2024 Climate Report.

Vancity

Contents.

Message from the Chief Executive Officer.

2024 wasn't an easy year for the global fight against the climate emergency. But Vancity remains committed to doing our part – and more – to help build a clean and sustainable world for our members and communities. Whether it's helping members take action, reducing our own footprint, or advocating for stronger policies at the provincial and municipal levels – where the battle may now be shifting – we continue to stand firm on our climate commitments. And we have quite a bit to show for it in 2024, as well.

Scanning climate headlines from 2024, it's easy to see it as something of a setback year. The UN concluded in late October that we are a far cry from the 43 per cent cut needed by 2030. The anti-ESG backlash in the US is putting further pressure for many companies to rethink their climate commitments. And polls tell us that most people are now primarily – and understandably – focused on housing affordability, cost of living, and longer-term financial health and resilience.

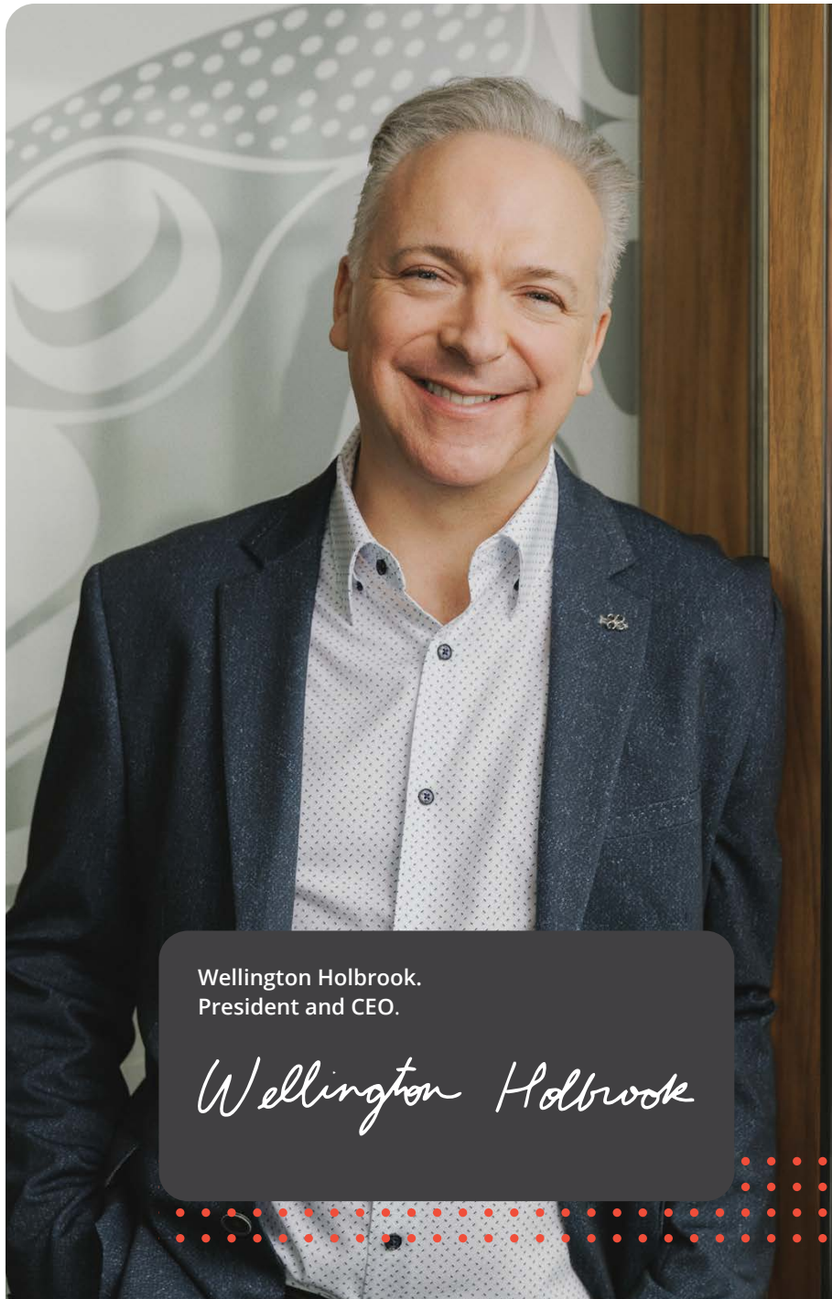
This can be disheartening, but for me it just reinforces the imperative for action. Now. Because the risks imposed on our future generations from climate change remain more real than ever.

But when I look deeper into the news and what's happening around us, I see reasons for hope, too. Here in BC, nine wind projects were selected by BC Hydro to boost electricity generation by eight per cent – along with a $36 billion investment to expand the province's renewables. Municipalities are reinforcing climate policies, such as Vancouver's ban on gas heating in new buildings and Burnaby's climate-proofing initiatives. The BC government continues prioritizing sustainability through CleanBC, and the BC NDP-Green co-operation agreement supports emissions reduction with a $50 million annual heat-pump program for low and moderate-income households and a plan to build or acquire 30,000 climate-resilient non-market housing units, ensuring long-term affordability and sustainability.

And I see good news at Vancity as well. In 2024, we reduced our scope 1 and 2 operational emissions by nine per cent and the financed emissions from our real estate lending by six per cent, and conducted 850 conversations with members focused on how they can take – and afford – climate-related action. At the end of 2024, we were financing more than a million square feet of energy-efficient and low-emission buildings and had $7.6 million in Planet-Wise™ loans to help members achieve their climate goals. And we provided $1.8 million in climate-opportunity aligned grants in 2024.

We do all this because, as a member-owned co-operative, we are committed to the wellbeing of members and communities. And we'll continue using the combined power of members' voices and their capital to build a clean and fair world because we refuse to bury our head in the sand and hope that the storm goes away.

Our members deserve no less.



About this report.

This report includes information on:

Strategic ambition: Our strategic ambition aligns with the Paris Agreement and the United Nations' Sustainable Development Goals (SDGs). We've embedded our climate commitments into our strategy. Our success is highly dependent on external factors such as government policies, technological advancements, and stakeholder actions.

Climate-related risks and opportunities: We recognize the risks and opportunities associated with climate change and have integrated them into our governance practices and business strategy. We identify, evaluate, and monitor climate risks as part of our risk management framework from the Board level and down. We use risk appetite statements and key risk indicators, and we conduct scenario analyses and stress testing to assess the potential impact of climate risks on our business and take appropriate actions to manage them.

Climate action: We prioritize climate change mitigation and adaptation policies at all levels of Government, and we advocate for the changes we collectively need. We provide programs, products, and services to support our members and communities in an equitable transition to a low-carbon economy and adapting to a changing climate. And we develop internal policies and conditions that help us meet our climate commitments.

Emissions reduction targets: We have set 1.5°C-aligned emissions reduction targets for our operations, real estate lending and managed client investments. We monitor and report on our progress towards these targets, and we review and adjust our strategy and plans as needed.

This report covers the 2024 calendar year. It is guided by the IFRS S2 Climate-related Disclosures standard released in June 2023 by the International Sustainability Standards Board. Its preparation was also guided by the disclosure requirements of the Net-Zero Banking Alliance (NZBA) and the Partnership for Carbon Accounting Financials (PCAF).

As part of our commitment to continually improve our reporting, we have obtained independent third-party limited assurance of select 2024 accountability metrics. For the scope and results of the limited assurance engagement, see KPMG LLP's independent practitioners' limited assurance report, on page 44 of the 2024 Annual Report.

Highlights.

Set
net zero by 2040
goal for scope 1 + 2
operational emissions.

Remain committed
to the UN-convened Net-Zero Banking Alliance (NZBA).

Applied the updated version of the NZBA's Guidelines for **Climate Target Setting** for Banks.

1,036,020 ft²
of energy-efficient and low-emission buildings financed.

-9%
change in scope 1 + 2 operational emissions.

$7.6 million
worth of Planet-Wise™ loans and commercial retrofits to help members take climate action in affordable ways.

$1.8 million
in climate-opportunity aligned grants.

Updated our intermediate **emission reduction** targets for real estate lending.

-6%
change in financed emissions from real estate lending.

Piloted **PCAF's** new disclosure checklist.

850
climate conversations with members.

$537 million
in green assets.

For definitions, see Glossary and abbreviations, page 54.

Climate commitments.

We are working towards a shift to a safer, low-emission future that puts people at its centre and leaves no one behind. We've embedded the following commitments into our strategy.

Net zero by 2040 across mortgages and loans.

Our ambition is to make Vancity net zero by 2040 across all our mortgages and loans. That means the carbon emitted from anything we finance will be eliminated or significantly reduced, with any remaining emissions being brought to net zero.

Financing an equitable climate transition.

We focus our work in financial and social inclusion to provide banking and other solutions to help people who are affected by the climate crisis, as well as those seeking support in transitioning to cleaner and more sustainable living. See Annual Report, page 25.

Investments for a better future.

We will help our members invest for the future we need by offering responsible investment options that can demonstrate the integrity of their environmental, social, and governance (ESG) screening and stewardship process. See Annual Report, page 33.

Be transparent and accountable.

We encourage change within the financial services sector by accurately measuring and openly reporting on how our own actions are improving the wellbeing of people, communities, and the environment. We aim to continue implementing, testing, and helping improve emerging international standards for climate and impact reporting. See Annual Report, page 42.

Walk the talk in all we do.

We live our values in our daily decision-making to serve the diverse needs of our members, employees, and communities. We will do our part across our operations in order to contribute to a just climate transition.

Governance.

Board oversight of climate-related risks and opportunities.

The Vancity Credit Union (VCU) Board of Directors is elected by and accountable to our members. The VCU Board sets Vancity's strategic direction and oversees risk management. The Vancity Community Investment Bank Board members are appointed, allowing the Board to select individuals with the specific expertise and experience needed to guide the Bank's strategic direction and support its mission of financing a sustainable future. Effective Board governance ensures oversight and accountability for both financial and non-financial risks, including those stemming from climate change.

Governance of both VCU's and Vancity Community Investment Bank's climate response is a key priority. The Boards oversee our efforts to help build a clean and fair world, receive updates on progress towards our climate commitments, and receive quantitative, scenario-based risk analysis in quarterly reports from management.

To enhance expertise, Directors of both Boards have participated in education sessions on climate risk and governance, including a Global Risk Institute session in February 2024. Directors engage in external courses on risk management and receive information on climate initiatives, co-operative values, and Indigenous banking. In recruiting candidates for the 2024 election, the VCU Board identified leadership in service of financial inclusion, labour relations, or climate justice as desired areas of focus and experience for nominees.

Both Boards have delegated certain climate-related accountabilities to its committees, per the table to the right.

"Our strategy will continue to advance Reconciliation, promote inclusion, strengthen equity and diversity, and fight the climate crisis."

Rita Parikh, Chair, Vancity Board of Directors.

Board committees' climate-related mandates.

Board committee	Climate-related mandate
Vancity Credit Union (VCU) Risk Committee (RC) **and** **Vancity Community Investment Bank Risk Conduct and Review Committee (RCRC)**	Provides oversight and advice to the Board on current and potential future risk exposure and risk mitigation strategy, including determination of risk appetite, key risk indicators, and related tolerance thresholds. VCU's and Vancity Community Investment Bank's Risk Appetite Frameworks (RAF) monitor organizational risk using nine risk dimensions for VCU, each with defined risk appetites statements, risk thresholds, and key risk indicators. One of the nine dimensions within the RAF that is governed by VCU's RC and Vancity Community Investment Bank's RCRC is Climate, ensuring oversight of our risk profile, for current and future risk exposures. In conjunction with the Boards, the Committees review VCU's and Vancity Community Investment Bank's Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP includes modelling on credit risk impacted by climate-related events (such as flooding and wildfires) to ensure we have adequate capital reserves to operate during unlikely but severe climate-related stress events.
VCU Audit Committee	Responsible for reviewing management's annual plan and performance indicators for the annual integrated report (including this Climate Report), on behalf of both VCU and Vancity Community Investment Bank, ensuring there is an effective process in place that includes appropriate controls designed to provide reasonable assurance that accountability reporting has integrity, includes material issues, and provides for reliable and fairly presented reporting that is consistent with any financial information disclosed. Considers the appropriateness and materiality of all measures and receives and reviews quarterly progress updates on public targets and commitments and on significant aspects of non-financial performance, as available.
VCU Governance Committee	Reviews and recommends for approval VCU's Ethical Principles for Business Relationships (EPBRs) policy on an annual basis. Beginning in January 2025, will receive quarterly reports on management's progress on Vancity's impact strategies to build a clean and fair world, on behalf of the Vancity Group.
Boards	The Boards integrate climate-related issues into their core activities, using these issues as a key lens when revising and approving risk management policies, business plans, strategic priorities, and organizational performance objectives. The Boards also approve critical frameworks and policies, including VCU's and Vancity Community Investment Bank's respective Enterprise Risk Management Framework (ERMF), RAF, and the ICAAP. This ensures that climate considerations are embedded into strategic and operational decisions.

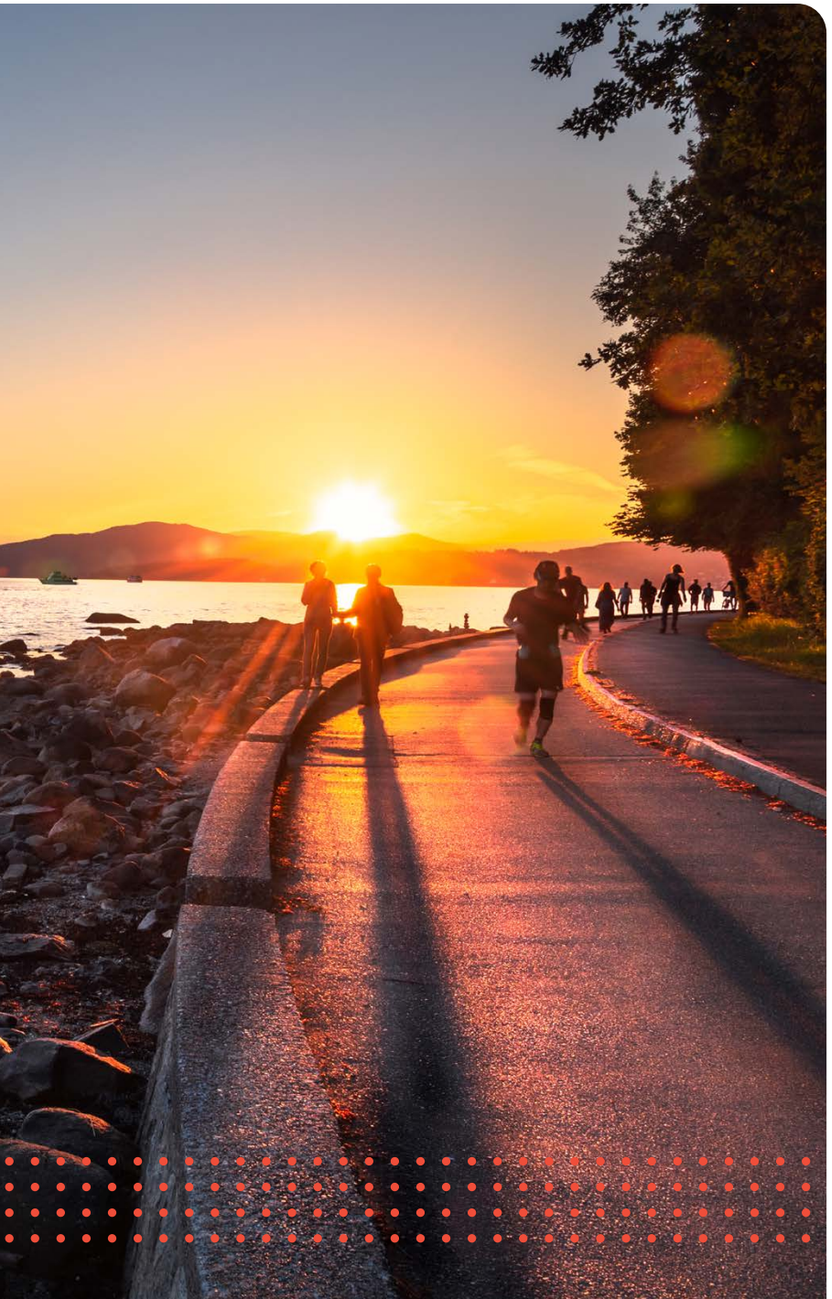
Management structure and accountabilities.

Vancity's CEO and Executive Leadership Team are responsible for delivering on the strategic direction set by the Board, for fostering an effective risk culture, and integrating financial, social, and environmental factors into the business decision-making process. Executive roles listed below with "Vancity" refer to group-level mandates, and Vancity Community Investment Bank roles refer to Bank-specific mandates. Specific accountabilities for climate risks and opportunities are as follows:

Role or business area	Climate-related accountability
Vancity Executive Leadership Team (ELT) **Vancity Community Investment Bank Senior Leadership Team (SLT)**	Work within their respective divisions to identify, assess, and act upon opportunities to drive positive climate impacts among our members, in the community, and within VCU and Vancity Community Investment Bank.
Vancity Chief Risk Officer	Oversees Vancity's climate-related risks, focusing on physical risk identification and mitigation. Oversight is in accordance with VCU's ERMF and RAF. Chairs VCU's executive Risk Management Committee (RMC).
Vancity Community Investment Bank Chief Risk Officer	Oversees climate-related risks, focusing on physical risk identification and mitigation. Oversight is in accordance with Vancity Community Investment Bank's ERMF and RAF. Chairs the Senior Leadership Team.
Vancity Chief Member Impact and Experience Officer (CMIXO)	Oversees and leads Vancity's public climate-related commitments as well as our climate-related obligations under the international agreements and partnerships we are part of. Oversees the development of banking products, including those tailored to support members' emissions reductions.
Vancity Chief Financial Officer (CFO)	Oversees the preparation of the Annual Report, including related disclosure of our environmental and social risks. The CFO is responsible for establishing and maintaining adequate internal controls over external reporting, supported as applicable by executive team members and other senior management.
Vancity Vice President (VP) Impact Strategy	Reports to the CMIXO and is responsible for implementing actions to achieve our climate targets. Chairs the Climate Commitments Council (see right).
Vancity Climate Strategy and Performance (CSP) team	Creates and leads Vancity's approach to achieving net zero and our other climate commitments, measuring our climate performance and establishing targets. The Director of CSP reports to the VP Impact Strategy.

The Climate Strategy and Performance and Enterprise Risk Management teams engage with external experts including climate consultants, insurance companies, industry alliances, CUNA Mutual Insurance Society (CUMIS), standards organizations, and our financial regulators: British Columbia Financial Services Authority (BCFSA) and the Office of the Superintendent of Financial Institutions (OSFI). These teams also engage with peers by sharing learnings and advising on climate-related risks and opportunities through internal working groups described below:

Working groups	Mandate
Operational Risk Management Committee (ORMC)	A sub-committee and advisory body to VCU's RMC. Meets periodically to discuss enterprise-wide operational risks, including physical and transition climate risks (i.e., what they are, where they exist, and what mitigations are being taken or recommended).
Sustainability and Climate Risk Working Group	Informal group that meets quarterly to promote knowledge and collaboration among multiple areas of Vancity involved in climate-related and sustainability risk-management efforts.
Climate Commitments Council	Chaired by the VP Impact Strategy, this cross-functional team meets quarterly to review progress on climate commitments and ensure an organization-wide and co-ordinated approach to climate action, including climate-aligned public policy advocacy and lobbying.
Impact Review Committee	Chaired by the CMIXO, this committee meets on an ad-hoc basis to consider lending and investment opportunities that require deeper assessment of their alignment to our Ethical Principles for Business Relationships, impact goals, and reputational risk tolerance.
Decarbonization Committee	This committee meets every quarter to provide direction on our strategy to reduce scope 1 and 2 emissions and align them with our facility and capital management objectives. It is attended by key leadership from the Real Estate, Facilities, and Procurement team, and the Climate Strategy and Performance team.



Strategy.

Climate-related risks and opportunities.

Climate-related risks.

The rate and magnitude of climate change is straining community infrastructure, health and wellbeing, and cultural traditions and practices. These impacts will differ across communities as climate risks continue to compound existing social inequalities.

Climate risks include physical risks resulting from climatic events, such as wildfires, storms, and floods, and transition risks stemming from actions taken to shift the economy away from fossil fuels. If we and the global community don't take urgent action to limit unsafe levels of warming, the consequences will be significant. These consequences are already being felt with 2024 now confirmed as the warmest year on record[1].

We consider the potential impacts of climate risk that our members and communities will face. We've assessed physical and transition impacts of climate change on our lending and investment portfolios and incorporated them into our Risk Appetite Framework. Our climate risk analysis confirms that, besides real estate lending, we have relatively low transition risk exposure to high-emitting sectors across lending and investment portfolios. We've identified flooding as our greatest current and short-term climate-related physical risk, with wildfires as an emerging risk, given the lending growth we're seeing in locations that could face higher fire risk.

Uncertainties persist about the extent of climate disruptions and the emergence of technologies that could effectively tackle both climate mitigation and adaptation challenges. Consequently, we have not yet categorized our risks within specific time frames. For more on our approach, please refer to the **Risk management** section on page 20.

Climate-related opportunities.

Climate-related opportunities refer to economic, business, and investment opportunities that arise from efforts to address and adapt to climate change. They include activities that contribute to environmental sustainability, the reduction of emissions, and the overall mitigation of climate-related risks.

Canadians are being impacted by extreme weather events, and many are looking to take action by shifting away from using fossil fuels. Vancity is working to cater our products and services to support reduced fossil fuel use and to foster resilience for our members, clients, and communities. We have included examples throughout this report, including financing of renewable energy projects, energy efficiency and low-emission buildings, and our Sustainability Issuance Framework.

We are also supporting the transition to a low-emission future by getting capital to those who are looking to lead low carbon-related technological innovation. This includes financing dedicated to the currently underinvested small- to mid-size renewable energy market. For more on our approach, please refer to **Products and services** on page 12.

> **"We believe that climate change is an urgent threat – and that, together, we can do something about it."**
>
> **Jonathan Fowlie,** Chief Member Impact and Experience Officer.

1 WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level

Strategy and decision-making.

Vancity's approach to climate-related risks and opportunities incorporates current and anticipated changes, resource allocation, and both mitigation and adaptation efforts. It is also important we consider how our actions support an equitable transition and/or preserve or restore biodiversity.

To manage climate-related risks and opportunities we:

- Measure and disclose operational and financed emissions annually, expanding coverage and data quality over time in line with **The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard** (GHG Protocol) and the **Partnership for Carbon Accounting Financials** (PCAF)
- Have emissions reduction targets across operations, lending, and investments in line with the Net-Zero Banking Alliance's Guidelines for Climate Target Setting for Banks (for on-balance sheet assets) and the **Net Zero Asset Managers initiative** (for off-balance sheet client investments managed by Vancity Investment Management)
- Advocate for progressive policies and regulations to speed the transition to a low-emission future in a way that is equitable and affordable
- Support and incent our members and clients to take action on climate, and use their feedback to develop and refine our offers
- Assess the impacts of climate risk on Vancity's lending and investment portfolios and mitigate them in accordance with our Enterprise Risk Management Framework
- Make concerted efforts to finance businesses, mortgages, and projects that provide positive climate services or are reducing their environmental impact
- Make community investments, using funds from our Shared Success program (including the enviroFund™), to support initiatives and organizations that are reducing emissions and helping to mitigate the impacts of climate change
- Monitor research and best practices to inform our work, including funding and participating in initiatives and forums to share opportunities and challenges and to contribute to the development of harmonized and ambitious sustainability frameworks and standards
- Regularly review and adjust our strategy and targets as needed

Operational emissions targets.

