

CAPTURING OUR CLIMATE IMPACT

PCAF Disclosure and CEI
Operational Emissions
Report



A first step toward a less carbon-intensive economy and a greener future

A DATA-DRIVEN RESPONSE TO THE CLIMATE CRISIS

The most recent report from the [Intergovernmental Panel on Climate Change](#) underlines the severity of the climate crisis we currently face. It is widespread, rapid, and intensifying. As the impacts of climate change accelerate, the need to deploy financial and policy solutions does as well. CEI considers environmental stewardship a core responsibility as a community lender, and we strive to grow green enterprises as an integral part of our mission.

Maine is the U.S.'s most rural state with an economy heavily tied to natural resources. We are particularly connected to the Gulf of Maine, whose waters have been warming at a rate nearly triple that of the world's oceans since the early 1980s. When combined with Maine's notoriously cold winters as well as our volatile energy and fuel costs that disproportionately affect rural residents and people with low incomes, it is clear why supporting the growth of environmentally sustainable enterprises is one of CEI's strategic priorities.

WHAT IS PCAF?

The Partnership for Carbon Accounting Financials (PCAF) is an industry-led initiative of financial institutions who are committed to developing an approach to disclose and reduce greenhouse gas emissions (GHG) from their loans and investment portfolios. PCAF's methodology, The PCAF Global Standard, helps financial institutions assess and disclose financed emissions. The partnership ultimately aims to facilitate the alignment of the financial industry with [The Paris Agreement](#) and reach net zero emissions by 2050.

The CDFI industry is increasingly recognizing the urgency of the climate crisis. Individually and collectively, CDFIs are using their economic development expertise to implement climate-conscious approaches to underwriting, reporting and asset management. The Partnership for Carbon Accounting Financial (PCAF) represents a way for financial institutions to be first movers on transparent climate disclosure practices. CEI, Clearwater Credit Union, and Self-Help were the first CDFIs to join the PCAF initiative in 2019 and helped transfer the knowledge from European financial institutions to a North American cohort. Since then, PCAF has grown to over 250 participating financial institutions that manage over \$71 trillion in assets.

CEI joined PCAF to learn greenhouse gas accounting practices and apply this methodology to our lending portfolio to better understand the carbon, and climate,

impacts of our financing. Most small businesses do not have the capacity or resources to determine their own carbon footprint. PCAF provides financial institutions with the formulas, and data sources, to estimate the emissions of their borrowers using a relatively simple methodology. Additionally, as these businesses look to decarbonize their operations in the future, CDFIs can provide patient capital and business advice that is tailored to local industry.

The movement for financial institutions to disclose their climate impacts has been steadily growing, evidenced most recently by the U.S. SEC proposal in March 2022 for public companies to provide specific climate-related information in their registration statements and annual reports. By disclosing the greenhouse gas emissions that lenders are accountable for through their financing, investors can incorporate this information into their decision making. Further, from a broader portfolio perspective, lenders can identify sectors where targeted financial products or technical assistance could encourage business owners and project developers to incorporate plans for greenhouse gas emission reductions into their business practices.

"THIS DISCLOSURE ESTABLISHES A BASELINE FOR US TO UNDERSTAND OUR PORTFOLIO AND MAINE'S SMALL BUSINESS ECONOMY, AND HOW WE INTERSECT WITH BOTH AS WE DEEPEN OUR MISSION IMPACT IN ADDRESSING THE CLIMATE CRISIS. IT'S AN OPPORTUNITY TO HOLD OURSELVES AND ALL LENDERS ACCOUNTABLE FOR OUR INVESTMENTS AND, TOGETHER, MOVE TOWARDS A LOW-CARBON FUTURE."

