

2025 · TCFD-ALIGNED DISCLOSURE

Climate-Related Financial Risk Report



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INTRODUCTION

About This Report

We are pleased to present our Climate-Related Financial Risk Report.

This report marks our formal assessment of climate-related risks and opportunities and has been prepared in alignment with California's Climate-Related Financial Risk Act (SB 261) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report is structured around TCFD's four thematic areas:

1. Governance

2. Strategy

3. Risk Management

4. Metrics & Targets

The statements and analyses provided here are based on the data and assumptions available to us at the time of publication. Climate risk management is an evolving process, and we anticipate that the approaches and tools used to address these risks will continue to advance over time. Because climate modeling involves significant variables, these forward-looking statements and scenario analyses are subject to inherent uncertainties and should be viewed as estimates rather than certainties.

REPORTING PERIOD

January 1 through December 31, 2025

ABOUT BECU

A cooperative for our members

BECU is a member-owned, not-for-profit credit union with 60+ locations around Washington state and South Carolina.

As a credit union and financial cooperative, we are committed to improving the financial well-being of our members and communities. We measure our success by how much we return to each credit union member through competitive rates, few fees, and savings.

As we continue to further integrate climate risk into our governance and strategic planning, we help keep BECU a stable, purpose-driven partner for our members and communities, fostering long-term economic resilience.

SECTION 1

GOVERNANCE



SECTION 01 · GOVERNANCE

Board's oversight and management's role in assessing and managing climate-related risks.

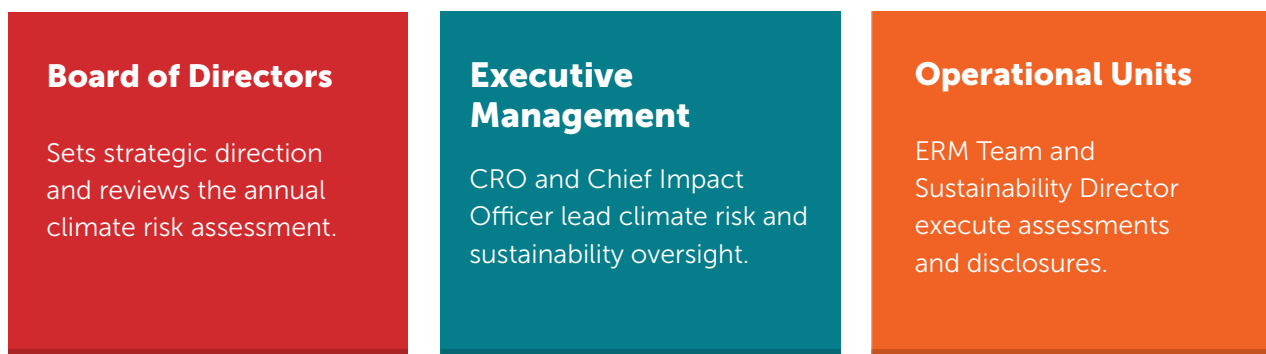
Oversight & Accountability

BECU's Board of Directors is responsible for guiding the general direction of the credit union. The strategic direction and day-to-day operations are delegated to BECU's Executive Management Team (EMT), which includes the Chief Risk Officer and the Chief Impact Officer.

The **Chief Risk Officer (CRO)** leads risk identification, assessment, and reporting processes, embedded within the Enterprise Risk Management (ERM) framework. The ERM team conducts an annual loan portfolio climate risk assessment. The assessment is primarily focused on real estate, and the report includes the identification and analysis of climate risks and opportunities.

The CRO chairs the **Enterprise Risk Management Committee (ERMC)**. The Committee includes the Chief Impact Officer, Chief Consumer and Business Solutions Officer, and Chief Financial Officer. The ERMC reviews the climate risk assessment report before it is annually presented to the Board's Finance & Risk Committee.

The **Chief Impact Officer** oversees the Sustainability Unit, which manages the operational impacts and sustainability disclosures of BECU. The Sustainability Director supports climate scenario analysis, risk assessments, and performance measurement, engaging internal stakeholders in managing these risks.