We are working towards achieving net-zero emissions from our facilities, fleet, and refrigerant leakage (scope 1 and 2) by 2040. Emissions from 2023 serve as the baseline for our 2040 net-zero targets[1], which include scope 1 emissions from burning fossil fuels to heat our facilities and power our fleet of maintenance vehicles, emissions from the use of refrigerants in our facilities, and indirect scope 2 emissions from purchased electricity to power our facilities. We have developed emissions targets using the **Science Based Targets initiative** (SBTi) tool. We have not sought validation for these targets by SBTi. We are targeting a minimum reduction of 90 per cent by 2040.

We have implemented the following strategies in support of achieving our targets:

- New facilities will not use fossil fuel energy sources, wherever possible.
- We use controls optimization to increase energy efficiency of our existing facilities. We rent most of our facilities, making us unable to complete envelope retrofits. LED lighting upgrades have already been completed at most of our branches.
- We are replacing end-of-life gas equipment with high-efficiency electric heat pumps. Switching our energy source from fossil-based to hydroelectricity from the BC Hydro grid will cut our emissions and reduce our energy use intensity.
- We select refrigerants with a lower global-warming potential than the industry standard, wherever possible.
- We are investing in electrification of our vehicle fleet and building charging infrastructure in our branch network.

Use of carbon credits

We believe that the use of carbon credits in the form of high-quality and externally verified offset projects has a role to play in climate action. Since 2008, Vancity has been accounting for our scope 1, scope 2, and selected scope 3 operational emissions (paper, business travel, and employee commuting), making efforts to reduce these emissions, and then purchasing carbon credits from the BC carbon market to offset the estimated equivalent amount of remaining GHG emissions.

Our strategy for financed emissions is different: we are prioritizing emissions reductions first and foremost, and plan to purchase carbon credits for our residual financed emissions at or near 2040. This approach may evolve as we continue to monitor and contribute to emerging standards and best practices.

1 In 2024, we updated both our operational and financed emissions base year to 2023 from 2019 to align with the best practice of using the most recent and representative year when setting emissions reduction targets.

Intermediate financed emissions targets.

Lending, on-balance sheet investments, and capital markets

We have followed the Net-Zero Banking Alliance (NZBA) Guidelines for Climate Target Setting for Banks to ensure our target setting approach follows best practice and is aligned with the evolving science. These guidelines require intermediate targets for 2030 or sooner that cover a significant majority of financed emissions from a substantial majority of carbon-intensive sectors[1]. Targets are required for lending activities, capital markets, arranging, and underwriting activities, and are encouraged for on-balance sheet investment activities.

The most significant carbon-intensive sector we finance is real estate. We don't conduct capital market activities, nor do we lend to or directly invest in coal, oil, or gas. Vancity's lending to other carbon-intensive sectors is through operational business loans. In 2024, business loans comprised two per cent of Vancity's on-balance sheet lending by portfolio value and around twenty per cent of lending-related scope 1 and 2 emissions. We prioritize renewable energy and clean transportation projects such as infrastructure for electric vehicles. While we provide lending for the purchase of motor vehicles, including electric, hybrid, and internal combustion engine vehicles, our lending portfolio associated with the latter is not material. See the Financed emissions profile sections beginning on page 28 for more details, including a snapshot of business loans and on-balance sheet investments by NZBA priority sectors.

The following 2030 emissions reduction targets were approved by Vancity's Board of Directors in 2024.

- Reduce GHG emissions attributed to our commercial building loan portfolio by 60 per cent per square metre by 2030, from a 2023 base year
- Reduce GHG emissions attributed to our residential building loan portfolio by 53 per cent per square metre by 2030, from a 2023 base year.

These targets collectively covered 65 per cent of on-balance sheet lending dollars as at December 31, 2024, and 76 per cent of lending-related emissions. To establish our targets, we applied the Science Based Targets initiative's (SBTi) Buildings Target Setting Tool, version 1.0.

Reviewing and adjusting our targets

In 2022, we announced intermediate 2025 absolute emissions reduction targets for commercial and residential real estate, along with the expectation that we'd need to recalculate and amend these in the future because, at the time we set them, suitable 1.5°C–aligned real estate pathways and tools were not available. Our targets were a 17 per cent reduction in absolute financed emissions for residential buildings by 2025 from a 2019 base year; and a 27 per cent reduction for commercial buildings over the same period. Our 2022 Climate Report details our approach to target setting, including key assumptions and underlying scenarios.

Since then, the SBTi released its 1.5°C–aligned Buildings Target-Setting Tool and the NZBA released updated Guidelines for Climate Target Setting for Banks. We also improved our data and calculation methodology and processes, and many more banks have published targets contributing to the evolution of best practices. Taking these developments into account, in 2024 we updated our emissions reduction targets for our residential and commercial real estate portfolios. As part of this work, we updated our base year to 2023. As part of the update, we expanded the scope to also include emissions attributed to industrial buildings and emissions attributed to the use of refrigerants in residential and commercial (which now include industrial) buildings. These updates occurred in 2024, which is why we have set our intermediate target year as 2030.

Our updated targets are intensity targets (emissions reduction per square metre of floor area for buildings). This approach is aligned with NZBA guidance and the goal to limit global warming to 1.5°C above the pre-industrial average by the end of the century. Intensity targets better allow for growth, and – when based on actual energy use data – will show how a single building contributes to emissions. Conversely, absolute emissions targets can be skewed by a few large buildings in a portfolio and can incentivize divestment, which we don't think is suitable when it comes to financing the homes and buildings our communities need. That said, absolute emissions provide the most direct measurement of our climate impact, and we remain committed to disclosing absolute emissions alongside emissions intensity and other relevant climate metrics to provide a holistic picture of progress.

1 These sectors include agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport.

Achieving our targets

To drive emissions reductions our focus is threefold: policy advocacy, member engagement, and clean growth. We've included examples of our plans and the actions we're taking throughout this report.

Policy advocacy: Our policy advocacy work is a critical component of our climate strategy. Vancity, our members, and our clients depend on effective policies and regulation for an equitable and timely transition to a safe, low-emission future. Our work includes advocating for public policies that will help result in sizable emissions reductions across our membership and communities, helping ensure planned and existing policies are implemented, and that they achieve their intended goals. This work involves advocacy at all levels of government, policy development, thought leadership, and strategic partnerships, as well as coordination amongst stakeholders. See page 16.

Member engagement: Our approach involves working with community partners as well as engaging with members directly and developing products and other solutions to help finance and support the actions members want to take towards reducing their emissions. See page 14.

Clean growth: We're working to grow our lending in lower-emitting assets and businesses to reduce our financed emissions. As part of this, we don't provide lending for fossil fuel companies and projects. See page 18.

Managed Vancity Investment Management client investments (off-balance sheet)

We made our initial target disclosures in November 2022, using the Paris Aligned Investment Initiative's Net Zero Investment Framework (NZIF), one of the target-setting approaches endorsed by the Net Zero Asset Managers initiative. The targets focus on the following material sectors: Energy, Industrials, Materials, and Utilities as defined by the Global Industry Classification Standard[1]. These sectors made up 11 per cent of client assets under administration at the end of 2024.

- **Portfolio coverage target:** 90 per cent of assets under administration in material sectors will be net zero, aligned, aligning or subject to engagement by 2030, with 100 per cent net zero, aligned or aligning by 2040.
- **Portfolio decarbonization reference target:** We will maintain the carbon footprint of the funds managed by Vancity Investment Management below each fund's respective benchmark with key checkpoints of intermediate targets in 2030 and 2040. As the benchmark footprint declines towards net zero, Vancity Investment Management's footprint will equal it by 2050.
- **Engagement threshold target:** 75 per cent of financed emissions generated by portfolio companies in material sectors will either be aligned with net zero or subject to engagement with Vancity Investment Management by 2025. That figure will be 90 per cent of portfolio companies by 2030.

To achieve our targets for managed client investments, we will need to significantly increase the percentage of portfolio companies that align to net zero by 2050. We will also need to increase the percentage of our portfolios comprising companies with whom we are actively engaging to help them achieve net-zero emissions.

We plan to increase the scope of these targets to 100 per cent over time. Currently, we are only able to get good-quality data for publicly listed equity holdings. We excluded corporate bonds and sovereign debt pending improved data access and processes. See page 16 for our approach to engaging portfolio companies, and page 29 for the progress we've made so far.

Products and services.

Lending and advisory-related products and services

In 2024, we continued to leverage our Planet-Wise™ suite of products to support members who require financing for their climate-friendly decisions. The Planet-Wise™ Renovation approved products saw an increase of 68 per cent compared to 2023, aided by efforts in employee training and awareness. Planet-Wise™ Transportation loans decreased by 69 per cent, and we are exploring solutions for this suite of products. We also conducted interviews with members, which showed that Planet-Wise™ financing can help bridge the gap between paying for upgrades and receiving government rebates, as well as provide an alternative to homeowners who are ineligible for the federal Greener Homes Loan program or other rebates.

Our Planet-Wise™ suite of products is designed to help members reduce their emissions in more affordable ways:

- **Transportation Loan:** financing zero- and low-emission transportation, including new or used pedal bikes, e-bikes, scooters, electric and hybrid cars, charging stations, and conversion kits
- **Renovation Loan or Line of Credit:** financing home-energy retrofits intended to reduce emissions and increase efficiency in residential homes, such as installing heat pumps or adding insulation
- **Teardown:** taking borrowers through the financial and environmental benefits of deconstruction, providing information on tax credits, and working with them to find the best financing option
- **Business:** financing for businesses and not-for-profit organizations to undertake equipment upgrades, switch to electric vehicles, and acquire other energy-saving technologies

1 Global Industry Classification Standard is an industry analysis framework that helps investors understand the key business activities for companies around the world and was developed by MSCI and S&P Dow Jones Indices.

Helping co-ops understand their emissions.

For building owners, getting access to helpful information is crucial when starting out on a retrofit journey. In 2024, we activated our partnership with the Co-op Housing Federation of BC and their program which helps co-op housing organizations get connected to ENERGY STAR® Portfolio Manager®. This government-run platform provides tracking, benchmarking, and asset management capabilities so that building owners can see where they can improve energy efficiency and reduce GHG emissions. The co-op housing sector is important to Vancity and the communities we serve. By enabling housing co-ops access to this critical information, we are helping them take the first step towards making a capital plan that incorporates energy conservation and resiliency. Vancity also benefits through this partnership as the co-ops that are members share their energy data with Vancity, helping us to gain more accurate information about our financed emissions and how to support our members. We now have over 30 buildings from 18 co-op members sharing their information with us and benefitting from this program.

For our retail members, we continue to offer our complimentary Home Energy Advice service in collaboration with City Green Solutions. We have seen high satisfaction with this program as it fills a critical need with homeowners who are just getting started in exploring and planning for their retrofit projects. Over 40 per cent are driven by the issue of high energy bills and concern around extreme weather events and the majority are currently using fossil gas for space and hot water heating. We also saw continued uptake of our EnerGuide rebate, which offers Vancity members with a mortgage or a Planet-Wise™ Renovation loan money back on their assessment cost when using a certified Energy Advisor. Both offers aim to provide members with access to high-quality information and advice about their home so that they can make more informed decisions about building upgrades or equipment replacement.

In 2024, we saw continued growth of lending dedicated to financing new construction of low-emission buildings – primarily multi-unit housing. While we do not yet track the financed emissions of new construction, our impact lending guidelines, designed to track and reward lending that supports our impact goals, encourage lenders to proactively seek out lower-emission buildings. We strive to engage with our members on the energy and emissions performance of their projects so that we can support the construction of the next generation of low-emission buildings that will stand for the next 50-100 years.

Our business loan portfolio comprises small, medium, and micro businesses and non-profit organizations in a variety of sectors. Engagement with our members and other key stakeholders has told us that businesses continue to be challenged by limited capacity, resources, and expertise to advance climate action. In 2024, we continued to offer our suite of supports and preferred rate financing to assist businesses with addressing these barriers and making headway on developing and implementing climate action plans. We are committed to revising and growing this suite as needed based on member feedback and collaboration with our community partners. More information about uptake of these offers can be found in the Member and client engagement section on page 14. In addition to the Planet-Wise™ Business Loan, our current suite of offers includes:

- **Climate coaching:** Members can receive up to three hours of complimentary advisory services through Synergy Enterprises, which helps businesses measure and reduce their carbon footprint. It's designed to help members better understand their main emission sources, identify key opportunities, learn about relevant rebates and programs, and create a Climate Action Plan to help guide them in their planning and implementation.
- **Downloadable emissions workbook:** Business members can find our free downloadable Excel-based emissions workbook on the Business member perks section of vancity.com. It is simple to use and designed for small businesses specifically. Businesses can input their electricity, fossil gas, refrigerant, and other fuel use to better estimate and understand their emissions and identify areas for improvement. Vancity members can also work with a Synergy Enterprises climate coach to assist them in completing their workbook.
- **BC Green Business discount:** BC Green Business is a province-wide green business certification program that offers a practical and affordable checklist-based approach to helping businesses become recognized climate leaders. Vancity offers members a 30 per cent discount on their first year of certification. Vancity also contributed to a fund that makes the program free for any Indigenous-owned business in BC.
- **Non-Profit Housing Retrofit Grant Program:** This program, launched in 2022, provides grants to non-profit and co-operative housing organizations and First Nations to plan and implement deep, energy-efficient and low-carbon retrofits. It is available to active Vancity members only. These housing providers can access up to $80,000 in planning grants, plus up to $99,000 for capital and implementation, with additional funding available to providers with larger building portfolios. The program is also in service of our commitment to finance an equitable climate transition, ensuring access to affordable, climate-ready housing.

Connecting non-profit housing partners with climate experts.

As part of our Non-Profit Housing Retrofit Program, Vancity supported community partner Affine Climate Solutions to assist program participants that were focused not only on implementing retrofits but also on creating a net-zero strategy for their organization.

One of the organizations that benefited from this partnership is Brightside Community Homes Foundation – a non-profit that provides homes for independent-living seniors, families, and people with disabilities. As part of its net-zero strategy, Brightside plans to implement phased retrofits, beginning with one or two buildings at a time while assessing future projects.

Based on preliminary energy modelling and available emissions data, the first two retrofit projects are projected to reduce greenhouse gas (GHG) emissions by approximately 97 per cent. This equates to estimated annual reductions of 68.8 tonnes and 90.6 tonnes of CO_2 equivalent, respectively. These projections are based on current retrofit designs and assume post-upgrade operational efficiencies, subject to change depending on actual performance.

In addition to anticipated emissions reductions, the retrofits are expected to enhance resident comfort and building performance. Heat pumps will provide both heating and cooling to adapt to a changing climate, while upgrades to windows and patio doors are designed to reduce drafts and outside noise.

Vancity Community Investment Bank

Vancity Community Investment Bank's areas of focus include clean energy projects, affordable housing, social-purpose real estate, and values-aligned businesses. In 2024, the clean energy projects we financed generated 21,337 megawatt hours of electricity, and resulted in an estimated 7,810 tonnes of avoided CO_2 emissions (See **Glossary and abbreviations**, page 54, for more details). Examples of financing include:

SwitchPACE CIC: SwitchPACE CIC, launched a new program for homeowners in Nova Scotia's West Hants municipality. The program is designed so that homeowners can finance a wide variety of projects that can save energy, increase comfort, or reduce greenhouse gas emissions – including geothermal heat pumps, air heat pumps, solar panels, window upgrades, insulation, and air sealing. For the full story, see our blog post.

Takhini Solar: This solar power project is expected to generate power to meet the annual energy requirements of around 340 Yukon households, while also reducing greenhouse gas emissions and air pollution for the local community. For the full story, see our LinkedIn post.

Investment products and services

Our wealth management professionals are committed to offering members accessible, responsible investment options that can demonstrate the integrity of their environmental, social, and governance (ESG) screening and stewardship process, and to raising awareness of the benefits of responsible investment. See page 33 of the Annual Report for more details.

Vancity Investment Management offers customized and discretionary portfolio management services to individuals, businesses, and organizations. As a signatory to the United Nations Principles for Responsible Investment, we follow the responsible investment philosophy. For more on our approach to engaging portfolio companies, see page 16.

In 2023, we published our first Sustainability Issuance Framework to guide issuances of green, social, and sustainable financing instruments, including bonds, loans, commercial paper, and deposit products. See our 2024 Sustainability Issuance Report for details.

Member and client engagement.

Every day we connect with members around their banking and investment needs. To reduce the emissions from our members' homes, buildings, and businesses we need to have meaningful interactions that will support them to make positive changes, while meeting them where they are at in their lives. This requires our member-facing employees to develop and hone new skills, and a dedicated effort to bring climate action into how we serve our members.

To this end, we established climate conversation targets in our retail and business teams in 2024. These targets were set at the individual level, and for the first time, we were able to see how employees incorporated our climate products and services into the way they are serving members. We learned that many employees are building their confidence when approaching topics like heat pumps, and that some are nervous to engage in conversations around climate change. Members appreciated these offers and us bringing up important topics like preparing for extreme weather or making smarter choices about how to finance a home-energy retrofit project. Overall, we logged over 850 climate conversations with members in 2024. With this success, we have set ambitious targets for 2025 so that we continue to embed climate action into how we serve our members and meet their needs. Ultimately, we hope that these conversations lead to climate action via uptake of our products and services, but it may be by simply talking about something like preparing for extreme heat that makes a Vancity member feel more equipped and cared for that is the true success.

This connects to our desire to help members – especially those that are underbanked – build financial resilience so they can handle unexpected financial stressors and shocks, including those related to extreme weather events caused by climate change.

In a 2024 financial health and inclusion survey, 24 per cent of our members responded that they expect to spend money to prepare for extreme weather events, while only 43 per cent felt their homes are very well equipped to handle such events. These insights help us understand what our members are experiencing and how we can help to support them. For further details on our financial health and inclusion metrics, see Financial health and inclusion, Accountability Statements, page 21.

Engaging with small- and medium-sized enterprises

Our business loan portfolio, while accounting for around two per cent of balance sheet value, contributed 21 per cent of scope 1 and 2 financed emissions in 2024, and around half if we factor in scope 3 client emissions. Despite contributing significantly to Canada's economy, and important for diversification, small- and medium-sized enterprises (SMEs) are often overlooked in net-zero pathways and goals. With rising consumer expectations, and supply chain practices increasingly considering sustainability factors, SMEs who reduce their emissions will have a competitive advantage. We want to support SMEs in contributing to a low-emission, resilient, and fair economy, and to ensure they have the resources to remain competitive. However, the economic environment remains challenging, and meeting businesses where they are at and helping them understand the value of measuring their emissions and connecting climate action to their current business challenges is part of our strategy for business engagement. As well, we take an active approach to advocating for a more enabling environment for small- and medium-sized businesses to take climate action.

Towards the end of 2023, we established the following targets to address emissions from our business loan portfolio.

- Engage with business members, stakeholders, industry associations, and all levels of government to advance policy solutions for SMEs that reduce emissions from all sources, with a focus on our high-emitting sectors
- Support more Vancity business members with financing to reduce their emissions through our products and services, with a focus on our high-emitting sectors. We will connect with our members through employees and community partners with the goal of empowering our business members to:
  - Complete 40 climate actions in 2024
  - Complete 80 climate actions in 2025

A "climate action" is the use of our climate products, services, or offers. These include climate coaching and creating a climate action plan, certification with BC Green Business, receiving a Non-Profit Housing Retrofit grant, or taking out a Planet-Wise™ business loan. Our list of eligible climate actions will evolve with our member needs and through feedback about what we can do to support our business members to make meaningful emissions reductions.

In 2024, we supported 54 businesses to take climate action. Of these, 28 had financing with us in that year. The businesses came from a wide variety of sectors including retail, food and beverage, co-op and non-profit housing, and the trades. This also included 9 Indigenous-owned and operated organizations. As we head into the more ambitious target of supporting 80 members to take climate action in 2025, we plan to leverage the climate conversation targets and focus on increasing the knowledge and confidence of our employees as well as look for opportunities to improve on our product suite so that we can better serve the needs of our business members. Building retrofits remain a top priority for us to work with our members on, and we plan to continue to bring new resources to both employees and members to improve their understanding of the business case for energy retrofits and how to approach them.

We also completed our first round of direct engagement with the industry associations, sector advocacy groups, and umbrella organizations that represent our business members. These key informant consultations – with representation from local chambers of commerce to Indigenous and Black-led businesses to innovators in the green economy – helped identify gaps and illuminate the barriers facing Vancity's business members in their decarbonization efforts. They also inform the next steps of our two-year workplan to convene local, provincial, and national organizations to generate ideas for further action and collaboration at all levels of government. This kind of direct engagement with stakeholders, and convening on policy solutions, is vital to our goal of influencing the systems change necessary to achieve Vancity's net-zero commitment.

Engagement with portfolio companies

Vancity Investment Management's shareholder engagement is a key component of our responsible investment approach and climate-risk strategy. It encourages environmental, social, and governance best practices and includes direct dialogue with company leaders and boards of directors, shareholder proposals, and proxy voting.

Vancity Investment Management votes proxies in alignment with the SHARE 2024 Proxy Voting Guidelines. As outlined in these guidelines, we support most climate-related proposals filed by shareholders. For example, we vote against the chair of the board at companies that are significant emitters who fail to adequately disclose climate-related emissions, risks, plans, or targets to reduce emissions. We also vote against proposals on climate/energy transition plans if they don't include specific criteria, including absolute emission reduction targets and a five- to 10-year plan, phase-out of fossil fuel use and production, executive compensation, strategy and lobbying that is aligned with Paris Agreement goals, actions to address deforestation through cuts to harvesting and increases to reforestation, independent auditing of emissions, annual performance reporting to shareholders, and a commitment to a just transition for workers and communities.

In 2024, we led or participated in the following collaborative climate related engagement initiatives: Climate Action 100+, Climate Engagement Canada and the Carbon Disclosure Project (CDP). In addition, we filed and co-filed shareholder proposals with three financial institutions asking for more detailed disclosures on how they are ensuring that they meet their 2030 intermediate carbon reduction targets. With two of these financial institutions, we agreed to withdraw our shareholder proposals following constructive conversations on their progress.

Policy advocacy and community engagement.

Industry and government

Our climate commitments rely on progress towards decarbonization across the entire economy, enabled by strong legislative, regulatory, and policy leadership at all levels of government. We continue to cultivate and strengthen strategic partnerships and networks to serve those goals and drive the systemic change necessary to reach net zero. Vancity's engagement strategy is guided by analysis of financed emissions across our mortgages and loans, helping us focus on the right policy changes in targeted jurisdictions and sectors of the economy that can do the most to advance Vancity's decarbonization efforts. We're building coalitions of stakeholders who share our goals, as well as working with community partners to inform research and initiatives that serve to elevate the profile of our advocacy priorities. We meet regularly with decision-makers to discuss strategies for reducing GHG emissions from commercial and residential buildings. In 2024, we continued to engage with decision-makers in the Governments of Canada and BC to accelerate and strengthen measures that reduce emissions across all scopes.

We deepened our engagement with the local governments that set regulations for the built environment. Vancity's advocacy on the Zero Carbon Step Code has helped to build momentum towards net-zero new buildings in municipalities like Maple Ridge, Richmond, and Vancouver – preventing significant GHGs from new construction. We also explored opportunities around retrofit strategies for existing buildings in Coquitlam, Maple Ridge, Oak Bay, Port Moody, Richmond, and Vancouver.

We made submissions to the Government of BC and BC Hydro on strata retrofit financing options, the City of Vancouver on ensuring energy-efficient equipment is mandated at time-of-replacement for existing buildings, and submitted a brief to support the BC Government's plan to end the sale and installation of inefficient gas-heating equipment by 2030. And we engaged with Natural Resources Canada to help shape a national approach to home-energy labelling.

Policy priorities.

The following climate-related policy priorities are critical to enable us to reduce our financed emissions. These policies are aimed to make it easier, more affordable, and more accessible for members to take climate action:

- Policies driving direct emission reductions in the built environment, with a focus on equipment, new construction, and existing buildings
- Policies aimed at creating the underlying conditions to facilitate these emission reductions, such as those addressing affordable electricity, increasing the number and diversity of skilled tradespeople to meet growing demand, and supporting supply chains for products needed for net-zero buildings
- Policies aimed at providing energy, emissions, and climate-risk data and tools to businesses and organizations to inform their decision-making
- Policies enabling sustainable finance by aligning lending, investment, and risk frameworks to net-zero targets

We also asked the BC Government to provide financial institutions with energy-efficiency and emissions data for buildings to better track our portfolio and target high-emitting buildings.

