



Ceres Accelerator
for Sustainable Capital Markets

Executing Sustainable Finance Opportunities: A Guide for Credit Unions

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Ceres Overview

Through our powerful networks of investors, companies, and nonprofits, we **drive action and inspire solutions** throughout the economy to build a just and sustainable future



Company Network



Investor Network



Policy Network (BICEP)



Accelerator



Global Transition to the Low Carbon Economy

The Low Carbon Economy

Economic growth with significantly less negative externalities, like GHG emissions

New, untapped opportunities exist to help governments, companies and individuals, lower emissions and mitigate climate-related physical and transition risks.

The Low Carbon Economy

This transition will require \$275 trillion of spending on everything from clean electricity grids to climate-smart agriculture, leading to an unprecedented boon in climate financing for credit unions to finance

Tipping point has been "tipped"

In 2018, for every \$1 invested in fossil fuels, the same amount was invested in clean energy.

In 2023, for every \$1 invested in fossil fuels, \$1.70 is invested in clean energy.



What is Sustainable Finance?

Credit Unions can generate revenue and help members mitigate climate-related physical and transition risks by engaging in sustainable finance.

Sustainable finance involves:

- Financing climate solutions for members, and
- Providing members with climate finance products.

Climate Solutions

New technologies that reduce the carbon footprint / GHG emissions associated with everyday processes:

- Solar, wind and other renewable residential power sources
- Electric Bikes and Vehicles

Climate Finance Products

New financial products that reduce carbon footprint / GHG emissions and help members achieve their sustainability goals:

- Zero-emission investment and deposit products,
- Zero-emission credit cards,
- Green mortgages.

Size of the prize

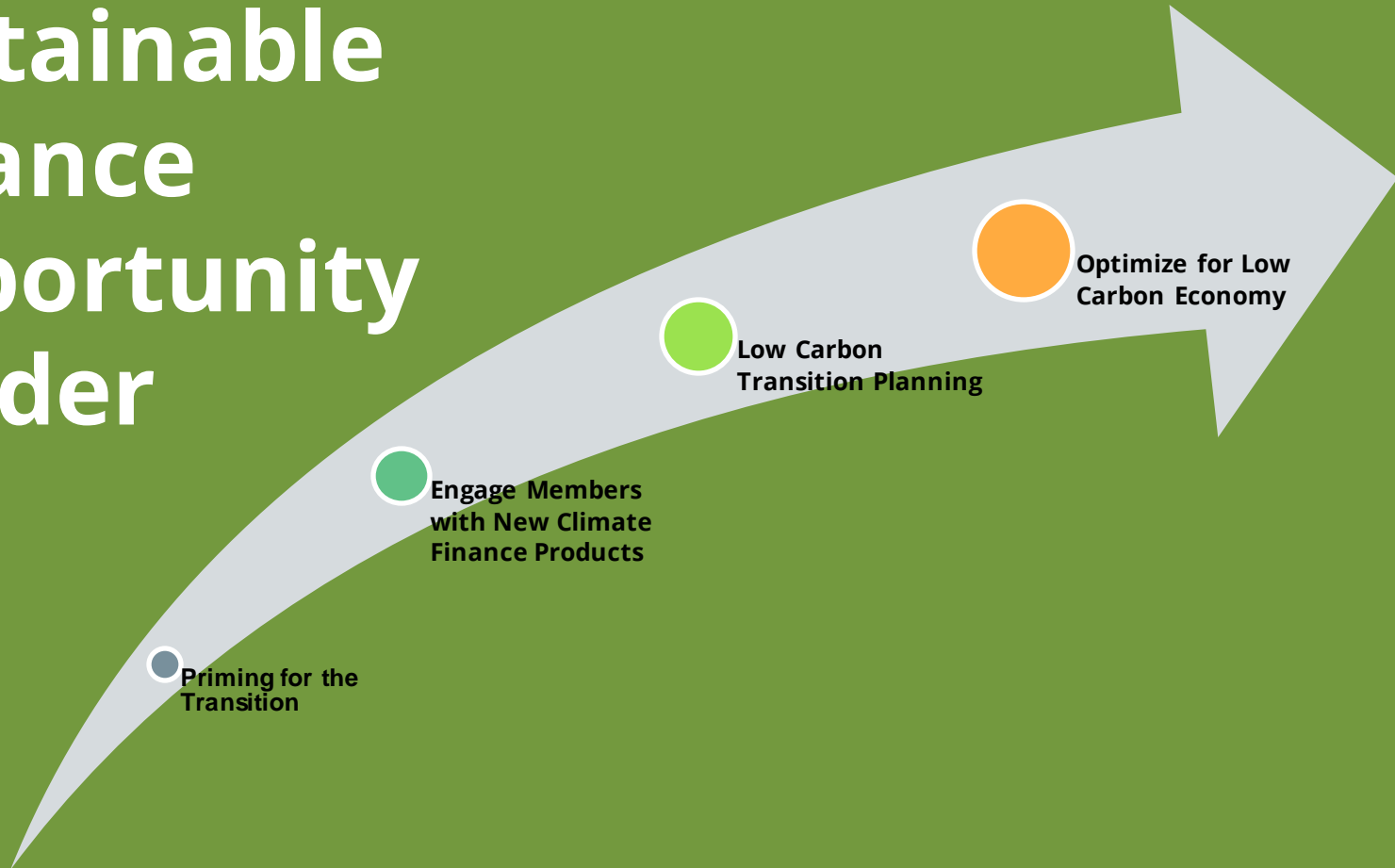
Since the passage of the Inflation Reduction Act, \$270 billion in new U.S. capital investments have been announced in solar, wind, and battery storage projects expected to deliver over 170,000 new jobs.