- Keith Bisson, President, CEI

CEI FYE20 TOTAL LOAN PORTFOLIO EMISSIONS

AVERAGE EMISSIONS
INTENSITY

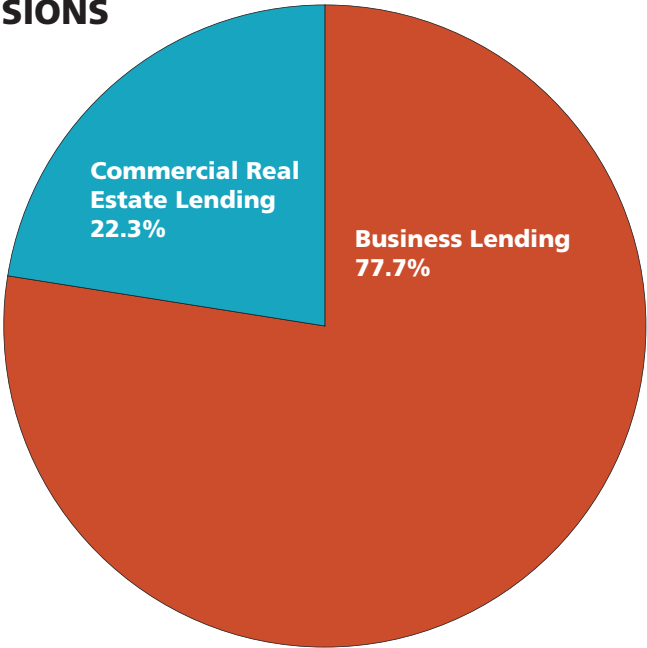
275.44

tons CO₂e per \$1MM

TOTAL SCOPE 1 + SCOPE 2
Financed Emissions

12,641.23

tons CO₂e



2,724



 = emissions from 10
gas-powered vehicles

or the greenhouse gas
emissions avoided by

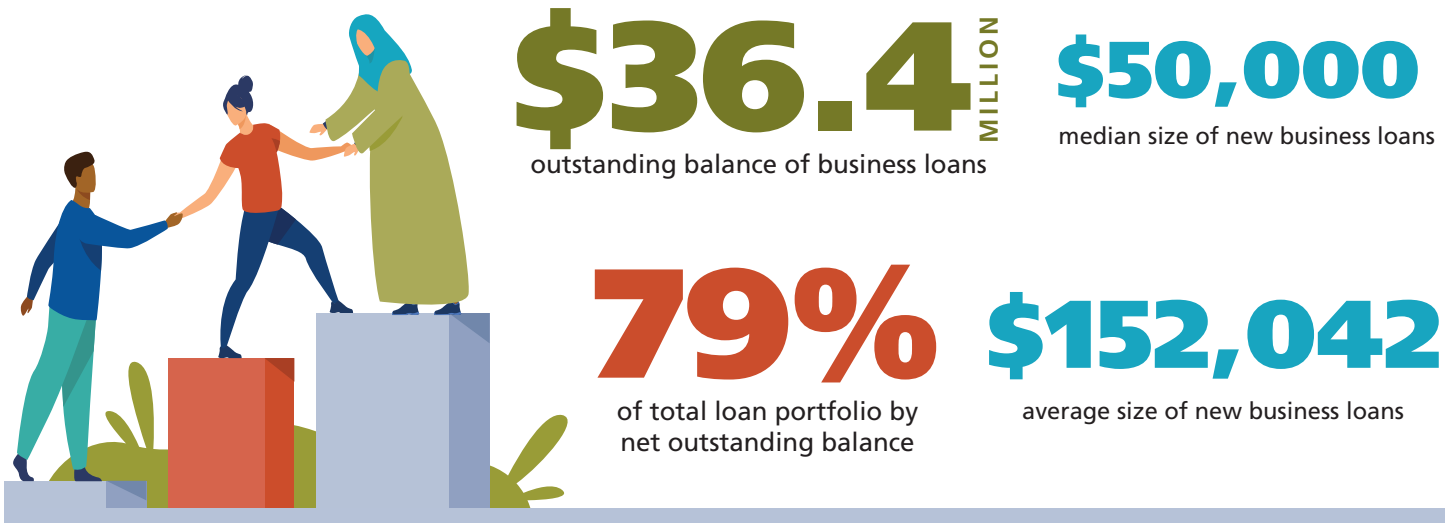
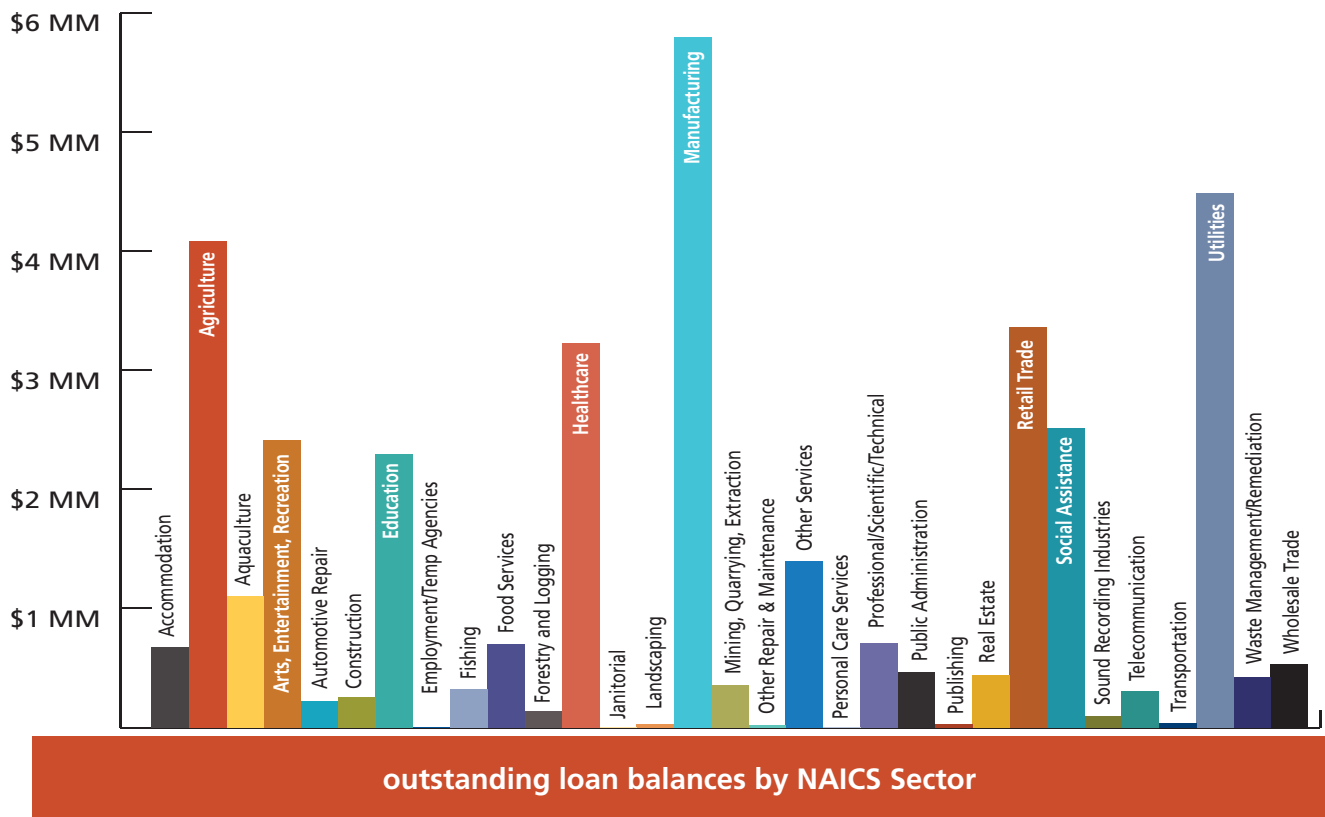
3.4