And we worked with stakeholders like the Zero Emissions Innovation Centre and the Zero Energy Building Learning Centre at the British Columbia Institute of Technology to present decision-makers with third-party analyses of concerns regarding increasing electrification and moving away from fossil gas.

Peer networks and alliances

In line with our climate commitments, we share and encourage best practices across the banking sector and contribute to the development of harmonized and ambitious sustainability frameworks and standards by participating in various initiatives and working groups. In 2024, examples included:

- UNEP FI Banking Board, which oversees the effective implementation of the Principles for Responsible Banking (PRB), as well as the Community of Practice for Chief Sustainability Officers
- Net-Zero Banking Alliance, including participating on the Targets Review Group
- The Global Alliance for Banking on Values (GABV) including participating in the Impact Strategy Community of Practice. In November 2024 at COP29, the GABV announced that 25 of its member banks (including Vancity) endorsed the Fossil Fuel Non-Proliferation Treaty initiative, marking the first collective endorsement of the initiative by financial institutions.
- UN Principles for Responsible Investment's Sustainable Systems Investment Manager Reference Group, which provides a forum for investment managers to share developments, questions, concerns, and feedback related to responsible investment and a sustainable financial system
- Regional and asset class-specific working groups related to the Partnership for Carbon Accounting Financials
- Building to Electrification (B2E) Coalition, whose purpose is to identify and address barriers to electrification and take actions that contribute to a meaningful and equitable market shift to decarbonizing BC's building sector
- Provincial Virtual Home Energy Rating System (VHERS) Advisory Committee. The goal of VHERS is to improve energy information available for buyers and renters.

Vancity is a signatory of the Corporate Knights' Action Declaration on climate policy engagement, along with 56 other companies. The Action Declaration outlines how industry leaders will support ambitious action to close the "say–do" gap on countries' emissions reductions by supporting climate action aligned with the Paris Agreement when engaging with policymakers, working with their major industry/trade associations to advance alignment with the Paris Agreement, and monitoring and disclosing climate policy alignment for their companies and their major industry/trade associations.

Vancity has a strong record of advocating for climate action at all levels of government. In 2024, we completed a mapping of our memberships in industry associations and umbrella organizations, and we launched an analysis to gauge alignment on climate policy that we expect to complete in 2025.

Community partners

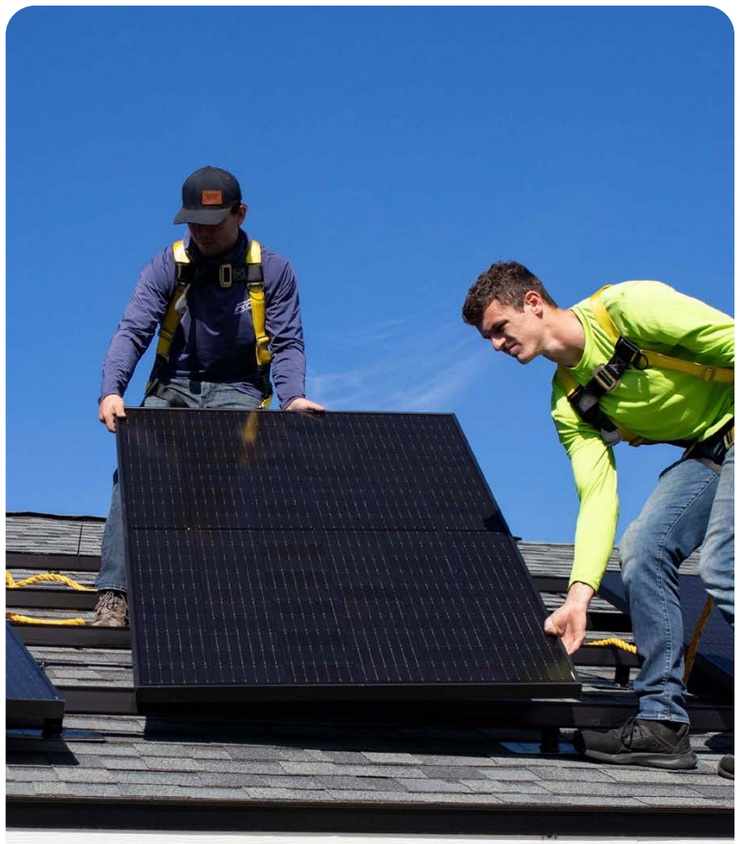
Vancity shares 30 per cent of net profits (net income attributable to members) with members and communities through the Shared Success program, and this includes five per cent of annual profits from Visa card products being directed to the enviroFund™ program. A significant component of our plan to achieve our climate commitments is to deploy funds from these programs to support organizations and initiatives that align with and help advance climate, affordable housing, equity and Reconciliation, and co-ops and community.

We fund a range of projects and programs. Some directly support our members to reduce their greenhouse gas emissions (thereby helping to reduce Vancity's financed emissions), while others help create the enabling conditions necessary for us to fulfill our commitments. In 2024, we provided $1.8 million in grants in support of climate-related initiatives. In most cases, our funding achieves multiple outcomes across our other impact areas.

Organizations and projects funded in 2024 include:

- **'Namgis First Nation Heat Pump Project:** Since 2021, 'Namgis First Nation has been working to install heat pumps in all houses on the First Nation's land. The heat pumps make homes more comfortable and climate resilient with improved heating and the addition of cooling, and are projected to result in savings of $1,000 per year for each home. A grant from Vancity's Non-Profit Housing Retrofit Grant Program supported the installation of the final 40 heat pumps to complete the project.
- **The BC Municipal Climate Leadership Council:** Facilitated by the Community Energy Association, the council supports elected local government officials to step up to effective climate leadership and engages provincial government officials in non-partisan dialogue focused on collective action and co-operation. Vancity provided general support for BC Climate Leaders programming.
- **My Climate Plan:** Vancity has supported My Climate Plan's work to engage BC households to be climate resilient, reduce carbon pollution, and push for strong climate policy. This grant also specifically supports My Climate Plan in assisting two Indigenous communities to develop and implement climate-resilience plans.
- **Home Performance Stakeholder Council:** The stakeholder council works to increase the supply of and demand for qualified contractors that take a house-as-a-system approach to energy and low-carbon home retrofits. Vancity supported the implementation of a justice, equity, diversity, and inclusion roadmap for the council. It also supported quality assurance processes for the council's Home Performance Contractor Network, including contractor compliance with best-practices training.
- **Project Zero:** A circular economy business incubator run by Synergy Foundation, Project Zero has supported 80 BC ventures and expanded from Vancouver Island to province-wide, leading to the creation of more than 210 green jobs. Participants receive support with business plans, mentorship, skill development, and circular economy expertise to help grow and scale their businesses. Vancity has supported the initiative since it was founded in 2019.

For more information about supporting communities, see the Annual Report, page 19.



Policies and conditions for clean growth.

Our Ethical Principles for Business Relationships (EPBRs) support employees to make decisions about who we lend to, buy from, invest in, and do business with. The EPBRs direct us to focus on working with businesses and organizations that generate positive impact or reduce harm for people and community, in line with core Vancity values. Internal guidance for applying the EPBRs include an industry-sector overview which identifies certain sectors that require further investigation for alignment with our Principles, and those that we would generally want to decline.

Our EPRBs also highlight opportunities of high interest, including businesses and organizations that demonstrate environmental and sustainability leadership. Loans to, and investments in, such businesses and organizations are included in our triple bottom line assets and assets under administration metric. We review our definition of triple bottom line assets annually. This metric enables us to track and communicate the proportion of assets, including mortgages, personal loans, business loans, and investments that support specific areas of impact such as affordable and/or lower-emission buildings, organizations with a social or environmental purpose, and/or underserved people and communities. For definitions, see Applicable criteria, Accountability Statements, page 60.

Lending approach and policies

We don't directly lend to oil, gas, or coal producers or projects, and we've embedded that in our policies. We have a specific policy to guide lending to energy-related projects and support the transition to a low-carbon economy. Because this is a rapidly evolving area, we review these policies regularly with both internal and external stakeholders.

In 2024, we continued to develop a refreshed Impact Management and Measurement (IMM) Framework that supports Vancity in delivering on our commitments to climate, financial resilience and inclusion, Reconciliation, and anti-racism and equity. This work included consulting with stakeholders inside the organization and evaluating potential approaches against external best practices.

We also understand that around two thirds of our business-lending portfolio, primarily real estate and construction financing, has high or very high potential dependencies on one or more ecosystem services, as well as high or very high potential impacts on biodiversity. We aim to explore ways to incorporate biodiversity considerations as we refresh our IMM Framework. For more information on our approach to biodiversity and nature, see the Accountability Statements, page 43.

Investment approach and policies

Sustainable Wealth Management (SWM) Solutions

As part of our approach to responsible investment, SWM uses a list of eligible qualified Canadian domiciled mutual funds and Canadian domiciled Exchange Traded Funds (ETFs) provided by the Canadian Investment Funds Standards Committee (CIFSC) Responsible Investment (RI) Fund List. CIFSC publishes a list of funds that fall within its Responsible Investment Identification Framework, under one or more of the following Responsible Investment Environmental, Social, and Governance (ESG) Approaches: ESG Thematic Investing, Impact Investing, ESG Exclusions, or ESG Best in Class, or ESG Related Engagement and Stewardship Activities. For additional information see Responsible investment, Accountability Statements, page 47, and the Annual Report, page 33, and for definitions, see Applicable criteria, Accountability Statements, page 60.

Vancity Investment Management

Our general approach to investing is to assess potential investments on environmental, social and governance (ESG) criteria. Vancity Investment Management doesn't offer investments in companies whose primary line of business is the extraction, production, and distribution of fossil fuels. This means we don't directly invest in oil, gas, and coal producers, pipeline companies, fossil gas distribution utilities, or liquefied fossil gas operations. We also avoid investing in service companies whose primary business is supporting the fossil fuel industry. For additional information see Responsible investment, Accountability Statements, page 47 and Annual Report, page 33, and for definitions, see Applicable criteria, Accountability Statements, page 60.

At Vancity Investment Management, our approach to the assets we manage on behalf of clients is to seek out responsible, progressive companies that we believe are better managed, resilient, and competitive, which enhances their growth potential. At the core of our approach is climate-risk strategy, and four key principles that we apply:

- Divestment: We have fully divested from and excluded fossil fuel companies.
- Decarbonization: For companies that pass our fossil fuel exclusion criteria, we exclude those with high emissions growth and energy use when there are no accompanying targets and strategies in line with global climate action.
- Reinvestment: We encourage reinvestment from divestment and new fund flows into sectors with potential to provide lower-carbon energy and services.
- Engagement: We use each fund's rights as shareholders to encourage companies to disclose their climate-risk exposure and strategies.

Once we select a company for inclusion in the portfolios we manage on behalf of clients, we actively monitor its ESG progress and use our rights as shareholders to engage company management if an issue arises (see **Engagement with portfolio companies**, page 16). We remain invested in railroad companies despite them being involved in transporting fossil fuels, as it's not core to their business and can be replaced by other freight and cargo. We also invest in specific renewable-energy companies. While they may have some legacy fossil gas–powered co-generation facilities, they're committed to growing their renewable energy generation assets.

Through Vancity Investment Management, we are a signatory to the Finance for Biodiversity pledge, which calls on financial institutions to commit to protecting and restoring biodiversity through their finance activities and investment, as well as a signatory to the financial sector statement on biodiversity to the UN Biodiversity Conference (COP15).

We have criteria for biodiversity in our approach to selecting companies, and biodiversity is a core topic in our engagement with portfolio companies in line with the Taskforce on Nature-related Financial Disclosures. A next step is to quantify biodiversity impacts across our portfolio once the guidance is in place. To help move this work forward, in 2025, we will publish a pilot biodiversity report in partnership with MSCI. For additional information see Biodiversity and nature, Accountability Statements, page 43.

Skills and culture

Through the climate conversation goals that we gave our employees in 2024, we were able to share best practices and celebrate stories where employees gained confidence in discussing our climate offers or where a member was supported to make a positive change. We used a monthly newsletter, team events, and a hackathon to generate new ideas and gather feedback to improve the resources and training available to employees. Creating a culture of creativity with a clear understanding of the purpose behind member engagement and what reducing emissions looks like in our membership is necessary to achieving net zero. All employees must have a direct line of accountability in supporting our net zero target. In 2025, we plan to build upon our successes and add new resources, training, and mechanisms for capturing member and employee insights.

Financial position and cash flows.

We continue to work at improving our modelling tools for scenario analysis to determine expected impacts to our financial position and income over the short and medium term based on physical risk and anticipated losses or defaults (see Climate resilience, page 21). In 2024, we participated in standardized scenario testing exercises, facilitated by regulators (see Forward-looking modelling tool, page 20).

Green assets include loans with the purpose of reducing carbon emissions (see Products and services, page 12, and Metrics and targets, page 22). We actively seek opportunities in the clean-energy sector. This strategic initiative aligns with our goal of capturing a larger share of the market within a robust and expanding segment of the Canadian economy.

Risk management.

Process for identifying and assessing climate risks.

Enterprise Risk Management Framework and Risk Appetite Framework.

Our commitment to robust risk management is embedded in the Enterprise Risk Management Framework (ERMF), a methodology addressing risk at the enterprise level. The ERMF establishes a vital link between strategy, risk, and business objectives, providing a comprehensive structure for identifying, assessing, managing, and reporting risks. Aligned with this framework is the Risk Appetite Framework (RAF), a structured approach facilitating consistent decision-making to mitigate uncertainties. The RAF is revised annually, reviewed by the Executive Leadership Team (ELT), endorsed by the Risk Committee, and approved by the Board. Performance against risk appetite is monitored through key risk indicators and reported to the Board quarterly. The ERMF and RAF are interdependent and core to risk management at Vancity.

Climate risk integration

We are committed to actively integrating climate considerations into the core of decision-making processes for new initiatives and projects. Our approach encompasses not only the identification and assessment of climate-specific risks but also the pursuit of opportunities arising from the transition to a low-carbon economy throughout the implementation of new initiatives.

Through our robust frameworks and processes, we ensure that climate risk integration becomes an integral part of the planning, implementation, and ongoing management of our projects. This comprehensive approach allows us to navigate the complexities of both physical and transition risks associated with climate change. By doing so, we not only fortify our organization against potential negative impacts but also position ourselves to capitalize on emerging opportunities in the evolving landscape of sustainable finance.

Moreover, our commitment to aligning with Canada's and BC's climate action plans underscores our commitment to contributing to broader environmental objectives. We recognize that addressing climate change is not only a responsibility but also a strategic imperative for long-term success. By continuously integrating climate risks and opportunities into our initiatives, we aim to not only mitigate potential adverse effects but also drive positive environmental outcomes and support collective efforts to combat climate change.

Forward-looking modelling tool

While predicting the future scale of climate risks remains challenging, our commitment remains to staying at the forefront of climate risk management.

In 2022, we collaborated with Munich Re, utilizing their Location Risk intelligence tool. And we are participating in an ongoing collaboration with Co-operators on the development of their climate modelling software. These tools, based on Representative Concentration Pathway scenarios, provide a deeper understanding of plausible climate futures, and support our efforts to assess risks stemming from natural hazards and climate changes on a global scale. We leverage opportunities to provide feedback on the enhancements of these tools, allowing us to both influence usability and expand our knowledge of climate modelling.

In 2024, the Office of the Superintendents of Financial Institutions (OSFI) introduced a climate scenario exercise, known as the Standardized Climate Scenario Exercise (SCSE). The SCSE aims to understand federally regulated financial institutions' (FRFIs) potential exposure to climate risks, encompassing both transition and physical risks. It promotes capacity building for climate risk impact assessments and scenario analysis, while also establishing a standardized quantitative assessment of climate-related risks across industry sectors. The SCSE's three primary objectives are to encourage FRFIs to comprehend their potential climate risk exposures, foster the development of robust methodologies for climate risk impact assessments, and provide detailed frameworks for accurately mapping and analyzing these risks.

The SCSE consists of two main components:

1. Climate Scenario Analysis: FRFIs are required to analyze various climate scenarios and assess the potential impacts of climate-related risks, such as physical risks (e.g., extreme weather events) and transition risks (e.g., policy changes towards a low-carbon economy), on their operations and financial stability.
2. Data Collection and Reporting: FRFIs are required to complete and submit detailed workbooks and questionnaires. This data helps OSFI evaluate the aggregate exposure to climate risks across the financial system and compare different institutions' approaches to climate scenario analysis.

The SCSE is a foundational step; it is the first climate scenario analysis issued to FRFIs by OSFI and its results will be used to define future exercises. Vancity Community Investment Bank, being a federally regulated financial institution, participated in this exercise. The first component was completed in Q4 2024, the second in early 2025, providing the opportunity for us to consider if this could be applied to Vancity in the future.

"Climate risks are also financial risks, and the financial sector has a role to play in addressing these through science-based targets, transparency, and accountability."

Frances Yip, Chief Financial Officer.

Physical risk.

Our partnership with the insurance industry is essential for assessing flood and fire exposure stemming from severe weather events. We continuously evaluate our members' protection against these risks and explore ways to mitigate them beyond traditional insurance coverage. Recent advancements in our climate-related flood-risk modelling, which now includes precise property location data, have shown a reduction in overall flood-risk exposure. To help manage these risks effectively, we are engaging with our members to enhance their climate-risk resilience.

Transition risk.

Our efforts to measure emissions attributed to our lending (see Financed emissions profile, scope 3 – category 15, page 30) enable us to identify transition risks and opportunities by pinpointing areas with the highest concentrations of financed emissions, categorized by asset class, sector, and building use. Transition risks encompass policy, legal and regulatory, market, and reputational risks. We continuously monitor the evolving legal and regulatory landscape and actively engage with industry associations and government bodies. By adopting a community-centric approach, we mitigate reputational risks, ensuring our products, services, strategy, and messaging align with the needs of our community.

Managing climate risks and integration of climate risk into risk management practices.

Effectively managing climate risks and incorporating them into our risk-management practices is a key focus for us. We acknowledge that risks are not linear; rather, they are interconnected, interdependent, and dynamic. Our strategic discipline of enterprise risk management plays a crucial role in achieving our business objectives by comprehensively addressing various risks and understanding their combined impact on Vancity and its subsidiaries.

The Enterprise Risk Management Framework serves as a vital link between our strategy, identified risks, and business objectives. This connection allows the Board of Directors, ELT, and employees throughout Vancity to share a common understanding of the risks we face and the strategies in place to manage them. Employing a structured approach, we categorize risks affecting Vancity's objectives, facilitating a standardized method for identification and mitigation across diverse business areas.

Annually, we refresh the Risk Appetite Framework (RAF) in alignment with our business plan, enhancing our risk appetite statements, limits, and early warning key risk indicators. This process aids in the clear identification of core issues, enabling us to address challenges and avoid unpleasant surprises. Alongside risk statements, limits, and metrics, we set thresholds that clearly define the levels of risk we are willing to accept, manage, or escalate to the Board.

This comprehensive approach ensures that our risk management practices evolve alongside our strategic objectives, enabling us to navigate uncertainties and challenges effectively while safeguarding the interests of Vancity and our stakeholders.

Climate resilience.

Climate-risk modelling has been a significant component of our Internal Capital Adequacy Assessment Process (ICAAP) analysis for several years. For physical risk analysis, we utilize a basic climate-modelling tool based on assumptions and proxies. By using these models, we assess the probability of defaults tied to low, medium, and high flood and fire risk maps with a three- to five-year forecast. This helps us quantify the risk from a capital adequacy perspective, considering insurance coverage for specific damages or deductible costs associated with expected climate events.

Transition risk has been diligently tracked for a couple of years, and we are pleased to report a low exposure due to our strategic decision to avoid investments in the oil and gas sector. Our monitoring of transition risk in the real estate lending portfolio continued through 2023 but was removed from our 2024 RAF due to consistently low exposure. Although member employment in transition-risk sectors is not currently quantified due to data limitations, our overall risk remains minimal, reflecting our commitment to sustainable and responsible lending and investment practices.

Metrics and targets.

Key metrics.

Measures	Performance		
Governance: Climate-related remuneration			
Senior management remuneration impacted by climate considerations	Executive incentive remuneration in 2024 was tied to operating earnings only.		
Carbon price and other financial impacts of climate risks			
Impact on cost from carbon price	BC's 2024 carbon tax increased to $80 from $65 per tonne of CO_2. These costs are incorporated into the price we pay for vehicle fuel and fossil gas used in our branches and office space.		
Other impacts on cost (business interruption, contingency, etc.)	While we expect the nature of climate events to change and increase in severity, we've not experienced, nor do we expect to experience in the short term, any material impacts to business operations. There have been some immaterial impacts, such as the need to retrofit our owned infrastructure to address cooling and air quality needs during heatwaves, and we expect there will be more.		
Impairment charges due to assets exposed to physical and transition risks	By not doing business directly with the oil and gas sector and by having a small portfolio of carbon-intensive assets (e.g., construction and internal combustion vehicle lending), impairment may come in the form of assets exposed to physical risks, rather than transition risks. While we've improved our understanding of our portfolio exposure to physical risks, there is more work to be done before we assess potential short-, medium-, or long-term impairments.		
Assets, investing, and financing aligned to climate-related opportunities	**2024**	**2023**	**2022**
Green assets (Balance outstanding as at December 31. See Glossary and abbreviations, page 54, for more details)	**$537 million**	$435 million	$377 million
Business opportunities and financial products tailored to support members' and clients' reductions in GHG (Includes balance outstanding in Planet-Wise™ loans and commercial retrofit products as at December 31.[1])	**$7.6 million**	$13.9 million	$6.5 million
Climate-opportunity aligned grants (Shared Success, including Vancity enviroFund™ program)	**$1.8 million** **36% of total granting**	$3.3 million 25% of total granting	$4.9 million 33% of total granting
Avoided emissions from clean-energy projects	**Approx. 7,810 tonnes CO_2e**	Approx. 6,644 tonnes CO_2e	Approx. 5,743 tonnes CO_2e
Area of energy-efficient buildings financed	**1,036,020 ft^2 (96,249 m^2)**	729,635 ft^2 (67,785 m^2)	617,024 ft^2 (57,323 m^2)
Capital invested in own operations towards climate risks and opportunities	**$334,169**	$52,794	$238,326

1 Planet-Wise™ and commercial retrofit loans are a subset of Green Assets.

Measures	Performance		
Greenhouse gas emissions and assets, investing, and financing activity exposed to material transition and physical risks			
	2024	**2023**	**2022**
Greenhouse gas emissions (absolute scope 1, scope 2, and material categories of scope 3 operational emissions, and financed emissions, where data exists and is comparable)	**Operational emissions: 2,204 tonnes CO_2e**	Operational emissions: 2,240 tonnes CO_2e	Not applicable
	Financed scope 1 + 2 emissions due to lending: 102,096 tonnes CO_2e	Financed scope 1 + 2 emissions due to lending: 108,549 tonnes CO_2e[1]	Not applicable
Percentage change in financed emissions for residential buildings: over base year (2023)	**0%**	Not applicable	Not applicable
Percentage change in financed emissions for commercial buildings: over base year (2023)	**-5%**	Not applicable	Not applicable
Per cent of client assets under management in material sectors that are net zero or subject to engagement	**70%**	56%	44% (base year)[2]
The carbon footprint of Vancity Investment Management's fund remains below each funds' respective benchmark	**Yes**	Yes	Yes
Per cent of financed emissions associated with Vancity Investment Management funds in material sectors that are aligned with net zero or subject to engagement	**63%**	45%	Yes
Percentage of mortgage portfolio exposed to high or very high flood risk (assessment of storm surge – a 1-in-20-year event – and excessive rainfall causing fluvial flooding[3] of the Fraser River)	**0.23%**	0.25%	0.30%
Percentage of mortgage portfolio exposed to high or very high wildfire risk (exposure to historic wildfires using a footprint database with records from 1986 to 2020 and a 20-km buffer)	**3.62%**	3.38%	3.48%

1 We recalculated 2023 data for commercial buildings, residential buildings, and business loans. 2023 data does not include emissions related to Project Finance. See changes to our calculation methodology on page 30.
2 Base year data is as at September 30, 2022
3 Fluvial flooding or river flooding occurs when the water level in a river, lake or stream rises and overflows onto the neighbouring land.

