

Principles of Responsible Banking

Innovation's Self-Assessment 2021



Our Purpose



We strive to **redefine banking** by helping Canadians **simplify** their lives and reach their financial goals by **reinvesting profits** into our members, our communities, and our people.

Now that's **responsible banking!**

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1. Describe (high-level) your credit union/ bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your credit union/bank has operations or provides products and services.

Innovation Credit Union is one of the largest credit unions in Saskatchewan, Canada. Innovation over 400 employees and more than \$3.8 billion in managed assets. Innovation serves over 57,000 members across 24 advice centre locations and offer in-person service in both Regina and Saskatoon. Currently, Innovation provides financial and wealth services for consumers, agriculture and business members across Saskatchewan. With the overwhelming support of our members, Innovation is excited to be one of the first credit unions in Canada to be pursuing a Federal Credit Union charter under the Bank Act. As a member-owned cooperative, we provide quarterly returns to our members and reinvest 2-4% of pre-tax profits back into the communities we serve.

58,714
members
across eight Canadian provinces



24 
advice centre locations

Innovation is one of the first credit unions in Canada to be pursuing a Federal Credit Union charter under the Bank Act



Assets Under Administration
\$4.047 billion

433 employees


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2021 Corporate Scorecard

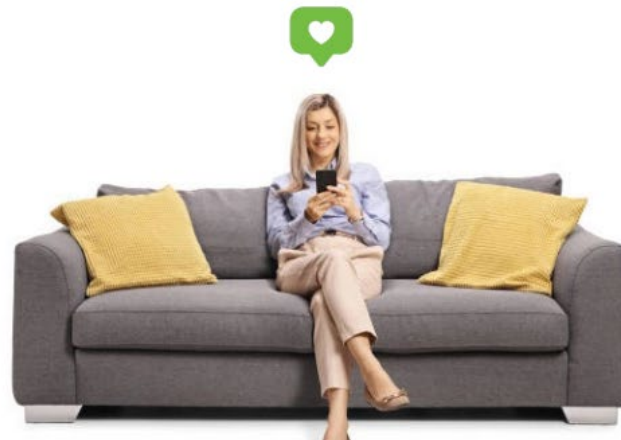
PM Rating Metric	Actual Results (YTD)	2021 - YTD Targets -Dec 31			Year End Projection	2026
		Budget-Over Threshold	Budget/Target	Exceed Budget		
Improve Efficiency Ratio	76.78%	84.47%	82.79%	81.15%	79.00%	63.09%
RoE *(before member distribution & taxes)	5.50%	3.20%	3.37%	3.54%	3.82%	8.63%
NPS	42.00%	37-41.9	42-46.9	>47	42.00	65%
Membership Total (Net)	58,653	58,217	58,805	59,393	58,805	102,691
Federal Continuance	99%	< 90%	100% Requirements Closed 100% Formal Closure By OSFI	Timing of Closure Requirements before March 31 Formal Closure before June 30	100%	n/a
Digitalization-Enabling Infrastructure (Kincentric Dimension)	52%	55%	60%	65%	60%	ICU as a Platform Company
Engagement Survey (Total Score)	57%	63-65%	66-70%	>70%	60%	79%
Organizational Capacity-Meeting Efficiency	\$1,733,836	\$1,650,000	\$1,500,000	\$1,350,000	\$2.3M	\$500,000
Quality Assurance (Accuracy) YTD	80% (Oct)	85%	87%	89%	87%	87%

1.2 Describe how your credit union/bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Corporate Social Responsibility

Being an Innovation member means sharing in the success of the credit union. For simply doing business with us, we approved \$1,915,299 in member distributions in 2021.

\$1,915,299



Member Rewards

There are three facets of the Member Rewards program: Save, Earn, and Give.

Save

Members save on fees - as much as \$360/year - with our No-Fee Bank Account.

Earn

Members earn quarterly patronage allocations to their Member Rewards Account based on the business they do with us. In 2021, \$1,915,299 was returned to members in the form of allocations.

We also pay cash dividends based on the amount of equity members have. We paid \$674,182 to members in the form of dividends. In addition, youth ages 18 and under receive \$5 cash every 3 months, totaling \$58,735.

Give

Our members help us support our communities. Because we share our profits, their business helps us give back to the communities we serve.