wind turbines
running for a year



per www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

CEI 2020 FYE PORTFOLIO - BUSINESS LENDING



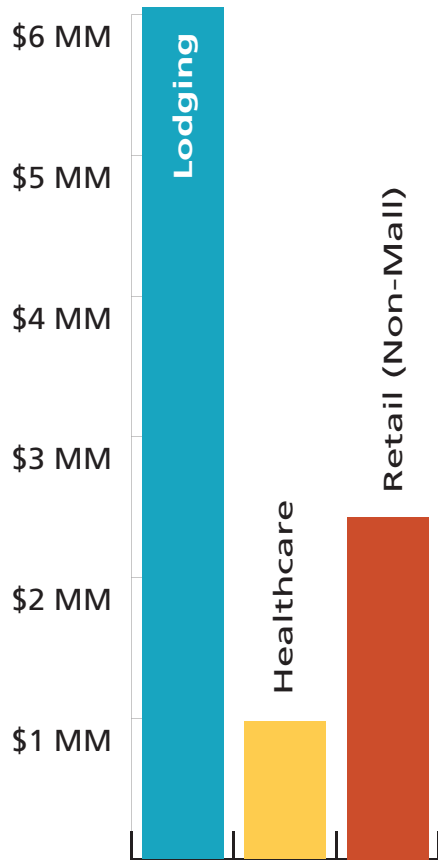
**CEI FY 2020
Business Loan
Portfolio
Emissions**

9,822.45
tons CO₂e

269.55 tons CO₂e per \$1MM

**Scope 1 + Scope 2
Financed Emissions**

CEI 2020 FYE PORTFOLIO - COMMERCIAL REAL ESTATE (CRE)



outstanding loan balances
by PCAF Sector

NOTE: Lodging includes hotels/
B&B/travel rentals as well as
apartments, senior housing and
mixed-used properties.

