

Second-Party Opinion

Sunrise Banks Net Zero Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Sunrise Banks Net Zero Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Reduction and Efficiency, Clean Transportation, Green Buildings and Resource Efficiency Infrastructure – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



PROJECT EVALUATION AND SELECTION Sunrise Banks' Net Zero Advisory Committee and Net Zero Working Group will select and evaluate projects in line with the eligibility criteria. Sunrise Banks has an internal process to address environmental and social risks associated with the eligible assets. Sustainalytics considers these risk management systems to be adequate and the project evaluation process to be in line with market practice.



MANAGEMENT OF PROCEEDS Sunrise Banks' Net Zero Working Group manages and tracks the proceeds using an internal tracking mechanism. Sunrise Banks will maintain a buffer to account for fluctuations in deposits and ensure continuous allocation for as long as it offers the Net Zero Deposit programme to its customers. Unallocated proceeds will be temporarily placed in Sunrise Banks' Community Impact Deposits programme for no more than 36 months. This is in line with market practice.



REPORTING Sunrise Banks commits to report on the allocation of proceeds on its website on an annual basis for as long as the Bank offers the Net Zero Deposit programme to its customers. Allocation reporting 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 tonnes of greenhouse gas emissions reduced or avoided. Additionally, Sunrise Banks intends to report on relevant impact metrics. Sustainalytics views Sunrise Banks' allocation and impact reporting as aligned with market practice.

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Introduction

Sunrise Banks (“Sunrise” or the “Bank”) is a community development financial institution with business operations mainly focused on Minneapolis and St. Paul, Minnesota, and Sioux Falls, South Dakota, in the United States. The Bank offers retail and business banking solutions, and it has been expanding its business operations in the US through fintech partnerships since 2007. Headquartered in St. Paul, Minnesota, the Bank was established in 1986 and had 338 employees as of March 2025.¹

Sunrise has developed the Sunrise Banks Net Zero Financing Framework dated April 2025 (the “Framework”), under which it intends to issue green retail deposits (the “Net Zero Deposits”) and use the proceeds to finance or refinance, in whole or in part, existing or future projects that contribute to reducing greenhouse gas emissions in the US.

The Framework defines eligibility criteria in five areas:

1. Renewable Energy
2. Energy Reduction and Efficiency
3. Clean Transportation
4. Green Buildings
5. Resource Efficiency Infrastructure

Sunrise engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² The Framework will be 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 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 2021, 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 1.18, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Sunrise’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Sunrise representatives have confirmed that: (1) they understand it is the sole responsibility of Sunrise to ensure that the information provided is complete, accurate and 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 Sunrise Banks.

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

¹ Sunrise Banks, “Who we are”, at: <https://sunrisebanks.com/about/who-we-are/>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Sunrise Banks Net Zero Financing Framework is available at: <https://sunrisebanks.com/net-zero-resources/>

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.

projects expected to be financed with proceeds from deposits 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 proceeds from deposits 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 Sunrise has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sunrise Banks Net Zero Financing Framework

Sustainalytics is of the opinion that the Sunrise Banks Net Zero Financing Framework is credible, impactful and aligned with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Reduction and Efficiency, Clean Transportation, Green Buildings and Resource Efficiency Infrastructure – are aligned with those recognized by the GBP.
 - Sunrise has defined a look-back period of 36 months for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Renewable Energy category, Sunrise may finance or refinance the acquisition, development, operation and maintenance of projects or assets related to electricity generation from the following sources:
 - Onshore solar power, including concentrated solar power (CSP) technology, where the facilities derive at least 85% of the electricity from solar energy.
 - Onshore wind power.
 - Battery storage systems for solar power.
 - Geothermal projects with direct emissions lower than 100 gCO₂/kWh.
 - Waste-to-energy (biomass or biogas power) projects with a life cycle emissions intensity below 100 gCO₂e/kWh.
 - Sunrise has communicated to Sustainalytics that the feedstock may include forestry and agricultural residue or animal manure.
 - Waste-to-energy projects exclude the following: i) production of biofuel feedstock taking place on land with high biodiversity; ii) feedstock that competes with food security; and iii) feedstock that does not achieve a substantial reduction in life cycle emissions relative to the fossil fuel baseline.
 - Forestry and agricultural residue will exclude the following: i) waste from non-RSPO-certified palm oil operations; ii) animal fats, oils and other animal processing byproducts; and iii) animal manure from industrial-scale livestock operations.
 - Sustainalytics considers the investments related to solar, wind and geothermal power, as well as solar battery storage, to be aligned with market practice. For waste-to-energy projects, Sustainalytics notes that livestock farming has a significant carbon and water footprint that is not addressed by using livestock byproducts in energy generation. Furthermore, such livestock farming activities may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers that the use of residue from day-to-day operations of existing livestock facilities for energy generation provides positive impacts in the short term.

