



CELEBRATING COPOWER 5 YEARS OF INVESTING IN CANADA'S CLEAN ENERGY FUTURE



Powered by Vancity
Community Investment Bank

October 4th, 2021

Dear CoPower bondholders and supporters,

Here we are – final payments now made on all outstanding CoPower Green Bonds. While we're sad to turn the page on this chapter, we're full of gratitude for all the support that we've received from the CoPower community and that we know will continue to sustain us in our work at Vancity Community Investment Bank (VCIB).

In our final CoPower Green Bond impact report, we wanted to go back to the beginning and reflect on what we've achieved and learned since our earliest conversations about how we could help more clean energy projects access financing. We've included the metrics you've come to expect, as well as reflections on the more diffuse positive impacts you've enabled that are difficult to measure but are arguably more meaningful.

When considering an investment opportunity, three of the big questions an impact investor might ask are: what will my investment help make happen that may not happen otherwise; how will my investment contribute to broader, systemic change beyond the specific project or company receiving funding; and, how will my investment help bring other investors to the table?

While you may or may not have thought of yourself in this way, something we've been reflecting on is the role each of you has played as a catalytic impact investor.

First, as we've shared in every impact report, your green bond investment has helped finance a wide range of carbon-avoiding clean energy and energy efficiency projects that would typically be overlooked by larger lenders, either because of their size or because they were new and different. In other words, you've made things happen that may not have happened otherwise.

Second, supporting projects underserved by larger lenders has also meant getting creative and making loans that enable financial and business model

innovation to scale-up the clean energy sector. While causality is always tricky to claim, what we can say is that many of the loans you invested in were among the first-of-their-kind in Canada, and that the innovative models you've enabled are now gaining traction in the broader market.

Third, coming back to our transition from CoPower to VCIB, you've played a role in the mainstreaming of clean energy finance. By investing with CoPower, you helped us prove the viability of investing in underserved clean energy projects, and through our acquisition, clean energy project financing has become a core priority for VCIB. In addition, as part of the larger Vancity Group, we're also supporting some of the most ambitious climate commitments made by any financial institution in Canada, and modelling what's possible for the broader banking sector.

We're still on a mission to finance clean projects underserved by traditional financial institutions like banks and pension funds, but we're now able to continue this work at a larger scale as a bank known for its impactful approach—and your support is what got us here.

We can't thank our supporters enough for believing in our mission and coming on this journey with us. As you read through this impact report, we hope you feel good about your investment and what you and hundreds of other green bond investors have helped make happen.



on behalf of the CoPower Team



Then and now: a snapshot of our work

2016

2021

\$300,000

TOTAL GREEN BOND \$ RAISED FOR CLEAN ENERGY

\$23.4M

36

TOTAL NUMBER OF BONDHOLDERS

754

172

TOTAL NUMBER OF PROJECTS SUPPORTED

1754



2016

\$300,000 refinancing for an energy efficiency retrofit at Toronto's Harbourfront Centre developed by The Atmospheric Fund

2021

\$7.5 million in construction financing provided through VCIB for a wastewater energy transfer facility at Toronto Western Hospital developed by Noventa Energy Partners.



Reflecting on our approach to impact...

Starting with our theory of change

We began with the observation that the clean energy and efficiency technologies needed to cut emissions and slow climate change already exist, but that a financing gap means many projects—particularly smaller or innovative ones—just don't get built. Our goal at CoPower has been to unlock new sources of capital to accelerate Canada's clean energy transition, and we've worked to do this by connecting individual investors seeking positive impact with clean energy projects underserved by mainstream lenders like banks and pension funds.

A changing world and a changing market

While the impacts of climate change are worsening, in many sectors we're seeing a new energy and drive to find solutions. Hundreds of banks, including the world's largest, are now working to align their portfolios with the Paris climate targets. For many, that means developing the internal capacity needed to understand and finance clean energy projects.

Staying on the leading edge of climate finance

Clean energy financing is becoming mainstream, but in most ways the core of CoPower's theory of change holds true. When we started, few lenders understood solar project financing—today, many do! At the same time, building-scale projects still struggle to find appropriate loans and there's plenty of work to do to support critical emerging markets like energy storage, where bank financing is rare. VCIB is committed to continuing CoPower's mission of supporting underserved segments of the clean energy market.



Our Impact Objectives



Cutting carbon

Making project investments that reduce emissions and align with climate science.



