beneficial state bank

Climate Action
&
Sustainability Report
2018

Prepared by

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A DIVISION OF
BLUE STRIKE ENVIRONMENTAL

Climate Action & Sustainability Report 2018

1. Executive Summary

Beneficial State is a state-chartered, federally regulated, for-profit banking organization whose economic interest is owned entirely by a non-profit foundation of the same name. Founded in 2007, Beneficial State Bank operates from a triple-bottom-line perspective that allows it to place importance on its social justice, environmental resilience, and economic sustainability, while meeting the needs of its communities.

Beneficial State is mandated to produce meaningful social justice and environmental benefits in an economically sustainable manner. To support this mission, Beneficial State Bank conducts a yearly greenhouse gas (GHG) inventory and implements actions to reduce GHG emissions. Beneficial State Bank also has ongoing initiatives to reduce environmental impacts in areas of energy, waste, and transportation, which are detailed in this report.

This 2018 Beneficial State Bank Climate Action and Sustainability Report provides current figures for GHG emissions, updated trending, a summary of measures implemented, and an overview of current initiatives.

Some highlights of the report include:

- Total GHG emissions in 2018 were 761 metric tons of carbon dioxide equivalent (MT CO_2e). This represents a decrease of 3.1% from 2017 emissions, while over the same period the number of employees increased by 13%.
- Emissions per full-time employee (FTE) decreased from 3.6 to 3.1 MT CO_2e/FTE in 2018.
- The Oakland branch reduced its carbon footprint from 110 MT CO2e in 2017 to 77 MT CO2e in 2018, a reduction of over 42%
- The Downtown Portland branch reduced its carbon footprint from 88 MT CO2e in 2017 to 49 MT CO2e in 2018, a reduction of over 44%
- The Los Angeles branch reduced its Carbon Intensity (emissions per FTE) from 6.9 MT CO2e/FTE in 2017 to 3.8 MT CO2e/FTE in 2018, a reduction of almost 45%
- The Visalia branch reduced its carbon intensity from 8.0 MT CO2e in 2017 to 3.6 MT CO2e in 2018, a reduction of 55%
- The largest contributor to emissions was employee commute, which made up 35% of BSB's emissions in 2018. There were 197 responses to the employee commute survey (out of 245 FTEs in 2018), for a response rate of 80%.
- The second-largest source of emissions was building electricity use (30%), followed by business travel (15%), natural gas use (7.6%), waste (6.7%), and paper (5.8%). Shipping comprised 2% of total emissions, and less than 1% of total emissions came from water use.

Section 3 provides a graphical summary of the 2018 GHG emissions, both total and normalized per full-time employee (FTE), as well as a breakdown by source for each location and year-over-year results.

2. Background

To reduce environmental harm, a business must first evaluate its sources of impact. Of particular importance today is the burning of fossil fuels, which emit greenhouse gases into the atmosphere, hastening anthropogenic climate change. The task of creating a carbon neutral business begins with a greenhouse gas (GHG) inventory, which sets the stage for determining and implementing actions to reduce emissions. A GHG inventory determines an organization's direct and indirect emissions so that opportunities for emission reductions can be prioritized.

Not all GHG emissions related to an organization are under the direct financial or operational control of that organization, and therefore care must be taken to draw an appropriate organization boundary for the GHG inventory. Sources of GHG emissions are separated into a uniformly recognized categorization of emission 'Scopes':

- Scope 1: Direct, on-site burning of fossil fuels, such as natural gas consumption.
- Scope 2: Emissions from purchased electricity.
- Scope 3: Indirect emissions over which Beneficial State Bank may have limited control, such as employee commutes, paper purchases, or air travel.

Scope 1 and 2 emissions are under the bank's operational control and have a direct impact on operating costs. For this reason, many businesses find it more important to focus on reducing these emissions rather than Scope 3 emissions. In some areas, such as purchased paper and air travel, reducing Scope 3 emissions can also reduce operating costs. In other areas, such as employee commutes, there may be no impact on operating costs, but emissions are a significant percent of overall impact, and thus should be included. The Beneficial State Bank GHG inventory covers all Scope 1 and 2 emissions and several Scope 3 emissions categories, including business travel, employee commutes, purchased paper, water usage, waste, and shipping. The GHG inventory includes the following Beneficial State Bank locations, including the Beneficial State Foundation office in Oakland:

Oakland, CA
1438 Webster Street, Suite 100, Oakland, CA 94612
Phone: 888.326.2265 | Fax: 510.550.8440

Bakersfield, CA
3401 Pacheco Rd, Suite A, Bakersfield, CA 93313
Phone: (661) 323-2707 | Fax: (661) 833-1064

East Los Angeles, CA
3626 East First St, Los Angeles, CA 90063
Phone: 323- 264-3310 | Fax: 323- 264-8057

Fresno, CA
170 West Shaw Avenue, Fresno, CA 93704
Phone: 559-271-4733 | Fax: 559-229-2319

Modesto, CA
4623 McHenry Ave, Suite C, Modesto, CA 95356-9521
Phone: (209) 667-9226 | Fax: (209) 526-5652

North Hollywood, CA
13131 Sherman Way, North Hollywood, CA 91605-4646
Phone: 818- 853-8100 | Fax: 818- 287-0340

Portland, OR (Downtown)
1101 SW Washington St., Portland, OR 97205
Phone: 888-326-2265 | Fax: 503.827.5003

Portland, OR (Beaumont)
4020B NE Fremont St., Portland, OR 97212
Phone: 503.445.8720

Portland, OR (MLK)
2002 NE MLK Jr. Blvd., Portland, OR
97212 Phone: 503.287.7537

Portland, OR (Rose City)
5636 NE Sandy Blvd., Portland, OR
97213 Phone: 503.445.8700

Portland, OR (Pearl)
320 NW 10th Ave., Portland, OR 97213
Phone: 503.445.2150

Portland, OR (St. Johns)
8040 N. Lombard St., Portland, OR
97203 Phone: 503.285.9966

Sacramento, CA
980 9th Street, Suite 2080, Sacramento, CA 95814
Phone: 888.326.2265 | Fax 916-273-1977

Santa Rosa, CA
1309 College Ave, Suite 200, Santa Rosa, CA 95404
Phone: 888.326.2265 | Fax 510-433-8269

Porterville, CA
268 North Main Street, Porterville, CA 93257
Phone: 559-784-1780 | Fax: 559-784-5971

Visalia, CA
4025 West Caldwell Avenue, Suite E, Visalia, CA
93277 Phone: 559-734-5866 | Fax: 559-627-2047

Seattle, WA
2720 Third Ave., Suite 1, Seattle, WA 98121
Phone: 888-326-2265 | Fax:206.241.9916

Data sources

The Beneficial State Bank GHG inventory used utility data from 2018, expense reports, a short work and commute travel survey, and headcount numbers (for the full year, accounting for employees who departed before year-end). For some emission sources, results were scaled up from the 2017 inventory based on the change in employees at each branch. The methodology is based on widely accepted GHG accounting standards (see Appendix A: GHG Inventory Methodology).

Growth at Beneficial State Bank

Since the bank's founding in 2007, BSB has experienced considerable growth. In December 2010, it acquired ShoreBank Pacific. The merger greatly expanded the Bank's reach on the West Coast, and enhanced its capacity to serve its mission. ShoreBank Pacific, a pioneer of environmentally sustainable banking, serves both Washington and Oregon. The joint forces produced an enlarged footprint covering a bio-regional territory some call the Salmon Nation and united the synergies of social justice and ecological banking. A few years later in October 2013, Beneficial State Bancorp completed a stock purchase transaction of 90% of Albina Community Bank, bringing a Portland-based community bank that has been investing in individuals, families, businesses, and local neighborhoods for over 17 years into their family.

In July of 2016, Beneficial State Bank completed their acquisition of Pan American Bank (PAB). Pan American Bank, which in August 2015 merged with Finance and Thrift Company, has a long history of serving under-represented and under-served consumers and small businesses. Pan American Bank, co-founded by Romana Acosta Banuelos, the first Latina Treasurer of the United States, was established in 1964. Finance and Thrift, founded by a group of ranchers and farmers to make small loans to their workers, was established in 1925. Pan American is focused on transforming and empowering the community and is nationally recognized as a leading community bank, based on its advocacy-based style of banking. The Bank maintains a fully-bilingual staff (English/Spanish) ready to meet the needs of its customers and is active in the communities it serves through financial literacy education programs to local elementary, middle, and high schools, as well as through non-profits and faith-based organizations.

In 2018, Beneficial State Bank and Albina Bank formally merged, adding five new branches under the Beneficial State banner. These branches, all located in Portland, are the Beaumont, MLK, Rose City, Pearl, and St. Johns branches. These branches have not been included in past inventories, but have been included here and will continue to be included in all future inventories. Overall, the bank has grown from four branches in 2011 to 17 branches in 2018, and from 48 FTEs in 2011 to 245 FTEs in 2018.