- Under the Energy Reduction and Efficiency category, the Bank may finance or refinance projects as per the following criteria:
 - Building renovations that achieve at least a 30% energy reduction over a pre-retrofit baseline. The Bank has communicated to Sustainalytics that the expenditures related to this activity are limited to the retrofit expenditures and do not pertain to the asset value of the building.
 - Construction of residential and commercial buildings that are among the top 15% energy-performing buildings in the area based on emissions intensity performance or primary energy demand or the comply with a Climate Bond Initiative-approved proxy.^{5,6}
 - Purchase or installation of energy efficiency improvements, including retrofit expenditures related to lighting, building design and insulation with energy performance that is 20% over the ASHRAE 90.1 standards.
 - Improvements to building design may include: i) windows with a U value below 0.3 BTU/hour/sq. ft.; ii) skylights with a U value below 0.3 BTU/hour/sq. ft.;⁷ iii) doors with a U value below 0.3 BTU/hour/sq. ft.; iv) cool roofs with a solar reflectance index above 82 or green roofs; and v) passive ventilation systems with airflow equivalent to a continuous mechanical ventilation system.
 - Sustainalytics encourages the Bank to opt for installations of building material with the lowest U value possible and report on the estimated or achieved energy efficiency gains, where feasible.
 - Substituting existing heating or cooling systems with electric energy-efficient systems. The Bank has communicated to Sustainalytics that expenditures related to this activity include electric heat pumps.
 - The Bank has confirmed that heat pumps will have a refrigerant management system, which includes initiatives to measure, monitor and minimize leakages, such as installing leak detection alarm systems, conducting regular leak detection inspections, and maintaining and cleaning equipment. Furthermore, the Framework stipulates that heat pumps that utilize refrigerants with a global warming potential greater than 700 will be excluded from financing under the Framework.
 - Installation of new heat recovery systems or upgrades to existing systems installed in commercial or residential buildings, with a thermal energy efficiency improvement of at least 20% compared to the baseline.
 - The Framework stipulates the following exclusions: i) technologies that improve the energy efficiency of fossil fuel production or distribution and production processes in heavy industries; ii) buildings designed for the extraction, storage, transportation or manufacture of fossil fuels; and iv) all appliances and equipment driven or powered by fossil fuels, such as oil or gas, cogeneration and combined heat and power units.
 - Sustainalytics considers the above investments to be aligned with market practice.
- Under the Clean Transportation category, Sunrise may finance or refinance the purchase of the following:
 - Passenger vehicles, including electric vehicles and plug-in hybrid vehicles with an emissions threshold of 75 gCO₂/km.
 - Sunrise has communicated to Sustainalytics that passenger vehicles financed under this category may include cars, SUVs and commercial vans. Sustainalytics considers a carbon emissions threshold of 75 gCO₂/km or lower to be in line with market expectations for low carbon light-duty passenger vehicles (LDVs), noting that it is best practice to achieve a threshold of 50 gCO₂/pkm. These thresholds reflect the need to shift LDV powertrain technologies to long-term solutions such as battery-electric, hydrogen fuel cell and plug-in hybrids as soon as possible to enable the decarbonization of passenger transportation.