\$9.45

MILLION

outstanding balance of CRE loans

21%

of total loan portfolio by
net outstanding balance

\$126,250

median size of new CRE loans

\$270,782

average size of new CRE loans



CEI FY 2020
CRE Loan
Portfolio
Emissions

2,818.77

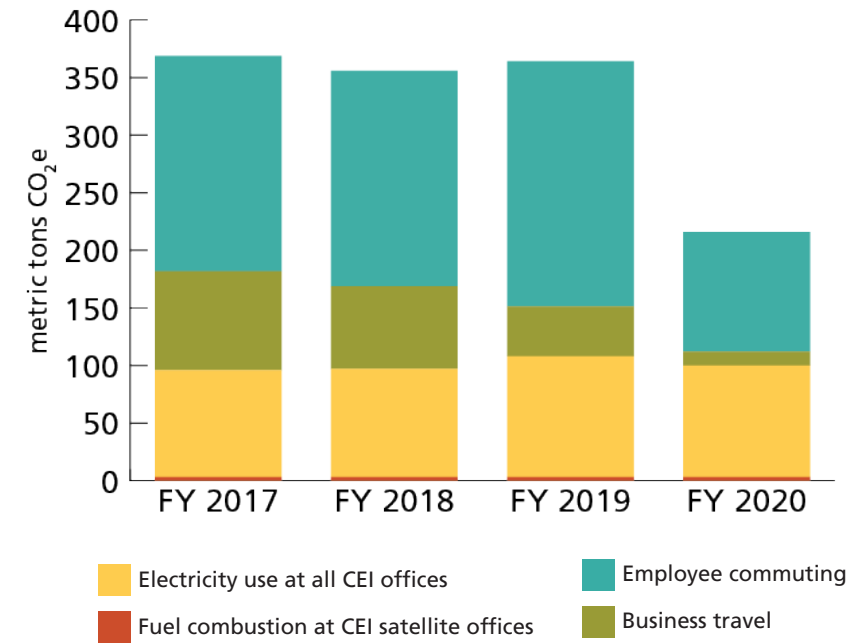
Scope 1 + Scope 2
Financed Emissions

tons CO₂e

298.15 tons CO₂e per \$1MM

CEI OPERATIONAL EMISSIONS

CEI has completed an annual assessment of its operational emissions since 2017. These assessments provide a baseline of CEI’s environmental impact that can be used to set goals for improvement and benchmark future progress. This project helps CEI reaffirm its commitment to promoting a green economy and set an example by documenting its status as an environmentally responsible organization.



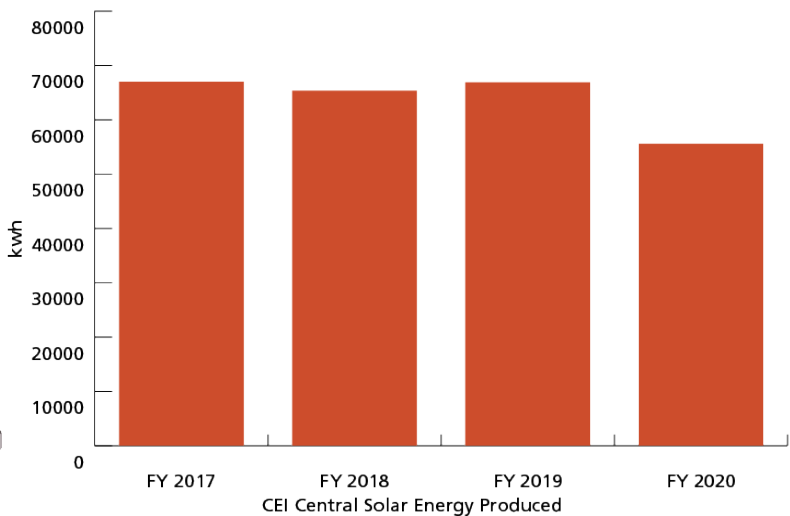
The framework for the assessment is based on the World Resources Institute “GHG Protocol Corporate Accounting and Reporting Standard” as well as the Environmental Protection Agency “Guide to Greenhouse Gas Management for Small Business and Low Emitters.”