3. Greenhouse Gas Inventory Results

Total GHG emissions for 2018 were 761 MT CO_2e. Figure 1 below breaks down total emissions by source, and Figure 2 breaks down carbon intensity by branch.

BSB's 2018 GHG emissions by source

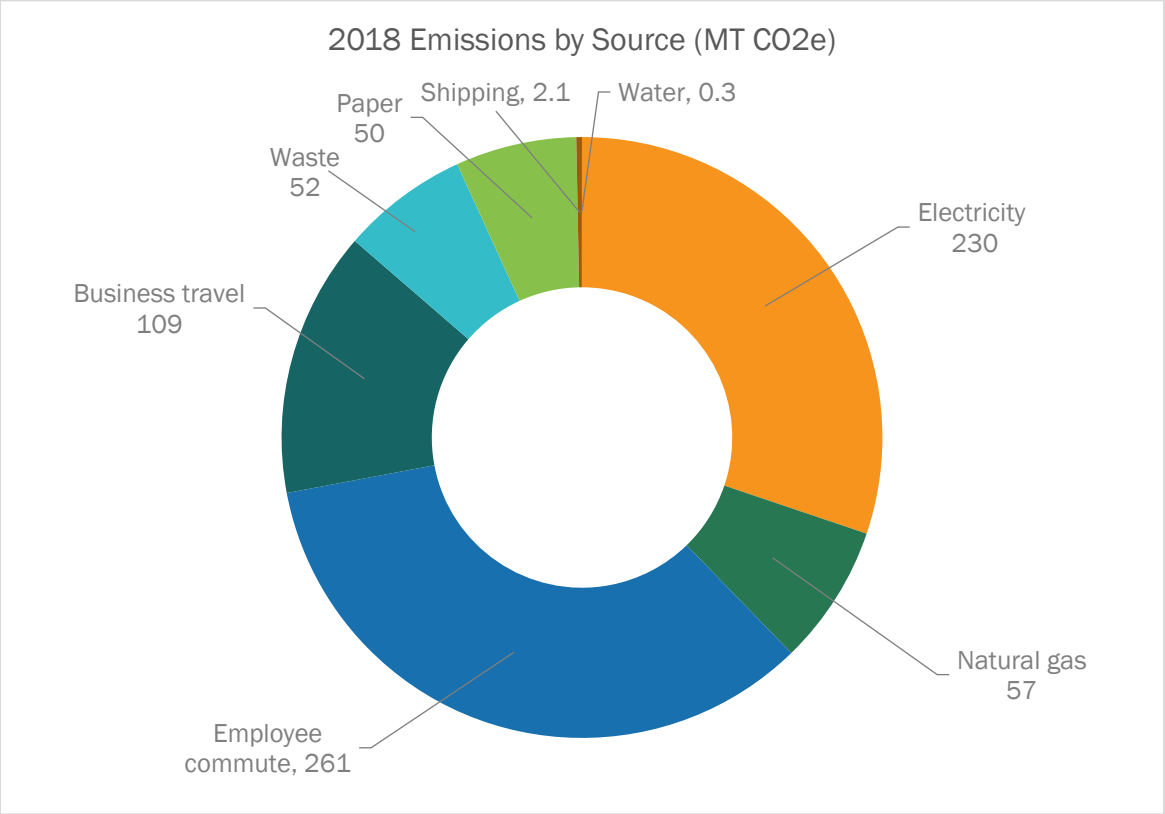


Figure 1. GHG inventory by emission source.

Figure 1 shows that employee commute (261 MT CO2e) and building electricity use (230 MT CO2e) are the leading sources of emissions, which has been the case since 2011 (the year of the bank's first GHG inventory). However, the share of emissions attributed to employee commute has declined steadily throughout the years, from 57% in 2013 to 37% in 2015, to 35% in 2018. The reduction in share has been due to a steady reduction in commuter emissions over the years thanks to past measures taken by the bank.

See Figure 4 for a breakdown of emissions sources broken down by branch (note: color-coding for emissions source is the same for both charts).

BSB's 2018 Carbon Intensity per Branch

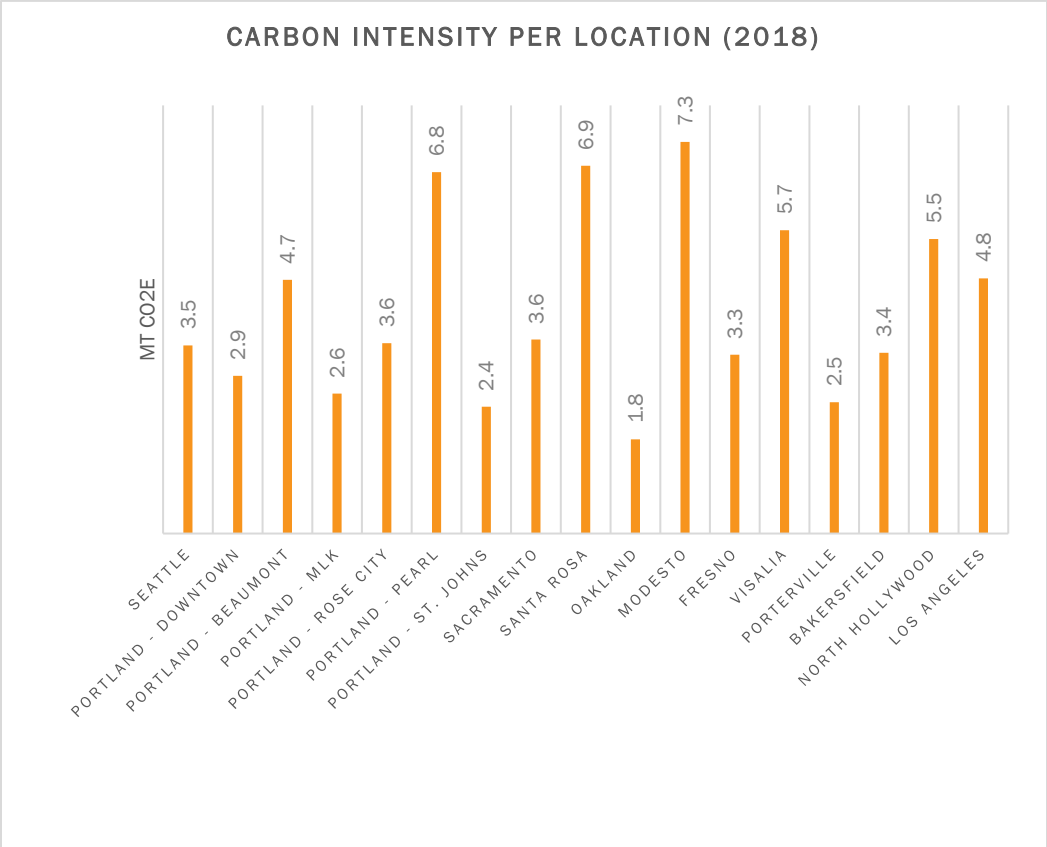


Figure 2. Carbon Intensity per Location

Figure 2 shows the bank's 2018 emissions broken down by branch. The Modesto branch had the highest carbon intensity at 7.3 MT CO2e per FTE, followed by the Santa Rosa (6.9) and Portland – Pearl (6.8) branches. Between 2017 and 2018, total emissions decreased from 786 to 761 MT CO2e, and total emissions per FTE decreased from 3.6 to 3.1 MT CO2e despite adding five new branches.