⁵ CBI, "Location Specific Criteria for Residential Buildings and Calculator", at: <https://www.climatebonds.net/standard/buildings/residential/calculator>

⁶ CBI, "Location Specific Criteria for Commercial Buildings and Calculator", at: <https://www.climatebonds.net/standard/buildings/commercial/calculator>

⁷ BTU refers to British Thermal Unit.

- Sunrise intends to employ the EPA Federal Test Procedure (FTP-75) as a test procedure to determine whether vehicles are below the 75 gCO₂e/km threshold. Sustainalytics considers the World Harmonized Light-duty Vehicle Test Procedure as best practice, as it replicates realistic driving conditions and yields more accurate emissions results.⁸
- Freight vehicles, including pickup trucks, as well as commercial trucks with a direct emissions threshold of 25 gCO₂e/tkm.
- Low to zero carbon mass transit buses with a direct emission threshold of 50 gCO₂e/pkm.
- Electric vehicle charging infrastructure for passenger and mass transit vehicles.
- The Bank has communicated to Sustainalytics that financing under the Framework excludes the following: i) alternative transportation methods that may be used for recreation, such as bicycles or electric scooters; ii) systems and infrastructure used primarily for the transportation of fossil fuels or fossil fuels blended with alternative fuels; iii) fossil fuel-filling stations and other assets that prolong the life or facilitate the use of fossil fuel-powered transport; iv) efficiency improvements involving conventional fossil fuel combustion engines; v) hybrid vehicles that are not plug-in or do not have an all-electric mode.
- Sustainalytics considers the above investments to be aligned with market practice.
- Under the Green Buildings category, Sunrise may finance or refinance the development, acquisition or retrofit of commercial or residential buildings that achieve one of the certifications as per the levels provided in Appendix 1.
 - Sustainalytics considers the levels of green building certifications stipulated in the Framework and detailed in the Appendix to be credible and aligned with market practice.
- Under the Resource Efficient Infrastructure category, Sunrise may finance or refinance the following activities:
 - Facility improvements including: i) automated sorting systems aimed at improving material recovery rates and reducing contamination; ii) high efficiency shredders and granulators used for goods manufactured with recycled materials and shredding materials that will be used for recycling;⁹ and iii) high efficiency variable frequency drives to reduce energy consumption. Sunrise has communicated to Sustainalytics that expenditures associated with facility improvements are limited to waste management facilities and do not include heavy industry facilities, such as steel, cement and aluminium.
 - Expenditures related to the production of low carbon products utilizing recycled materials, including: i) procurement of equipment to manufacture RSB-certified goods (bio-based material) or SCS-certified goods with a recycled content of 90% or higher;^{10,11} and ii) infrastructure to support reverse logistics and take-back programmes, creating a closed loop for suppliers and manufacturers. The Bank has communicated to Sustainalytics that:
 - Sunrise will only finance the procurement of equipment (machinery) and will not finance the production of RSB- or SCS-certified products.¹²
 - Commercial-scale manufacturing or production of low carbon products without details on manufacturing process, assurance of sustainable sourcing and reasonable basis for substantial reduction of life cycle emissions will be excluded under the Framework.
 - The reverse logistics and take-back programmes would result in zero landfill and close to 100% material recovery.

⁸ The FTP-75 test procedure is a series of city driving cycle tests defined by the US Environmental Protection Agency (EPA), which uses theoretical driving data. The EPA uses five cycle-based fuel economy label values, reducing differences in terms of vehicles' CO₂ emissions compared to real-world CO₂ emission values. However, differences still exist. Tietge, U., Díaz, S., et al. (2017), "From Laboratory to Road International: A Comparison of Official and Real-World Fuel Consumption and CO₂ Values for Passenger Cars in Europe, the United States, China, and Japan", ICCT, at: https://theicct.org/sites/default/files/publications/Lab-to-road-intl_ICCT-white-paper_06112017_vF.pdf

⁹ The financed high efficiency shredders will enhance processing speed and material quality.

