 82, or a green roof
- Passive ventilation systems: Airflow equivalent to a continuous mechanical ventilation system

Appendix B: List of Eligible Green Building Certifications

Organization	Building Type	Green Building Certification	Version	Level
BREEAM USA	Existing	BREEAM USA In Use: Residential Plus	6	Excellent, Outstanding
Enterprise Community Partners	Both	Enterprise Green Communities Criteria Plus	2020	Plus
	Both	Enterprise Green Communities Criteria Plus Zero Emissions	2024	Certified
Green Building Initiative	Existing	Green Globes Multifamily Performance Plus for Existing Buildings	2.1, 2.2, 2.3	Three Globes, Four Globes
	Existing	Green Globes Multifamily Performance Plus for Existing Buildings with Net Zero	2.3	Emerging, Distinguished, and Exemplary
	New	Green Globes Multifamily Performance Plus for New Construction with Net Zero		
	Existing	Green Globes Multifamily for Existing Buildings with Net Zero	2.3	Emerging, Distinguished, and Exemplary with Energy Star score of 85 or above
	New	Green Globes Multifamily for New Construction with Net Zero		
Home Innovation Research Labs	Both	NGBS Green + Net Zero Energy	2020	Badge
International Finance Corporation	Both	EDGE	3, 3.1	Certified, Advanced, Zero Carbon
International Living Future Institute	Both	Living Building Challenge	3, 3.1, 4, 4.1	Certified Living
	Both	Zero Carbon Certification	1.1	Certified Zero Carbon
	Both	Zero Energy Certification	1, 1.1	Certified Zero Energy

Organization	Building Type	Green Building Certification	Version	Level
Passive House Institute (PHI)	Both	Certified Passive House	9, 10	Classic, Plus, Premium
	Existing	EnerPHit Certified Retrofit	10	
	Both	PHI Low Energy Building	9, 10	Certified
Passive House Institute US (PHIUS)	Both	PHIUS Certified	2021, 2024	All CORE, ZERO, and REVIVE
	Both	PHIUS+ Certified	2015, 2018	2015, 2018, Core, SourceZero
U.S. Department of Energy (DOE)	Both	Zero Energy Ready Home – Multifamily	2	Certified
	Both	Zero Energy Ready Home – Single Family		
U.S. Environmental Protection Agency (EPA)	New	ENERGY STAR Certified Multifamily New Construction	1.2, 1.3, 1.4	Certified
	New	Energy STAR Certified Single-Family New Homes	3.2, 3.3, 3.4	Certified
	Both	ENERGY STAR Next Gen Certified Homes	N/A	Certified
	Both	ENERGY STAR Next Gen Certified Apartments		
	Both	ENERGY STAR Next Gen Certified Buildings	N/A	Certified with a score of 85 or above
	Existing	ENERGY STAR Existing Multifamily Buildings		
USGBC	Existing	LEED Operations and Maintenance: Existing Buildings	v4, v4.1	Gold, Platinum
	New	LEED Building Design and Construction		
	Both	LEED Zero Energy	LEED Zero	Must also be LEED Gold or Platinum Certified



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