Total 2018 Emission by Branch (MT CO2e)

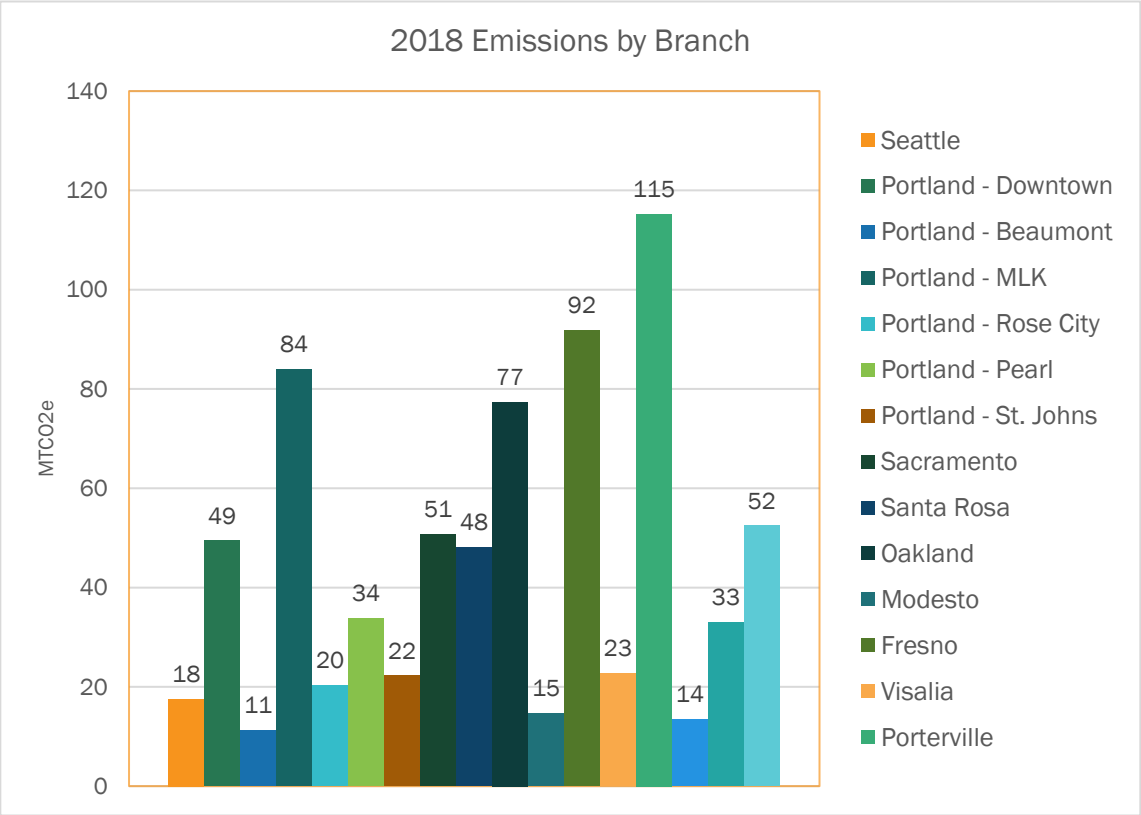


Figure 3. .2018 GHG emissions by branch.

Figure 3 breaks down total 2018 emission at the branch level. Porterville had the highest total emissions for 2018 (115), followed by Fresno (92) and the Portland – MLK branch. This is due in part to the size of the branches, which means more FTEs and higher building energy use (Porterville has the second-highest number of FTEs at 47, and Portland – MLK has the third-highest at 32). Employee commute options likely also plays a part (Oakland, which has more commute options for employees, has the highest FTE count at 51 but the fourth-highest emissions total).

Total 2018 Emissions by Source and Region (MT CO2e)

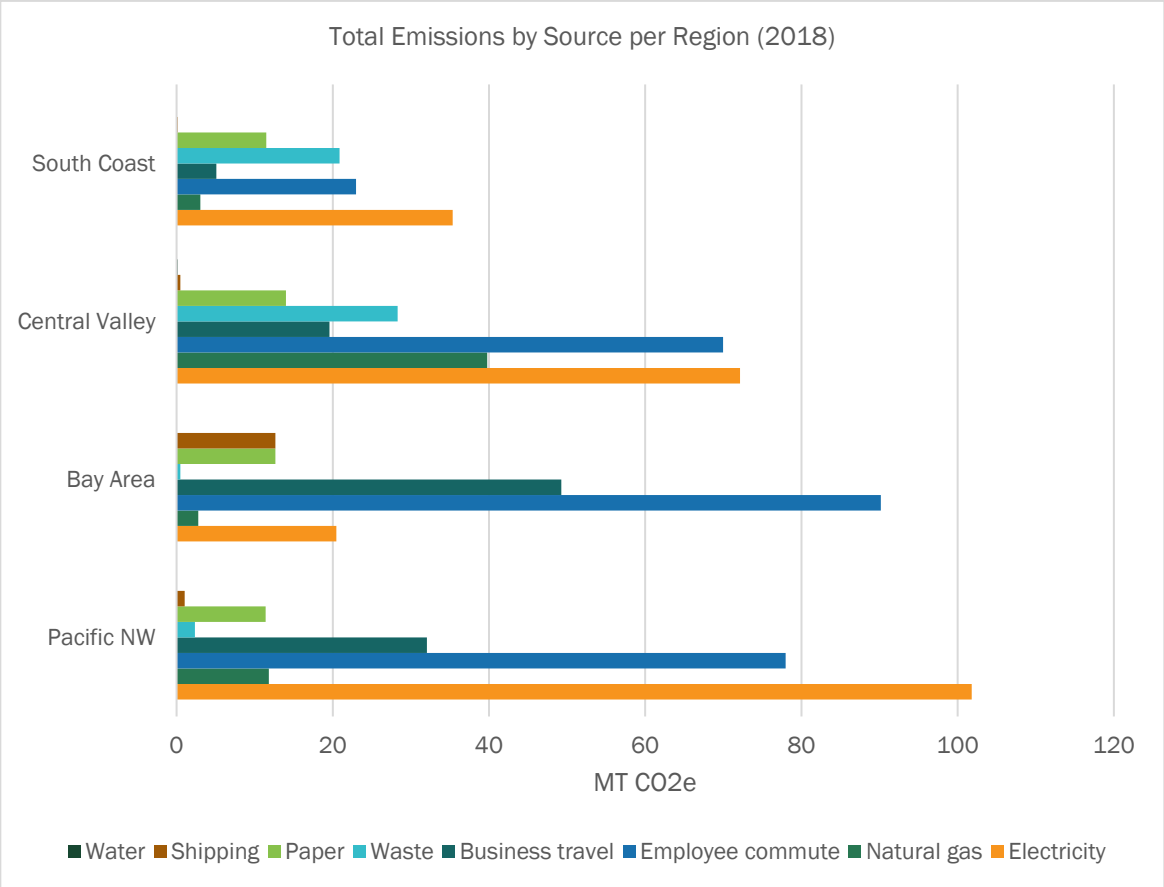


Figure 4. BSB 2018 emissions by source and region.

Figure 4 displays 2018 emission broken down by region and source. The Central Valley and Pacific NW regions had the highest total emissions for 2018 (244 and 238 MT CO2e, respectively). For the Pacific NW, higher shares of emissions came from electricity use and employee commute, while the Central Valley had a broader dispersion with higher emissions from business travel and waste. This breakdown is helpful for targeting specific emissions sources at the regional level.

Total Growth in FTEs (2011 – 2018)

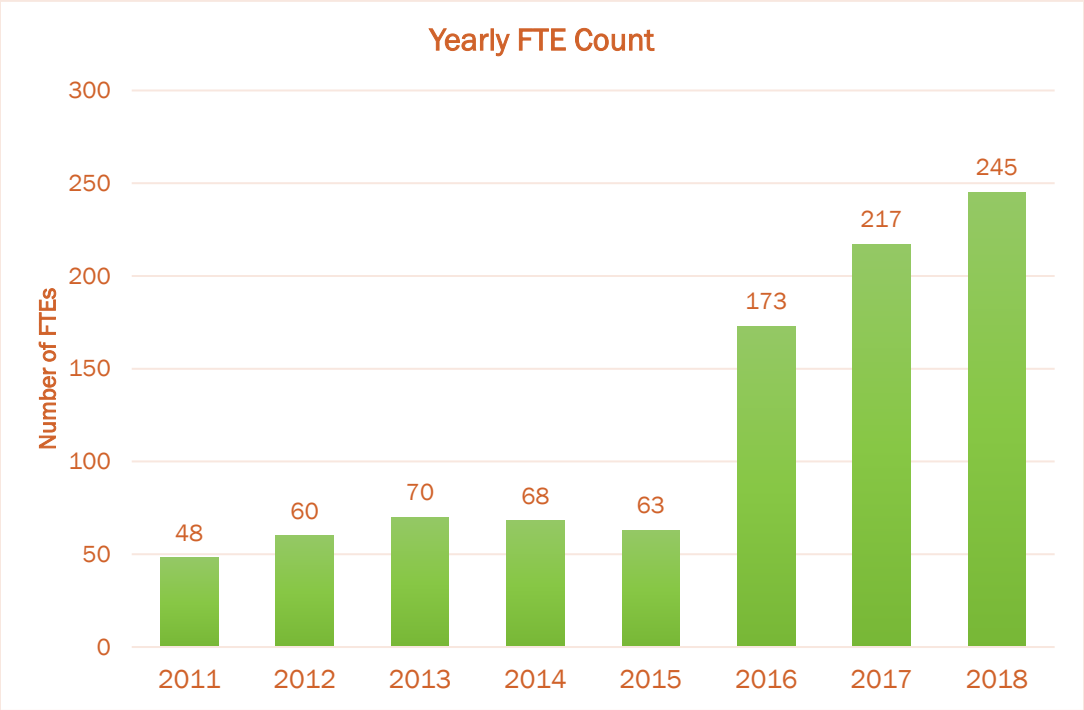


Figure 5. BSB FTE Count (2011- -2018)