¹⁰ RSB: <https://rsb.org/certification/>

¹¹ SCS: <https://www.scsglobalservices.com/services/recycled-content-certification>

¹² Sustainalytics has not assessed the credibility of the SCS certification scheme.

- Sunrise has communicated to Sustainalytics that there will be segregation of recyclables and waste. Moreover, Sunrise will ensure that eligible projects have robust waste management processes following waste hierarchy to ensure the mitigation of environmental and social risks during processing of all types of waste, including e-waste.
 - Production of single-use plastics will be excluded from financing.
 - Sunrise has communicated to Sustainalytics that the expenditures under this category exclude: i) products specifically for use in the extraction of fossil fuels; ii) systems that inherently rely on fossil fuels; and iii) equipment that runs on fossil fuel.
 - Sustainalytics considers the above investments to be aligned with market practice.
- Project Evaluation and Selection:
 - Sunrise’s Net Zero Advisory Committee (the “Advisory Committee”) and Net Zero Working Group (the “Working Group”) will be responsible for the project evaluation and selection process. The Advisory Committee will be chaired by the Net Zero Banking Product Manager and include the Chief Credit Officer, Chief Financial Officer, Director of Enterprise Risk Management and Compliance, along with members of the Working Group.
 - The Working Group comprises the Commercial Senior Loan Officer, the Net Zero Banking Product Manager, ESG Analyst and EVP Director of Consumer Lending, and will be responsible for identifying potential social and environmental risks. Additionally, risk management and additional due diligence are integrated into the Enterprise Risk, Compliance, Third Party Risk, and Loan Underwriting processes. Sustainalytics considers these environmental and social risk management systems to be adequate. For additional details, please refer to Section 2.
 - Based on the roles and responsibilities defined for project evaluation and selection and the presence of risk identification and management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Working Group will be responsible for the management of the Net Zero Deposits using a portfolio approach and will track the allocation of proceeds using an internal tracking system.
 - Sunrise will ensure that the deposit capacity is equal to 90% of the total value of eligible projects. The Bank will maintain a 10% buffer to ensure that the value of outstanding eligible activities remains equal to or greater than the net proceeds raised by the Net Zero Deposits. The Bank has communicated to Sustainalytics that, in case eligible projects and assets in the portfolio exit the pool due to maturity, divestment or any other reason, the Bank will replenish the pool to ensure continuous allocation for as long as the Bank offers the Net Zero Deposit programme to its customers.
 - Unallocated proceeds from the Net Zero Deposits will be temporarily placed in Sunrise’s Community Impact Deposits programme until eligible projects have been identified. Additionally, the Bank commits to fully allocate the excess of deposits within 36 months.
 - Based on the delegation of responsibilities, an internal tracking system and the disclosure of an allocation timeframe, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Sunrise has communicated to Sustainalytics that the Bank will report on the allocation of proceeds on an annual basis on its website for as long as the Bank offers the Net Zero Deposit programme to its customers.¹³
 - Allocation reporting will include the total dollar amount of the aggregated portfolio, a breakdown of the types of projects funded and the percentage allocation across project categories.
 - In addition, the Bank will report on impact metrics, such as total tonnes of GHG emissions reduced or avoided on an annual basis.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021

Sustainalytics has determined that the Sunrise Banks Net Zero Financing Framework aligns with the four core components of the GBP.

¹³ Sunrise Banks, “Net Zero Banking Resource Center”, at: <https://sunrisebanks.com/net-zero-resources/>

Section 2: Sustainability Strategy of Sunrise

Contribution to Sunrise's sustainability strategy

Sunrise focuses on the following environmental areas in its sustainability strategy: i) emissions reduction; ii) waste reduction; iii) clean air, water and land; iv) habitat protection; v) pollution prevention; and vi) natural resource stewardship.¹⁴