Emissions profile (all scopes).

Scope 1 emissions are from sources that an organization owns or controls directly, such as burning fuel in a company vehicle. We use the operational control approach per the GHG Protocol and, therefore, we include emissions from fossil fuel burning at both owned and leased facilities where we have authority over making changes in how we use the spaces. Scope 2 emissions are indirect emissions from energy purchased, such as the emissions from electricity used in a company's buildings. Scope 3 relates to emissions that are not produced by the organization, rather they are from assets or activities in their value chain. An example is the emissions that result when a company buys, uses, and disposes of products from suppliers.

Emissions attributed to our scope 1, 2, and relevant scope 3 activities are presented to the right. Quantifying emissions for scopes 1 and 2 is much easier than for scope 3. For many organizations, scope 3 emissions account for by far the highest proportion of total emissions – and they are typically also the hardest to reduce.

The majority of our scope 3 emissions are financed emissions – greenhouse gas emissions attributed to the loans and investments financial institutions make or facilitate. Reducing financed emissions plays a pivotal role in ensuring a successful transition to a low-carbon economy. It is important that financial institutions track and disclose financed emissions, especially emissions from high-emitting sectors, in a transparent and consistent way so that they can be tracked and compared by investors and consumers, as well as by key policy and decision-makers at the national and global level. This is why we calculate financed emissions in accordance with the Global GHG Accounting and Reporting Standard for the Financial Industry issued by the Partnership for Carbon Accounting Financials (PCAF Global GHG Standard).

When reporting financed emissions, it's best practice to report client and investee scope 3 emissions in addition to client/investee scope 1 and 2 emissions, where significant and where data allows. It is becoming more common for public companies and managers/owners of large buildings to disclose and manage emissions. While we lend to larger developers, real estate owners, and commercial operations, our business members are primarily private small- and medium-sized organizations, and the buildings we finance tend to be relatively small. As well, we finance homes owned by individuals. For this reason, few of our members measure and report on their emissions, and even fewer have their emissions-related data verified. This is why we rely heavily on averages by industry sector and building types.

Of note is the relative size of our measured scope 3 emissions compared to scopes 1 and 2: they are 364 times more.

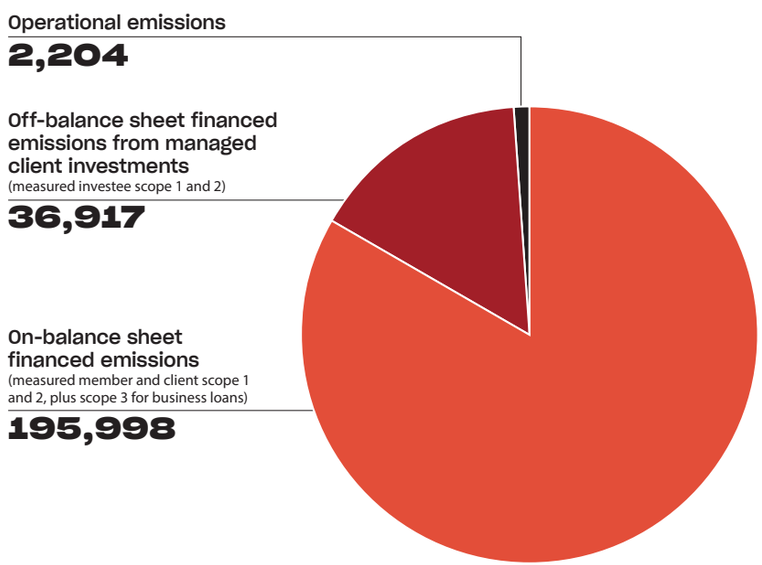
Estimated emissions by scope, 2024 and 2023.

Emission scopes and categories	2024 Emissions (tCO_2e)	2023 Emissions (tCO_2e)
Total scope 1 (from fossil gas, fleet, refrigerant leakage)	**554**	609[1]
Total scope 2 (from purchased electricity[2])	**91**	102
Scope 3: categories 1, 6, and 7	**1,559**	1,529
Scope 3: category 15 investments and loans (financed emissions)	**232,915[3]**	206,814[3]
Total scope 3 (including category 15)	**234,474**	208,343
Total emissions all scopes	**235,119**	209,054

Emissions from CO_2, CH_2, N_2O, and HFCs (leakage from refrigerants) have been included in the calculations and converted to tCO_2e. Emissions from other GHGs (PFCs and SF_6) are not significant and are not reported in the above table. Currently, Vancity only reports tonnes of CO_2e, and plans to include a breakdown by GHG gas in future.

1 In 2024, we restated 2023 emissions to include refrigerants and set 2023 as our base year.
2 We calculated scope 2 emissions using the location-based method. Vancity does not operate in markets that provide product- or supplier-specific data or other contractual instruments. We have also included electricity used to charge electric vehicles.
3 Measured financed emissions where we have comparable data for 2023 and 2024 include scope 1 and 2 client emissions for loans and on- and off-balance sheet managed investments, plus scope 3 member or client emissions for business loans. We recalculated 2023 data for commercial buildings, residential buildings, and business loans. See changes to our calculation methodology on page 30, and Financed emissions by activity on page 32 for more details.

2024 operational and financed emissions (tonnes CO_2e).



Operational emissions.

Progress made on targets.

In 2024, we achieved a reduction of nine per cent in our scope 1 and 2 operational emissions from the 2023 baseline, keeping us on track to achieving our 2040 emissions reduction target.

Our efforts in 2024, focused on the following key actions, resulted in a total reduction of 66 tonnes of scope 1 and 2 emissions. Much of the reduction can be attributed to:

- **Office exit in downtown Vancouver (estimated 37-tonne reduction[1]):** We exited one of our offices connected to the district energy system in downtown Vancouver, which primarily uses fossil fuels.
- **Controls optimization (estimated 14-tonne reduction[2])**: We worked with a controls programmer to optimize temperature setpoints and system start and stop times, enhancing energy efficiency without compromising thermal comfort.
- **Fuel switching at Branch 30 Guildford and 31 Chilliwack (estimated 6-tonne reduction[3])**: We transitioned from gas to electricity by replacing the existing gas-burning HVAC equipment that had reached end-of-life with fully electric heat pumps.

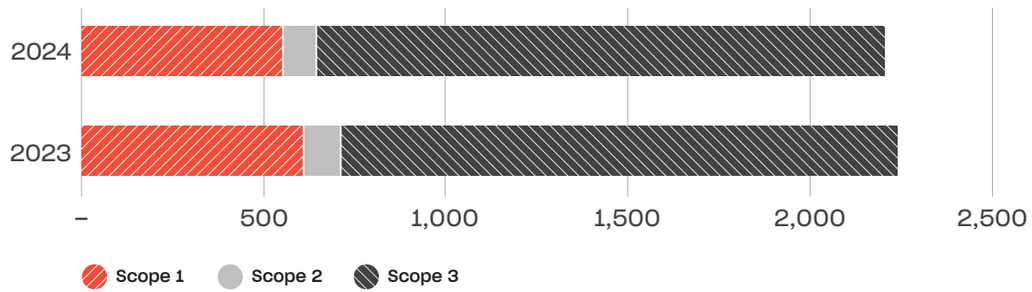
Branch electrification

We started our operational net zero journey by developing measurement systems to monitor the energy consumption in our facilities. In 2024, we built on this foundation by decarbonizing our Guildford branch in Surrey, BC. This involved replacing all existing gas-powered roof-top units with fully electric heat pumps. Since this equipment upgrade was completed in March 2024, we have enjoyed lower electricity consumption during the summer and fall months compared to the combined pre-retrofit average gas and electricity consumption that used to power the branch. We estimate that this resulted in a 6-tonne decrease to our scope 1 emissions in 2024. Our energy use intensity also improved by five per cent, when comparing 2023 and 2024 total energy consumption.

We also replaced one gas-powered roof-top unit in December 2024 at our Chilliwack branch. We have only replaced one out of the three gas-powered pieces of equipment at this branch since we are prioritizing the replacement of end-of-life equipment first, to incorporate decarbonization with cost-effective capital planning, and to be mindful of embodied carbon in existing equipment. We look forward to sharing the results of this project when we have more data.

Operational greenhouse gas emissions – scope 1, 2, and 3 (categories 1, 6, and 7).

We have set net-zero targets for our scope 1 and 2 operational emissions. Our goal is to reduce these emissions by 90 per cent by 2040, using 2023 as our base year.



Operational scope 3 emissions

Emissions from paper consumption, business travel, and employee commuting are included in our operational scope 3 emissions calculations. We had seen drastic reductions in these emissions sources since the pandemic, and we are now observing gradual increases to these emissions as economic and business activities increase.

1 This number was estimated based on this location's 2023 emissions, that are no longer reported in 2024 due to the branch exit, or fuel switching.
2 This number was estimated by taking the 2023 emissions from fossil gas and subtracting the emissions reduction from the office exit and fuel switching.
3 In the case of Branch 31 in Chilliwack, where only one out of three roof top units were replaced, the 2023 gas emissions were divided by three and assumed to represent the estimated emissions reduction for that location.

Operational GHG emissions by scope and category (tCO_2e)	Target	2024	2023	Percentage change from 2023
Scope 1: Fossil gas		**402**	454	-11%
Scope 1: Fleet		**26**	26	0%
Scope 1: Fugitive emissions from refrigerant leakage		**125**	129	-3%
Total scope 1	90% reduction (net zero) by 2040	**554**	609[1]	-9%
Scope 2: Electricity[2]		**91**	102	-11%
Total scope 2[2]	90% reduction (net zero) by 2040	**91**	102	-11%
Total scope 1 + total scope 2	90% reduction (net zero) by 2040	**645**	711	-9%
Scope 3, category 1: Purchased goods and services (paper use)[3]		**376[4]**	470	-20%
Scope 3, category 6: Business travel		**284**	153	+86%
Scope 3, category 7: Employee commuting		**900**	906	-1%
Total scope 3	**No target**	**1,559**	1,529	+2%
Total operational GHG emissions[2,4]	**No target**	**2,204**	2,240[1]	-2%
Total operational GHG emissions per employee (FTE)	**No target**	**1.0**	0.9	+11%

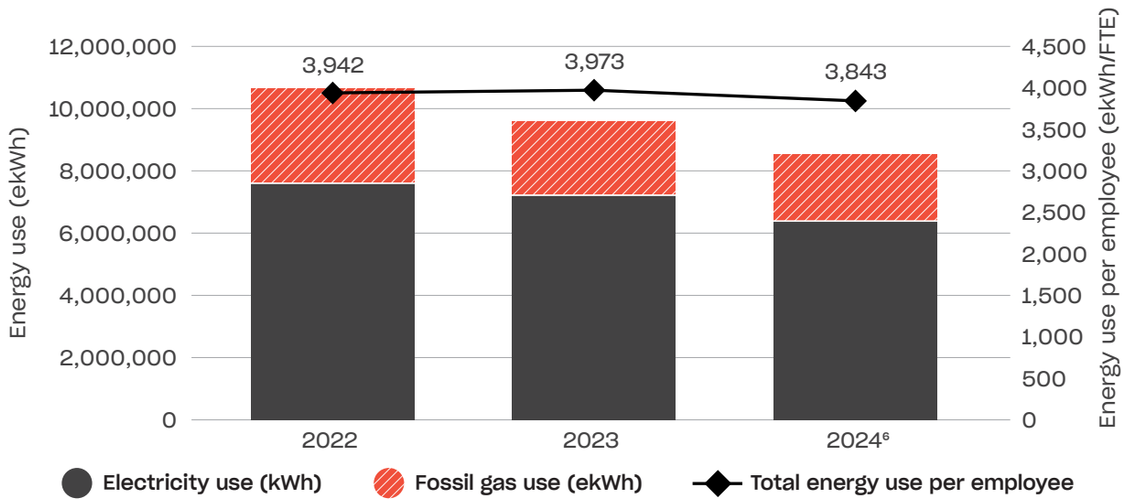
tCO_2e = tonnes of CO_2-equivalent. Totals rows may not sum to total due to rounding. Emissions from CO_2, CH_4, N_2O, and HFCs (leakage from refrigerants) have been included in the calculations and converted to tCO_2e. Emissions from other GHGs (PFCs and SF_6) are not significant and are not reported in the above table. Currently, Vancity only reports tonnes of CO_2e, and plans to include a breakdown by GHG gas in future.

Premises energy use: electricity and fossil gas

Our total energy use in 2024 was 11 per cent less than the total energy use in 2023. In 2024, we attribute the reductions in energy consumption to optimizing the thermal and electrical controls in several of our branches. We plan to continue this work and expand controls optimization to the rest of our facility portfolio to reduce our energy consumption.

Energy consumption remains an important performance indicator to reflect the actions we have taken, because there are factors outside of our control that impact our GHG emissions such as changing emission factors and global warming potentials. In 2024, we note that our energy consumption per FTE increased despite a reduction in our total energy use.[5]

Energy consumption.



1 In 2024, we restated 2023 emissions to include refrigerants and set 2023 as our baseline for 2040 targets.
2 We calculated scope 2 emissions using the location-based method. Vancity does not operate in markets that provide product or supplier-specific data or other contractual instruments. We have also included electricity used to charge electric vehicles.
3 We used the Environmental Paper Network Paper Calculator to make environmental impact estimates.
4 Operational GHGs from paper usage decreased in 2024 because paper consumption went down, and recycled content increased.
5 This was a result of a lower overall FTE (Full-time equivalents) count in 2024 following the difficult restructuring efforts that took place in June, which resulted in almost 200 employees leaving Vancity (about seven per cent).

Changes to our calculation methodology.

We made the following changes to our calculation methodology to further refine our process. Apart from including emissions from refrigerant usage in our scope 1 disclosures, all other methodology changes noted below have not made a significant impact to our calculations:

Scope 1

- We have included fugitive emissions from estimated leakage of refrigerants used in our facilities to our disclosures. We have restated our 2023 baseline emissions to include this addition. There is more information on this under the scope 1 (refrigerants) heading in the Methodologies for emissions calculations section, page 43.
- Gas consumption at Vancity Community Investment Bank's Toronto office is estimated based on landlord-provided figures, based on the previous year's data. We use this as a basis for the energy consumption at this location, which provides a more accurate number than basing consumption on BC-based offices.

Scope 2

- In 2024, Vancity removed the at-home EV charging meters used exclusively by the drivers of our two service vehicles. There is more information on this under the scope 2 heading in the Methodologies for emissions calculations section, page 44.
- Electricity consumption at Vancity Community Investment Bank's Toronto office is estimated based on landlord provided figures, based on the previous year's data.

For more information, see Methodologies for emissions calculations, page 42.

2024 carbon credit purchase.

To offset our restated 2023 operational GHG emissions, we purchased 2,240 carbon credits from the Quadra Island Forestland Conservation Project through Ostrom Climate for $51,744.[1]

1 Since 2008, Vancity has been accounting for our scope 1 and 2 and selected scope 3 operational greenhouse gas emissions, making efforts to reduce these emissions, and purchasing an equivalent number of carbon credits from the BC carbon market to offset the estimated equivalent amount of remaining GHG emissions. Reporting on operational greenhouse gases is prepared in accordance with the World Resources Institute's **GHG Protocol**. Our GHG calculation methodology is outlined in the Methodologies for emissions calculations section beginning on **page 42** and, for our offset criteria definitions, see Applicable criteria, **Accountability Statements**, page 60.

Financed emissions.

Progress made on targets.

Financed buildings

While our current 2030 emissions reduction targets were established in 2024, we've had emission reduction targets in place for the buildings we finance since 2022. Although we face challenges associated with such targets, including our reliance on policy and regulations, and the lack of data that would enable us to track actual emissions reductions, we believe such challenges should not delay target setting and action. Our targets have galvanized climate action across our organization and ensured it is a top priority for leadership. We are also well positioned for when national and provincial climate-related disclosure regulations come into effect.

To measure financed emissions associated with buildings, we primarily rely on per-square-foot energy use and emissions averages sourced from Natural Resources Canada (NRCAN), which are based on location and building type or use. This emissions intensity data reflects the average building emissions intensity by province, according to specific building type or use.

Specifically, for detached houses located in the province of BC, which make up most of our residential building portfolio, around 40 per cent of energy use is electricity based, 50 per cent comes from the burning of fossil gas (often referred to as "natural gas"), and 10 per cent from heating oil, wood, or other sources. In terms of emissions, more than 80 per cent is attributed to the use of fossil gas. At the time of writing, the most current data from NRCAN was for 2021 (buildings) and 2022 (grid emissions intensity).

Change in financed emissions since 2023 base year for real estate targets.

	Targeted change in emissions intensity %	Emissions intensity $kgCO_2e$/sq metre financed		Change in emissions intensity %
	2030 from 2023	2024	2023	2024 from 2023
Residential buildings	-53%	18.9	18.8	0%
Commercial buildings	-60%	36.1	37.9	-5%

We have recalculated 2023 data to include emissions attributed to the use of refrigerants, and 2023 data for commercial buildings includes buildings for industrial use. Please see changes to our calculation methodology on page 30.

Emission intensity results can vary year to year. They can be affected by changes in grid emissions intensities. They can also be affected by changes to average building energy consumption resulting from energy efficiency technologies, fuel switching, and/or changes in consumer behaviours.

Other factors that may affect our own results include shifts in the value, types, sizes, and locations of the buildings we finance. Without access to actual building energy use, we can't track reductions in estimated financed emissions that result directly from the actions our members are taking, such as installing heat pumps, or from our financing of lower-emission buildings. We expect these actions to be reflected in our emissions data in the future as we access actual energy use data or as the resulting lower emissions show up in the proxy data we use.

Operational energy use and use of refrigerants attributed to the commercial buildings we finance accounted for 29 per cent of our measured client scope 1 and 2 lending-related emissions. Our commercial services building portfolio primarily comprises buildings used for retail trade, offices, and light industry. Financing residential buildings accounted for 47 per cent of measured client scope 1 and 2 lending-related emissions, and primarily comprised single detached houses. Most of these emissions can be attributed to fossil gas use.

The emissions intensity (greenhouse gas emissions per square metre financed) attributed to our financing of residential buildings remained stable. The decrease in the emissions intensity for commercial buildings was primarily due to lower emission factors. For a summary of changes in absolute building-related emissions, please see page 32.

See Strategy and decision-making starting on page 10 for details on the approach we're taking to reduce emissions associated with real estate lending.

The role of government policy and regulations

Achieving our targets depends heavily on public policy, legislation, and regulations. The Province of BC's climate targets aim to reduce greenhouse gas emissions by 40 per cent by 2030 and 80 per cent by 2050, with an interim target of 16 per cent by 2025. Sectoral targets for 2030 include a 59-64 per cent reduction for buildings and communities. If all provincial policies are implemented on time, BC could achieve 96 per cent of its 2030 target. However, significant emissions reductions from buildings are not expected until the early 2030s due to delayed policy implementation.

Risks include reduced policy stringency, delayed implementation, new high-emission industrial projects, and external factors like fuel prices and geopolitical events. As reported in November 2023, BC's 2021 emissions were down three per cent from 2007. The CleanBC Better Homes and Better Buildings programs[1] provided 13,045 residential retrofit rebates in 2022-2023, but this is far below the needed 30,000 homes and 17,000 apartment units per year that the Pembina Institute estimates are needed to meet targets. As of 2024, 13 per cent of BC households use heat pumps.

The Government of Canada's 2023 emissions progress report shows progress towards federal targets, exceeding the 2026 target but likely missing the 2030 target. Building emissions are a weak spot, with projected reductions of 12 per cent by 2026 and 25 per cent by 2030 if all measures are implemented. There is no detailed roadmap for reducing building emissions, despite mentions of the Canada Green Buildings Strategy.

Vancity Investment Management: managed client investments

Prior to establishing intermediate climate targets, through Vancity Investment Management, we had already taken steps to significantly reduce our portfolio's carbon footprint, including a fossil fuel–free strategy. We opted not to set an emissions reduction target given that we had already significantly decarbonized our portfolios. Current guidance regarding fossil fuel investments from the Paris Aligned Investment Initiative Net Zero Investment Framework recommends that investors should not allocate additional capital to companies that are involved in expanding thermal coal projects or new exploitation of tar sands. Given that our portfolios have been divested from thermal coal and tar sands since 2015, and in 2019 we shifted all investment funds we manage to be fossil fuel free, we are ahead in our decarbonization strategy relative to our benchmarks.

We are focused on the engagement component of our net-zero commitment, while regularly monitoring our overall carbon footprint to ensure that we maintain it below our benchmarks with key check-in points at 2030 and 2040.

Target description	Performance		Target	
	2024	Base year (2022[2])	2025	2030
Portfolio coverage: per cent of client assets under management in material sectors[3] that are net zero or subject to engagement	**70%**	44%[2]	n/a	90%
Engagement: per cent of financed emissions associated with Vancity Investment Management funds in material sectors[3] that are aligned with net zero or subject to engagement	**63%**	23%[2]	75%	90%

2 Base year data is as at September 31, 2022

3 The targets focus on these material sectors: Energy, Industrials, Materials, and Utilities as defined by the Global Industry Classification Standard. These made up 11 per cent of client assets under management at the end of 2024.

It's worth noting that, by investing in and engaging with clients adopting new technologies that will reduce emissions in the future, we may have to increase our exposure to carbon-intensive sectors. This is why, in addition to portfolio emissions, it's important to track what percentage of these emissions come from clients that are net-zero aligned and subject to engagement to contextualize any short-term increase in financed emissions. Our goal is to move companies from "subject to engagement" to "net-zero aligned."

Companies are considered net-zero aligned when they have net-zero targets that have been approved and certified by the Science Based Targets initiative (SBTi), an independent third party that provides validation services for climate goals. We have 26 investees in material sectors that are considered net-zero aligned. Companies are considered subject to engagement when Vancity Investment Management has participated in a direct engagement, either collaboratively or individually, with the company on climate-related disclosure, performance, targets, governance, or strategy. We have 11 investees in material sectors that are subject to engagement. Of these, two companies were both subject to engagement and net-zero aligned to ensure that they are progressing towards their net-zero commitments.

Vancity Investment Management continued to increase engagement activities in 2024, and expanded our involvement with CDP's Non-Disclosure Campaign, where we took a leading role engaging with companies in material sectors represented in our portfolios. Additional companies in our portfolios had their net-zero commitments certified by the SBTi in 2024, and we added companies to our portfolios that had SBTi certified net-zero commitments. We plan to continue to identify opportunities for climate engagement with companies that do not have SBTi certified net-zero commitments and to identify investment opportunities that fit our funds' mandates in companies that already have certified SBTi net-zero commitments. While we expect fluctuations year-over-year as portfolio holdings shift and investment mandates expand, overall, we anticipate being on track to meet our intermediate targets.

1 BC's 2023 Climate Change Accountability Report

Our third target is that the carbon footprint of our funds remain below each funds' respective benchmark, with key checkpoints of intermediate targets in 2030 and 2040. As the benchmark footprint declines towards net zero, Vancity Investment Management's footprint will equal it by 2050. Benchmarks are the investable universe from which investors can select companies for investment in a particular strategy (e.g., strategies focused on capital appreciation or strategies focused on generating income). We use benchmarks to evaluate a fund's financial performance as well as carbon-footprint performance. Our aggregate benchmark is composed of the carbon footprint of MSCI World Index, S&P/TSX Composite Index, and the MSCI World Small Cap Index, combined proportionally based on the market value of assets benchmarked to each index. Our overall carbon footprint continued to be lower than the benchmarks.