Figures 5 and shows the growth of Beneficial State Bank as measures by number of FTEs. Since 2011, the bank has grown from 4 to 17 branches, and from 48 to 245 FTEs. (Note: the methodology for calculating branch-level and total headcount entails taking an average of beginning-year and end-of-year headcounts)

Per-FTE GHG emissions by Source and Region (2018)

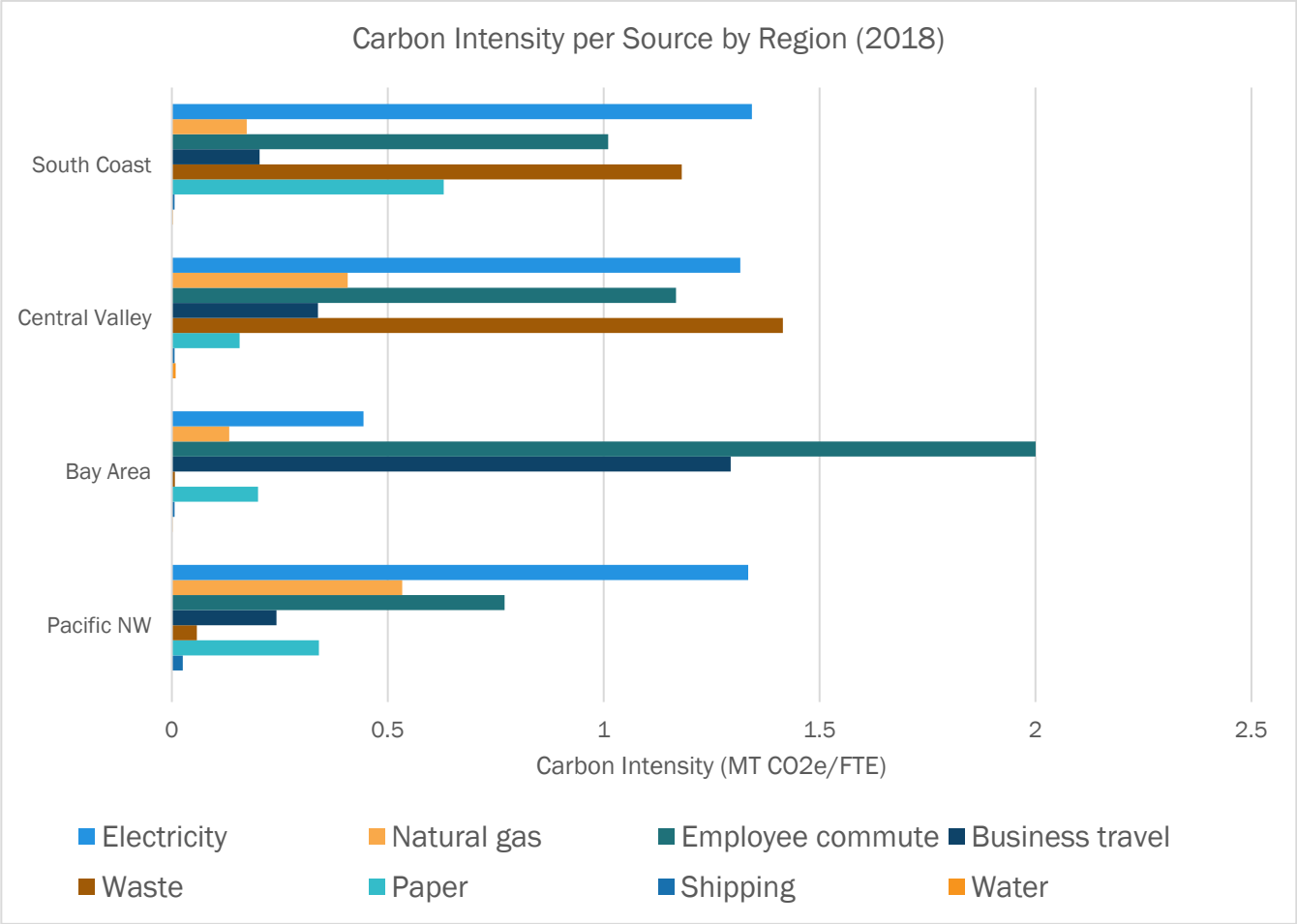


Figure 6. Carbon Intensity per source, per region.

Figure 6 displays average carbon intensity for each region, broken down by emissions source. The Central Valley region had the highest average carbon intensity at 4.8, followed by the South Coast at 4.5, the Bay Area at 4.1, and the Pacific NW at 3.3. The highest average CI for both the Central Valley and South Coast regions came from waste, followed by electricity and business commute.

Total Yearly Emissions by Source (2016–2018)

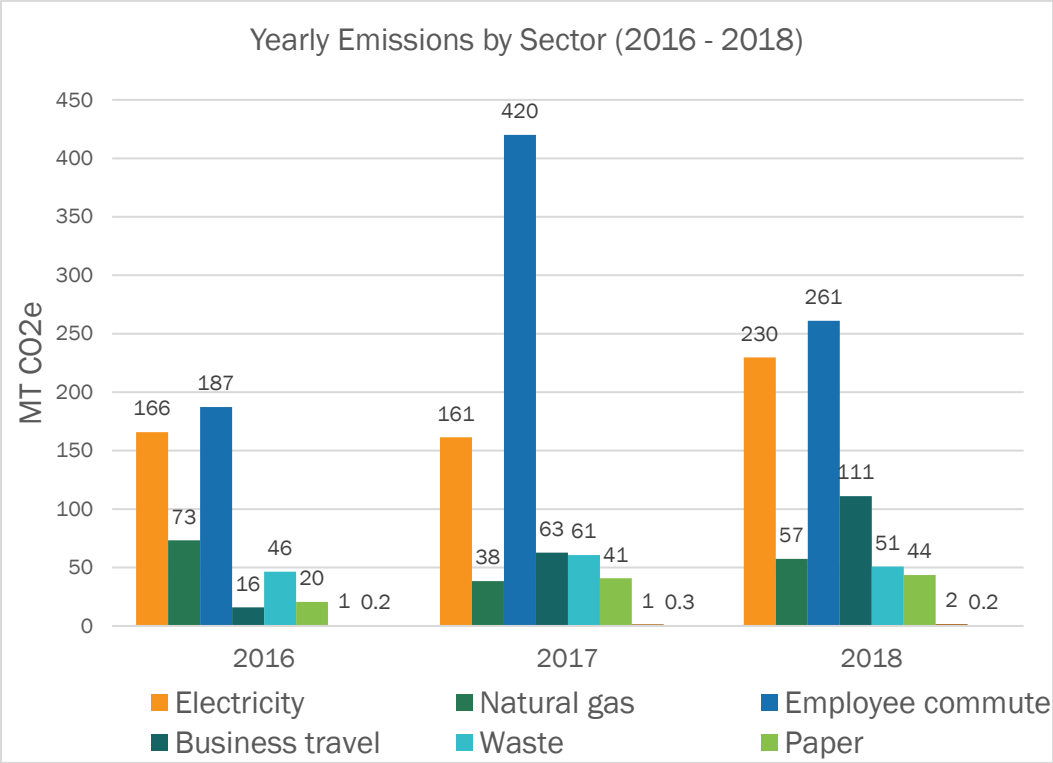


Figure 7. BSB emissions by source over time.

Figure 7 displays emissions for 2016 – 2018, chosen because the number of branches and FTEs is more consistent through this period than the period from 2011 – 2015 (see Figures 5 and 6). This figure shows that, although employee commute is still the largest source of emissions, it declined dramatically in 2018. Every other source category increased in 2018 except paper, likely attributable to steady growth at the bank.