The Bank has pledged to minimize its ecological impact and attain net zero emissions across its operations by 2050. The Bank's Sustainability Committee has established a strategy encompassing four key areas: i) developing a climate action plan; ii) setting interim targets based on Science Based Targets initiative guidelines; iii) mitigating climate risks; and iv) building climate-resilient products and services.¹⁵ Moreover, by the end of 2025, Sunrise intends to facilitate USD 25 million to net zero loans for commercial projects that reduce or avoid carbon emissions, such as installing energy-efficient upgrades to an existing commercial property.¹⁶ The Bank has also been a member of the Global Alliance for Banking on Values since 2013.¹⁷ In 2024, Sunrise, along with 16 other banks, endorsed the Fossil Fuel Non-Proliferation Treaty Initiative as an effort to meet the goals of the Paris Agreement by fostering international co-operation to transition to clean energy, end the expansion of fossil fuels and phase out existing production.¹⁸ Furthermore, the Bank has confirmed to Sustainalytics that materiality assessment, gap analysis and a multiyear ESG road map are being developed through a third-party consultant.

Sustainalytics is of the opinion that the Sunrise Banks Net Zero Financing Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental priorities. Nevertheless, Sustainalytics notes that the Bank is currently in the process of setting targets and an action plan to achieve these strategies, on which Sustainalytics encourages Sunrise to report.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the deposits issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) emissions, effluents and waste generated in construction; ii) land use and biodiversity loss associated with large-scale infrastructure development; iii) occupational health and safety; and iv) business ethics.

Sustainalytics is of the opinion that the Bank is able to manage or mitigate potential risks through implementation of the following:

- Sunrise's Sustainability Committee is responsible for overseeing the Bank's strategies, policies, products and programmes related to its sustainability initiatives and net zero commitment.¹⁹ The committee is also responsible for advising the Bank's executive team on climate risk assessments and reduction of emissions, effluents and waste. Furthermore, the Bank has a Net Zero Advisory Committee, which oversees the risk, performance and expansion of the Bank's Net Zero Banking product suite.²⁰
- The eligible projects will be located in the US and hence must comply with the US health and safety legislation, the Occupational Safety and Health Act of 1970 (OSHA), which governs the working conditions of construction sites and requires employers to provide employees with a safe and healthy working environment. OSHA also has a whistleblower programme in place through which workers can file health and safety complaints.²¹
- To manage risks related to business ethics, Sunrise has communicated to Sustainalytics that it has established a Represent, Impact, Support, and Empower Committee, which ensures that the Bank protects human rights and other principles, including equal opportunity. Sunrise has set up the Ethics Reporting Line, which is an anonymous hotline that provides employees an avenue to raise concerns related to unethical or concerning behaviour.²² Sunrise has further communicated to Sustainalytics that the Bank has Unfair, Deceptive, Abusive Acts or Practices complaint procedures and programmes, independently overseen by its Internal Audit Team. The Bank also has a

¹⁴ Sunrise Banks has shared its Climate Strategies with Sustainalytics confidentially.

¹⁵ Sunrise Banks has shared its Climate Strategies with Sustainalytics confidentially.

¹⁶ Sunrise Banks has shared its Sunrise Sustainability Committee 2025 Goals with Sustainalytics confidentially.

¹⁷ Sunrise Banks, "Net Zero Financing Framework", (2025), at: <https://sunrisebanks.com/net-zero-resources/>

¹⁸ Sunrise Banks, "Net Zero Banking Resource Centre", at: <https://sunrisebanks.com/net-zero-resources/>

¹⁹ Sunrise Banks has shared its Sustainability Committee Overview with Sustainalytics confidentially.

²⁰ Sunrise Banks has shared its Net Zero Advisory Committee Charter with Sustainalytics confidentially.

²¹ US Department of Labor, "OSHA Act of 1970", (2004), at: <https://www.osha.gov/laws-regs/oshact/completeoshact>

²² Sunrise Banks, "Ethics Reporting Hotline", at: <https://secure.ethicspoint.com/domain/media/en/gui/97817/index.html>

Fair Lending Oversight Program, which ensures that credit decisions are made in a fair and non-discriminatory way.