The greenhouse gas emissions assessment of CEI includes: fuel combustion at CEI satellite office locations (scope 1), electricity consumption at CEI central in Brunswick and the satellite offices (scope 2), and business travel, employee commuting (scope 3).

Note: CEI currently holds a number of residential rental properties under the CEI Housing subsidiary with energy usage that would typically be counted as Scope 3 emissions. However, as the organization is in process of divesting this portfolio, we have removed them from this chart for clarity.

CEI DIRECT SOLAR ENERGY GENERATION

In addition to the approximately 38,000,000 kWh of solar energy generated annually by its loan portfolio, CEI directly supports solar energy generation via a solar array installed on its headquarters in Brunswick, Maine.



NOTE: While the power generated by the solar panels adds renewable energy to the grid and helps CEI reduce its energy costs, CEI cannot claim it is using solar energy because the organization does not purchase the renewable energy certificates (RECs) associated with the power.

REDEFINING CLIMATE LEADERSHIP: LOOKING TO THE FUTURE



This disclosure is CEI's first assessment of the greenhouse gas emissions associated with its lending portfolio and represents our commitment to supporting climate-smart lending practices in the financial industry. As we move beyond this first disclosure, we will continue to push for climate transparency in our industry and support the institutions and people who move this work forward.

As we gain a greater understanding of the carbon impact of our borrowers, we can serve as catalysts for a transition away from fossil fuels and other carbon-intensive sectors. The measurement of our portfolio emissions is the first step to being able to manage them. Additionally,

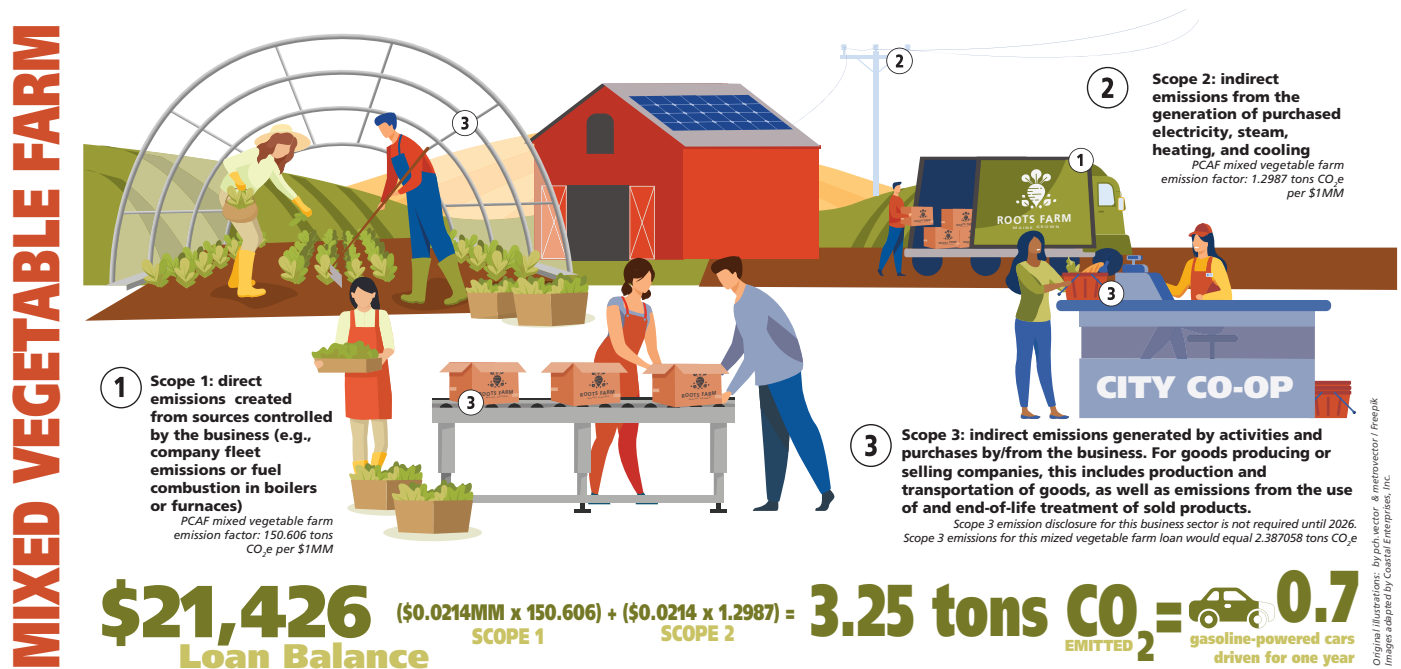
as the impact investment movement gains momentum, CDFI investors, such as large institutional banks, will expect CDFIs to comply with these new standards of environmentally responsible investing. CDFIs can be leaders, demonstrating to our investors that community development lenders are first-movers on climate-positive investment and disclosure practices.