Emissions per-FTE, per Branch (2016 – 2018)

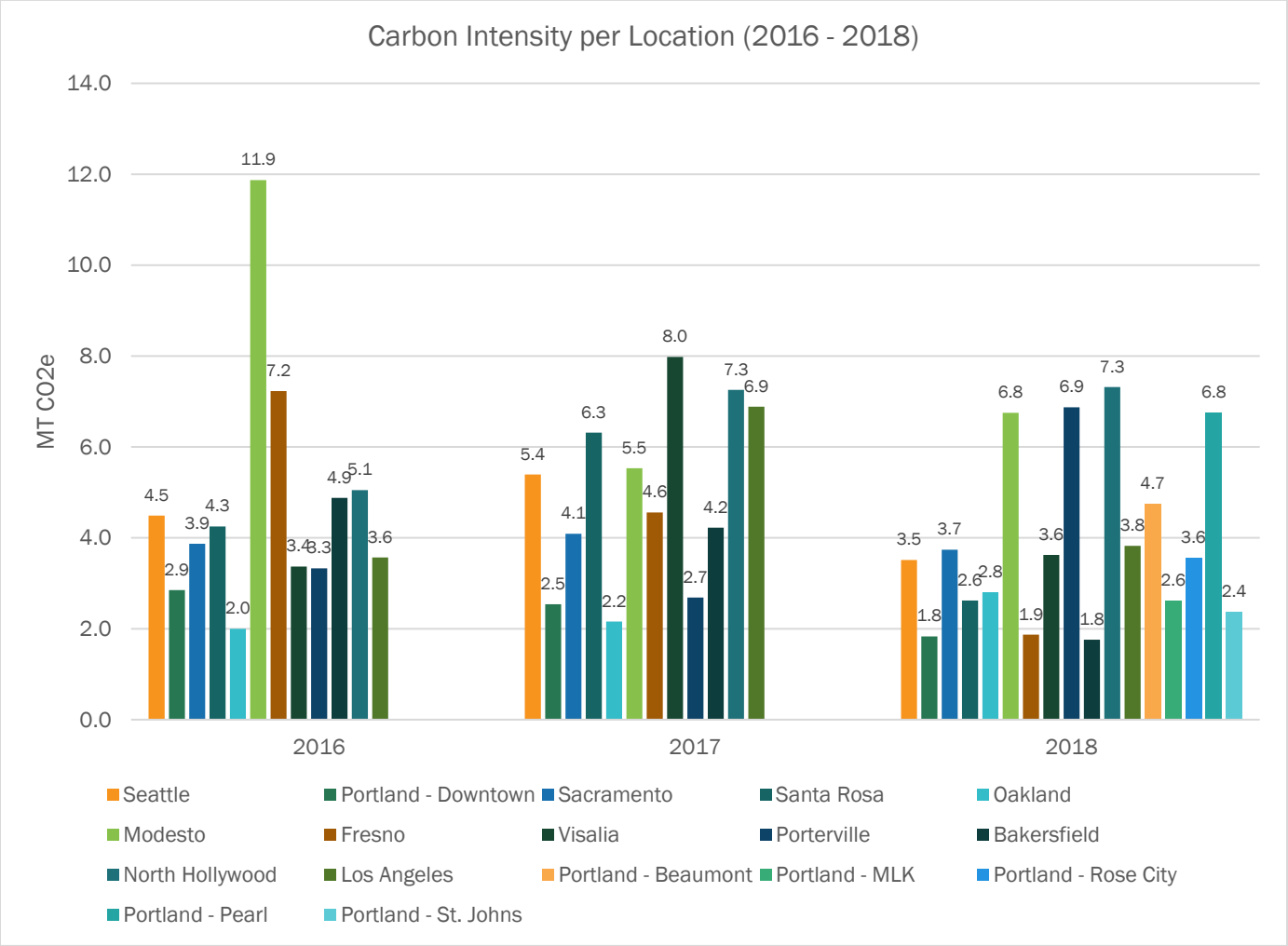


Figure 8. BSB carbon intensity per location over time.

Figure 8 shows carbon intensity for each branch for the period 2016 – 2018. This figure shows that carbon intensity at the Modesto and Fresno branches decreased significantly over this period, although Modesto increased again in 2018. The figure also shows a significant decrease in carbon intensity for the Visalia branch in 2018, as well as a significant decrease at the Los Angeles branch.

Per-FTE GHG emissions (2011–2018)

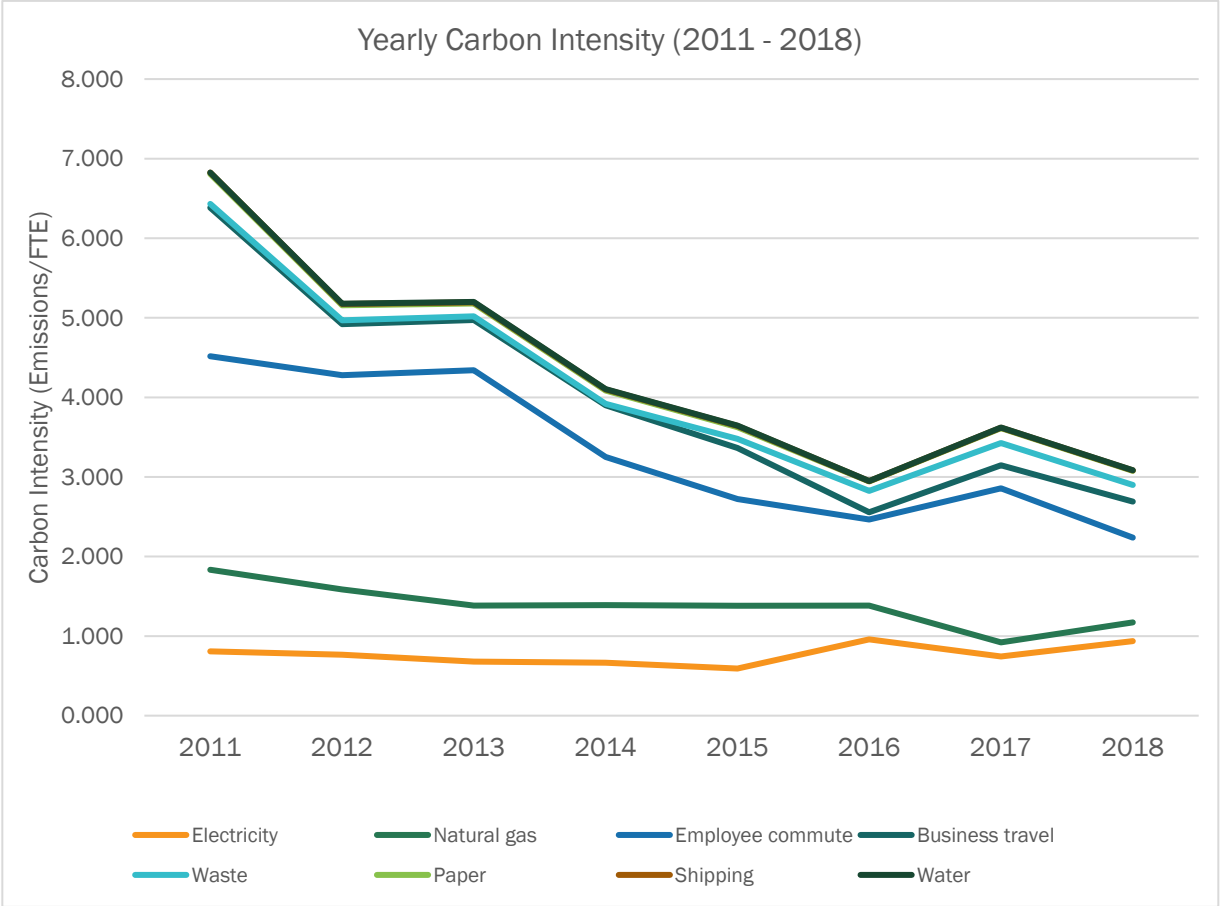


Figure 9. BSB total carbon intensity over time (note: the carbon intensity for Shipping and Water are both below .02.)

Figure 9 displays the dramatic improvement Beneficial State Bank has made since engaging with EcoShift in 2011. Despite rapid growth in number of employees and branches, the bank has reduced overall carbon intensity from 6.8 MT CO2e/FTE in 2011 to 3.1 in 2018, a reduction of over 54%. The largest decreases in carbon intensity have come from reductions in natural gas use, employee commute, and business travel. Natural gas CI has decreased from 1.03 to 0.2, business travel CI has decreased from 1.67 to 0.4, and employee commute CI has decreased from 2.68 to 1.1.