See page 16 for our approach to engaging portfolio companies.

Financed emissions profile – scope 3 (category 15).

We calculate financed emissions in accordance with the Global GHG Accounting and Reporting Standard for the Financial Industry issued by the Partnership for Carbon Accounting Financials (PCAF Global GHG Standard). PCAF is an industry-led initiative working to enable financial institutions to consistently measure and disclose the GHG emissions financed by their loans and investments.

Consistent with our goal to improve processes, data coverage, and quality over time, in 2024 we made the following updates:

- We improved our approach to estimating emissions attributed to refrigerant use in buildings and incorporated these estimations into our base year (2023) and current year data for both residential and commercial buildings. Adding refrigerant-related emissions increased base year emissions by nine per cent for commercial buildings and by 25 per cent for residential buildings. See page 34 for more details.
- We applied updated emission factors for 2024 data, where available and applicable. In accordance with our *Financed emissions base year data and climate targets recalculation policy* (see page 53 of our 2022 Climate Report), we did not apply applicable updated emission factors to prior (base) year data because the changes were immaterial.
- We adjusted emission factors used in 2024 and 2023 business loan calculations to consider inflation since 2019.

As already noted, due to the lack of access to actual energy-use data, we rely heavily on emissions averages by industry sector (for business loans) and building types (for residential and commercial building loans). Meaningful tracking of progress is further challenged by the fact that emission factors are updated over long periods of time and can change considerably over that span. There can be as much as a three-year time lag between the year we're reporting, and the release of the emission factor or other external data that we rely on. Also, even if our members and clients disclose emissions information, we may not be able to access it in time to include it in the appropriate transaction year.

In 2024, we finalized a net-zero data strategy with long-term data goals to help prioritize improvements critical to tracking actual progress made on targets and meeting our net zero by 2040 commitment. We remain committed to transparency and sharing best practices with other financial institutions. By doing so, we hope to help evolve, improve, and harmonize financed emissions reporting and target setting. We also hope that upcoming regulations calling for disclosure of climate-related information will accelerate efforts to ensure financial institutions and others can access the energy data needed to label low emissions or net-zero aligned financial products such as mortgages more accurately, and to better track progress on targets.

We expect we will need to amend, recalculate, and restate our financed emissions and associated targets in the future, as our portfolios shift and as we implement improvements to data, methodologies, and processes. Our *Financed emissions base year data and climate targets recalculation policy* guides us when deciding whether to recalculate and restate data. It includes what could trigger an emissions or target recalculation, considerations to assess whether a recalculation is necessary, and quantitative change thresholds (five per cent of base year emissions for data errors and 10 per cent for all other reasons).

Financed emissions coverage

In general, our goal is to increase data reliability and coverage over time, as data and methodologies become available. In 2024, we estimated emissions for 64 per cent of on-balance sheet loans and financial investments by dollar value.

2024 coverage of financed emissions, by activity.

Activity	Loan balance or market value ($ million)	Value covered in emissions measurement ($ million)	Percentage coverage	What's included
Commercial buildings	4,882	3,327	68%	On-balance sheet loans for the purchase and refinance of commercial buildings per the SBTi's commercial building typologies. Lines of credit are excluded here and included under business loans.
Residential buildings	14,098	12,734	90%	On-balance sheet loans for the purchase and refinance of residential buildings per the SBTi's residential building typologies. Lines of credit to individuals are excluded. Lines of credit to a business are included under business loans.
General operating business loans	496	466	94%	Per PCAF, general purpose loans and lines of credit provided to a business
Motor vehicle loans	30	30	100%	Per PCAF, loans provided to individuals or businesses to purchase a motor vehicle or fleet
Project finance including renewable power generation	99	84[1]	85%	Per PCAF, financing provided to organizations for a specific purpose including renewable energy power generation and energy efficiency or storage projects
On-balance sheet financial investments	3,339	515	15%	Corporate, private and sovereign bonds, and deposits
Vancity Investment Management off-balance sheet managed client investments	4,093	2,095	51%	Listed equity and preferred shares

Exclusions

In addition to specific loan-by-loan data limitations, we exclude the following activities in our emissions calculations due to broader data limitations and/or because there is no generally accepted global methodology in place to quantify them:

- Building and project construction and retrofit loans, and financing the purchase of land for development purposes
- Consumer credit, including credit cards, loans, lines of credit including Home Equity Lines of Credit that can be used for general purposes, and term loans for mobile-home purchases
- Business credit cards
- Specific types of on-balance sheet financial investments including "funds of funds," mortgage-backed securities, green/impact/sustainability bonds, and sub-sovereign bonds
- Specific types of managed client investments including corporate bonds and sub-sovereign debt[2]

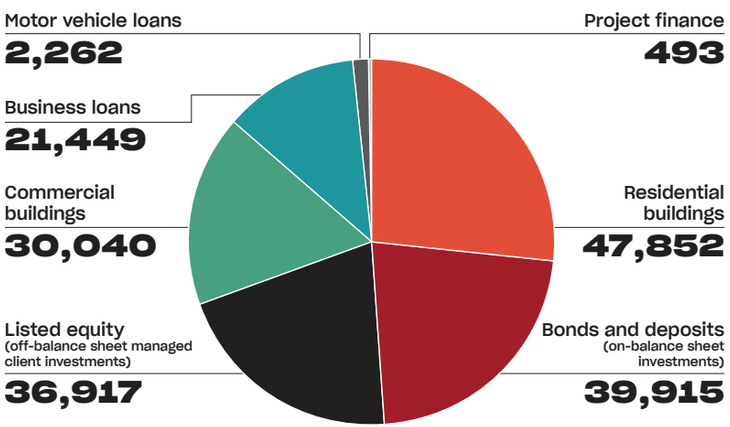
1 $66 million plus an additional $17 million loan, which we allocated to the business loans asset class for the purpose of financed emissions calculations.
2 Sub-sovereign debt is a form of debt obligation commonly created by municipalities in order to meet funding requirements.

Financed emissions by activity.

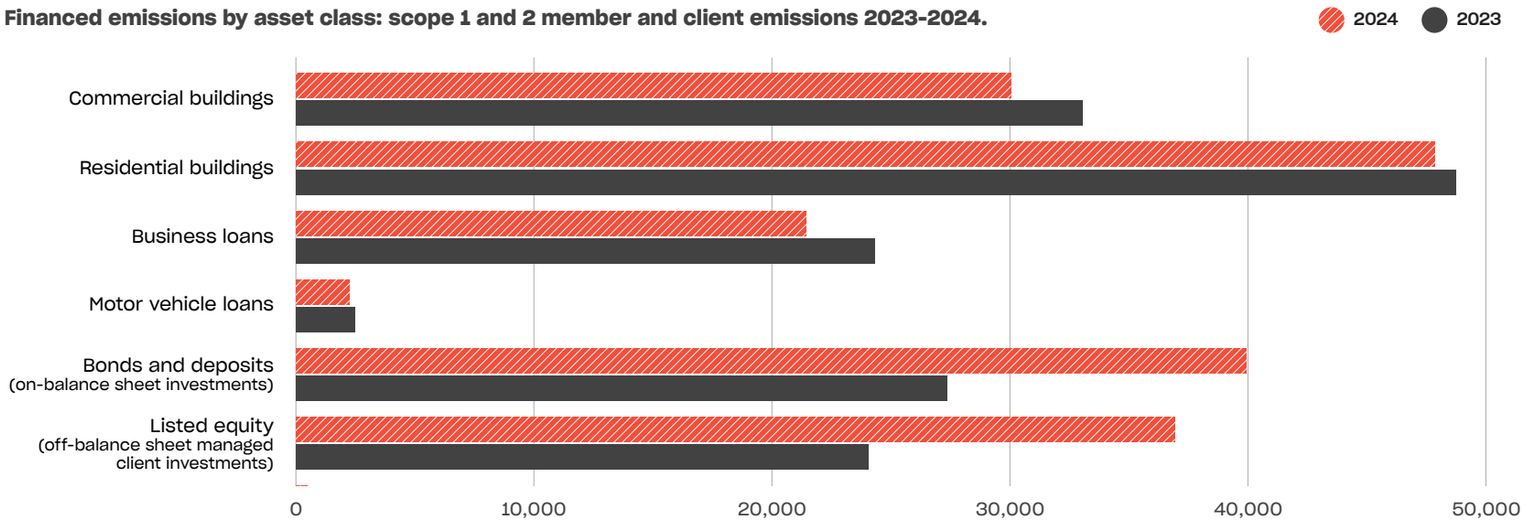
Our financed emissions data, despite being highly estimated, provides us with valuable insights into the size and concentration of emissions within our lending and investment portfolios. While many financial institutions must contend with emissions attributed to fossil fuel financing, we don't lend to or make direct investments in that sector[1]. Most of our lending-related emissions can be attributed to fossil gas use from the buildings and homes we finance. Our business loans support small- and medium-sized enterprises. For exposures and emissions estimates by the Net-Zero Banking Alliance's carbon-intensive sectors, including scope 3 emissions, see pages 38 (loans) and 40 (on-balance sheet investments).

We don't participate in capital market activities such as underwriting of initial public offerings, equity, and bonds. In cases when we syndicate larger loans where both the lenders are part of Vancity (Vancity Credit Union or Vancity Community Investment Bank), we attribute emissions to the lead lender. In cases where we syndicate with non-Vancity financial institutions, we estimate emissions for the portion of the loan that is on our balance sheet.

2024 financed emissions by asset class: scope 1 and 2 member and client emissions.



Financed emissions by asset class: scope 1 and 2 member and client emissions 2023-2024.



Absolute emissions associated with financing the acquisition of real estate, and those associated with the refinancing of real estate, declined from 2023 to 2024. For commercial buildings, factors included lower overall loan amounts and financed floor area, which were both five per cent lower in 2024. In addition, the emission factors we applied – tCO_2e per square metre, sourced from Natural Resources Canada – decreased. (Emission factors can vary year to year, see page 48). For residential buildings, both loan amounts and financed floor area increased slightly, by two per cent. However, we financed more apartments and fewer single family homes in terms of floor area. Lower overall emissions intensity factors, combined with the fact that the emissions intensity factor for apartments is lower than for single family homes, contributed to lower emissions overall.

Absolute financed emissions associated with our business loans decreased by 12 per cent despite a 20 per cent increase in dollars financed. However, when we included scope 3 emissions, which are highly estimated, emissions increased by six per cent. We sourced sector level emission factors from the PCAF database, and in line with best practice, we adjusted these factors for inflation. This resulted in lower factors (tonnes of emissions per dollar of assets or revenue). At the same time, we lent 30–35 per cent more to businesses operating in sectors with higher average carbon intensities including construction and various types of manufacturing. Worth noting is that the size of our business loan portfolio is relatively small and emissions can change significantly from year to year. This is because one large loan being paid out or brought onto our books can have an outsized effect on emissions.

For on-balance sheet investments, dollars invested in sovereign debt, an asset class with relatively high emissions intensity, increased substantially, while dollars invested in lower emitting corporate bonds decreased. This explains the net increase in emissions; however, we measure emissions for a small proportion of this portfolio and as a result, year-over-year trend analysis is not that meaningful.

For off-balance sheet managed client investments, the increase in emissions is related to growth in dollars invested in listed equity and preferred shares (eight per cent since 2023) coupled with increased investment in higher emissions intensive sectors such as materials and utilities. Two new funds were added in 2024 that were not part of the emissions calculation in 2023.

1 No lending or direct investing in fossil fuels refers to Vancity loans, on-balance sheet investments, and Vancity Investment Management managed client investments.

2024–2023 estimated financed emissions profile by activity.

Activity	Annual 2024 scope 1 + 2 emissions (tCO_2e)	Annual 2023 scope 1 + 2 emissions (tCO_2e)	Percentage change in emissions 2023-2024	2024 scope 1 + 2 emissions per million dollars financed (tCO_2e)	2024 PCAF weighted data quality score[1]
Commercial building loans	**30,040**	33,039	-9%	9.0	4.4
Residential building loans	**47,852**	48,720	-2%	3.8	4.1
Business loans	**21,449**	24,318	-12%	47	4.6
Motor vehicle loans	**2,262**	2,472	-8%	74	5
Project finance	**493**	Not estimated	n/a	5.1	5
Bonds and deposits (on-balance sheet investments)[2]	**39,915**	27,337	+46%	77	2
Listed equity (off-balance sheet managed client investments)[3]	**36,917**	24,051	+53%	17	2.3

We recalculated 2023 data for commercial buildings, residential buildings, and business loans. See changes to our calculation methodology on page 30 for full details. See sections by asset class below for more details. Please refer to Glossary and abbreviations on page 54 for definitions of these and other technical terms, including absolute emissions, emissions intensity, and scope 1–3. Activities/asset classes are defined according to SBTi or the PCAF Global GHG Standard and may not align with the terms used in our financial statements.

1 Per the PCAF Global GHG Standard, a weighted data quality score of 5 is highly estimated/uncertain, and a score of 1 signifies higher certainty (i.e., verified reported emissions).
2 Emissions calculated for 15 per cent of on-balance sheet financial investments
3 Emissions attributed to listed equity and preferred shares only. For scope 3 emissions, refer to the relevant section on page 41.

Real estate-related definitions: PCAF vs. SBTi

There are differences between what's included in real estate–related financed emissions calculations between PCAF and the SBTi, as explained in the table to the right. We established our real estate emission reduction targets (see page 11) using the Science Based Targets initiative's Buildings Target-Setting Tool, which uses decarbonization pathways specific to commercial and residential buildings, regardless of whether the building is used for income generation. To align the data to our targets, we have used SBTi's definition throughout this report unless otherwise indicated.

PCAF	SBTi
PCAF: Commercial real estate On-balance sheet loans for the purchase and refinance of properties used for commercial purposes. Includes retail, hotels, office space, industrial, as well as residential buildings used for income-generating activities.	**SBTi: Commercial buildings** On-balance sheet loans for the purchase and refinance of commercial buildings per the SBTi's commercial building typologies. Lines of credit are excluded from this asset class, and included under the business loans asset class.
PCAF: Residential mortgages On-balance sheet loans for the purchase and refinance of residential properties. Residential property used to conduct income-generating activities (e.g., properties that are owned by a business and rented out) are included under commercial real estate. Revolving lines of credit including Home Equity Lines of Credit (HELOCs) are excluded.	**SBTi: Residential buildings** On-balance sheet loans for the purchase and refinance of residential buildings per the SBTi's residential building typologies. Lines of credit to individuals are excluded. Lines of credit to a business are excluded from this asset class, and included under the business loans asset class.

To allow for comparability and to meet PCAF disclosure requirements, the following table presents emissions data according to PCAF's asset class definitions.

Estimated financed emissions for commercial real estate and residential mortgages, per PCAF asset class definitions.

Asset class per PCAF	Loan balance ($ million)	Value covered in emissions measurement ($ million)	Percentage of value covered	Annual 2024 scope 1 + 2 emissions (tCO_2e)	Annual 2023 scope 1 + 2 emissions (tCO_2e)	Percentage change in emissions 2023-2024	2024 scope 1 + 2 emissions per million dollars financed (tCO_2e)	PCAF weighted data quality score
Commercial real estate	6,359	4,804	76%	**34,209**	37,387	-9%	7.1	4.3
Residential mortgages	12,621	11,257	89%	**43,682**	44,372	-2%	3.9	4.0

We have recalculated 2023 data to include emissions from refrigerant use. Please see changes to our calculation methodology on page 30.

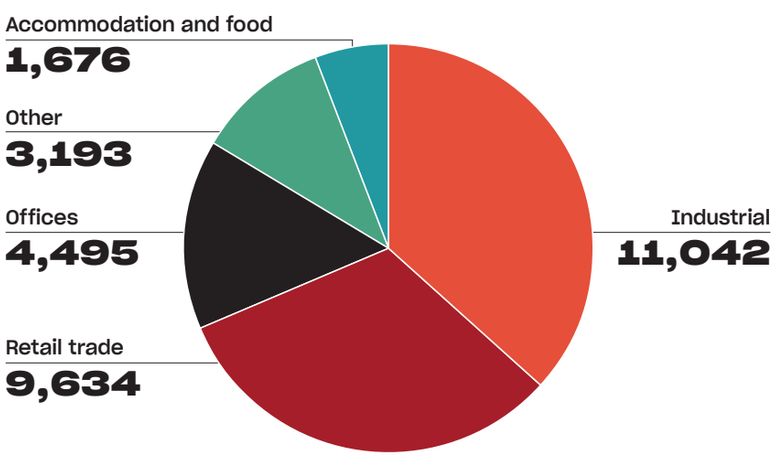
Note on refrigerant-related emissions for commercial and residential buildings

In addition to operational building energy use, in 2024 we added estimated emissions related to the use of refrigerants in our calculations. Refrigerants are gases that aid in the transfer of heat from one place to another. For example, in a fridge they move unwanted heat from inside to the outside. Emissions are released through the leakage of fluorinated gases including hydrofluorocarbons (HFCs) and perfluorinated compounds (PFCs) during the use, regular refilling, and disposal of refrigeration and air conditioning equipment, including heat pumps. While leakage of refrigerants is regulated, persistent leaks of these gases are typically overlooked and not tracked. It is likely that their significance will increase over time as existing building stocks age, and as air or ground-source heating and cooling systems become more prevalent.

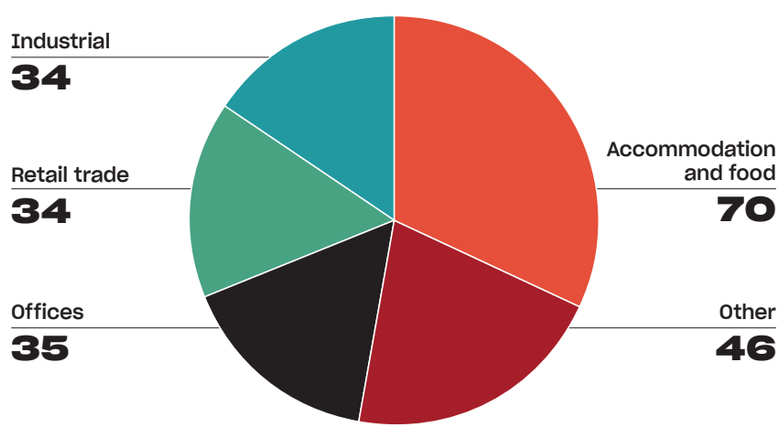
Commercial building loans.

Commercial buildings, which include industrial buildings, accounted for around 29 per cent of measured on-balance sheet lending-related scope 1 and 2 emissions in 2024. Most of our portfolio supports businesses to purchase buildings that are used for retail trade, light industry, and offices, and most of the emissions are attributed to the use of fossil gas. Emissions related to refrigerants accounted for around 8 per cent of total building-related emissions. We've been focused on financing green buildings for many years, and we believe that, as such, actual portfolio emissions will likely be less than estimated emissions.

2024 annual absolute scope 1 + 2 emissions by building use (tCO_2e)



2024 annual scope 1 + 2 emissions intensity by building use ($kgCO_2e$ per m^2)



2024 estimated financed emissions by property use.

Property use	Loan balance covered ($ million)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual emissions per million dollars financed (tCO_2e)	Financed floor area (square metres)[1]	Annual emissions per square metre financed ($kgCO_2e$)[2]	What's included
Accommodation and food services	108	1,676	15.6	24,027	70	Includes care facilities, assisted living and childcare facilities, hotels, and restaurants.
Offices	581	4,495	7.7	129,042	35	Includes mixed-use buildings, including retail/commercial and office/residential. Where mixed use, we allocate the building to the category with the higher emission factor.
Retail trade	1,404	9,634	6.9	280,664	34	Includes mixed-use buildings, including retail/commercial and office/residential. Where mixed use, we allocate the building to the category with the higher emission factor.
Industrial	912	11,042	12.1	328,425	34	Includes buildings associated with warehousing and storage.
All other services	321	3,193	9.9	70,007	46	Includes hospitals, medical buildings, schools, religious buildings, and buildings associated with commercial and hobby farms, golf courses, and recreational property.
Total	**3,327**	**30,040**	**9.0**	**831,986**	**36**	

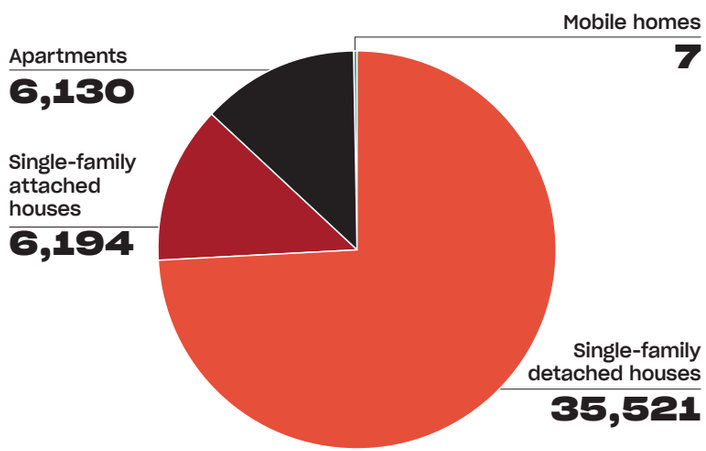
Includes emissions related to refrigerant use as well as operational energy use. Please refer to Glossary and abbreviations (page 54) for definitions and other technical terms, including absolute emissions and scopes 1–3.
Totals may not sum due to rounding.

1 Where we didn't have floor area data, we estimated it (see Commercial and residential buildings loans, page 47).
2 We calculated annual emissions per square metre financed based on loans where we had actual floor area data.

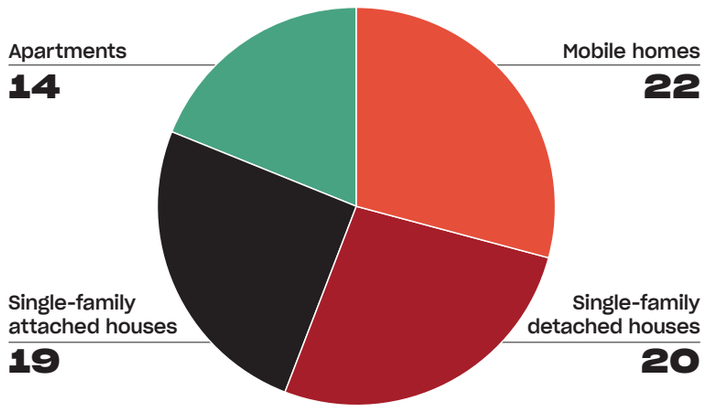
Residential building loans.

Residential buildings accounted for 47 per cent of measured on-balance sheet lending-related member and client scope 1 and 2 emissions in 2024. Our mortgages support individuals and families to purchase single-family detached houses, and businesses to purchase apartment buildings as well as individual houses and apartments. Single-family homes have the highest average emissions per square metre of the three main property types, and most of the emissions are attributed to the use of fossil gas. Emissions related to refrigerants accounted for around 20 per cent of total building-related emissions.

2024 absolute scope 1 + 2 emissions by building type (tCO_2e)



2024 scope 1 + 2 emissions intensity by building type ($kgCO_2e$ per m^2)



2024 estimated financed emissions for residential buildings, by property type.

Property type	Loan balance covered ($ million)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual emissions per million dollars financed (tCO_2e)	Financed floor area (square metres)[1]	Annual emissions per square metre financed ($kgCO_2e$)[2]	What's included
Single-family detached houses	8,134	35,521	4.4	1,765,095	20	
Single-family attached houses	1,668	6,194	3.7	330,339	19	Semi-detached, rowhome and townhouse units, units in a duplex, triplex, or quadruplex.
Apartments/multi-family housing	2,929	6,130	2.1	437,396	14	Apartment units and apartment buildings with more than 4 units.
Mobile homes	2	7	2.8	303	22	
Total	**12,734**	**47,852**	**3.8**	**2,533,132**	**19**	

Includes emissions related to refrigerant use as well as operational energy use. Please refer to Glossary and abbreviations (page 54) for definitions and other technical terms, including absolute emissions and scopes 1–3.
Totals may not sum due to rounding.