- Sustainalytics notes that eligible projects financed under the Framework will be located in the US, which is recognized as a Designated Country under the Equator Principles.²³ This indicates the presence of robust environmental and social governance systems, legislation and institutional capacity for protecting the environment and communities.

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

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

Importance of renewable energy in the US

Global energy-related CO₂ emissions increased by 410 million tonnes in 2023 from 2022, reaching a record high of 37.4 billion tonnes, with coal emissions contributing more than 65% to this increase.²⁴ More specifically, GHG emissions from electricity generation grew by approximately 900 million tonnes between 2019 and 2023.²⁵ In the US, the electricity sector is the second largest contributor to GHG emissions, accounting for 29.7% of the country's total emissions in 2023.²⁶ As of 2023, fossil fuels, including natural gas, coal and petroleum accounted, for 60% of the country's electricity generation, while nuclear contributed 18.6%.²⁷ In the local context, electricity generation contributed 23.6% of Minnesota's and 17% of South Dakota's net GHG emissions as of 2025.²⁸

In 2023, renewable sources generated 33% and 77% of net electricity in Minnesota and South Dakota, respectively.^{29,30} As of 2023, Minnesota's total installed renewable energy capacity reached 6,800 MW.³¹ In an effort to promote the use of clean energy, Minnesota has outlined planned actions, including upgrades to the electrical grid, improvements in load flexibility and expansion of access to renewable energy.³² The Minnesota Climate Innovation Finance Authority, established in 2023, provides funding for clean energy projects and will allocate at least USD 25 million annually in loans starting in 2025, with a focus on low-income and underserved communities.^{33,34} Meanwhile, South Dakota has also expanded its renewable energy capacity, operating 29 wind projects with a total capacity of 3,476 MW.³⁵ The state's solar capacity includes three projects totalling 268.92 MW, with plans to add 328.73 MW over the next five years.³⁶ To strengthen clean energy infrastructure across the region, the US Department of Energy's Grid Resilience and Innovation Partnerships programme provided a USD 464 million grant in 2023 to support the construction of five high-voltage transmission lines that will span Minnesota, South Dakota, North Dakota, Iowa, Nebraska, Kansas and Missouri.³⁷

Sustainalytics is of the opinion that Sunrise's investments in renewable energy projects will contribute to the decarbonization of the energy generation sector in the US and in Minnesota and South Dakota in particular.

²³ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

²⁴ IEA, "CO₂ Emissions in 2023", (2024), at: <https://www.iea.org/reports/co2-emissions-in-2023/executive-summary>

²⁵ Ibid.

²⁶ US Energy Information Administration, "U.S. Energy-Related Carbon Dioxide Emissions, 2023", (2024), at:

<https://www.eia.gov/environment/emissions/carbon/>

²⁷ US Energy Information Administration, "Frequently Asked Questions (FAQs): What is U.S. Electricity Generation by Energy Source", at:

<https://www.eia.gov/tools/faqs/faq.php?id=427&t=4>

²⁸ Choose Energy, "Carbon Dioxide Emissions by State", (2025), at: <https://www.chooseenergy.com/data-center/carbon-dioxide-by-state/>

²⁹ US Energy Information Administration, "Minnesota: State Profile and Energy Estimates", at: <https://www.eia.gov/state/analysis.php?sid=MN>

³⁰ US Energy Information Administration, "South Dakota: State Profile and Energy Estimates", at: <https://www.eia.gov/state/analysis.php?sid=SD>

³¹ Clean Energy Economy MN and the Business Council for Sustainable Energy, "2024 Minnesota Energy Factsheet", at:

<https://www.cleanenergyeconomy.org/wp-content/uploads/2024/04/2024-Minnesota-Energy-Factsheet.pdf>

³² Government of Minnesota, "Minnesota's Climate Action Framework", at: [https://climate.state.mn.us/sites/climate-](https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf)

[action/files/Climate%20Action%20Framework.pdf](https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf)

³³ Government of Minnesota, "Minnesota Climate Innovation Finance Authority: Agency Profile", at:

<https://www.lrl.mn.gov/docs/2025/mandated/250099/climate-innovation-finance-authority.pdf>