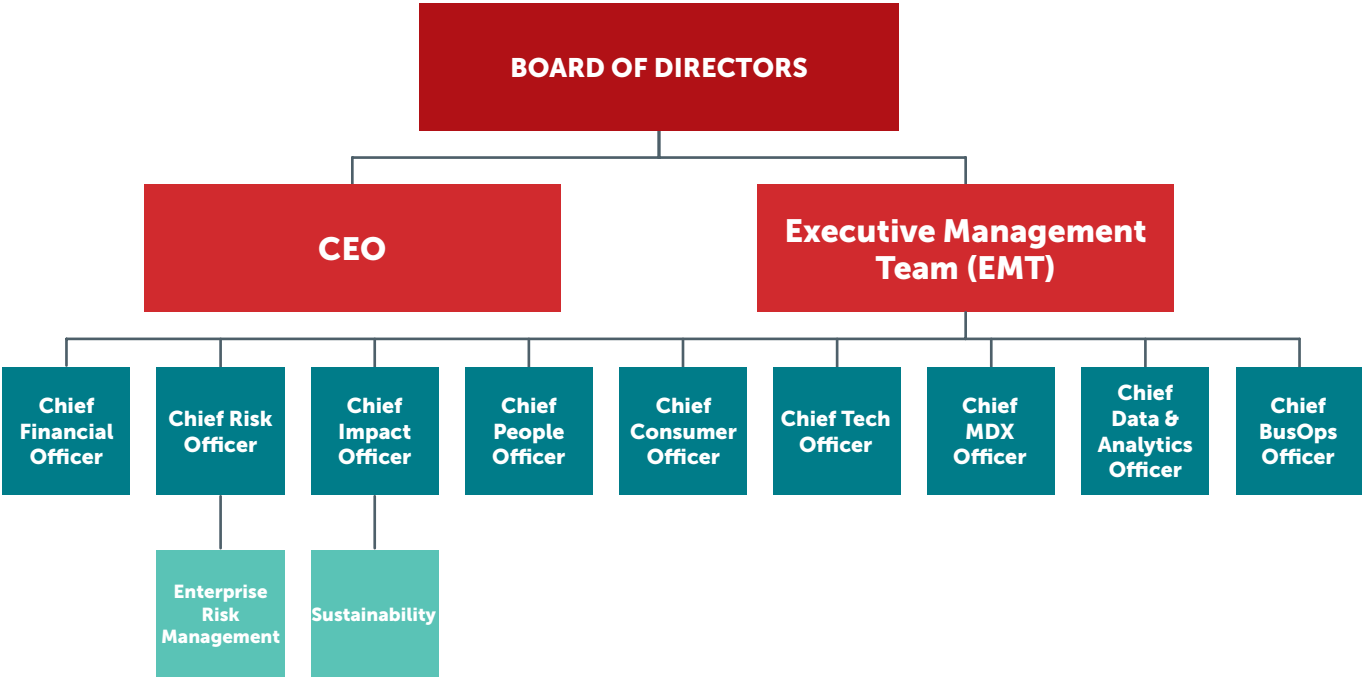


Climate risk governance at BECU is illustrated in the organizational chart on the following page.

BECU CLIMATE GOVERNANCE STRUCTURE

Organizational Chart

Roles and responsibilities for climate-related risk oversight at BECU.