Principle 2: Impact and Target Setting

We will work to continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis

Show that your credit union/ bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a. **Scope:** The credit union/bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b. **Scale of Exposure:** In identifying its areas of most significant impact the credit union/ bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c. **Context & Relevance:** Your credit union/bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

Sustainable Development goals:

Our goal is to provide responsible banking to members across Canada. We will do this through our three Responsible Banking Pillars: Earn, Give, and Save. Measurable goals will be as follows:

Goal #1 Earn:

- Ongoing implementation of our Member Rewards program where allocations, payouts and dividends to our members are based on the profits of the Credit Union.

Goal #2 Give:

- Innovation Credit Union's board policy is that we will invest between 2%-4% of pre-tax dollars in the communities we serve. This will include Scholarships, Sponsorships, Donations and one-time Capital Investments.

Goal #3 Save:

- Innovation Credit Union will continue to offer its members an indeed No Fee Bank account. This account has no strings attached and includes free eTransfers. Based on competitive analysis, this will save the average member as much as \$360 per year in banking fees.

Goal #4 Climate Change:

- Innovation has launched our Eco-Friendly Banking solutions to help members achieve environmental sustainability goals. We want to support our members in their transition to net-zero and a more sustainable future for generations to come. The products we have introduced are on the following page.

Principle 2: Impact and Target Setting

We will work to continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Innovation has launched our Eco-Friendly and socially responsible banking solutions to help members not only achieve their environmental sustainability goals but also have products that are responsive to members' needs and due to events out of their control. We want to support our members in their transition to net-zero and a more sustainable future for generations to come. The products we have introduced are:

Energy Efficient Home Renovation Loan in partnership with CMHC (Canada Mortgage and Housing Corporation) and their CMHC Green Home program. This allows eligible members to have a refund of up to 25% of the premium of their loan. We also work with our members to look at other incentive programs through the Federal Government.

Auto Loan for Zero-Emission Vehicles. Incentive for zero-emission vehicles (ZEV) program (Government of Canada) allows members to be eligible for incentives of up to \$5,000. We advise members on how they can see if their purchase qualifies under the Zev program.

Responsible Investment Solutions. Innovation has partnered with NEI Investments, Canada's leading provider of Responsible Investment (RI) solutions, to make a positive difference for our investors, partners, and society. To do that, NEI has built Canada's most diversified lineup of RI solutions – top-performing, actively managed funds advised by the world's leading institutional money managers and overseen by NEI's proprietary Investment Management, Asset Allocation and Environmental, Social and Governance (ESG) teams.

New Canadians Fresh Start Program. This program was created to help entrepreneurs and new Canadians establish credit or re-establish their credit rating.

Covid 19 Loan Deferral Program. As the COVID pandemic lingered into 2021, we continued to provide members who were facing financial hardships access to relief measures.

Drought Assistance Program. Innovation Credit Union extended drought relief for are farming business members. Innovation offered our support to farmers and producers suffering from adverse weather conditions, by working with the impacted agriculture members for cash flow solutions.

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Community Development Grant & Legacy Fund Program

Innovation has established a legacy fund as a symbol of respect for Credit Unions we have amalgamated with. Last year we gave \$65,000 to 10 deserving organizations and community projects:

Community Development Grant

Hafford Fire Department: Wildland Vehicle Upgrade Project - \$10,000

City of Swift Current: Safe Places Prevent It Project - \$5,000

Eastend: Memorial Hall Heating Boilers Replacement Project - \$5,000

Meadow Lake Curling Club Inc: Renovations Project - \$5,000

Dr. Noble Irwin Regional Healthcare Foundation: Cabri Prairie Health Care Centre Digital Radiology System Replacement Project - \$5,000

Goodsoil Legacy Fund

Goodsoil Recreation Community Hall Board: Upgrades & Renovations Project - \$5,000

Goodsoil Historical Museum: Mcrae House Restoration Project - \$5,000

Goodsoil Minor Ball: Kitchen & Washroom Facility Project - \$5,000

Goodsoil Central School: SCC Walkway Expansion Project - \$5,000

Pierceland Legacy Fund

Pierceland Recreation Association: Arena Energy Efficiency 7 Improvement Project - \$15,000