1 Where we didn't have floor area data, we estimated it (see Commercial and residential buildings loans, page 47).
2 We calculated annual emissions per square metre financed based on loans where we had actual floor area data.

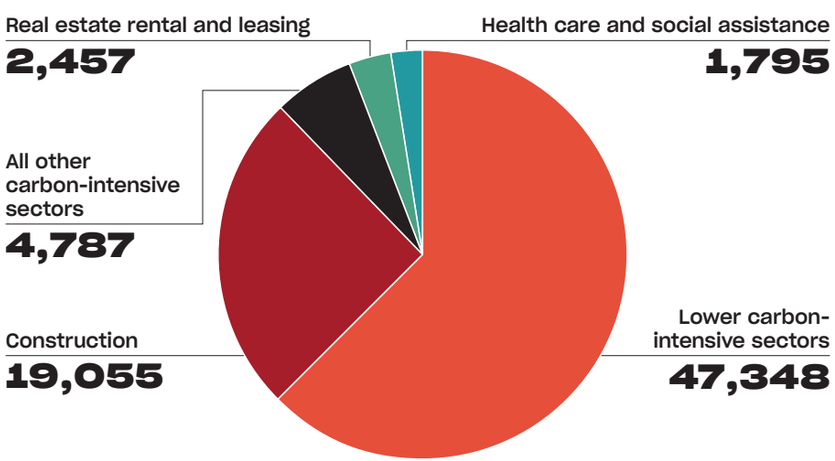
Business loans.

In 2022, small businesses with 1–99 employees made up around 98 per cent of all businesses in Canada and employed 63 per cent of the total labour force[1]. They also contribute significantly to Canada's GHG inventory: in a 2023 Business Development Canada survey, it was estimated that Canada's small businesses contribute to 41 per cent of the country's total greenhouse gas emissions. While there is growing awareness and expectation of climate action from customers, suppliers, and regulators, small business may lack the knowledge and resources to reduce emissions from their own operations and value chain, and/or to build the business case for doing so. Moreover, they are often overlooked when it comes to net-zero pathways and goals. We see supporting SMEs to contribute to a low-carbon, resilient, and fair economy as a significant opportunity.

In 2024, operational business loans represented two per cent of total lending dollars and contributed to 21 per cent of measured lending-related member and client scope 1 and 2 emissions. When we factored in scope 3 emissions, they accounted for 48 per cent, although scope 3 emissions for this type of lending are highly estimated. Our loans support small- and medium-sized enterprises and not-for-profit organizations. For years, we've lent to organizations that are community oriented and values based. We expect that our actual emissions will be less than estimated emissions, which are based on averages by sector.

1 Statistics Canada.

2024 absolute scope 1 + 2 + 3 financed emissions by sector (tCO_2e)



According to the Net-Zero Banking Alliance's Guidelines for Climate Target Setting for Banks, carbon-intensive sectors are agriculture, aluminum, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation, and transport. We have indicated our lending exposure to each on the table below, except for commercial and residential real estate, which are reported on page 34 and page 36. The most carbon-intensive sectors we lent to were agriculture and manufacturing, including iron and steel and aluminum. However, our exposure to these sectors is limited. More than half the dollars we lent supported three sectors: real estate rental and leasing, health care and social assistance, and construction. The highest emitters in terms of absolute scope 1, 2, and 3 emissions in our portfolio were associated with the construction and renovation of buildings.

2024 estimated dollars and financed emissions for business loans, by sector.

Sector	North American Industry Codes	Loan balance covered ($ million)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual scope 3 absolute emissions (tCO_2e)	Annual emissions all scopes (tCO_2e)	Annual emissions per million dollars financed (tCO_2e)[1]	Comments
Power generation	2211 Electric power generation transmission and distribution	0.2	29	12	41	173	Lending supports renewable energy generation. See page 39 for details on our clean-energy projects, and page 40 for notes on an investment in a bond issued by a hydro power transmission and distribution company.
Coal, oil, and gas	211 Oil and gas extraction 2121 Coal mining 213111/112/113 Support activities for oil and gas extraction & coal mining 221112 Fossil fuel power generation 2212 Natural gas distribution	0	0	0	0	0	We do not finance or directly invest in coal, oil, or gas.
Commercial and residential real estate	n/a	See page 36 for information about loans that support the purchase and refinance of residential buildings and page 34 for information about loans that support the purchase and refinance of commercial buildings. See page 11 for our targets in these sectors.					
Real estate rental and leasing	531 Real estate 532 Rental and leasing services	109	516	1,941	2,457	23	Includes commercial real estate lines of credit.
Iron and steel	21221 Iron ore mining 33121 Iron and steel pipes and tubes manufacturing 33122 Rolling and drawing of steel 33151 Iron and steel foundries	<0.1	6	6	12	772	Minimal exposure. No iron mining, or iron and steel manufacturing. Lending supports custom machine fabrication.
Agriculture	11 Agriculture, forestry, fishing, and hunting	4	2,371	1,192	3,563	908	Minimal exposure. Lending supports small-scale vegetable, fruit and tree nut farming; floriculture, hay farming, commercial fishing, aquaculture, and apiculture.
Transport	48-49 Excluding warehousing and storage 336 Transportation equipment manufacturing 3361 Motor vehicle manufacturing	10	647	489	1,136	110	Minimal exposure. No auto manufacturing or air transportation/aviation. Lending mainly supports road transportation/trucking.
Aluminium	3313 Alumina and aluminium production and processing	<0.1	10	25	35	504	Minimal exposure.
Cement	3273 Cement and concrete product manufacturing	0	0	0	0	0	No exposure.
Construction	236 Construction of buildings 237 Heavy and civil engineering construction 238 Speciality trade contractors	54	1,496	17,559	19,055	352	Includes commercial real estate lines of credit. Lending primarily supports building-related construction and related trades.
Health care and social assistance	621 Health care services 622 Hospitals 623 Nursing and residential care facilities 624 Social assistance	50	171	1,624	1,795	36	Lending primary supports health practitioners including doctors, dentists, care facilities, and social assistance services such as community relief and child daycare.
All other	Various	238	16,203	31,145	47,348	199	Lower carbon-intensive sectors and activities not captured above.
Total		**466**	**21,449**	**53,987**	**75,437**	**162**	

Please refer to Glossary and abbreviations (page 54) for definitions of technical terms, including absolute emissions and scopes 1–3. Totals may not sum due to rounding.

1 Annual emissions per million dollars financed are calculated using the actual loan balances.

Motor vehicle loans.

In 2021, transportation represented the largest source of greenhouse gas emissions in BC – approximately 41 per cent. Light-duty vehicles contributed to just over one third of these emissions. Neither motor vehicles nor the transportation sector contributes to a significant portion of Vancity's lending or financed emissions. However, the emissions intensity attributed to financing motor vehicles (74 tonnes CO_2e/$ million) is substantial. Our Planet-Wise™ transportation loans provide financing for electric and hybrid vehicles at a preferred rate. We also finance motor vehicles through general term loans, lines of credit, and our project financing, and we track emissions attributed to these loans where the use of funds is known.

2024 estimated financed emissions for motor vehicle loans.

Vehicle type	Loan balance covered ($ million)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual scope 1 + 2 emissions per million dollars loaned (tCO_2e)	What's included
Gasoline motor vehicle loans	17	1,962	115	General loans and lines of credit used to purchase motor vehicles/ fleets assumed to be gasoline.
Hybrid and electric vehicles	13	300	23	Planet-Wise™ transportation loans and lines of credit used to purchase hybrid or electric motor vehicles/fleets.

Please refer to Glossary and abbreviations (page 54) for definitions of technical terms including absolute emissions and scopes 1–2.

Project finance.

Vancity Community Investment Bank's project finance portfolio includes clean energy and various energy efficiency projects. Our power generation projects support only clean energy projects, including wind, solar, and geothermal. Emissions generated from the operational phase of these projects are assumed to be zero.

Avoided emissions from projects represent emissions that would have occurred without the projects' implementation. In 2024, our clean-energy projects resulted in approximately 7,810 tonnes of avoided emissions, the majority of which were from geothermal, solar, and wind technologies. This is equivalent to removing 2,393 passenger vehicles off the road or eliminating 17,646 barrels of oil, according to Natural Resources Canada Greenhouse Gas Equivalencies Calculator.

Read more on our clean energy financing at Vancity Community Investment Bank Climate Financing.

2024 estimated financed emissions for project finance, by type.

Project type	Loan balance covered ($ million)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual scope 1 + 2 emissions per $ million loaned (tCO_2e)	Annual absolute avoided emissions (tCO_2e)
Renewable energy (operational phase)	39	0	0	4,030
Energy efficiency (primarily geoexchange)	19	493	15.6	2,798
Electric vehicles and infrastructure	8	Included in motor vehicle loans	Included in motor vehicle loans	982
Total	**66**	**493**	**8.5**	**7,810**

Please refer to Glossary and abbreviations (page 54) for definitions of technical terms including absolute emissions, avoided emissions, and scopes 1–2.

Bonds and deposits (on-balance sheet investments).

The majority of on-balance sheet financial investments are for liquidity purposes – assets that we can quickly and economically convert to cash. These liquidity investments include various bonds (sovereign, sub-sovereign, green/impact, corporate, and private) as well as mortgage-back securities and deposits held with Central 1. Other investments include an impact-focused fund of funds and strategic investments. Approximately 20 per cent of on-balance sheet financial investments are in investments labelled as green, impact, and sustainable. In 2024, we measured emissions for 15 per cent of the portfolio's on-balance sheet financial assets. The low coverage is due to the unavailability of data and/or methodologies for many investment types.

Of the Net-Zero Banking Alliance's carbon-intensive sectors, the only one we were invested in at the end of 2024 was power generation, specifically hydro power transmission and distribution. Our investments in this sector were in the form of regular and impact bonds and totalled $52 million, and the attributed emissions were an estimated 447 tonnes.

2024 estimated financed emissions for on-balance sheet liquidity investments, by type of investment.

Activity	Investments covered ($ million)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual scope 1 + 2 emissions per million dollars loaned (tCO_2e)	What's included
Term deposits	22	60	2.7	Deposits held at Central 1
Sovereign debt	205	38,386[1]	187	Bonds issued by the Government of Canada
Corporate and private bonds	288	1,469	5.1	Bonds issued by public or private companies. Primarily financial services, telecommunications, and consumer goods.
Total	**515**	**39,915**	**77.5**	

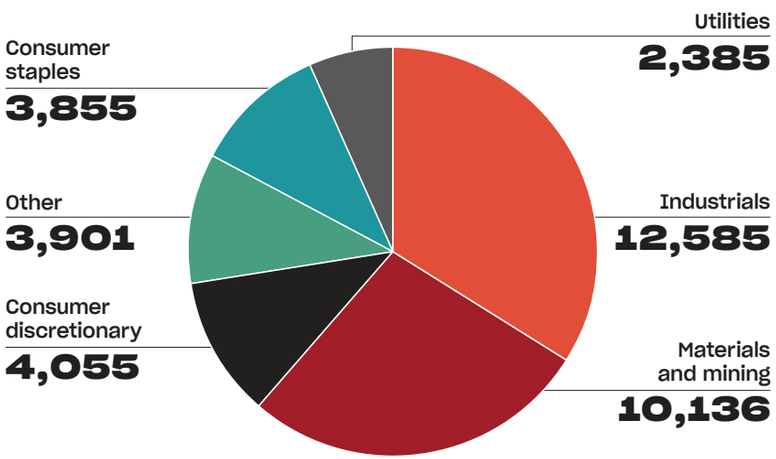
Please refer to Glossary and abbreviations (page 54) for definitions of technical terms.

1 Scope 1 emissions including LULUCF (land use, land-use change, and forestry), which is inclusive of removals. Emissions excluding LULUCF were 39,403 tonnes.

Listed equity (off-balance sheet managed client investments).

We measure emissions attributed to managed client investments by Vancity Investment Management for listed equity and preferred shares only due to the unavailability of data for fixed income investments. For additional information on our managed client investments, in 2024, we expanded disclosure of scope 3 emissions to include all sectors (see table on the right). These are not included in our total emissions profile on page 24 because that would not allow for an accurate year-over-year comparison. Our highest emitting investees (scope 1 and 2) were from the following two sectors: Industrials and Materials, excluding Mining. This is unchanged from 2023. Highest emitting investees for scope 3 belong to the Industrials and Consumer discretionary sectors. Our approach to investing on behalf of clients is to seek out well-managed, responsible, and progressive companies. We don't invest in companies whose primary line of business is the extraction, production, and distribution of fossil fuels.

2024 absolute scope 1 + 2 emissions by sector (tCO_2e).



2024 estimated financed emissions for managed client investments.

Global Industry Classification Standard		Dollars invested ($ million market value)	Annual scope 1 + 2 absolute emissions (tCO_2e)	Annual scope 3 absolute emissions (tCO_2e)	Annual scope 1 + 2 emissions per million dollars invested (tCO_2e)	Annual scope 1 + 2 emissions per million dollars revenue (tCO_2e)[1]
10	Energy	0	0	0	0	0.0
15[2]	Materials	29	9,756	19,614	334.3	20.8
15	Mining	17	380	1,352	22.1	0.8
20	Industrials	380	12,585	74,863	33.1	25.2
25	Consumer discretionary	218	4,055	64,688	18.6	5.0
30	Consumer staples	89	3,855	31,212	43.3	3.7
35	Health care	129	1,144	17,932	8.9	1.9
40	Financials	533	312	23,142	0.6	0.6
45	Information technology	486	1,021	21,170	2.1	3.1
50	Communication services	88	868	6,491	9.9	1.2
55	Utilities	14	2,385	2,986	174.2	7.1
60	Real estate	112	557	5,552	5.0	3.1
Total		**2,095**	**36,917**	**269,003**	**17.6**	**72.7**

Please refer to Glossary and abbreviations (page 54) for definitions of technical terms including absolute emissions and scopes 1–3.

1 Emissions intensity according to MSCI measure for public equities
2 Excludes mining

Appendix: Methodologies for emissions calculations.

Operational emissions: scopes 1, 2, and 3 (categories 1, 6, and 7).

General process and review.

Data supporting our resource consumption for premises energy, water, waste, paper, and business travel are collected by the Climate Strategy and Performance team on a quarterly basis, at a minimum. This feeds into our annual reporting, where we have also established a peer-review process wherein scope 1 and 2 emissions and operational scope 3 emissions calculations are reviewed by a third-party consultant.

While our operations are more under our control compared to financed emissions, there remain factors that affect our emissions that are outside of our control such as:

- Changing emission factors and global warming potential: We will depend on the best available data from climate science on the impacts that GHGs have on our climate, and the emissions intensity of activities. We have observed changes in these factors that have caused some impact to our emissions, despite reductions to our energy consumption.
- Emissions intensity of our electricity grid: As we move our energy consumption from fossil-based to electricity, we will be more dependent on actions taken by BC Hydro to increase their renewable energy generation, which is expected to be sourced 100 per cent from renewable sources by 2030.

Organizational boundary.

Vancouver City Savings Credit Union has several subsidiaries. It's collectively referred to as Vancity (see Annual Report, Active subsidiaries, page 38). Per guidance from the GHG Protocol, Vancity has selected the Control approach, specifically the Operational Control approach, to define our organizational and operational boundaries. We include scope 1 (fossil gas use in facilities and fleet, refrigerant use), scope 2 (purchased electricity), and scope 3 (paper use, business travel, and employee commuting), associated with the organizations over which we exercise direct operational control in our emissions inventory. Financed emissions are outside the boundary considered as Vancity's operational emissions and are accounted for as scope 3, category 15 in accordance with the operational control approach.

Facility overview.

Vancity owns facilities and leases space to operate our branch network. As at December 31, 2024, 23 facilities ran on electricity only, one was connected to a district energy system (DES) for space heating, 23 used fossil gas, seven were dual-sourced from electricity and fossil gas, and four used electric heat pumps with fossil gas back-up (hybrid).

The majority of our facilities have metering for their energy consumption. Wherever there is no metering, energy use is estimated by analyzing the energy use intensities (EUI) of the metered sites, arranged by building type, and applying the EUI to the area of the unmetered site. The facilities are primarily categorized by fuel type (electricity, fossil gas, DES, dual-sourced, hybrid), then the appropriate EUI is applied to the unmetered site. In exceptional cases where there might not be any utility meter readings due to a system upgrade or meter replacement, the average energy use of the same month from previous years will be used as a proxy for the month or months that do not have any meter readings.

Emission factors.

We used emission factors from Canada's most recent National Inventory Report (NIR 2024, 1990-2022) unless specific emission factors were available, as in the case of district energy systems. Where we used National Inventory Report factors, we used emission factors specific to each province for carbon dioxide emissions. We used emission factors for residential, commercial, institutional, and agricultural for CH_4 and N_2O. Previously published emission factors may change with every update to the NIR. We will update the baseline calculations as per the guidance outlined in our baseline recalculation policies.

Scope 1 (fossil gas).

Most of Vancity's facilities are in British Columbia and procure fossil gas from FortisBC. Fossil gas consumption is metered at most facilities and is estimated at non-metered facilities by using a model based on the energy use intensity of similar metered facilities.

The fossil gas consumed by Vancity's portfolio of facilities is reviewed monthly. The data is extracted by the Property Management Specialist from Vancity's Real Estate, Facilities and Procurement team, then reviewed by the Manager, Sustainable Operations from the Climate Strategy and Performance team. The data is analyzed and significant variances are identified and investigated to create a feedback loop in the measurement and monitoring process.

Vancity Community Investment Bank's Toronto Office

Building-level and estimated tenant use for fossil gas and electricity (scope 2) is provided by the landlords in June, for the previous calendar year. This report provides a more accurate number than previous estimation methodology reliant on energy use intensity of Vancity's BC offices, and is more specific to the energy consumption required in a different climate region. As of 2024, we utilize the previous year's energy use provided by our landlords to estimate the energy consumption at this location.

District energy systems (DES)

One of Vancity's facilities is connected to a district energy system, which uses a mix of energy sources but currently primarily operates on fossil fuels. Emission factors for this system are obtained from the managing organization.

Lonsdale Branch (BR 72)

Lonsdale Energy Corporation (LEC) requires that all buildings in its service area connect to their services. Our branch is included in the service area zone. There are three data inputs that need to be collected to complete the emissions calculations:

- Percentage of the building that is leased by Vancity
- Building thermal energy consumption for the billing period
- LEC emission factor

Note: Vancity's proportional usage from LEC must be calculated from the total building-level usage. The total area of the building is 50,903 ft^2, and our portion is 9.92 per cent of that area. LEC's emission factor for its DES was 181 $kgCO_2e/MWh$ in 2024.

Calculation procedure

- The fossil gas emission factor is measured in metric tonnes/cubic metre (t/m^3).
- The fossil gas emission factors for carbon dioxide, methane, and nitrous oxide are taken from the latest version of the NIR (Tables A6.1-1 and A6.1-3). The fuel combustion for fossil gas and fossil gas liquids emission factor are used.
- Global warming potential (GWP) factors per the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (AR5) are applied to methane and nitrous oxide to convert the emissions to CO_2 equivalent.
- Where applicable, specific emission factors from district energy systems are obtained directly from the managing organization of the district energy system.
- The appropriate emission factor is applied to metered and estimated gas consumption for each of the gas-consuming facilities.

Vehicle fleet

Vancity operates a small fleet of vehicles. Actual fuel consumption isn't tracked at this time; however, both the type of vehicle and the distance travelled are tracked. Fuel consumed (calculated in litres of fuel) and resulting emissions are estimated using the odometer readings and the published fuel economy values from Natural Resources Canada. Vancity's fleet of service vehicles are managed by the Real Estate, Facilities and Procurement (REFP) and Information Technology teams.

Scope 1 (fugitive emissions from refrigerants).

Fugitive emissions from refrigerants used in Vancity's facilities are included in our disclosures for the first time in 2024, and 2023 data has been restated accordingly. Emissions from refrigeration and air conditioning can occur in the manufacturing process, leakage during operation, and disposal of the equipment. Our methodology is based on guidance from the US Environmental Protection Agency (US EPA) Accounting Tool to Support Federal Reporting of Hydrofluorocarbon Emissions: supporting documentation, applying the simplified screening approach 2, method b.

Each refrigerant used is a mixture of different chemical compounds with different GWPs. The GWPs for 2024 and 2023 are taken from the AR5. The facilities in Vancity's portfolio include office buildings, a data centre, and branches. Given the building types outlined above, we have classified all the buildings in Vancity's portfolio as offices.

The portfolio-specific inputs used to this calculation currently include the combined area of our facilities and the most used refrigerant in our portfolio. We expect to make improvements to our data quality over time and will update the methodology accordingly.

Scope 2: purchased electricity.

All of Vancity's facilities in British Columbia are powered by BC Hydro for our electrical requirements.[1] Nearly all Vancity facilities have direct metering of our electricity consumption.

We review the electricity consumption at Vancity's portfolio of facilities monthly. The data is extracted and recorded by the Property Management Specialist from Vancity's Real Estate, Facilities and Procurement team, then reviewed by the Manager, Sustainable Operations from the Climate Strategy and Performance team. The data is analyzed and significant variances identified and investigated to create a feedback loop in the measurement and monitoring process.

1 For the Vancity Community Investment Bank's Toronto office information regarding electricity estimates, see above.

Calculation procedure

- The electricity emission factor is measured in grams CO_2e/kWh.
- The province-specific generation intensity emission factor is taken from Table A13 of the latest version of the NIR.
- The appropriate emission factor is applied to metered and estimated electricity consumption for all facilities.

For those that are not metered, electricity consumption is estimated based on the energy use intensity of metered facilities of similar building types.

Two of the vehicles in Vancity's fleet are 100 per cent plug-in electric, and emissions from electricity use to charge vehicles while they are on-site is captured within scope 2 facility electricity usage. Vehicles are also charged at the residences of the employees who use them. Previously, electricity usage was measured using mobile meters. Starting in 2024, we estimated current-year electricity consumption from at-home EV charging, based on the metered usage from 2023, adjusted for 2024 mileage compared to 2023 mileage.

C = (A*D)/B where:
A = metered electricity consumption from 2023 calculations
B = total km driven (from 2023 odometer readings)
C = estimated electricity consumption in 2024
D = total km driven (from 2024 odometer readings)

Scope 3, category 1: purchased goods and services (paper).

The operational boundary for measuring emissions for purchased goods and services includes emissions from paper consumption only. Paper consumption data is collected from the following data providers on a quarterly basis:

Data collectors	Consumption scope	Department	Frequency
Senior Purchasing Specialist	Organizational procurement	Real Estate, Facilities and Procurement	Quarterly
Marketing and Communications Co-ordinator	Marketing materials	Marketing	Quarterly
Governance Officer	AGM and election materials	Governance	Q2 only

Data collectors request paper consumption data from each supplier and are expected to review the submissions before submitting the data to Accountability Reporting on a quarterly basis.

Emission factors

The Environmental Paper Network online calculator is used to calculate the emissions from paper consumption.

Calculation procedure

- Paper use emission factors are measured in Metric Tonnes of CO_2e per Metric Tonnes (t/t) of paper consumed.
- Paper use data is collected and reviewed every quarter.
- Paper consumption data includes the weight of the paper consumed, percentage of recycled content and the paper grade, based on the Environmental Paper Network's categorizations:
  - Uncoated Freesheet
  - Coated Freesheet
  - Uncoated Groundwood
  - Coated Groundwood
  - Supercalendered
  - Paperboard: Solid Bleached Sulfate
  - Paperboard: Coated Unbleached Kraft
  - Paperboard: Coated Recycled Board
  - Paperboard: Uncoated Bleached Kraft
  - Paperboard: Uncoated Unbleached Kraft
  - Paperboard: Uncoated Recycled Board
  - Linerboard
  - Corrugated Container
  - Tissue
- Paper consumption data is consolidated into one spreadsheet, and pivot tables are used to aggregate and organize the data by paper grade and recycled content percentage.
- Data inputs are entered into the Environmental Paper Network's online calculator. At the time of writing, the most current version of the calculator is 4.0.