Carbon Intensity and Number of Branches since 2011–2018

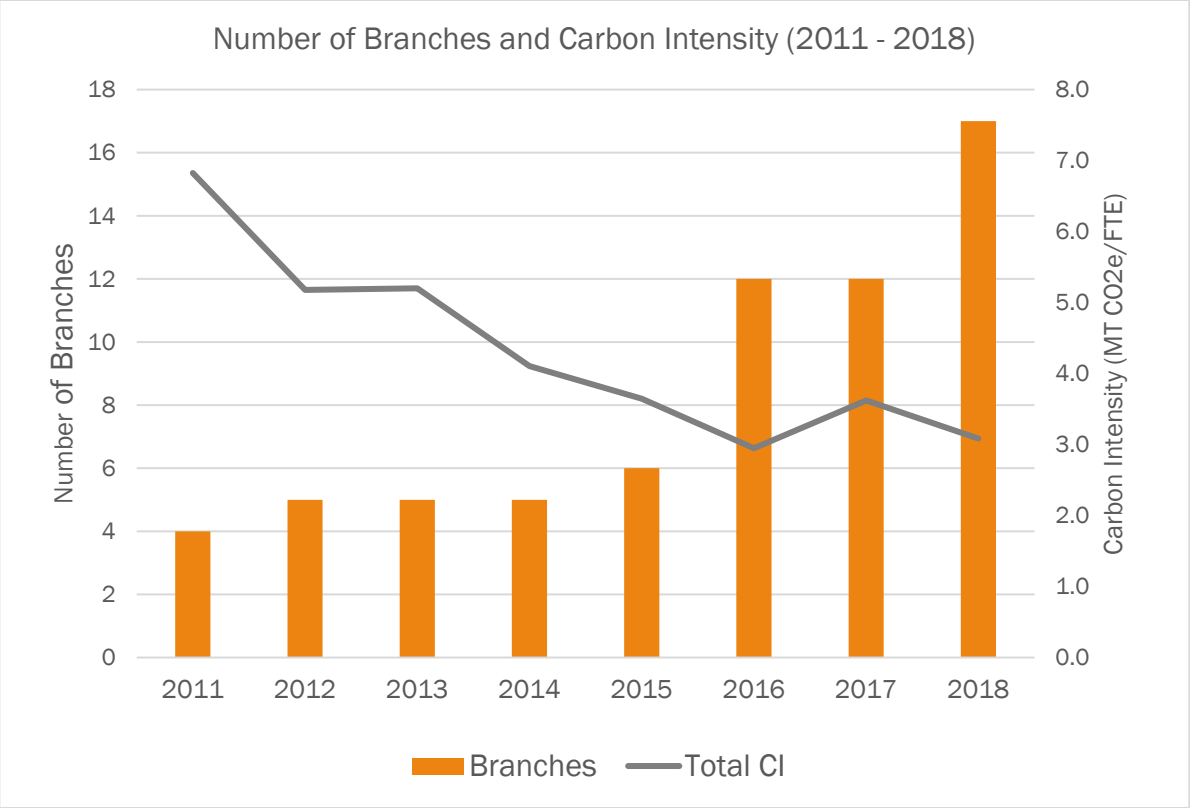


Figure 10. Number of Branches and carbon intensity (2011 - 2018)

Figure 10 displays the number of branches and carbon intensity per year for the years 2011 – 2018. This chart demonstrates the improvement Beneficial State Bank has made since 2011 in reducing carbon emissions per-FTE despite the rapid growth in the size of the bank.

4. Recent Climate and Sustainability Actions

Beneficial State Bank continues to take significant actions to reduce GHG emissions and enhance environmental sustainability. This includes implementing recommendations from prior Climate Action and Sustainability Reports, developing new initiatives, and purchasing carbon offsets to become a carbon neutral business. Sustainability actions at BSB include:

- A Carbon Balanced Bank. For 2018 emissions, as in prior years, Beneficial State Bank will become a Carbon Balanced Bank through the purchase of certified carbon offsets from Forterra equivalent to the bank's total Scope 1, 2, and 3 greenhouse gas emissions. Forterra offsets carbon by planting trees in the Puget Sound area as part of its comprehensive habitat restoration efforts. In 2018, Beneficial State Bank will use offsets for the total metric tons of CO_2-equivalent emissions produced.

- EcoChallenge. Beneficial State Bank has run the EcoChallenge for five consecutive years, and staff response to the program has been enthusiastic. Beneficial State Bank, with the support of the Green Team, continued to run the EcoChallenge in 2018. The 2018 EcoChallenge saw 39 employees participate, resulting in 129 wasteless meals being consumed, 173 gallons of water being saved, 1,120 minutes spent learning, and 961 lbs. of CO2 being saved.

- Zero Waste Campaign. This project, led by the Green Team, has worked to make progress towards zero waste through various activities. Actions have already been implemented to improve bin placement and signage at branches. The Green Team must now reassess where it would like to place its efforts as the bank continues to grow, including a reassessment of waste audits.

- Beneficial State Bank Green Team. Formed in 2013, the Beneficial State Bank Green Team plans and implements projects and strategies aimed at reducing the Beneficial State Bank footprint, including the introduction of fun and engaging activities like wasteless potlucks and a sustainability-related speaker series for employees. In 2018 the Green Team took a hiatus as it seeks to find the areas of greatest impact while the bank adds new branches and employees.

5. Next Steps

The following is a list of specific recommendations and next steps for future GHG inventories:

- Refocus the Green Team to make sure a team member from each new branch is included. Employees should understand where their activities with the Green Team fit within the larger Beneficial State Bank mission, and activities should include fun, easy ways to get involved. Activities may include:
    - A Carbon Intensity Challenge (CI Challenge) where branches complete for a yearly award to have the lowest carbon intensity.
    - Bike-to-work Wednesdays, where branches can compete for most miles biked per month or yearly. The Green Team should engage with employees at each branch to determine what would be needed to accomplish this.
- Enact the sustainability measures that have worked at the bank's original branches across all branches. Growth is a challenge, and it can take up to a year to fully onboard new employees. As Beneficial State Bank grows, continuing to implement the programs and measures, as well as the Beneficial State Bank values, that have worked in the past few years will be important. Some examples of past successful programs include:
    - Encouraging alternative employee commute options including carpooling, public transit, and walking/biking. Portland, where the six branches added in 2018 are all located, has robust public transit and alternative commute options that should be investigated. The city is also experimenting with apps like Waze to help plan multi-modal trips.
    - Develop additional training materials to distribute to new employees detailing the bank's policies on waste, water, and commute options, as well as what it means to be a part of Beneficial State Bank.
- Continue to implement the EcoChallenge across new branches to improve participation. The EcoChallenge is a low-cost means to engage with Beneficial State Bank's employees, is easy and fun, and can act as a good introduction to the bank's sustainability-related activities. This can be accomplished through fliers and promotional materials distributed to new and recently added employees.
- Improved commute survey. By designing employee response categories with ease of data collection and analysis in mind, the level of effort in calculating emissions related to employee commute can be greatly reduced. For instance, the Daily Commute Distance, Frequency, Fuel Type, and MPG categories could be changed from a typed answer to a drop-down menu of available responses, ensuring consistency of responses. The goals of the new survey would be to streamline data collection and analysis.
- Better quality branch-level data. This includes data on building energy use,specifically electricity use at the Oakland and Sacramento branches, which is currently calculated based on financial reports.
- Methodology update. As standards are updated and newer data (both internal and external)

becomes available, the methodology underlying BSB's GHG inventory calculations should be closely examined and updated where possible. While this may affect the ability to compare GHG inventories with previous years, BSB may decide to recalculate previous inventories, establish a new baseline going forward, or simply note the change in methodology when comparing results over time.

Appendix A: GHG Inventory Methodology

Our methodology is based on GHG account principles from the WRI/WBCSD Corporate Standard GHG Protocol.

Electricity and natural gas: Calculations were based on 2018 utility bills where possible. At the Oakland and Sacramento branches, utility bills were not available since payments are made to the building landlord based on the total building usage, the square footage occupied by the branch, and the total building square footage. In these cases, the dollar amount spent on electricity is the only number provided, and thus was divided by an average cost of electricity. Where information was missing, data from the most recent inventory year was used instead. GHG emissions in this category were computed using published emission factors for electricity providers (PG&E, SCE, SMUD) where possible; otherwise, emission factors were taken from eGRID for the California and Northwest Power Pool subregions.

Employee commute: Results from an employee commute survey were used to calculate commute-related emissions. Survey responses contained information on employee commute modes, distances, and frequency, which were converted into annual person-miles traveled. These distances were scaled based on the branch-level response rate (e.g., distances from the 30 survey responses from employees at the Oakland branch were multiplied by 170% to scale up to the Oakland FTE count of 51). The scaled distances were updated based on updated 2018 EPA emissions factors.