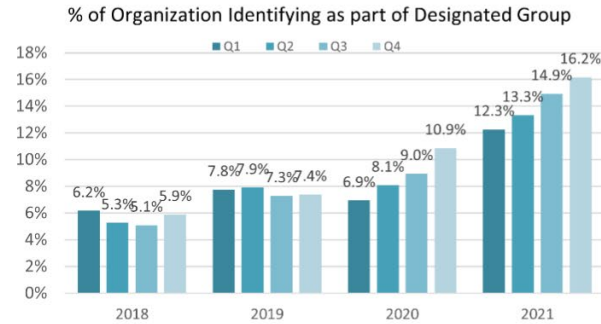
Diversity & Inclusion & Other Initiatives

- In 2021 Innovation started working on an Indigenous Strategy and honoring our Indigenous Community. This strategy will be formalized in 2022. [Innovation Credit Union - Honouring Indigenous Peoples of Canada \(innovationcu.ca\)](https://www.innovationcu.ca)
- In 2021, we began the process to convert over 80% of our paper-printed brochures to digital-only formats that will only be printed upon request

Staff Programs

16.2%

of Innovation staff identify as a member of a designated group – visible minority, Indigenous or disabled.



Female Leadership Team Representation

63.6%

Female Board Representation 42.0%



55 Total Leadership Team Members

35 Female / 20 Male

12 Total Board Members

5 Female / 7 Male



Innovation formalized a 3-year extension of its partnership with the Canadian Centre for Diversity and Inclusion (CCDI), while also providing and supporting diversity learning opportunities for staff and the creation of a company-wide diversity celebration calendar.

Programs for Members Needing Financial Aid

Drought Relief Program offered in 2021

- Innovation Credit Union Extends Drought Relief for Farm Businesses
- Innovation Credit Union is offering its support to farmers and producers suffering from adverse weather conditions, by working with impacted agriculture members for cash flow solutions.
- Saskatchewan farmers and ranchers are experiencing staggering impacts from the heat wave in 2021. Low precipitation paired with low average reserve moisture levels have created severe challenges for producers. For some, the extreme heat has resulted in zero-yield crops and has reduced the water and feed supply for livestock. While the federal and provincial governments are conducting AgriRecovery assessments, many agricultural operations will require immediate interim support to reduce financial pressures.
- “When we see our agriculture producers face such trying times, we immediately think of ways we can help,” says Innovation Credit Union Chief Retail Officer Cary Ransome. “Our Agriculture sector works so incredibly hard. It’s not a job; it’s a way of life, from dusk until dawn. They’re the backbone of Saskatchewan so when their business is negatively impacted, we all feel it.”
- Ransome suggests reaching out for assistance as soon as possible. “We’ll discuss all of the options available that could make life a little easier right now. I invite members to contact us sooner than later to get the support they need. Drought is beyond our control, but we can certainly help to mitigate the impact it leaves.”
- Innovation is continuously monitoring the situation and will be creating solutions to offer producers. From flexible credit options to loan payment deferrals, there are a number of drought support options farmers can choose from.
- Innovation agriculture members are encouraged to call their Business Advisor directly or call 1.866.446.7001 for any kind of support. Advisors are local agriculture experts in farmers’ and ranchers’ corners.
- Additionally, Innovation encourages farmers and ranchers to take care of their mental health by contacting the Farm Stress Line. The Farm Stress Line is a confidential service, available 24-hours-a-day, seven-days-a-week, toll-free at 1-800-667-4442. Calls are answered by Mobile Crisis Services Regina, a non-profit, community-based agency and there is no call display.
- As Innovation continues to study the situation as it evolves, they are also looking to come up with newer ways in which they can work together with agriculture members. At this time, they’re offering planning advice to producers on how to protect their farms. They recognize that this advice on being prepared when an emergency strikes, will help the farmers maintain or recover their farming operations.

Reporting and Self Assessment Requirements

d. Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the credit union/bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the credit union/ bank has:

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

High-level summary of our Credit Union's response

Concentration and weighted-average Risk Rate by Industry

NAICS	\$	%	W-Avg RR
53 - Real Estate and Rental and Leasing	\$377,133,518	28.2%	5.33
111 - Crop Production	\$331,460,482	24.7%	4.08
112 - Animal Production and Aquaculture	\$192,531,699	14.4%	4.08
23 - Construction	\$78,672,875	5.9%	4.91
72 - Accommodation and Food Services	\$66,155,902	4.9%	7.16
55 - Management of Companies and Enterprises	\$54,657,716	4.1%	5.54
91 - Public administration	\$38,093,578	2.8%	3.41
62 - Health Care and Social Assistance	\$35,501,095	2.7%	4.76
52 - Finance and Insurance	\$26,829,468	2.0%	5.08
21 - Mining, Quarrying, and Oil and Gas Extraction	\$24,264,680	1.8%	4.87
44-45 - Retail Trade	\$23,169,491	1.7%	4.21
48-49 - Transportation and Warehousing	\$22,409,159	1.7%	5.15
81 - Other Services (except Public Administration)	\$18,531,665	1.4%	4.62
71 - Arts, Entertainment, and Recreation	\$11,895,809	0.9%	6.04
54 - Professional, Scientific, and Technical Services	\$8,240,805	0.6%	4.43
113-119 - Ag, Forestry, Fishing & Hunting - Other	\$7,153,370	0.5%	4.32
31-33 - Manufacturing	\$6,520,684	0.5%	3.10
51 - Information	\$3,977,411	0.3%	4.85
XX - Unclassified	\$3,588,202	0.3%	4.14
56 - Administrative/Support/ Waste Management/Remediation Services	\$3,081,435	0.2%	4.70
41 - Wholesale trade	\$2,573,699	0.2%	2.90
61 - Educational Services	\$2,248,407	0.2%	2.94
22 - Utilities	\$779,003	0.1%	5.82
92 - Public Administration	\$98,041	0.0%	3.00
TOTAL	\$1,339,568,192	100%	4.77

Please provide your credit union/bank's conclusion statement if it has fulfilled the requirements regarding our Analysis.

Innovation currently has a strong social impact program we are following. Innovation is waiting to see the new UNEP tool for portfolio analysis

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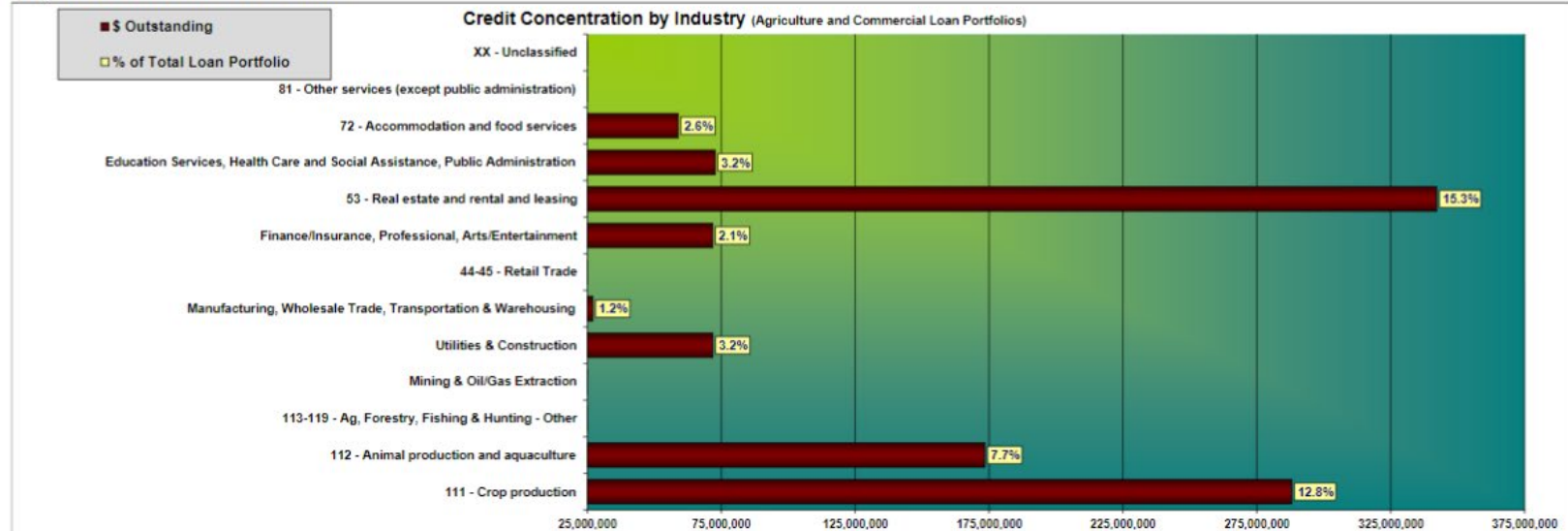
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High-level summary of our Credit Union's response