Scope 3, category 6: business travel.

There are three sources of activities for this emissions category:

- Air travel
- Business vehicle travel
- Expensed vehicle fuel consumption (mileage reimbursement)

Air travel

Flights purchased by employees for the purpose of business-related travel are paid for by the employees themselves and are then reimbursed by Vancity. The Finance team records the flight data (airport locations and cabin class) in a spreadsheet, which is then sent to Accountability Reporting and reviewed by Climate Strategy and Performance.

The flight distances are estimated based on the mapped distances provided by Google Maps between the departure and destination airports. These distances are used along with the corresponding emission factors and cabin classes to calculate the emissions.

Emission factors

The UK Department for Environment, Food and Rural Affairs (DEFRA) publishes the most widely used air travel emission factors. These emission factors are specified as a function of flight length and are based on UK flight patterns. Vancity has adopted these emission factors and reclassified the flight lengths to be compatible with the North American aviation environment.

Vancity has classified flights into short-haul and long-haul to correctly apply DEFRA's emission factors. Flights with distances of 3,700 km and greater are classified as long-haul, while flights with distances less than 3,700 km are classified as short-haul.

DEFRA publishes emission factors which incorporate the radiative forcing index. These incorporated emission factors are used in our calculations. Emission factors for local float plane and helicopter transportation factors are taken from the most recent version of the BC Best Practice Methodology for Quantifying GHG Emissions.

Calculation procedure

- Air travel activity is measured in kilometres per person.
- The Finance Officer reports all employee business air travel to the Documentation Collection Officer at the end of each quarter, including the departure, destination, and intermediate airport codes, cabin class, and the subsidiary the travel is associated with.
- The flight cabin class determines the cabin class classification (e.g., economy or business/first class) and the appropriate emission factor to use (see emission factor procedures).
- Air travel emission factors are measured in metric tonnes CO_2e per kilometre per person (tCO_2e/km/person).
- Flight length classifications (e.g., short or long haul) are based on classifications provided by DEFRA to be consistent with the emission factors used. Flights are classified once per period at the beginning of the period.
- Emission factors for each flight length classification are obtained from DEFRA once per period at the beginning of the period. DEFRA CH_4 and N_2O emission factors are converted from CO_2e for reporting. Emission factors for local float plane and helijet transportation factors are taken from the most recent version of the BC Best Practice Methodology for Quantifying GHG Emissions.
- Air travel emission factors are reviewed each reporting period at the beginning of the period to ensure the most appropriate factors are used.

Business vehicle travel

Modo is a car share co-operative where members can, on demand, lease vehicles that are parked all over Metro Vancouver. Our corporate Modo account enables employees to use the vehicles in Modo's fleet for business purposes. Modo has a variety of vehicles in its fleet and these are recorded as part of the account's activity data. Each quarter, the data collector from the procurement team extracts the data provided in the Modo account, which includes the model, make, and year of each vehicle is also recorded for each booking, as well as the fuel efficiency, which is consistent with NRCAN's published values for each vehicle type.

Employees who use their personal vehicles for business-related travel submit their expenses through an internal Vancity portal. Kilometres driven and the purpose of the mileage are the data points collected. Our Finance team submits the vehicle mileages disbursed each quarter by extracting the data points through Power BI. These are then submitted to Accountability Reporting and reviewed by Climate Strategy and Performance.

Emission factors

Emission factors for vehicle use are taken from the most recent National Inventory Report: Greenhouse Gas Sources and Sinks in Canada (NIR, Table A6.1-14). There are different emission factors depending on the Tier of vehicle used. The NIR has factors for CO_2, CH_4, and N_2O. These are normalized as CO_2 equivalents using the global warming potential (GWP) published by the AR5, to align with the GWPs used by the NIR.

Average fuel efficiencies are taken from the most recent version of the BC Best Practices Methodology for Quantifying GHG Emissions.

Calculation procedure

- Vehicle fleet activity is measured in litres of fuel.
- Each vehicle that was used by employees using the corporate Modo account is recorded for its make, model, year, fuel type, fuel economy, and distance driven.
- Natural Resources Canada publishes a Fuel Consumption Guide on their website. For every vehicle in the fleet, the combined highway and city fuel economy in litres/100 km is obtained from this guide. For vehicles that are not provided a generic average fuel economy (those that are not gasoline and diesel), reasonable proxies are selected as follows:
  - Hybrid – Toyota RAV4 Hybrid AWD (combined) from BC Best Practices
  - BEV – Zero Tailpipe Emissions
  - Plug-in Hybrid – Kia Niro Plug-in Hybrid from BC Best Practices
- Distance driven is extracted from the corporate Modo account on a quarterly basis.
- Annual distance travelled for each vehicle is calculated by aggregating the distances driven for each vehicle type during the year.
- For reimbursed mileage, the total mileage (in km) for the reporting period and the subsidiary the travel is billed to is obtained quarterly.
- The percentage of gasoline and diesel vehicles is obtained from the Statistics Canada National Travel Survey.
- Fuel consumption is calculated from each vehicle using the following equation:

  Fuel Consumption (L) = (Annual Distance Travelled (km)) x (Average Fuel Economy (L/100 km))/100

- Based on the fuel type, the appropriate emission factor (diesel or gasoline) is used to calculate total emissions. It is assumed that all hybrids use gasoline, and not diesel.

Scope 3, category 7: employee commuting.

Vancity uses the Commutifi survey platform and GHG calculator to quantify emissions from employees commuting to and from Vancity locations. Commutifi provides comprehensive analytics and reporting on an organization's scope 3, category 7 emissions. Through annual surveying in the platform, Commutifi:

- Collects the data necessary to get accurate commuting data
- Utilizes up-to-date emissions reporting factors for all transportation modes and connects into transportation feeds, like the General Transit Feed Specification (GTFS) to ensure accuracy of its calculations
- Provides aggregated emissions data for employees across all Vancity locations in Metro Vancouver, Vancouver Island, Cormorant Island, and Toronto

The Commutifi Commuter Survey 2024 supports all commute modes and is optimized for multi-modal commuting. The survey requires employees to enter their starting (e.g., home) and ending (e.g., work) addresses, nearest cross-streets, or postal codes. If an employee's home or work location changes mid-year, Commutifi will use the location of the employee at the time of the survey. This includes the case when a Vancity work location is closed, and employees are moved to a new location mid-year.

In the case that an employee commutes infrequently to an office location (e.g., fewer than once per week), the survey collects information related to the expected frequency of the infrequent commute.

Data inputs and processes

The main inputs used in the generation of the estimates are:

- September Commutifi Commuter Survey 2024 – Distributed September 2024 with a response rate of 31 per cent
- September Commutifi Commuter Survey 2023 – Distributed September 2023 with a response rate of 47 per cent
- Minimum response rate: 20 per cent – Minimum response rate is based on the following industry-standard minimum survey response rates used by regulatory bodies, including DDOT in Washington, DC, USA for their Parking Cashout Law:
  - <50 employees: 90 per cent response rate
  - 50-99 employees: 84 per cent response rate
  - 100-249 employees: 70 per cent response rate
  - 250-499 employees: 50 per cent response rate
  - 500-999 employees: 37 per cent response rate
  - 1000+ employees: 20 per cent response rate

Vehicle-based emissions process

The following process and calculations are used to measure commuter emissions for modes requiring the use of a vehicle: drive alone, carpool, vanpool, private shuttle, and rideshare.

Vehicle-based emissions are calculated based on the driving distance, vehicle miles per gallon (MPG), and number of passengers.

During the survey, employees are requested to provide their vehicle year, make, and model. If provided, the Commutifi platform uses the Combined MPG (i.e., the weighted average of city and highway MPG values that is calculated by weighting the city value by 55 per cent and the highway value by 45 per cent) of the actual vehicle to increase the precision of the calculation. Vehicle MPG data comes from a third-party database that sources data directly from vehicle manufacturers.

If the employee does not provide a specific vehicle, a vehicle type (e.g., electric, hybrid, SUV, car, motorcycle) is usually required. In that case, the system uses an average MPG for that type of vehicle.

For vanpool, shuttle, and rideshare where an employee may not know the vehicle type, an average value is used, matching the average vehicle used for each mode.

For modes with multiple passengers, the employee is required to provide the number of passengers (including the driver) normally in the vehicle.

Vehicle MPG data comes from a third-party service (Edmunds) that sources data directly from vehicle manufacturers via the US EPA. When EPA data is unavailable, additional vehicle manufacturer data is obtained from ADAC.

The calculation for vehicle-based emissions of a commute is:

$$\frac{\textit{Distance (miles)}}{\textit{Combined MPG}} \times \frac{\textit{8.78 kg}CO_2}{\textit{gallons gasoline}} \div \textit{\# of passengers} = \textit{kg}CO_2 \textit{ per person per trip}$$

Public transit emissions process

The Commutifi system measures the exact transit route an employee takes using data from the GTFS. This includes the public transit mode, operating transit agency, and exact distance.

Public transit emissions are calculated based on the distance taken in each public transit mode and the average passenger mile emissions (i.e., $kgCO_2$ per mile per passenger) for that mode.

Passenger mile emissions information was provided directly to Commutifi by TransLink as part of their partnership.

TransLink emission factors are from 2020. Updated data is released approximately every two years and the calculations will be adjusted once new data is available. Bus emissions are notably lower than the Industry average since half of its bus fleet uses lower-emission technologies.

Industry average emission factors are derived from 2019 industry averages across North America.

The calculation for public transit emissions of a commute is:

Distance (miles) × passenger mile emissions = $kgCO_2$ per person per trip

Zero-emission modes

The following modes are considered to produce 0 kg of CO_2 emissions. While the emissions for these modes are not technically zero, they are negligible, so the Commutifi system treats them as zero.

- Bike/e-bike
- Scooter/e-scooter
- Walk
- Remote

All vehicle fuel economy is mapped from local units to miles per gallon prior to Commutifi calculating total emissions.

The emission factor for gasoline is taken from EPA's 2023 Emission Factors for Greenhouse Gas Inventories, Table 2 – Mobile Combustion CO_2. CH_4 and N_2O emissions are calculated based on distance-based motor vehicle emission factors.

The General Transit Feed Specification is an open standard used to distribute relevant information about transit systems to riders. It allows public transit agencies to publish their transit data in a format that can be consumed by a wide variety of software applications.

Key assumptions

- Travel patterns: Commutes are modelled through the Commutifi system based on user survey data.
- Commute distance: Employees are required to list their home address, nearest cross-streets, or postal code to ensure the Commutifi system provides the most accurate commute distance per use.
- Employees are requested to provide their vehicle year, make, and model.
- Remote work and office commute status: The Commutifi Commuter Survey 2024 captures current remote work and commute schedules.

Baseline recalculation policy for operational emissions.

Our calculation methodology for scope 1, 2, and 3 operational emissions is based on guidance provided by the GHG Protocol. While the protocol is relatively established, the following activities may trigger a recalculation of the baseline:

- Changes to the emission factor published annually by NIR
- Changes to global warming potential values published by the Intergovernmental Panel on Climate Change in the Assessment Reports
- Changes and improvements to the calculation methodology as best practice evolves
- Errors identified

We will recalculate and restate the baseline whenever difference from the old baseline (by scope) exceeds a five per cent threshold. We recognize that there are instances where baseline recalculation may not be possible (e.g., instances where the data depends on survey results that we cannot retroactively accomplish). In addition, we will omit reporting historical data that isn't comparable to base or current year data.

Financed emissions: scope 3, category 15.

We apply the PCAF Global GHG Standard when measuring and disclosing emissions, which in turn aligns to the GHG Protocol. This reduces uncertainty by constraining the choices we make in our methodology. However, we still need to make certain methodological choices, interpretations, and assumptions, and we've documented these below.

Commercial and residential buildings loans.

Actual building energy consumption information isn't widely available in Canada. In the absence of data, we estimate emissions based on building characteristics and publicly available data and emission factors, in line with PCAF's data quality hierarchy (see page 92 of the PCAF Global GHG Standard for more details). While we collect building floor area data for most of our mortgages, this data is typically contained within a PDF and not easily accessed. In addition, the data for property value at loan origination in our systems is not collected in a consistent manner. For this reason, we acquire property attribute data per BC Assessment from third parties for BC-based commercial and residential properties associated with our portfolios. For loans outside of BC and large commercial building loans where data gaps remain, we manually collect floor area and property value.

In addition to enabling us to estimate financed emissions with a greater degree of accuracy, BC Assessment's property attribute data helps us assess physical climate-related risks associated with mortgage lending.

Emissions related to operational building energy use

We calculated on-balance sheet financed emissions attributed to the operational energy use of commercial and residential buildings based on PCAF guidance, per the formula below. Our overall approach to calculating financed emissions is to multiply an attribution factor to the emissions associated with the estimated energy use of the property financed.

Financed emissions = Attribution factor x Building emissions

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Property value at origination}}$$

The **attribution factor** reflects our contribution to the acquisition or refinancing of new or existing buildings by our members.

The **outstanding amount** is the drawn amount of funds by the borrower as at December 31.

The **property value at origination** is the appraised value of the property at the time of loan origination. We used the property value available closest to loan origination date, first using data obtained from our third-party data providers, second using manually collected data where third-party data is not available.

Emissions of the building = Energy consumption x Emission factor

Approach for buildings where we had floor area data (PCAF data quality 4):

- We obtained emission factors expressed in tonnes CO_2e per square foot, scope 1 plus scope 2, according to building use or type, and location (province of British Columbia, Ontario, or Alberta).
- We multiplied the appropriate emission factors by the relevant floor area of the buildings in Vancity's portfolio and added these to get total emissions.

Approach for buildings where we did not have floor area data (PCAF data quality 5):

- We extrapolated floor area using the data for "PCAF data quality 4" buildings where we did have floor area data. Our tested assumption is that this is more representative of our building portfolio, which tends to comprise buildings that are smaller on average, than using Natural Resources Canada's "per building" averages. PCAF are supportive of our approach. We appreciate that financed emissions estimations for the same buildings might change in the future as the mix of "data quality 4 buildings" (and based on this, calculated dollar value per square metre) changes.
- We divided the floor area of data quality 4 loans by the property value to obtain the average square metre per dollar value, by building use.
- For each category of building use, we multiplied the property value of data quality 5 loans by the average square metre per dollar value to estimate the floor area.
- Once we had the estimated floor area, we applied the same methodology as for data quality 4 loans above.

Emission factors and external data

We use various data points sourced from Natural Resources Canada to derive emission factors per square foot and per building/unit. These sources are the same as in the PCAF database. However, the derived emission factors contained in the PCAF database are for 2019. We used updated data to calculate derived emission factors for 2021 to use in our 2024 calculations, which was the most recent data available.

Energy use data/emission factors	Source	Year of data	Publication date
Electricity grid factors: Consumption intensity $gC0_2e/kWh$ electricity generated	National Inventory Report 1990–2022 Part 3	2022	2024
Electricity use (petajoules) by building use or house type, by province **GHG emissions excluding electricity (megatonnes of $C0_2e$)** by building use or house type, by province **Total floor space** (millions of square metres) by building use or house type, by province	National Energy Use Database, Office of Energy Efficiency, Natural Resources Canada Commercial: Secondary Energy Use and GHG Emissions by Activity Type tables Residential: Secondary Energy Use and GHG Emissions by End-Us - House types detailed tables	2021	2024
Total households (000s) by house type, by province	National Energy Use Database, Office of Energy Efficiency, Natural Resources Canada Residential: total households by building type tables	2021	2024

We calculated derived emission factors (tCO_2e/m^2 or tCO_2e/building or unit) as follows, for each province and relevant building use/house type:

- We multiplied provincial electricity use (in petajoules or PJs) by the conversion factor 277.778 to convert PJs to GwH.
- We multiplied GwH by the most recent provincial grid consumption intensity emission factor and divided by a million to give electricity-related emissions ($MtCO_2e$).
- We added electricity-related emissions and GHG emissions excluding electricity to obtain total emissions ($MtCO_2e$).
- We divided this by total floor space (millions of square metres) to obtain total emissions per square metre (tCO_2/m^2) – the derived emission factor.
- To obtain the per building or unit derived emission factor for residential buildings, we divided total emissions ($MtCO_2e$) by total households.

Emissions related to refrigerant use in buildings

We calculated emissions attributed to operational refrigerant use in financed commercial and residential buildings (part of scope 1 emissions) using guidance from the GHG Protocol Corporate Standard, and the Environmental Protection Agency's HFC Emissions Accounting Tool Simplified Screening 2 Approach, Method B. Our overall approach was to calculate emissions based on the financed building area (which already considers the attribution factor). We estimated emissions for each category of building use/housing type, using the following formulae:

Refrigerant-related emissions = Refrigerant emissions (tCO_2e) x Associated global warming potential (GWP)

Refrigerant emissions (tCO_2e) = Capacity of refrigeration units (kgs) x Annual loss of refrigerants (% of capacity)

We estimated **capacity (kgs)** based on **financed area (square feet)** and **refrigerant capacity per square foot proxies**. The assumed refrigerant type was determined by EPA guidance, and leakages associated with newly installed or disposed of equipment were assumed to be immaterial.

Emission factors and external data.

Energy use data/emission factors	Source	Publication date
Annual loss of refrigerants (% of capacity/ year) **Default refrigerant type** **Proxy refrigerant capacity** (kg/ft²)	ICF Accounting Tool to Support Federal Reporting of Hydrofluorocarbon Emissions Annual loss: Operating emission factors, table 3-3 Refrigerant type: table 3-6 Refrigerant capacity: table 3-10	2016
Global Warming Potential (GWP) Values[1]	Greenhouse Gas Protocol Tables adapted from the IPCC Fifth Assessment Report	2014[2]

Data quality

The weighted PCAF data quality score for emissions attributed to commercial buildings related to operational building energy use was 4.4 for commercial buildings and 4.1 for residential buildings. The difference is due to a higher match rate of BC Assessment data with our financed residential properties than for commercial properties.

PCAF data quality score	Loan balance ($ million) Residential buildings	Loan balance ($ million) Commercial buildings
Data quality score 4: Estimated building emissions based on floor area	11,768	2,489
Data quality score 5 (lowest quality/most uncertain): Building emissions based on a per unit estimation OR extrapolated using data for "PCAF data quality 4" buildings	966	838

Business loans.

In line with the PCAF Global GHG Standard, we include on-balance sheet loans and lines of credit to businesses, nonprofits, and any other structures of organization that aren't traded on a market and are for general corporate purposes (i.e., with unknown use of proceeds as defined by the GHG Protocol). We also include revolving credit facilities, overdraft facilities, and business loans secured by real estate.

Calculation approach

Our approach to calculating financed emissions in line with PCAF is to multiply an attribution factor by the emissions of the borrower. We report estimated scope 1, 2, and 3 borrower emissions.

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Company value}}$$

We accounted for a portion of the annual emissions of the organizations we finance by determining the ratio between our outstanding amount (numerator) and the economic value of the organization (denominator). This ratio is called the **Attribution factor** and reflects that our financing funds general operating activities undertaken by organizations in our communities.

The **outstanding amount** is the drawn amount of funds by the organizations we lend to at the end of the year (December 31).

1 GWP = the global warming potential of the refrigerant relative to CO_2 and are specific to each refrigerant type
2 Per the PCAF's technical team, companies that have already developed scope 1 and scope 2 GHG inventories should use the same GWP values for scope 3 to maintain consistency across the scopes. We decided to use GWPs from AE5 vs the more recent AR6 to maintain consistency across scopes – and over time.

We calculated **company value** in two ways:

- Where available from our internal records, we used total debt and equity to calculate enterprise value based on year-end reported financials.
- In cases where information on debt and equity was not readily available, we defaulted to using the total balance sheet value of the business loan portfolio as a proxy for organizational value.

Financed emissions = Attribution factor x Emissions of the borrower

Few of the small- and medium-sized enterprises we lend to track or currently report emissions. In the absence of reliable data on their emissions, we estimated emissions using economic activity-based emissions by sector in line with PCAF's data quality hierarchy (see page 73 of the PCAF GHG Standard for more details). We calculated emissions of the borrower in one of two ways and used the same approach for scope 1, 2, and 3 emissions:

- For companies where we knew the company's revenue, we applied the appropriate emission factor for the sector (based on NAICS) per unit of revenue (e.g., tCO_2e per dollar revenue earned in a sector). This approach equates to a data quality of 4.
- Where we knew the outstanding amount in the company, but didn't have financial data, we applied the appropriate emission factor for the sector (based on NAICS) per unit of asset (e.g., tCO_2e per dollar of asset in a sector). This approach equates to a data quality of 5.

Emission factors and external data

For business loans, the PCAF database uses economic activity-based emission factors derived from the EXIOBASE dataset. While the PCAF Database includes country-specific emission factors, PCAF's advice is to use the appropriate regional averages for emissions calculations. For Canada this is "Advanced economies". In general, we applied emission factors at the sector level as North American industry classifications may not perfectly align with the EXIOBASE classifications. In addition, we converted the EXIOBASE emission factors from euros to Canadian dollars, and further adjusted the emission factors to consider inflation since 2019 using the annual average change in the Consumer Price Index.

Emission factor	Source	Year of emission factor	Publication date
Emission intensity per million € of revenue by sector based on industry sector code	PCAF database: Economic Activity-based Emission Factors for Advanced economies derived from EXIOBASE v3.9[1]	2019	2023 (v3.9)
Emission intensity per million € of assets by sector based on industry sector code		2019	2023 (v3.9)

External data	Source	Year of data	Publication date
Consumer price index	Statistics Canada	2019-2024	2024

1 The EXIOBASE database is a global, detailed multi-regional table that estimates emissions by industry. The database has high sectoral coverage and a large set of environmental information (e.g., types of emissions, materials/resources). Note that we convert euros to Canadian dollars when performing emissions analysis using the Bank of Canada average annual rate.

Data quality

Most emissions attributed to business loans are calculated to a PCAF data quality of 5.

Motor vehicle loans.

In line with the PCAF GHG Standard, we've included on-balance sheet consumer loans and lines of credit used for the specific purpose of financing motor vehicles.

Calculation approach

Financed emissions = Attribution factor x Vehicle emissions

The overall approach to calculating financed emissions in line with PCAF is to multiply an attribution factor to scope 1 and 2 emissions associated with the energy use of the motor vehicle, scope 1 being direct emissions from fuel combustion in vehicles and scope 2 being indirect emissions from electricity generation consumed in hybrids or fully electric vehicles.

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Value of motor vehicle at origination}}$$

We account for the portion of the annual emissions of motor vehicles we finance by determining the ratio between our outstanding amount (numerator) and the total value of the motor vehicle at the time of the transaction (denominator). This ratio is called the **Attribution factor** and reflects our contribution to the purchase of vehicles by our members.

The **outstanding amount** is the drawn amount of funds by the individuals we lend to at the end of the year (December 31).

The **value of the motor vehicle at origination** is the assessed value of the motor vehicle at the time of loan origination. If this information isn't readily available in our systems, we take a conservative approach and assume 100 per cent attribution of the vehicle's emission as per PCAF's recommendations.

Emissions of the motor vehicle = Σ Distance travelled x Efficiency x Emission factor

PCAF prescribes that emissions per vehicle-year are calculated by multiplying the distance travelled (km) in a year by the vehicle's fuel efficiency (litres of gasoline/km) and the vehicle's fuel type-specific emission factor ($kgCO_2e$/litre of gasoline).

In the absence of reliable data (we don't track the model or make or year of the motor vehicle we're financing), we estimated emissions by multiplying the number of motor vehicles financed (using number of loans as a proxy) by **emissions per average vehicle year in BC**, which we calculated with sources from Clean BC and Natural Resources Canada.