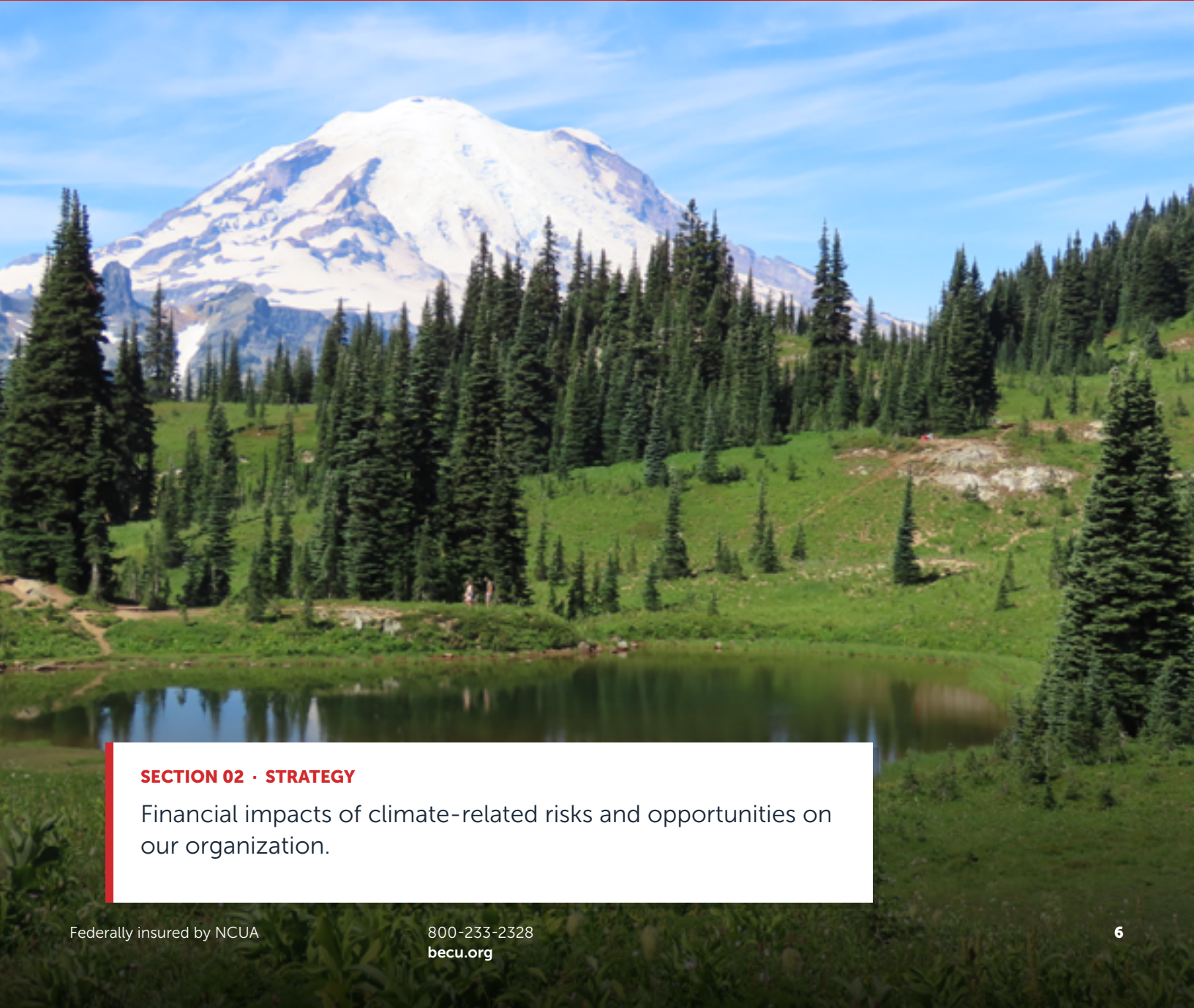


LEGEND

- Board-Level Oversight
- Strategic Leadership
- Executive Accountability
- Operating Units

SECTION 2

STRATEGY



SECTION 02 · STRATEGY

Financial impacts of climate-related risks and opportunities on our organization.

SECTION 02 | STRATEGY

Risks & Opportunities

Actual and potential financial impacts of climate-related risks and opportunities on the organization.

BECU's climate risk assessment identifies distinct exposures across physical and transition risk categories. While current analysis suggests limited immediate market impact from **acute physical threats** like flooding, wildfire, and extreme heat, we recognize that reliance on Special Flood Hazard Area (SFHA) designations likely underestimates our true flood exposure, obscuring latent credit risk within our real estate collateral.

Transition risks present more immediate financial challenges, where increased regulatory obligations could lead to compliance fines and reputational damage may drive member attrition. Over the long term, shifts in market demand threaten to render high-risk zones uninsurable, leading to significant asset devaluation.

BECU recognizes that physical and transition risks are interdependent, and their impacts may change over time. To address these numerous uncertainties, we continue to enhance our capabilities to identify, measure, and monitor potential climate-related matters.

Climate change brings not only additional risks, but also **new opportunities**. As societies begin to transition to a low-carbon economy, opportunities can arise that generate new sources of revenue, create long-term value, and increase member resilience. Through the processes of listening to the interests of our members and enhancing our understanding of climate risks for the organization, our members, and their communities, we are exploring new products and impact strategies that can help members and communities with climate and economic resilience.

The following tables describe definitions for time horizons (Table 1), climate-related risks (Table 2) and opportunities (Table 3) we have identified over short-, medium-, and long-term time horizons, and the potential impacts on our organization.