Key Risk Area - Concentration Risk



NAICS Code	Description	\$ Outstanding	Cash Secured	# Loans Outstanding	Average Loan Amount (\$)	W-AVG ECI	% of Total Loan	\$ Remaining	Guideline
111	111 - Crop production	\$ 288,000,417	\$883,510	2,456	\$ 117,264	4.09	12.8%	\$ 160,570,423	20%
112	112 - Animal production and aquaculture	173,429,209	\$104,464	2,243	77,320	4.06	7.7%	50,856,211	10%
113-119	113-119 - Ag, Forestry, Fishing & Hunting - Other	5,084,277	\$78,171	79	64,358	4.30	0.2%	107,058,433	5%
21	21 - Mining & Oil/Gas Extraction	21,371,645	\$378,535	214	99,868	4.89	1.0%	90,771,065	5%
22-23	22-23 - Utilities & Construction	71,800,575	\$26,877	346	207,516	5.02	3.2%	40,342,135	5%
31-41 48-49	31-41 48-49 - Manufacturing, Wholesale Trade, Transportation & Warehousing	27,009,046	\$30,973	253	106,755	4.58	1.2%	85,133,664	5%
44-45	44-45 - Retail Trade	17,981,555	\$443,035	223	80,635	4.31	0.8%	94,161,155	5%
51,52, 54-56, 71	51,52, 54-56, 71 - Finance/Insurance, Professional, Arts/Entertainment	71,724,752	\$24,176,267	252	188,684	5.55	2.1%	64,594,225	5%
53	53 - Real estate and rental and leasing	342,157,676	\$42,364	312	1,096,659	5.33	15.3%	106,413,164	20%
61-62, 91, 92	61-62, 91, 92 - Administration	72,697,253	\$1,286,987	166	437,935	4.03	3.2%	39,445,457	5%
72	72 - Accommodation and food services	58,864,199	\$92,090	152	387,264	7.37	2.6%	53,278,511	5%
81	81 - Other services (except public administration)	12,000,174	\$6,672	199	60,302	4.77	0.5%	100,142,536	5%
XX	XX - Unclassified	3,588,202		44	81,550	4.14	0.2%	-	
		\$ 1,165,708,980	\$ 27,549,945	6,939	\$ 167,994	4.80	50.9%	\$ 992,766,980	

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2.2 Target Setting

Show that the credit union/bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the credit union/ bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Earn: Target = 15% of Pre-Tax Profits

Innovation believes in the Credit Union principle to share our profits with our members. Our program pays our members cash dividends they can spend right away while building a long-term investment which earns an attractive return. Innovation's Member Rewards program is one of the key differentiator among all financial institutions in Canada.

Member Rewards distributions are declared quarterly by Innovation's Board of Directors and include:

- Payments based on the interest a member pays on loans as well as on the interest earned on their investments
- Youth dividends to all members under the age of 19
- Cash dividends at an attractive rate

	2021					2020				
	Actual Q1	Actual Q2	Actual Q3	Estimate Q4	Cumulative Totals \$ % of Total	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Cumulative Totals \$ % of Total
Dividend payment (cash) =	157,021	160,884	172,530	183,747	674,182 35.2%	217,362	202,264	172,277	16,094	607,996 37.0%
Youth payment (cash) =	14,355	14,715	14,880	14,785	58,735 3.1%	14,515	14,415	14,385	14,325	57,640 3.5%
Member Reward Account Allocation =	274,169	370,644	236,101	301,468	1,182,383 61.7%	-	231,977	304,888	441,917	978,782 59.5%
Total distribution =	445,545	546,243	423,510	500,000	1,915,299 100.0%	231,877	448,656	491,550	472,337	1,644,419 100.0%
Loan Interest allocation rate (annualized) =	1.32%	2.00%	1.37%			0.00%	1.15%	1.75%	1.58%	
Deposit Interest allocation rate (annualized) =	1.32%	2.00%	1.37%			0.00%	1.15%	1.75%	1.58%	
Quarterly dividend rate (annualized) =	3.50%	3.54%	3.72%	3.95%		4.71%	4.41%	3.72%	3.50%	
Number of members <19 receiving the youth dividend =	2,862	2,928	2,975	2,957		2,903	2,883	2,877	2,884	