Changing the system & building markets

Laying the groundwork for the decarbonized energy system of the future by supporting innovative financial and business models.



Democratization

Opening access to clean energy investments to Canadian investors of all sizes.





Cutting Carbon

Keeping the planet cool means making deep, fast emissions cuts. Using the proceeds raised by CoPower Green Bonds, we've made project investments that align with climate science and the Paris Agreement temperature goals of well-below 2°C.



2

DEEP ENERGY
RETROFITS



2

ENERGY
STORAGE
PROJECTS



562

RESIDENTIAL
MICROFIT SOLAR
PROJECTS



399

CONDO LED
RETROFITS



16

FIT SOLAR
PROJECTS



947

HOMES WITH GEO-
EXCHANGE



25,320

CUMULATIVE
TONNES OF CO2
AVOIDED

=



5,507

CARS OFF THE ROAD
FOR ONE YEAR



6,796
MWh

RENEWABLE ENERGY
GENERATED

165,981
MWh

ENERGY SAVED



Highlights from our loan portfolio



District geo-exchange projects in the GTA

Reducing emissions from large-scale heating and cooling of buildings remains a challenge for cities and building owners. Partnering with Subterra Renewables and Forum Equity Partners, we're supporting the construction and operation of several district geo-exchange systems for tower and townhouse complexes in the Toronto area.



Behind-the-meter energy storage at Ontario manufacturing facilities

Behind the meter energy storage, an on-site solution to store electricity capacity for use when needed, allows customers to manage costs and reduce emissions. Two projects by Stem Inc will support several Ontario-based manufacturing and industrial facilities in cutting electricity costs by lowering energy demand at peak times.



Lighting-as-a-service retrofits in condo buildings across Canada

Simple retrofits like energy efficient lighting upgrades are low-hanging fruit when it comes to reducing building emissions. Through multiple loans, we've financed LED retrofits in the common areas of 399 condo buildings in Alberta, Ontario and Quebec.



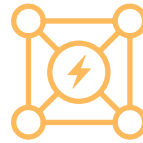


Changing the system & building markets

More important than any one project investment has been our work to demonstrate the viability of innovative and scalable business models with the potential to accelerate the uptake of clean energy. Investing in one project is great, investing to catalyze an industry is better.

While we wouldn't claim causality, we can say that many of the loans you invested in were among the first-of-their-kind and that the innovative models you've enabled are now gaining traction in the broader market.

Here's how we're laying the groundwork:



Decarbonizing our energy system means moving away from the centralized, powerplant model, and toward a decentralized system where energy is produced close to home. Our support for **distributed energy solutions** like rooftop solar and district geo-exchange are good examples of what we need more of.



A renewable energy grid also needs built-in flexibility. This will require lots of energy storage capacity. Earlier this year, we were proud to make **one of the first commercial loans in Canada for behind-the-meter, on-site energy storage** at two Ontario manufacturing facilities.



The 'as-a-service' model has huge potential to make clean energy and energy efficiency accessible and affordable for more Canadians. In the U.S., for example, it's responsible for the rapid uptake of residential solar. Most banks don't have the know-how to assess these types of projects, but we do. We're proud to have **supported Geotility in applying their unique geo-exchange-as-a-service model in Canada** and getting to the stage of expanding to the U.S.





Similarly, we helped an LED installation company **scale their lighting-as-a-service model** by co-creating an innovative revolving financing facility that allowed them to offer \$0 money down financing to hundreds of condo buildings across Canada.



Tackling the 30% of emissions produced by buildings is critical. Earlier this year VCIB announced financing for the construction and operation of **an innovative wastewater energy transfer plant at the Toronto Western Hospital—a first-of-its-kind project in Canada** that will reduce the hospital's emissions by a staggering 250,000 tonnes over the project lifetime.



Finally, we're inspired by the potential of the energy savings performance agreement (ESPA) model which allows their clients to **finance energy efficiency projects through their energy savings**. Last year, we partnered with Edesco on the first multi-unit residential building project to receive Investor Ready Energy Efficiency certification, a key enabler of the ESPA model.