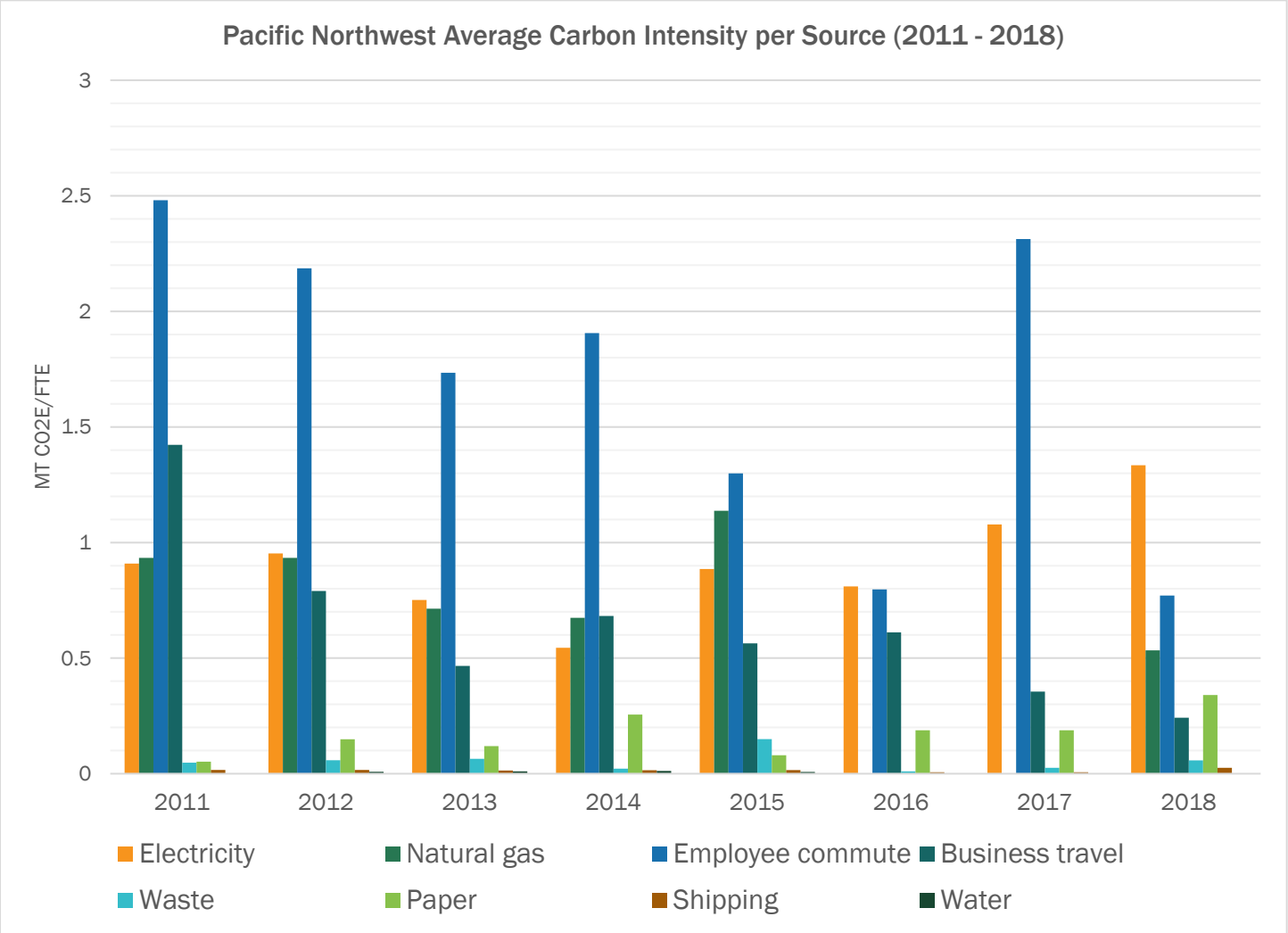
Business travel: Business travel emissions were calculated using data on auto miles, taxi/Uber miles (converted from fares paid), and flight miles (categorized into short-, medium-, and long-haul flights), updated based on updated 2018 EPA emissions factors.

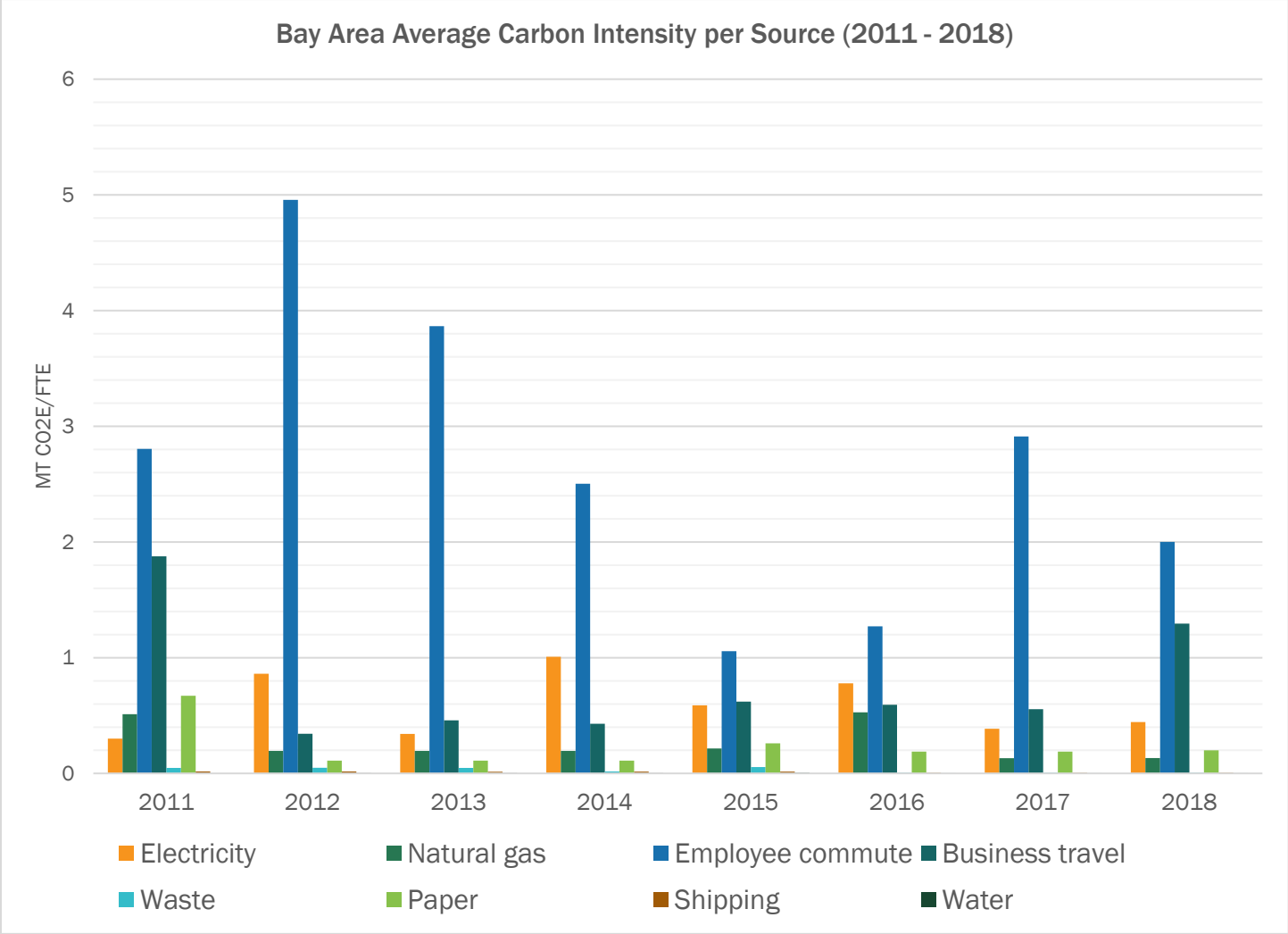
Purchased Paper: Reported paper purchases were 100% recycled content whenever possible, and estimation was made for 20# standard recycled paper (EPA Waste Reduction Model). An updated analysis of paper data using improved methodology was performed between the completion of the 2017 and 2018 reports, and this updated methodology was used for this report. This analysis uses exact quantities of paper used for each location, and represents a more accurate quantity of MT CO2e than previous inventories.