	2019 *January 1 - April 20 ** April 21 - June 30				2018					
	Actual Q1 *	Actual Q2 **	Actual Q3	Actual Q4	Cumulative Totals \$ % of Total	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Cumulative Totals \$ % of Total
Dividend payment (cash) =	439,268	245,406	312,536	318,456	1,315,665 37.8%	280,811	308,005	325,359	338,476	1,252,651 33.1%
Youth payment (cash) =	13,440	13,695	14,510	14,685	56,330 1.6%	12,675	12,880	13,190	13,160	51,905 1.4%
Member Reward Account Allocation =	591,530	186,579	465,416	865,328	2,108,853 60.6%	552,670	575,185	609,977	742,962	2,480,794 65.5%
Total distribution =	1,044,237	445,680	792,462	1,198,469	3,480,849 100.0%	846,156	896,069	948,526	1,094,599	3,785,350 100.0%
Loan Interest allocation rate (annualized) =	1.65%	0.75%	3.25%	4.98%		2.10%	2.25%	2.45%	2.37%	
Deposit Interest allocation rate (annualized) =	3.30%	1.50%	1.63%	2.49%		4.20%	4.50%	4.90%	4.74%	
Quarterly dividend rate (annualized) =	3.50%	5.03%	4.90%	4.90%		3.50%	5.50%	5.61%	5.65%	
Number of members <19 receiving the youth dividend =	2,688	2,739	2,902	2,937		2,535	2,576	2,638	2,632	

	2017				
	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Cumulative Totals \$ % of Total
Dividend payment (cash) =	210,687	238,889	260,292	267,161	977,029 28.8%
Youth payment (cash) =	12,350	12,585	12,955	12,760	50,650 1.5%
Member Reward Account Allocation =	574,332	547,381	526,075	718,794	2,366,582 69.7%
Total distribution =	797,369	798,855	799,323	998,714	3,394,261 100.0%
Loan Interest allocation rate (annualized) =	3.25%	3.02%	2.95%	3.11%	
Deposit Interest allocation rate (annualized) =	3.25%	3.02%	2.95%	3.11%	
Quarterly dividend rate (annualized) =	4.40%	4.77%	5.00%	5.00%	
Number of members <19 receiving the youth dividend =	2,470	2,517	2,591	2,552	

2.2 Target Setting

Show that the credit union/bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the credit union/ bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

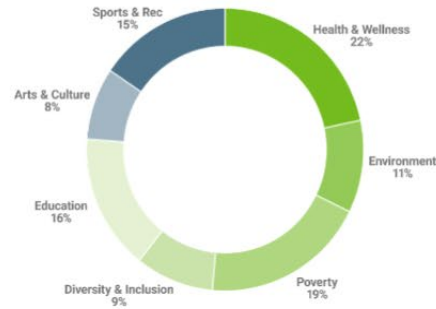
Show that the bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Give

Our goal is to give back 2% - 4% of pre-tax profits each year. In 2021, we invested \$489,871 into our communities - in the form of sponsorships, naming rights, community development, and scholarships - resulting in 4.44% of pre-tax profits.

\$489,871

to local organizations who are making a difference



Members told us health & wellness mattered most to them in a digital community survey we conducted. We were happy to donate \$5,000 to the Canadian Mental Health Association (SK Division) on our members' behalf for participating.

We were honoured to be designated by Imagine Canada as a Caring Company once again in 2021. This designation is awarded to companies that lead by example and set the standard for corporate giving.



Reporting and Self Assessment Requirements

High-level summary of our Credit Union's response

2.2 Target Setting

Show that the credit union/bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the credit union/ bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the credit union/bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Save:

Innovation innovates with industry-leading personal No-Fee Bank Account

Canada's national banks continue to enjoy record profits, but how much of that is a result of service fees passed on to their customers? In fact, fees for banking services are on the rise and have become an increasingly lucrative part of multi-billion-dollar revenues for Canadian financial institutions (FIs). Even their no-fee accounts come at a cost to customers, with fine print restrictions like minimum monthly balance requirements or limited transactions. While most FIs argue that fee increases are simply the cost of doing business, there is one credit union in Saskatchewan taking a dramatically different approach.

Innovation Credit Union, headquartered in Saskatchewan, is living by its commitment to responsible banking by returning a portion of profits quarterly to its customers by offering a No-Fee Bank Account. This industry-leading product saves Innovation's members as much as \$360 per year in banking fees.