Our PCAF disclosure represents just one way that CEI is committed to the push for a low-carbon future. We have set a baseline from which we can better understand the impact of our investments and we will continue to advance and evolve our climate-conscious lending practices.

APPENDIX A - PORTFOLIO EMISSIONS METHODOLOGY

In a perfect world, all lenders would have access to specific, accurate, and recent data about their portfolios' emissions, with independent third-party analysis conducted for each financed borrower in the portfolio.

In the absence of such detailed information, CEI has used proxies, or approximations, of GHG emissions using data provided by PCAF based on asset class and geography. PCAF "scores" the emission calculations from 1-5 according to the data source available to calculate the financed emissions. Data Score 1 represents the highest data quality and is achieved if the borrower/investee calculates their GHG emissions using a methodology in line with the GHG Protocol. Data Scores 2-5 rely on proxies in the absence of independently calculated company data. CEI's emissions calculations correspond to Data Scores 4 & 5.



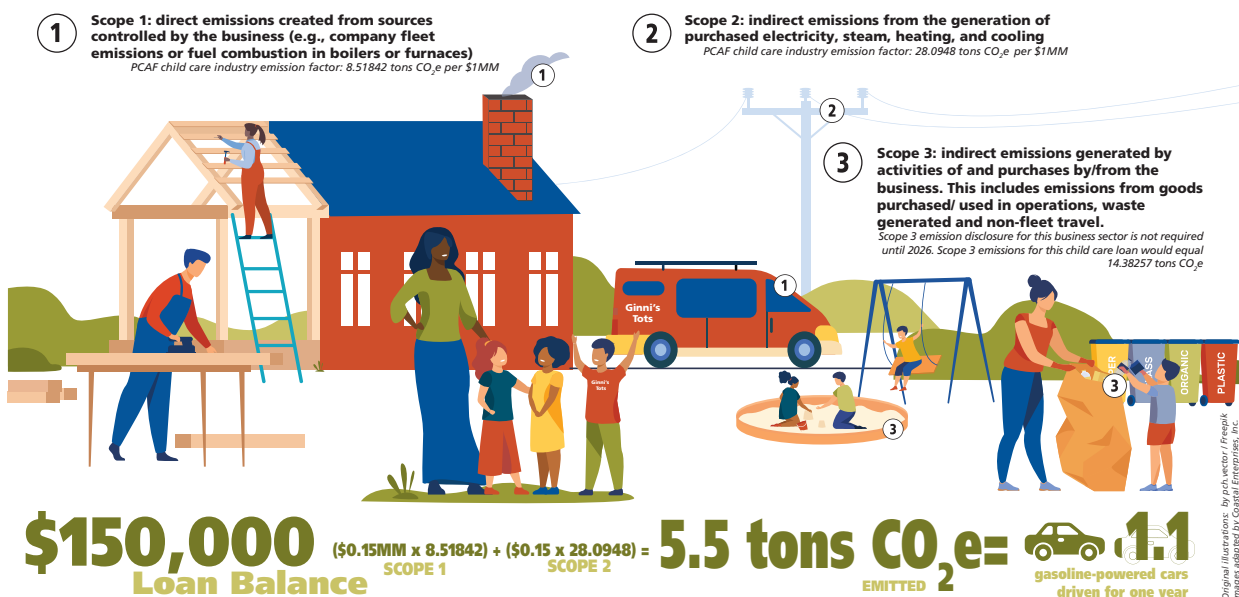
CEI's portfolio (this disclosure includes the CEI parent portfolio only), is comprised of two main asset classes located predominately in Maine, with a limited number of financings in six other states (NH, MA, OR, VT, WI, WV):

- 1. Business loans and unlisted equity:** Loans, lines of credit, and equity investments used for general corporate purposes.
- 2. Commercial real estate (CRE):** Loans and investments for the purchase or refinance of commercial real estate (CRE).