TABLE 1 | BECU TIME HORIZONS

S	M	L
SHORT-TERM	MEDIUM-TERM	LONG-TERM
0 – 5 years	5 – 10 years	10+ years

TABLE 2 | IDENTIFIED CLIMATE-RELATED RISKS

Climate-related Risks

Risk Type	Climate-related Risk	Potential Impacts	Horizon	Primary Financial Impact	Secondary Financial Impact
Transition (Reputation)	Negative press coverage; shifts in consumer preferences regarding climate support	Member attrition; loss of “top-of-wallet” status; reduced demand for products	S, M	Reputational Risk: Impaired brand equity and value	Liquidity Risk: Deposit outflows; volatility in funding stability
Transition (Policy & Legal)	Enhanced state regulation and supervision of climate reporting	Increased cost of compliance; potential fines for non-disclosure; limitations on product offerings	S, M	Operational Risk: Increased compliance costs and legal provision	Strategic Risk: Constraints on business or growth in certain sectors and geographies
Transition (Market)	Increased insurance premiums and contractions of insurance markets, leaving clients exposed and changing the risk parameters of credit.	Insurability of collateral; reduction in property demand in high-hazard zones; increased liquidity stress for borrowers	M, L	Credit Risk: Decline in home values, reducing loan collateral; increased member defaults	Market Risk: Loss in value of investment holdings
Transition (Market)	Shifts in market demand due to changing customer behavior	Loss of potential membership due to lack of green product offerings	S, M, L	Strategic Risk: Loss in market share	Liquidity Risk: Lower number of deposits
Physical (Acute — Wildfire)	Increased likelihood and severity of wildfires	Direct physical damage to collateral; borrower income disruption in wildfire-prone regions of Washington state	S, M, L	Credit Risk: Greater financial loss on loans due to property damage	Credit Risk: Borrowers unable to repay loans due to financial strain
Physical (Acute — Heavy precipitation/floods)	Increased severity of extreme weather events in the region	Insurance gap expansion (premiums unaffordable or coverage denied); reduced borrower debt-service capacity Business Continuity: Power outages or damage affecting branches, data centers, and critical vendor operations	S, M, L	Credit Risk: Uninsured damage leading to larger loan losses Operational Risk: Increased costs for repairs, backup systems, and service restoration	Liquidity Risk: Members withdrawing deposits due to local economic stress Reputational Risk: Inability to serve members during crisis events

TABLE 3 | IDENTIFIED CLIMATE-RELATED OPPORTUNITIES

Climate-related Opportunities

Opportunity Type	Opportunity	Strategic Value Driver (Transmission Channel)	Horizon	Primary Financial Impact	Secondary Financial Impact
Energy Source	Transition to lower-emission energy (e.g., renewable procurement, on-site solar)	Mitigation of energy price volatility; alignment with broader societal commitments	S, M	Reduced Operating Costs: Lower long-term utility expenses	Reputation Benefit: Enhanced brand equity through demonstrable leadership
Resource Efficiency	Green building standards & fleet electrification (enhancing efficiency of operations)	Operational optimization; improved employee value proposition (attracting talent)	S, M	Reduced Operating Costs: Lower facility maintenance and recruitment costs	Fixed Asset Appreciation: Higher resale value of LEED / green-certified properties
Products & Services	Development of green finance products (e.g., EV loans, solar financing, retrofits)	Capturing emerging market share; meeting shifting member demand for sustainable options	M, L	Increased Revenues: Growth in interest income and origination fees	Portfolio Diversification: Reduced exposure to high-carbon sectors (potential stranded assets)
Resilience / Markets	Strategic adaptation and resilience planning	Competitive differentiation: Members prefer resilient institutions	M, L	Increased Organizational Value: Higher member retention (lower churn)	Capital Access: Improved access to capital markets or lower cost of funds

SECTION 3

RISK MANAGEMENT



SECTION 03 · RISK MANAGEMENT

How we identify, assess, and manage climate-related risks across the enterprise.

SECTION 03 | RISK MANAGEMENT

Identify, Assess, Manage

How our organization identifies, assesses, and manages climate-related risks.

Integration into Enterprise Risk Management

BECU recognizes that climate risk is not a standalone risk type but a cross-cutting driver that manifests across our existing risk taxonomy, amplifying credit, market, liquidity, operational, and strategic risks. Consequently, climate-related risk analysis is being integrated into our Enterprise Risk Management (ERM) framework rather than being managed in silos. Integration means that climate considerations are included in our standard risk identification, measurement, and monitoring processes.