Banking consumers have grown tired of paying close to \$30 a month in fees with their banks. Realizing how much they were being charged just to access their own money, 43,000+ have turned to Innovation's No-Fee Bank Account.

Choosing Innovation's No-Fee Bank Account has also opened members' eyes to what an FI can do when it's truly socially responsible with its profits. Not only do members save money, they feel way better about banking with someone who uses its revenue to do good things for people. The banking products members have at Innovation are a part of that, so members feel like they're helping too.

Innovation Credit Union No-Fee Bank Account saves Innovation members over \$4.08 million per year. Launching this account is a way for us to reinvest our earnings into our members and provide something tangible. Not only are there zero hidden fees, over 23,000 members were automatically switched to this account when it was launched. We didn't wait for them to ask for it. We delivered on our promise to responsible banking that makes members' needs our highest priority.

Canadians outside of Saskatchewan will soon be able to reap benefits like these, as Innovation intends to become a federal credit union. This expansion will help the forward-thinking credit union fulfill its mandate to offer responsible banking services to all Canadians.

Climate Targets and Disclosure

Targets will be set based on the recommendations from the CCUA Climate Disclosure working group.

Please provide your credit union/bank's conclusion statement if it has fulfilled the requirements regarding our Analysis.

Innovation's strategy of Earn, Give & Save is well established and the targets are clear and transparent. Innovation is working towards climate targets and disclosures that will soon be required by our regulator.

Reporting and Self Assessment Requirements

2.3. Plans for Target Implementation and Monitoring

Show that your credit union/bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

2.4 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

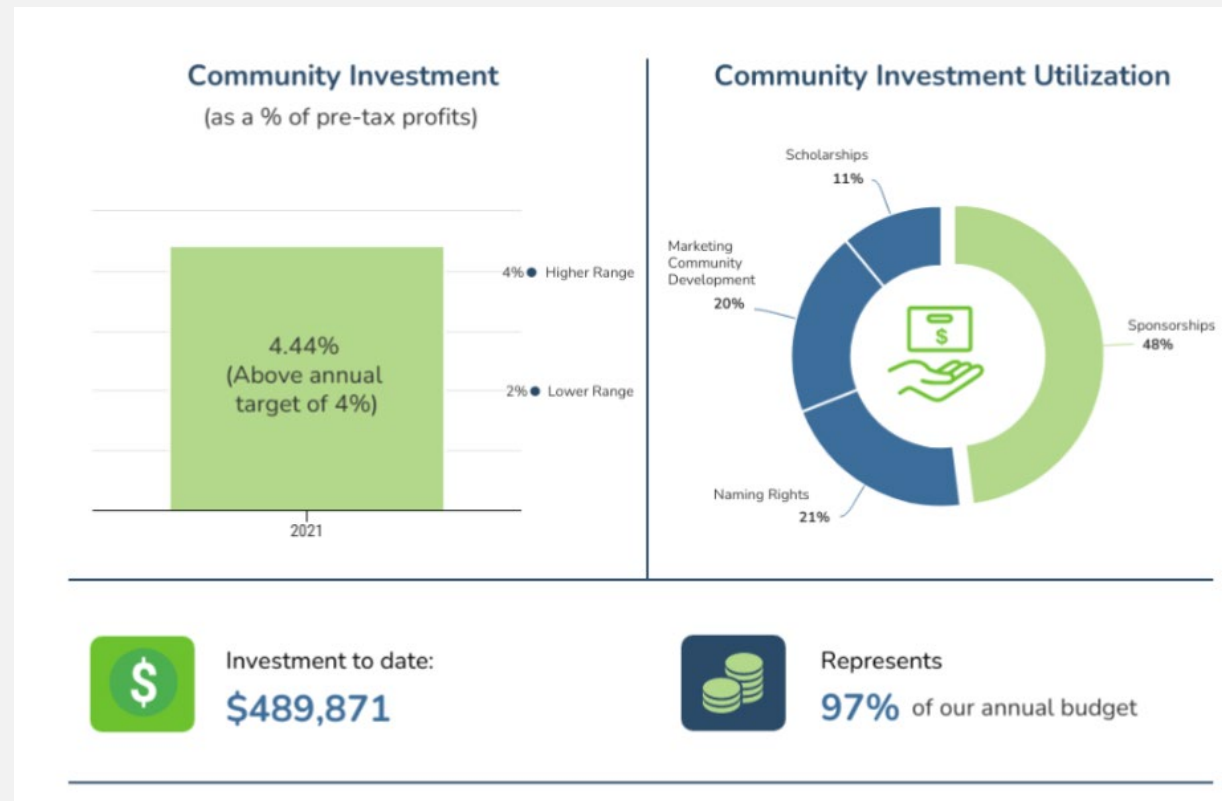
Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