More than 60% of all U.S. credit unions and at least \$1.2 trillion in credit union assets are at physical risk from climate change



Benefiting from Sustainable Finance...

Sustainable Finance Opportunity Ladder



Priming for the
Transition

Engage Members
with New Climate
Finance Products

Low Carbon
Transition Planning

Optimize for Low
Carbon Economy

Climate risk preparedness in the credit union industry to-date is, by and large, limited.

Priming Your Credit Union for the Transition

Find ways to capitalize on the low-carbon transition while leveraging existing strengths and core competencies

- Develop / acquire in-house sustainability expertise (CSO)
- Lower your credit union's operational emissions
- Understand which members are exposed to transition risk



... Many are making progress.



[Clean Energy Credit Union's](#) loan portfolio focuses on clean energy initiatives



[Clearwater Credit Union](#) measures and reports on their environmental sustainability initiatives.



[United Nations FCU](#) has integrated sustainability into their strategy in alignment with the UN's Sustainable Development Goals.



[Inclusiv's Center for Resiliency and Clean Energy](#) is designed to build a network of credit unions committed to jointly designing and scaling solutions to climate change.

Engage Members with New Climate Finance Products

Heightened fluency with sustainability topics will lead to more meaningful member engagement and the development of new climate finance products:

- EV lending. A recent Goldman Sachs report estimates that EVs will represent half of global car sales by 2035
- Mortgages promoting climate resiliency. Research shows default rates are 34% lower for energy efficient homes, all else being equal.

Example of Existing CU Climate Finance Products

VSECU “VGREEN” PRODUCT SET

VGreen Money Market Account

Invest in the future of energy with this money market that uses 100% of your deposits to invest in renewable and energy efficiency projects like solar.



ITC Loan

VGreen ITC Loans offer low monthly installments during your initial repayment period and flexible principle repayment.



Energy Improvement Loan

Energy Improvement Loans offer longer terms, lower rates and flexibility in financing a variety of energy saving projects.



20 YR Energy Improvement Plan

This option is designed for those looking to finance larger solar, home efficiency, or home energy improvements with fixed rates and an extended term.



Home Energy Loan

The Home Energy Loan is a state-subsidized program for financing home energy projects like weatherization, efficient heating systems and cold climate heat pumps.



Green Vehicle Loan

Extended terms and lower rates are the hallmarks of Green Vehicle Loans which can save money at the pump and on payments for your high efficiency vehicle.



Energy Equity Loan

This Energy Equity Loan allows you to make a variety of energy improvements and upgrades while offering flexibility.



Business Energy Loan

We've partnered with Efficiency Vermont to provide the Business Energy Loan that allows companies to finance energy efficiency upgrades affordably.



Off-Grid Mortgage

If you are looking to “unplug,” our Off Grid Mortgages can provide flexible terms for your primary residence that is not using a traditional power supply.



Source: VSECU. “VGreen Solar Loans and Energy Efficiency.” www.vsecu.com/financial/clean-energy-loans/about.

Other resources to support your efforts...



[Ceres Accelerator for Sustainable Capital Markets](#)

In addition to several reports relevant to stakeholders in financial services, the Ceres Accelerator also provides tools and videos in support of credit unions ready to learn and do more.



[Global Alliance for Banking on Values](#)

Network of financial institutions using finance to deliver sustainable economic, social, and environmental development.



[U.N. Environment Program](#)

Mapping Climate-Related Financial Risk, Assessment Methodologies, methodological tools, guidelines, scenarios, an overview of the regulatory landscape, and developments across climate risk assessment providers.

Low Carbon Economy Transition Planning

Opportunities come from providing financing, products and services in support of member transition plans

- *A transition plan* is a formal strategy that will allow members to update their current business model so that they can thrive in a low-carbon economy
- In 2022, global spending on transition technology totaled \$1.3 trillion dollars (up 19% from 2021 and 70% from 2019)

Federally chartered credit unions worth more than \$141 billion in assets (~6 to 7% of all credit unions) face a high degree of transition risk based on Field of Membership

Optimize Your Credit Union for the Low Carbon Economy

- Here significant commercial opportunities can be realized by optimizing your **policy engagement activities**, supporting **climate resiliency investments for your communities**, and supporting legislation & public investments in the transition to a low carbon economy.

Optimize Your Credit Union for the Low Carbon Economy

Infrastructure your credit union will need:

- Board of directors well versed in sustainability and climate topics (and ideally directors would be selected from companies with credible transition plans already in place)

Parting Thoughts...



The Changing Climate for Credit Unions

Whether seeking to manage risks or take advantage of new opportunities, climate change is a material part of today's commercial landscape.

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Q&A Time



Ceres

Sustainability is the bottom line.



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Biography:

Jim is a subject-matter expert on climate risk management and sustainable finance opportunity identification. He has extensive experience in banking & capital markets and has addressed financial institutions, regulators and public & private sector leaders worldwide on topics at the intersection of finance, risk management and sustainability.

Prior to joining Ceres, Jim worked in the global finance industry as an international banking and capital markets specialist. Most recently, he was head of Citi's London, U.K.-based risk solutions team for Central & Eastern Europe, Russia, the Middle East, Pakistan and Africa. Jim has also advised senior policy makers & private sector leaders in the Caribbean, Central America, Canada, Western Europe and the United States.

Jim is a CFA charter holder and FSA credential holder. He is also a graduate of Harvard Business School's General Manager Program and Harvard Kennedy School's PLC program, which focuses on Moral Leadership and Public Policy Design & Implementation. He is married with two children and lives in Washington D.C.