Internal Governance and Emerging Risk Identification

Our ERM Team is tasked with identifying, prioritizing, and mitigating risks across our enterprise-wide operations. As part of this process, the ERM Team actively seeks and obtains input on potential risks, including those related to climate impacts, from functional leaders across the organization. They use data-driven analysis to evaluate potential impacts and prioritize mitigation strategies. Integrating these insights into the governance process strengthens our organizational resilience and supports better informed decision-making at all levels.

Climate-Related Risk Assessment Process:

Physical Risk Assessment

Annual Loan Portfolio Climate Risk Assessment

- **Scope:** The assessment focuses primarily on the Real Estate portfolio, specifically covering Mortgage, Home Equity Line of Credit (HELOC), and Commercial Real Estate assets, which represent our most significant long-term physical risk exposures.
- **Reporting:** The findings and material insights from this annual assessment are presented directly to the Board of Directors, ensuring that executive leadership maintains oversight of emerging climate threats to the cooperative's assets.
- **Methodology and Data sources:** Our risk analysis utilizes a data-driven methodology, overlaying precise property data from our loan portfolios against recognized external climate hazard datasets. We rely on the following third-party data to model both historical trends and future climate scenarios:
 1. Multi-Hazard Risk: We utilize the FEMA (Federal Emergency Management Agency) National Risk Index (NRI) (2023) to assess a broad spectrum of natural hazards and community resilience factors.
 2. Wildfire: Burned boundary historical data is sourced from annual report from National Interagency Coordination Center (NICC), to identify areas with elevated fire recurrence.
 3. Extreme Heat: To project future thermal risks, we utilize Heat Index projections derived from CMIP6 (Coupled Model Intercomparison Project - Sixth Phase) climate models provided by the Copernicus Climate Change Service (C3S) Climate Data Store (CDS), covering the projection period of 2023–2053.

Transition Risk Identification

Subject Matter Expert Workshop

Complementing our physical risk analysis, BECU convened a specialized **Climate Transition Risk and Opportunities Workshop** with subject matter experts to qualitatively assess the cooperative's exposure to a low-carbon economy. This collaborative session focused on identifying potential drivers, such as policy shifts, technological changes, and evolving member preferences that could impact our business. This workshop served as the foundational step in our transition risk analysis.

Looking Ahead

BECU intends to expand its quantitative assessment of the financial impacts of climate-related physical risks. For transition risks, we aspire to evolve our qualitative understanding into a robust quantitative framework to measure specific financial impacts across our material asset classes. **Climate risk is reviewed at the enterprise level and reported to the risk committee and board annually.**

SECTION 4

METRICS & TARGETS



SECTION 04 · METRICS & TARGETS

Metrics and targets used to assess and manage relevant climate-related risks.

SECTION 04 | METRICS & TARGETS

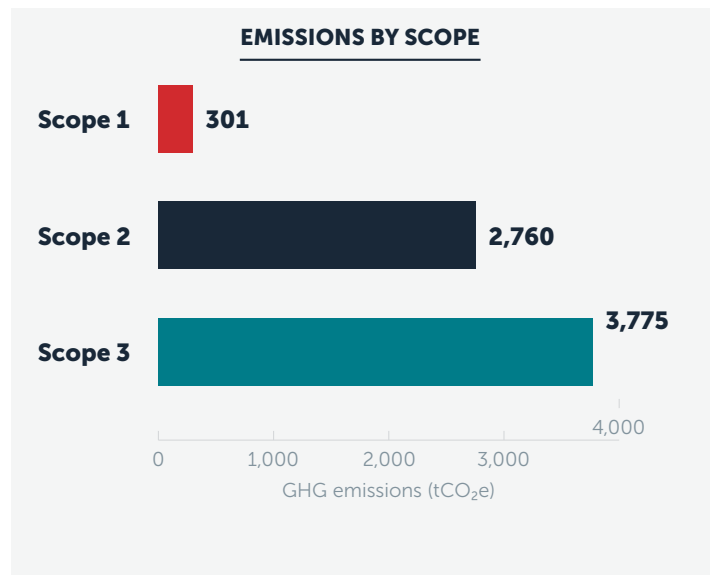
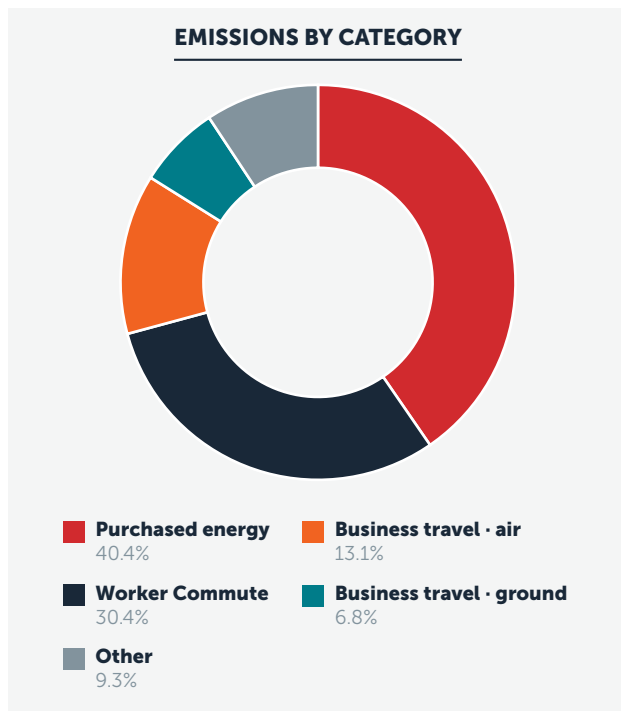
GHG Emissions Summary