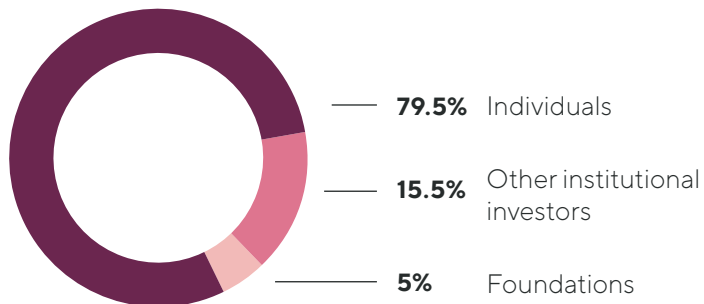
Democratization



754

TOTAL NUMBER OF GREEN
BOND INVESTORS

CLIENT TYPE BY
TOTAL DOLLARS INVESTED



Green bonds for the rest of us

Today, green bonds are the fastest growing segment of the global bond market. We're proud to have been an early, if small, player in this market, and of our unique status as an issuer of retail green bonds. By developing a green bond product suitable for individuals, CoPower provided hundreds of Canadian investors with the opportunity to invest in clean energy infrastructure.



Challenges and lessons learned

The demand from investors is there

Our experience over the past five years shows that there's real appetite for values-aligned private investment products that support the clean energy transition. We often observed that investors came to us for the green and stayed because the bonds met their financial goals. In particular, a desire for diversification and steady returns uncorrelated to market fluctuations was a key driver of demand.

Seeking a better product-market fit

At the same time an ongoing challenge has been matching Green Bond capital with the clean energy project lending opportunities that exist in the market. Demand for clean energy project financing is accelerating and the opportunity has never been greater; however, our cost of capital and inability to provide longer terms or larger loans meant that we were only able to serve a small segment of the clean energy market. With bank capital we can accomplish much more and provide loans that meet the needs of clean energy developers and help them scale.

Serving the retail market requires low-cost investment infrastructure

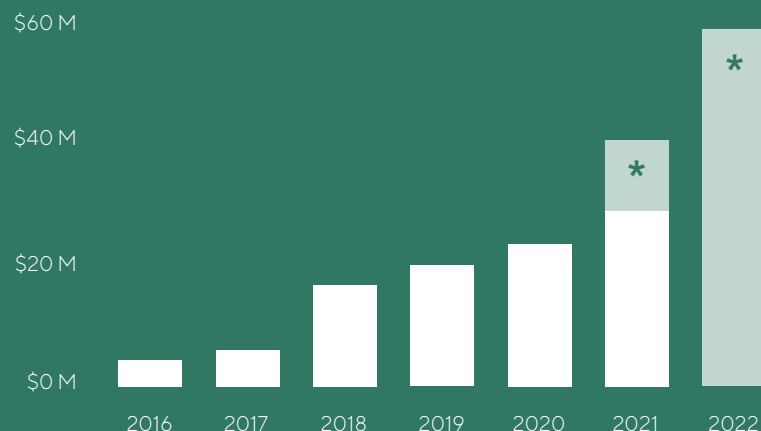
To balance the tension that exists between making loans that meet the needs of clean energy projects and offering a competitive product to investors, we see a need for lower-cost, lighter-touch investment infrastructure. CoPower was able to leverage our own technology to reach investors directly; however, a more efficient and scalable approach would be to reach them where they already are investing – via financial institution or advisor platforms. While we're seeing great strides in public markets responsible investment offerings on these platforms, there are still challenges for private products to access mainstream retail investor markets. Our team remains committed to sharing lessons and exploring opportunities with others in the impact investment space working to tap into this segment.



Carrying CoPower's mission forward

From start-up to bank and beyond

CoPower was founded with the goal of accelerating the transition by financing clean projects under-served by traditional financial institutions like banks and credit unions. Our team is now able to continue this work at a larger scale as a bank! As VCIB we are now financing a broader range of high-impact projects at a lower cost of capital than was possible through CoPower.



Scaling our clean energy loan portfolio

*Includes loans made through VCIB in addition to those made through CoPower

COPOWER.ME

“We will continue CoPower’s catalytic role of financing emerging industries like energy storage and innovative business models like energy-as-a-service and helping them scale.”

—Jay-Ann Gilfoy, CEO VCIB



Vancity Community Investment Bank™

Vancity's climate commitments

VCIB is proud to be part of the Vancity group and supporting the most ambitious climate commitments made by any Canadian financial institution: achieving net-zero emissions by 2040 across all mortgages and loans. As an active participant in the UN Principles for Responsible Banking, the Global Alliance for Banking on Values, and the Partnership for Carbon Accounting Financials, the Vancity Group has huge potential to influence the broader banking sector. We're thrilled to now leverage the expertise developed at CoPower to advance this critical work.

Vancity



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