The included infographics walk through the greenhouse gas emissions calculation for two of CEI's portfolio companies – a child care center and a mixed vegetable farm in Maine.

These emissions are calculated using the PCAF methodology and rely on emission estimations based on the borrower's business sector (NAICS code). The total CO_{2e} emissions attributed to the financing of these companies are typical for CEI small business portfolio, where two thirds of CEI's deals result in less than 5 tons of CO_{2e}.

CHILD CARE CENTER



For the asset classes and sectors in CEI's portfolio, CEI is not required to disclose Scope 3 this fiscal year. CEI has calculated Scope 3 emissions for its business loan portfolio based on currently available data, which is included in Appendix B.

APPENDIX B: CEI BUSINESS LOAN PORTFOLIO DETAIL - FYE 2020

NAICS Sector	Outstanding Loan Amount	Scope 1 + Scope 2 Emissions (tons of CO ₂ e)	Scope 3 Emissions (tons of CO ₂ e)*
Accommodation	\$675,377.23	8.927801473	67.340175160225
Agriculture	\$4,083,246.77	6526.201308	849.445422033760
Aquaculture	\$1,107,778.02	136.3565305	240.023371371420
Arts, Entertainment, Recreation	\$2,417,407.71	69.90096419	151.776299327172
Automotive Repair & Maintenance	\$221,314.53	8.804332854	10.614377647518
Construction	\$256,242.25	24.45896337	172.177623769250
Education	\$2,300,053.31	52.09052819	114.462496711453
Employment/ Temp Agencies	\$1,339.83	0.023702289	0.084128327649
Fishing	\$320,740.39	39.47997341	69.495141041690
Food Services	\$698,653.22	9.235486435	69.660965933150
Forestry and Logging	\$135,145.04	19.95068274	24.441250774080
Healthcare	\$3,225,690.33	118.1029097	309.291446463654
Janitorial	\$403.62	0.007140248	0.025343420886
Landscaping	\$28,722.96	0.508124098	1.803523275288
Manufacturing	\$5,795,684.25	947.5014382	2177.511930739490
Mining, Quarrying, Extraction	\$352,622.54	324.6810332	71.109156171320
Other Repair and Maintenance	\$22,435.22	1.620842388	5.749516513560
Other Services	\$1,399,528.45	53.6344337	115.619625299620
Personal Care Services	\$526.16	0.015257367	0.033239210912
Professional, Scientific, Technical	\$707,408.47	16.75044724	59.696706727445
Public Administration	\$464,751.18	21.80649717	74.551666286160
Publishing	\$29,037.57	0.807418671	2.882687339208
Real Estate	\$440,633.26	4.428575767	6.724195737578
Retail Trade	\$3,360,146.50	85.67802172	45.142483987160
Social Assistance	\$2,512,319.39	91.98410254	240.890729926882
Sound Recording Industries	\$96,611.99	4.994144277	6.309709744502
Telecommunication	\$306,457.93	1.703943356	8.588973820938
Transportation	\$38,166.70	0.141581969	4.676222250700
Utilities	\$4,487,289.39	1019.845692	73.149094025005
Waste Management/ Remediation	\$422,954.73	220.7590262	60.246940605390
Wholesale Trade	\$531,654.05	12.05096763	19.321265154290
TOTAL	\$36,440,342.99	9,822.4518	5,052.8457

APPENDIX C: CEI COMMERCIAL REAL ESTATE PORTFOLIO DETAIL - FYE 2020

PCAF Sector	Outstanding Loan Amount	Scope 1 + Scope 2 Emissions (tons of CO₂e)	Scope 3 Emissions (tons of CO₂e)*
Healthcare	\$976,835.28	225.2249591	N/A
Lodging	\$6,049,656.95	2518.341924	N/A
Retail (other than mall)	\$2,427,823.51	75.20721159	N/A
TOTAL	\$9,454,315.749	2818.774095	N/A

REPORT CREDITS:

PCAF Portfolio Data: Linnea Patterson, CEI Environmental Lending Specialist & Lizzy Kaplan, CEI Environmental Lending Intern

CEI Operational Emissions Data: Lizzy Kaplan, CEI Environmental Lending Intern

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