We used three different emission factors: one for gasoline motor vehicles (general loans and lines of credit), one for hybrid vehicles (financed through our Planet-Wise™ transportation loans) and one for electric vehicles (financed through our clean energy project financing). To account for the increasing number of light trucks (including SUVs and minivans) on the road, we used a weighted average for the gasoline and hybrid emission factors. While many of our Planet-Wise™ transportation loans are for full electric vehicles, we do not track this detail in a meaningful way, so we used the hybrid emission factor to be conservative.

Emission factors.

Emission factor	Source	Year of emission factor	Publication date
Emissions per average vehicle-year in BC: car & light truck (a) gasoline (b) hybrid (c) electric	Clean BC and Natural Resources Canada	2023	2024

Data quality

In the absence of vehicle-specific emissions data in general, we applied a highly estimated approach to calculating emissions in line with PCAF's lowest data quality score of 5.

Project finance.

In line with the PCAF Global GHG Standard, we included on-balance sheet loans for specific projects/purposes, including financing for renewable power generation. We also track avoided emissions for these projects.

Calculation approach

Financed emissions = Attribution factor x Project emissions

The overall approach to calculating financed emissions in line with the PCAF Global GHG Standard is to multiply an attribution factor to scope 1 and 2 absolute emissions associated with the project.

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Project value}}$$

We accounted for the portion of the annual emissions attributed to the financed project by determining the ratio between the outstanding amount (numerator) and the total project value (denominator). Accessing updated **Project value** data proved challenging and is an area noted for improvement. Where project debt and equity were unavailable, we used project cost as a proxy.

To calculate **Project emissions**, in the absence of reliable data we estimated emissions using economic activity-based emissions by sector in line with PCAF. Specifically, we applied the appropriate emission factor for the sector (based on NAICS) per unit of asset (tCO_2e per dollar of asset in a sector).

Data quality

Emissions attributed to project finance are calculated to a PCAF data quality of 5.

Avoided emissions

Avoided emissions are the estimated reduction in greenhouse gas emissions that result from a clean energy or energy efficiency project compared to a baseline scenario where the project is assumed to have replaced a more carbon-intensive alternative. We use avoided emissions projections provided by the developer. For renewable energy projects, estimations are based on the provincial electricity grid's carbon intensity and the projected kilowatt hours generated annually. In the case of energy efficiency projects, avoided emissions provided might be based on kilowatt hours saved in comparison to pre development or by applying recognized emissions intensities of fuel sources such as switching from a fossil gas-powered HVAC system to a geoexchange.

Bonds and deposits (on-balance sheet investments).

Our emission calculation included term deposits, corporate and private bonds, and sovereign bonds. We didn't estimate emissions for certain derivatives, including mortgage-backed securities, use of proceeds (green/impact/sustainability bonds), securitization, and provincial or municipal bonds due to data limitations and the absence of a methodology. We plan to include these in the future as data and methodologies allow.

To calculate emissions for corporate and private bonds, as well as deposits, we applied the PCAF methodologies for listed equity and corporate bonds. To calculate emissions for sovereign bonds, we applied the PCAF methodology for sovereign debt.

Calculation approach

Our overall approach to calculating financed emissions was to multiply an attribution factor to scope 1 and 2 absolute emissions associated with the investments. We do not include scope 3 emissions due to challenges accessing reliable scope 3 data.

Corporate and private bonds, and deposits

Financed emissions = Attribution factor x Investee emissions

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Enterprise value including cash OR total equity plus debt}}$$

The **outstanding amount** was the on-balance sheet book value of the investment at the end of the fiscal year (December 31).

Financial data for enterprise value including cash (EVIC) or **total equity and debt** (the denominator(s)) was based on the most recent available company data.

We obtained investee financial and emissions data primarily from Bloomberg. PCAF recognizes that *"There is often a lag between financial reporting and required data, such as emissions data for the borrower or investee becoming available. In these instances, financial institutions should use the most recent data available even if it's representative of different years, with the intention of aligning as much as possible."*

Sovereign bonds

Financed emissions = Attribution factors × Sovereign emissions

We calculated financed emissions by multiplying the **Attribution factor** by **Sovereign emissions** (emissions of the respective sovereign borrower).

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Purchasing Power Parity (PPP) – adjusted Gross Domestic Product (GDP)}}$$

The **Outstanding amount** was the exposure to the sovereign bond and is the on-balance sheet market value of the investment as at the end of the fiscal year (December 31).

Purchasing Power Parity (PPP) – adjusted Gross Domestic Product (GDP) is the value of a country's output as a proxy for the "value of the country", provided in International Dollars. We converted this value to $CAD using the Bank of Canada's annual exchange rate.

Sovereign emissions are scope 1, 2, and 3 emissions of the country. PCAF requires financial institutions to report sovereign borrowers' absolute scope 1 emissions and encourages them to report scope 2 and 3. We only report scope 1 at this time, which PCAF defines as GHG emissions attributable to emissions generated within the national territory's boundaries – in our case, Canada. More specifically, PCAF's proposed scope 1 definition aligns with "Production Emissions" and should be reported both including and excluding land use, land-use change, and forestry (LULUCF).

Emission factors and external data.

Emission factor	Source	Year of emission factor	Publication date
Sovereign (production) emissions including and excluding LULUCF ($ktCO_2e$) for Canada	Per PCAF database: United Nations Climate Change GHG Profile	2021	2023
PPP-adjusted GDP ($ millions International) for Canada	Per PCAF database: World Bank	2023	2023

Data quality
Data quality ranges from 1 (highest data quality) to 4, for an average weighted score of 2.

PCAF data quality score	Third-party data source	Value ($ million)
Data quality score 1: Sovereign bonds: verified GHG emissions of the country are available. These GHG emissions are reported by the country itself and can be extracted from UNFCCC. Corporate and private bonds, and deposits: outstanding amount in the company and EVIC/ total company equity plus debt are known. Verified emissions calculated by the company are available.	UNFCCC and Bloomberg reported company data/company reports	289
Data quality score 2: Corporate and private bonds, and deposits: Outstanding amount in the company and EVIC/ total company equity plus debt are known. Unverified emissions calculated by the company are available.	Bloomberg reported company data/company reports	80
Data quality score 4: Corporate and private bonds, and deposits: outstanding amount in the company, EVIC/ total company equity plus debt, and the company's revenue are known as well as emission factors for the sector per unit of revenue.	Bloomberg reported company data/company reports	146

Listed equity (off-balance sheet managed client investments).

Our emissions calculation included equity investments including holdings in mutual funds – specifically public common and preferred stock. We did not estimate emissions for other types of client investments such as corporate bonds and sovereign bonds due to challenges accessing the required data. We plan to include these in the future, as data allows.

Calculation approach
Financed emissions = Attribution factor x Company emissions

PCAF guidance covers on-balance corporate bonds and listed equity; we have applied this methodology to estimate emissions for off-balance sheet managed client investments in listed equity. The overall approach to calculating financed emissions for listed equity is to multiply an attribution factor to emissions associated with covered investee companies.

MSCI accounts for a portion of the annual emissions associated with our investments by determining the ratio between the outstanding amount of our investment (numerator) and the value of the investee company (denominator). MSCI uses enterprise value including cash (EVIC) to calculate the value of the investee company.

$$\textbf{Attribution factor} = \frac{\textbf{Outstanding amount}}{\textbf{Enterprise value including cash (EVIC)}}$$

The **Outstanding amount** is the market value of the dollars invested as at the end of the fiscal year (December 31).

We source emissions data for investee companies from MSCI ESG Research. MSCI ESG Research collects data once per year from the most recent corporate sources, including annual reports, corporate social responsibility/sustainability reports, and websites. When reported company data is unavailable, MSCI looks at emissions data reported through the CDP (formerly the Carbon Disclosure Project) or government databases. In cases where companies haven't disclosed any relevant data, MSCI ESG Research uses a proprietary methodology to estimate emissions either from previous company data or extrapolated values from peer groups. In 2024, we expanded disclosure of scope 3 emissions across all sectors.

Because of an inherent lag in public greenhouse gas emissions accounting and reporting by investees, the majority of reported 2024 data is likely based on 2023 company financial and emissions information. This is a known issue for this type of calculation and reporting, with PCAF recognizing that *"There is often a lag between financial reporting and required data, such as emissions data for the borrower or investee becoming available. In these instances, financial institutions should use the most recent data available even if it's representative of different years, with the intention of aligning as much as possible."*

Data quality
Data quality ranges between 2 (company-reported emissions) and 5 (estimated emissions based on extrapolation from peer groups). There may be reported data that is verified, but we're unable to confirm this. In these cases, we've assigned reported data a data quality score of 2.

Data quality ranges from 2 to 5, for an average weighted score of 2.3.

PCAF data quality score	Third-party data source	Value ($ million)
Data quality score 2: Outstanding amount in the company and EVIC are known. Unverified emissions calculated by the company are available.	MSCI reported company data	1,628
Data quality score 4: Outstanding amount in the company, EVIC, and the company's revenue are known. Emission factors for the sector per unit of revenue are known.	MSCI estimates (based on company data)	61
Data quality score 5 (lowest quality/most uncertain): Outstanding amount in the company is known. Emission factors for (a) the sector per unit of asset is known or (b) revenue and asset turnover ratios for the sector are known.	MSCI estimates (based on peer group data)	209

Glossary and abbreviations.

Absolute emissions: The emissions attributed to a financial institution's lending and investing activity. Expressed in tonnes CO_2e.

Attribution factor: The share of total greenhouse gas (GHG) emissions of the borrower or investee that is allocated to the loans or investments made.

Avoided emissions: Emissions that would have occurred had the project or activity not been implemented.

Base year: A historical year against which a company's emissions are tracked over time, sometimes referred to as the baseline.

Business loans/operational business loans: Per the PCAF Global GHG Standard, for the purposes of emissions reporting, this asset class includes on-balance sheet loans and lines of credit for general business purposes (i.e., with unknown use of proceeds) to non-listed/private businesses and not-for-profits. Loan recipients can include businesses, non-profits, and any other structure of organization that isn't traded on a market. We include revolving credit facilities, overdraft facilities, and real estate secured general purpose loans/lines of credit. Note that mortgages for purchasing or refinancing a building, including buildings occupied by the owner-business, are included under commercial real estate loans (see Commercial real estate loans below).

Carbon credit: A certificate that represents the reduction or removal of one metric tonne of carbon dioxide equivalent (CO_2e) from the atmosphere.

Climate-related business opportunities and financial products: Following the UN Principles for Responsible Banking self-assessment and the IFRS S2 standard, financial products or services that are tailored to support members' and clients' reduction in GHG emissions that could reasonably be expected to affect Vancity's prospects over the short, medium, and long term. Examples include Planet-Wise™ loans and the Commercial Retrofit Financing pilot.

CO_2 equivalent (CO_2e): The universal unit of measurement to indicate the global warming potential (GWP) of each greenhouse gas, expressed in terms of the GWP of one unit of carbon dioxide. It's used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.

Commercial buildings: Defined according to SBTi's Building typologies covered in the SBTi Buildings Criteria, commercial buildings include the following: offices, retail, hotels, industrial distribution warehouse, health care, medical offices, lodges, leisure and recreation, and other. We used this definition to establish our 2030 targets for commercial buildings.

Commercial real estate (CRE) loans: Per the PCAF Global GHG Standard, this asset class includes on-balance sheet loans for specific corporate purposes, namely the purchase and refinance of CRE, and on-balance sheet investments in CRE. This definition implies that the property is used for commercial purposes, such as retail, hotels, office space, industrial, or large multifamily rentals. In all cases, the owner of the building (the borrower or investor) uses the property to conduct income-generating activities. This includes using the property for their own business (which we interpret to include owner-occupied buildings) as well as renting or leasing the property to tenants who use the property for either commercial or residential purposes.

Direct emissions: Emissions from sources that are owned or controlled by the reporting entity or the borrower or investee.

Emission factor: A factor that converts activity data into GHG emissions data (e.g., $kgCO_2e$ emitted per litre of fuel consumed, $kgCO_2e$ emitted per kilometre travelled, etc.).

Emissions: This is a short-form way of referring to greenhouse gas emissions (GHGs) and refers to the release of greenhouse gases into the atmosphere.

Emissions intensity (economic): The amount of greenhouse gas emissions associated with lending and investment activities, expressed per unit of economic value such as the outstanding loan amount or company revenue. It's calculated by dividing total financed emissions by the total value of loans or investments.

Emissions intensity (physical): Absolute emissions divided by an output value, expressed as tCO_2e/MWh or tCO_2e/tonne product produced.

Energy-efficiency/green buildings: Upgrades and new building financing of buildings that meet or exceed environmental impact and/or energy efficient building standards (e.g., LEED). Financing that includes upgrades that aim to significantly improve energy efficiency and/or install significant onsite renewable energy generation (i.e., photovoltaics/solar electric, solar thermal, or other renewable energy source). Also, financing construction or new building purchase/mortgage for buildings that meet or exceed environmental impact and/or energy-efficient building standards. For more information on criteria, please see Vancity's Guidelines for impact lending, page 4.

Energy use intensity (EUI): Refers to the amount of energy used per square foot annually. It's calculated by dividing the total energy consumed by the building in a year by the total gross floor area.

Financed emissions: Absolute emissions that banks and investors finance through their loans and investments.

Fossil gas: More commonly referred to as natural gas, fossil gas is composed mainly of methane, which is a potent greenhouse gas – about 80 times more potent than carbon dioxide over the short term. Produced largely through hydraulic fracturing (fracking), fossil gas is responsible for around one third of Metro Vancouver's greenhouse gas emissions. Fossil gas can also include renewable natural gas from animal waste, sewage, or crop and food waste, which utilizes methane instead of allowing it to escape into the atmosphere. Current estimates show that just one per cent of BC's fossil gas is derived from renewable sources.

GHG Protocol: A comprehensive global standardized framework to measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions. The GHG Protocol supplies the world's most widely used GHG accounting standards.

Global Industry Classification Standard (GICS): A method for assigning companies to a specific economic sector and industry group that best defines its business operations. It's used widely by investment market participants as an industry analytical framework for investment research and portfolio management.

Green assets: Vancity's total lending in projects, products, or services that reduce the use of natural resources, generate renewable energy, finance the construction or purchase of buildings that meet or exceed acceptable green building standards, improve the energy efficiency of existing buildings, or finance the development of businesses and/or technologies that generate positive environmental benefits.

Greenhouse gases (GHGs): Six gases covered by the United Nations Framework Convention on Climate Change: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).

Indirect emissions: Emissions that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity. Scope 2 and scope 3 emissions cover indirect emissions.

Listed equity: Shares, units, or other financial products listed and traded on an exchange.

Loan origination: The process by which a borrower applies for a new loan, and a lender processes that application.

Motor vehicle loans: Per the PCAF Global GHG Standard, for the purpose of financed emissions reporting this asset class includes on-balance sheet consumer loans and lines of credit used for the specific purpose of financing motor vehicles. Note that personal and business loans/lines of credit may also be used to finance motor vehicles. Vancity is currently unable to track these and, as such, these loans are either excluded (personal) or included under operational business loans.

Net zero: Reducing GHG emissions and investing in solutions that bring the balance of your emissions to net zero. Once reductions have come as close to zero as possible, remaining solutions may include carbon sequestration through forests or other nature-based solutions and/or technologies that sequester (or trap) GHG emissions. Many businesses and governments are setting time-bound targets for net zero (e.g., Vancity is committed to net zero by 2040).

North American Industry Classification System (NAICS): A business classification system that facilitates the comparison of statistics of business activities across North America. Companies are classified and separated into industries defined by the same or similar production processes. For business loans in Vancity's portfolio where we know company revenue, we apply the appropriate emission factor for the sector based on NAICS per unit of revenue (e.g., tCO_2e per dollar revenue earned in a sector).

Off-balance sheet managed client investments: Discretionary and non-discretionary member and client investments, such as mutual funds, stocks, bonds, or cash and cash equivalents, which we manage on their behalf.

On-balance sheet assets: Everything a company owns that is determined to have a future economic benefit, and that is reported on the balance sheet.

Operational business loans: See Business loans.

Operational emissions: The emissions generated by a company's operations, expressed in tonnes of carbon-dioxide equivalent (tCO_2e). At Vancity, operational greenhouse gas emissions include those from premises energy use, paper use, our vehicle fleet, employee business travel by vehicle or air, and employee commuting to and from work in a vehicle.

Partnership for Carbon Accounting Financials (PCAF): An industry-led initiative enabling financial institutions to measure and disclose greenhouse gas (GHG) emissions of loans and investments.

PCAF Global GHG Standard: Open-source methodologies that enable financial institutions to measure the greenhouse gas emissions associated with their loans and investments. The Global GHG Standard provides detailed methodological guidance to measure and disclose GHG emissions by specific asset class.

Project finance: Per the PCAF Global GHG Standard, for the purposes of emissions reporting, this asset class includes loans or equities to projects for specific purposes (i.e., with known use of proceeds as defined by the GHG Protocol) that are on the balance sheet of the financial institution. The financing is designated for a defined activity or set of activities, such as the construction and operation of a wind or solar project, or energy efficiency projects. (Note that construction and installation emissions are currently excluded from Vancity's emissions reporting.)

Refrigerant-related emissions: Greenhouse gas emissions that come from the installation, operation, and disposal of refrigeration and air conditioning systems. Refrigerants add to a building's whole-life carbon emissions if they are allowed to leak out of equipment or pipework into the atmosphere. HFCs are the most commonly used refrigerant gases.

Renewable energy: Renewable electricity or heat derived from natural sources that are naturally replenished on a human timescale and have minimal environmental impacts compared to conventional energy sources. This typically includes solar, wind, water, and geothermal. It does not include fossil fuels.

Residential buildings: Defined according to SBTi's Building typologies covered in the SBTi Buildings Criteria, residential buildings refer to multi- and single-family residential buildings. Residential property used to conduct income-generating activities (e.g., properties that are owned by a business and rented out) are included. We used this definition to establish our 2030 targets for residential buildings.

Residential mortgages: Per the PCAF Global GHG Standard, for the purpose of emissions reporting this asset class includes on-balance sheet loans provided to individual for the specific purpose of purchasing or refinancing residential property. Residential property used to conduct income-generating activities (e.g., properties that are owned by a business and rented out) are included under commercial real estate. Revolving lines of credit including Home Equity Lines of Credit (HELOCs) are excluded.

Retrofit financing: Vancity loans that provide financing to help members switch from fossil gas to electric space heating and hot water heating, or improve other building components such as windows, doors, insulation, air sealing, ventilation, or passive cooling, to improve a building's energy efficiency, lower its overall energy use, and heighten its ability to withstand future climate events. Programs include the Commercial Retrofit Financing pilot, which supports commercial property owners in undertaking deep energy retrofits to make buildings more efficient and resilient. Preferred pricing is granted when there is a minimum reduction of 30 per cent in total greenhouse gas emissions compared to pre-upgrade levels.

Science Based Targets initiative (SBTi): SBTi is a partnership between the Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. Its goal is to drive ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

Scope 1 emissions: Direct emissions that occur from sources owned or controlled by the reporting company (i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.).

Scope 2 emissions: Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.

Scope 3 emissions: All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Upstream emissions are indirect emissions related to suppliers, from the purchased materials that flow into the company to the products and services the company utilizes. Downstream emissions are emissions related to customers, from selling goods and services to their distribution, use, and end-of-life stages. The downstream category also includes investment emissions, known as financed emissions and of particular relevance for financial institutions.

Scope 3, category 15 financed emissions: This category includes scope 3 emissions associated with the reporting company's loans and investments in the reporting year. Note that scope 3, category 15 for Vancity equates to scope 1 and 2 for our members and clients – and scope 3 where methodologies exist.

Small- and medium-sized businesses/enterprises (SMEs): According to Industry Canada, small businesses are businesses with 1 to 99 employees and medium-sized businesses are businesses with 100 to 499 employees.

Net-Zero Banking Alliance Disclosure Checklist, Version 2.

Topic	Section or page
Emissions baseline and annual emissions profile.	
Baseline	Page 33 (emissions baseline) and page 33 (emissions profile of lending and investment activities) per PCAF
Emissions coverage	Page 31 (coverage by asset class: we cover 71 per cent of on-balance sheet lending and 15 per cent of on-balance sheet investments; we do not participate in capital market activities)
Carbon-intensive sectors	Page 11 (real estate is currently the only carbon-intensive sector we materially lend to or invest in)
Emissions profile metrics	Pages 30–41 (we report absolute emissions and economic emissions intensity overall and by asset class; we report sector emissions intensity for real estate – CO_2e per square metre)
Disclosure	Page 31 (scope and boundary) and page 31 (asset class and sector coverage)
Targets.	
Timeline and ambition	Page 11 (Climate Commitments, including net zero by 2040 for all loans) and page 11 (intermediate targets for real estate: commercial service buildings and residential buildings)
Target metrics	Page 11 (real estate specific emissions intensity reduction targets)
Base year	Page 30 (target base year is 2023)
Scenarios	Per the SBTI's Buildings Targets Setting tool v1.0, the scenario used was the CRREM global building sector in-use operational emissions pathway on a square metre basis, 1.5°C scenario
Transparency	Page 6 (base year and target years), page 11 (selected scenarios and methodologies) and page 11 (intermediate targets)

Topic	Section or page
Target coverage.	
Targets coverage	Targets cover 76 per cent of measured scope 1 and 2 financed emissions attributed to lending, and 93 per cent of emissions attributed to carbon-intensive sectors (lending and on-balance sheet investments)
Carbon-intensive sectors	Pages 37–38 and 40 (details and notes on our exposure)
Scope of financial activities	Targets cover lending activities. We do not participate in capital markets arranging and underwriting activities. We do not have relevant investment activities (no material investments in carbon-intensive sectors).
Sector selection	Page 11 (real estate is currently the only carbon-intensive sector we materially lend to or invest in)
Inclusions	We have set targets and made disclosures where data allow, where methodologies exist, and where sector/activity's emissions and/or financial exposures are significant.
Exclusions	Page 31 (exclusion of asset classes and rationale)
Sector definition	We use NAICS to define high-emitting sectors.
Coverage of clients' emissions	Pages 32–41 (varies by asset class and depends on data availability and reliability)
Scope of financial activities	In terms of the dollar value, our building targets cover 65 per cent of on-balance sheet loans and approximately 98 per cent of lending and on-balance sheet investments in high-emitting sectors. In terms of measured emissions, see Financed emissions coverage, page 31.
Automatic inclusion	We don't provide lending for fossil fuel companies and projects, and we do not directly invest in fossil fuel companies.
Phase out policy	Not applicable

Topic	Section or page
Transition plans.	
Transition plans	Pages 12–19 (current transition plan/approach to achieving targets). We plan to disclose a high-level transition plan including planned actions and milestones to meet our refreshed targets within 12 months of publishing this report.
Impact on the real economy	Pages 12–19 (current transition plan/approach to achieving targets including real economy focus)
Other considerations.	
Governance	Our 2030 targets were approved by our executive leadership team and Board of Directors, and incorporated into our business plan.
Review of targets	Page 11 (review of targets)
Revision of targets	Page 11 (adjustment of targets)
Setting new targets	We will set our next intermediate five-year target as we approach 2030.
Assurance	We did not have any assurance on financed emissions or progress on targets in 2024. (We had base year emissions and progress assured in our 2023 Annual Report.)
Carbon credits	Page 10 (approach to offsets)
Implementation timeline	We have applied the Guidelines including setting targets for all or a substantial majority of the carbon-intensive sectors subject to available data and methodologies (in our case, real estate).
Application of Guidelines V2	Our refreshed targets align with Version 2 of the Guidelines.

Vancity

For more information about our performance and to download our full Climate Report, visit **vancity.com/AnnualReport**.

We'd like to hear your thoughts on this year's annual report. Send comments and questions to **accountability@vancity.com**.

Stay connected with us on Instagram **@VancityCU**, TikTok **@Vancity**, X (Twitter) **@vancity**, and Facebook at **facebook.com/vancity**.

Produced by Vancity. Design by worksdesign.com