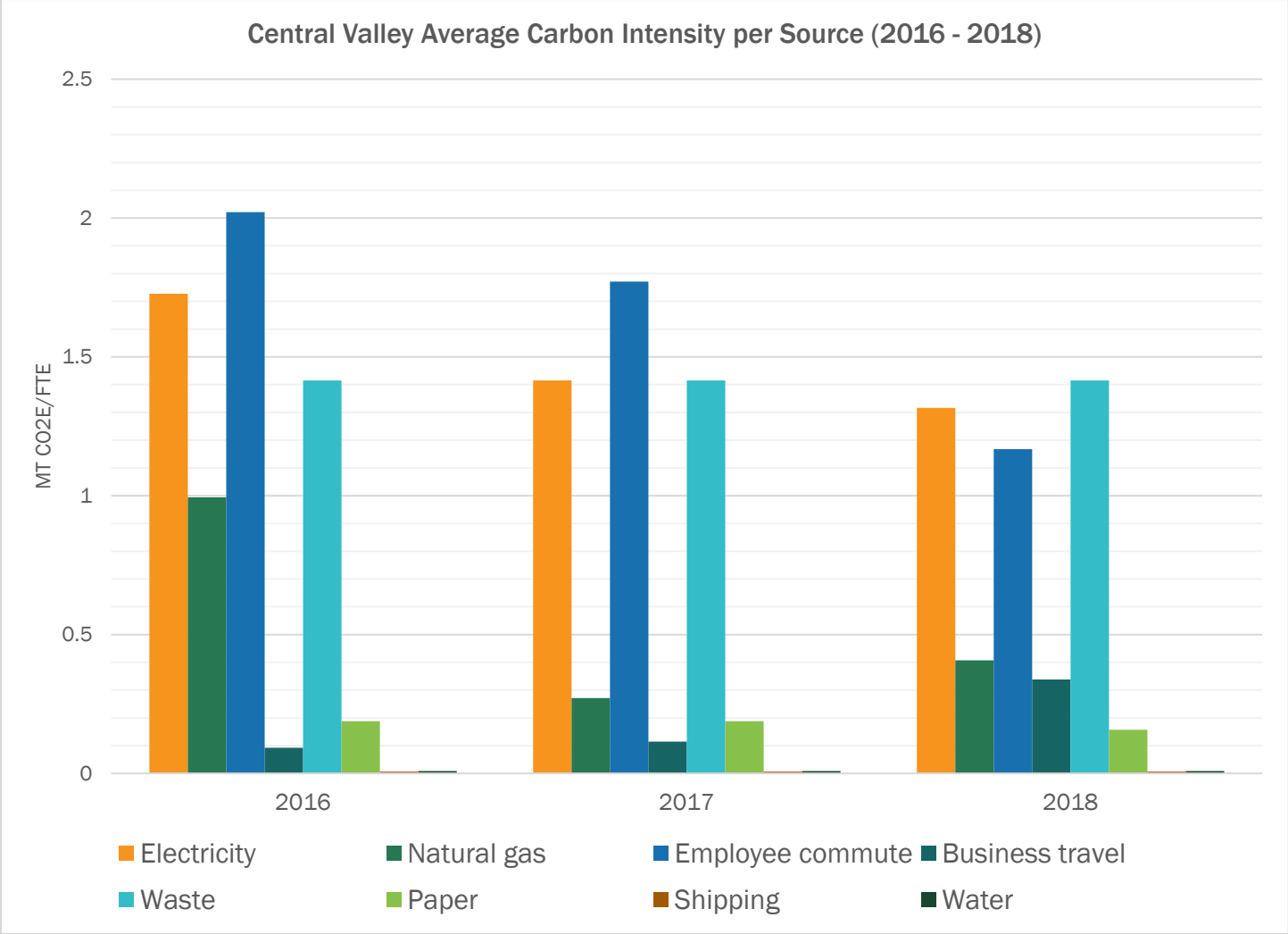
Waste, water, and shipping: As good-quality data for waste, water, and shipping for 2018 was unavailable for 2018, branch-specific results were estimated by scaling 2016 results based on change in headcount between the two years. It's important to note that, when exploring branch-level graphics for these sources, changes in overall bank FTE count may result in a disproportionate increase in these categories. This is especially true for the waste category, which comprises a larger percentage of overall emissions than water and shipping, and may result in a larger carbon intensity for waste than on-site waste audits may find.

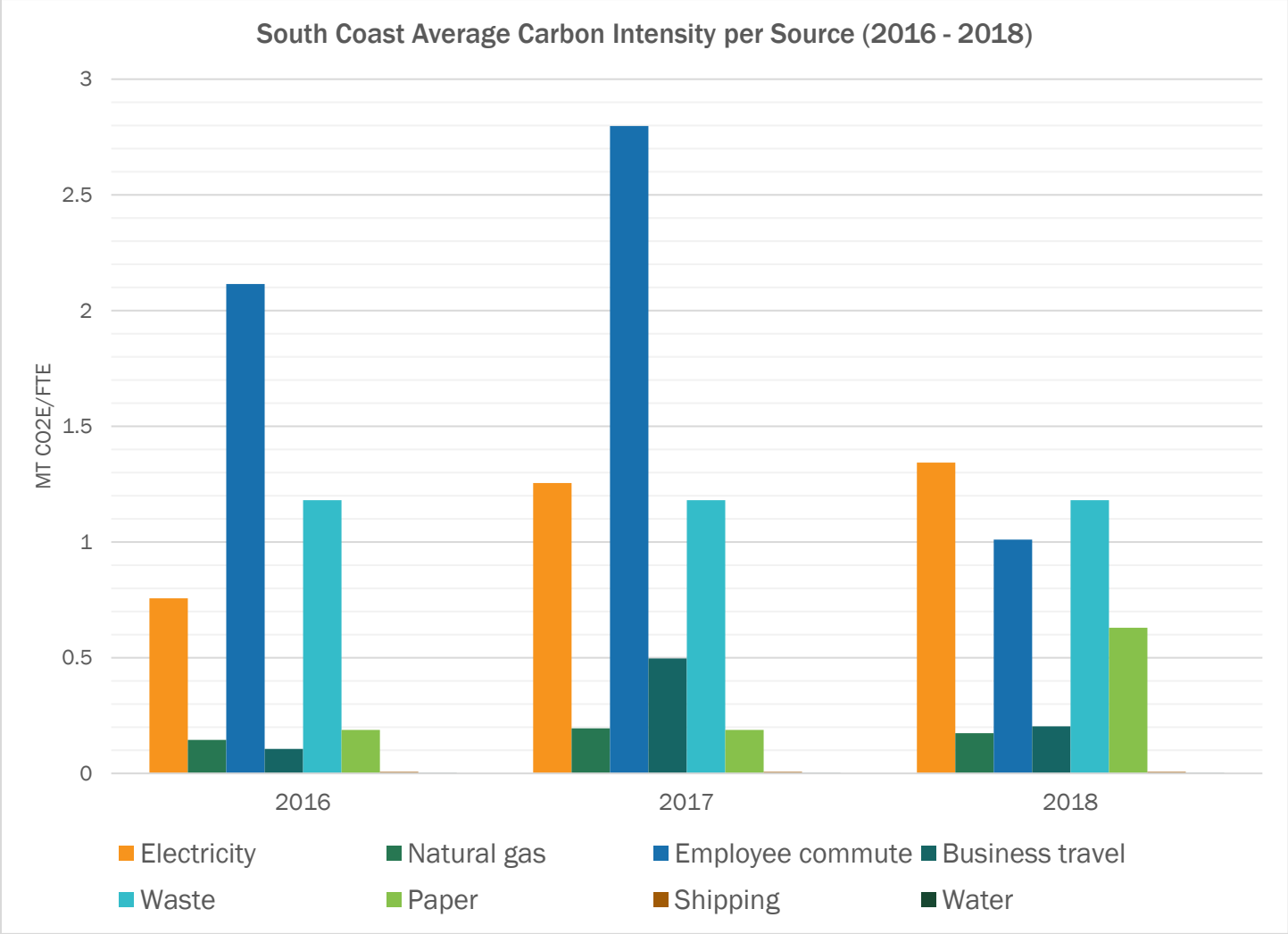
Appendix B: Supplemental Charts

The following charts provide the average carbon intensity for each source category in the Pacific Northwest, Bay Area, Central Valley, and South Coast regions, which is helpful for setting regional and source-level emissions targets. Remember to check the scaling on the Y-axis when making direct comparisons between regions, since each regions is scaled differently.




Bay Area Average Carbon Intensity per Source (2011 - 2018)
MT CO2E/FTE
6
5
4
3
2
1
0
2011
2012
2013
2014
2015
2016
2017
2018
Electricity
Natural gas
Employee commute
Business travel
Waste
Paper
Shipping
Water


Central Valley Average Carbon Intensity per Source (2016 - 2018)
MT CO2E/FTE
2.5
2
1.5
1
0.5
0
2016
2017
2018
Electricity
Natural gas
Employee commute
Business travel
Waste
Paper
Shipping
Water


South Coast Average Carbon Intensity per Source (2016 - 2018)
MT CO2E/FTE
3
2.5
2
1.5
1
0.5
0
2016
2017
2018
Electricity
Natural gas
Employee commute
Business travel
Waste
Paper
Shipping
Water

DRAWDOWN ECOCHALLENGE

APRIL 4 - APRIL 25, 2018

POINTS TOTAL

0	1,473	4,720
TODAY	THIS WEEK	TOTAL

39 TEAM MEMBERS

TEAM IMPACT

UP TO
5
LOCALLY SOURCED MEALS
CONSUMED

UP TO
2
DONATIONS
MADE

UP TO
10
LIGHTBULBS
REPLACED

UP TO
3
PUBLIC OFFICIALS
CONTACTED

UP TO
3
PEOPLE
HELPED

UP TO
3
DOCUMENTARIES
WATCHED

UP TO
961
POUNDS OF CO2
HAVE BEEN SAVED

UP TO
173
GALLONS OF WATER
HAVE BEEN SAVED

UP TO
1,120
MINUTES
SPENT LEARNING

UP TO
118
MEATLESS OR VEGAN MEALS
CONSUMED

UP TO
129
ZERO-WASTE MEALS
CONSUMED