³⁴ Minnesota Department of Commerce, "State Law Creating MnCIFA", at: [https://mn.gov/commerce/energy/consumer/energy-](https://mn.gov/commerce/energy/consumer/energy-programs/mncifa/law.jsp)

[programs/mncifa/law.jsp](https://mn.gov/commerce/energy/consumer/energy-programs/mncifa/law.jsp)

³⁵ South Dakota Renewable Energy Association, "Renewable Energy in South Dakota", at: <https://sodakrenewables.org/renewable-energy/>

³⁶ Solar Energy Industries Association, "State Overview – South Dakota", at: <https://seia.org/state-solar-policy/south-dakota-solar/>

³⁷ Clean Energy Economy MN and the Business Council for Sustainable Energy, "2024 Minnesota Energy Factsheet", at:

<https://www.cleanenergyeconomy.org/wp-content/uploads/2024/04/2024-Minnesota-Energy-Factsheet.pdf>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Sunrise Banks Net Zero Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Reduction and Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.
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
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.
Resource Efficiency Infrastructure	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Sunrise has developed the Sunrise Banks' Net Zero Financing Framework, under which it intends to issue green retail deposits and use the proceeds to finance projects in the following categories: Renewable Energy, Energy Reduction and Efficiency, Clean Transportation, Green Buildings and Resource Efficiency Infrastructure. The eligible projects are expected to provide positive environmental impacts.

The Framework outlines a process for the tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Sunrise Banks Net Zero Financing Framework is aligned with overall sustainability strategy of the Bank and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics considers that Sunrise Banks has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Sunrise is well positioned to issue green retail deposits and that the Sunrise Banks Net Zero Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: List of Eligible Green Building Certifications

Organization	Green Building Certification	Level
BREEAM USA	BREEAM USA In Use: Residential Plus	Excellent, Outstanding
Enterprise Community Partners	Enterprise Green Communities Criteria Plus	Plus
	Enterprise Green Communities Criteria Plus Zero Emissions	Certified
Green Building Initiative	Green Globes Multifamily Performance Plus for Existing Buildings	Three Globes, Four Globes
	Green Globes Multifamily Performance Plus for Existing Buildings with Net Zero	Emerging, Distinguished, and Exemplary
	Green Globes Multifamily Performance Plus for New Construction with Net Zero	
	Green Globes Multifamily for Existing Buildings with Net Zero	Emerging, Distinguished, and Exemplary with Energy Star score of 85 or above
	Green Globes Multifamily for New Construction with Net Zero	
Home Innovation Research Labs	NGBS Green + Net Zero Energy	Badge
International Finance Corporation	EDGE	Certified, Advanced, Zero Carbon
International Living Future Institute	Living Building Challenge	Certified Living
	Zero Carbon Certification	Certified Zero Carbon
	Zero Energy Certification	Certified Zero Energy
Passive House Institute (PHI)	Certified Passive House	Classic, Plus, Premium
	EnerPHit Certified Retrofit	
	PHI Low Energy Building	Certified
Passive House Institute US (PHIUS)	PHIUS Certified	All CORE, ZERO, and REVIVE
	PHIUS+ Certified	2015, 2018, Core, SourceZero
U.S. Department of Energy (DOE)	Zero Energy Ready Home – Multifamily	Certified
	Zero Energy Ready Home – Single Family	
U.S. Environmental Protection Agency (EPA)	ENERGY STAR Certified Multifamily New Construction	Certified
	Energy STAR Certified Single-Family New Homes	Certified
	ENERGY STAR Next Gen Certified Homes	Certified
	ENERGY STAR Next Gen Certified Apartments	
	ENERGY STAR Next Gen Certified Buildings	Certified with a score of 85 or above
	ENERGY STAR Existing Multifamily Buildings	
USGBC	LEED Operations and Maintenance: Existing Buildings	Gold, Platinum
	LEED Building Design and Construction	
	LEED Zero Energy	Must also be LEED Gold or Platinum Certified

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