BECU has been measuring and working to reduce our carbon footprint since 2008. We collected and analyzed data for our 2025 Greenhouse Gas (GHG) inventory in alignment with the GHG Protocol and ISO 14064 standards.

SCOPE 1 Direct	SCOPE 2 Indirect	SCOPE 3 Operational & Financed Emissions
Measured fleet and facilities (natural gas combustion). Managed through fleet electrification and building efficiency retrofits.	Track emissions from purchased electricity across financial centers and headquarters. Transitioning to 100% carbon-neutral by 2030 under WA CETA.	Measured employee commuting, business travel, hotel stays, corporate events, and employee expenses (upstream). Financed Emissions: In development. Future disclosures will quantify the carbon intensity of our real estate portfolios, aligned with PCAF standards.

BECU 2025 GHG Emissions 2% increase from previous year

GHG Emissions (tCO₂e) 6,835	Emissions (tCO₂e) per staff 2.02
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Source: BECU GHG Inventory, 2025

2025 PERFORMANCE ANALYSIS

Key Emission Hotspots

6,835

tCO₂e total emissions

2.02

tCO₂e per staff member

+2%

Change vs. 2024

33%

Footprint from NFCs

In 2025, BECU operations generated **6,835 tonnes of CO₂e**, representing an intensity of **2.02 tCO₂e per staff member**. Total emissions increased by 2% compared to 2024. We have identified specific operational areas that drive our carbon footprint and manage them as distinct climate risks.

Neighborhood Financial Centers

33% of total footprint

Operating our network of over sixty financial centers generates 33% of our total carbon footprint (via electricity, heating, and commuting). As expanding our NFC network remains a strategic priority, we are integrating energy efficiency practices into new builds and retrofits in order to lower facility maintenance costs, enhance asset value, and reduce emissions.

Worker Commute

30% of total emissions (Up 5.6% from 2024)

Employee commuting accounts for 30% of total emissions, reflecting a 5.6% increase compared to 2024. However, the 2024 survey of over 500 employees shows a highly efficient commute profile, with an Average Vehicle Miles of Travel (VMT) of only 5.48 miles. As return-to-office trends continue, this activity represents a primary carbon hotspot. We are actively exploring strategies to mitigate this through hybrid work policies and transit incentives.

INITIATIVES IN ACTION

Green Mobility

Employees receive a free regional ORCA transit card and Lyft coverage for last-mile commute challenges. In 2025, BECU expanded EV infrastructure at the Tukwila location to support employee EV use.

Climate-Related Risk Exposure Metrics

To monitor the resilience of our lending activities, we track specific risk exposure metrics related to physical climate hazards:

- Loan Exposure**
 Percentage of Real Estate portfolio exposed to natural hazards (FEMA NRI).
- Members at Risk**
 Members exposed to WA State Atmospheric River Flooding (NWS Dec. 2025).
- Collateral Value**
 Current property values for collateral assets exposed to natural hazards (FEMA NRI).
- LTV at Risk**
 Percent of long-term value at risk due to exposure to natural hazards.



RESOURCES

BECU & You

becu.org/members-matter/about-membership

Reports & Disclosures

becu.org/about-us/reports

Member Feedback

becu.org/contact-us/feedback

Find a Neighborhood Financial Center

becu.org/locations/all-locations

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