High-level summary of our Credit Union's response

Community Spend

In 2021, we contributed \$489,871 (97% of the annual budget) to initiatives that support our communities in the form of sponsorships, naming rights, community development, and scholarships. Based on the year-end audited results, as of December 31, 2021 community spending was above the target (2-4%) at 4.44%. Our pre-tax profit directly impacts community spending. As a result, our target is above 4%, which is higher than years previous.

*The community development budget variance results from the donations to the Canadian Red Cross – BC Flood Response and the Swift Current Mental Health Association – New Building Project (\$5000 each).



Principle 3: Members

We will work responsibly with our members to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1. Provide an overview of the policies and practices your credit union/ bank has in place and/ or is planning to put in place to promote responsible relationships with its members. This should include high-level information on any programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Staff are fully trained on our responsible banking platform, including the three pillars of Earn, Give & Save. This is a differentiator for Innovation and is a strong value proposition that most Financial Institutions don’t have. We have described what is in this program earlier in this report.

3.2 Describe how your credit union/ bank has worked with and/or is planning to work with its members to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

This year, Innovation Credit Union launched our first Eco-friendly product line. The purpose of this product line is to recognize the importance of environmentally friendly products and how they benefit the member and our environment.

Energy Efficient Home Renovation Loan in partnership with CMHC (Canada Mortgage and Housing Corporation) and their CMHC Green Home program. This allows eligible members to have a refund of up to 25% of the premium of their loan. We also work with our members to look at other incentive programs through the Federal Government.

Auto Loan for Zero-Emission Vehicles. Incentive for zero-emission vehicles (ZEV) program (Government of Canada) allows members to be eligible for incentives of up to \$5,000. We advise members on how they can see if their purchase qualifies under the Zev program

Responsible Investment Solutions. Innovation has partnered with NEI Investments, Canada’s leading provider of Responsible Investment (RI) solutions, to make a positive difference for our investors, partners, and society. To do that, NEI has built Canada’s most diversified lineup of RI solutions – top-performing, actively managed funds advised by the world’s leading institutional money managers and overseen by NEI’s propriety Investment Management, Asset Allocation and Environmental, Social and Governance (ESG) teams.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/ types of stakeholders) your credit union/ bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your credit union/ bank has identified relevant stakeholders and what issues were addressed/results achieved.

Innovation has identified our members, board and staff as key stakeholders. We receive feedback from these stakeholders in the following ways:

- **Members:** We conduct member research and feedback surveys throughout the year. We measure our Net Promoter Score (NPS). This focus' on the attributes both positive and negative. Currently we have positive equity when it comes to our social responsibility. What that means is if we spent more on community, we wouldn't see our NPS scores go up. We look at the attributes that have negative equity and put forth action plans on how to address these.
- **Board:** The board has a sub-committee called the Community and Member Relations committee. Management reports into this committee on a quarterly basis and updates them on NPS action plans and community investment reporting.
- **Staff:** In the areas we serve we have higher than average staff for in the community compared to other local businesses. Our staff has funds set aside to invest in their community. Our staff also provide volunteer hours which are measured in their performance documents.
- **CCUA Climate Change Disclosure Working Group:** This group brings in experts in climate change that will in turn help set the requirements for climate disclosure for all Canadian Credit Unions. This work is already in progress and ensures all the Canadian Credit Unions are aware of what disclosures will be required moving forward.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

To ensure we are following through with the principles for responsible banking, progress updates given to our management Member First committee. This committee in turn will report in progress to the board Community and Member Relations Committee.

Our Manager of Research and Strategic Initiatives sits on the CCUA Climate Disclosure working group. This allows Innovation to help with the process of getting climate disclosure standards for the Credit Union system in Canada.

Governance: Innovation has a Community and Member Relations Committee and the purpose of the committee is:

- To ensure Innovation has an effective Community and Member Relations framework that includes a Social Responsibility framework.
- To ensure the credit union is effectively linked to and contributing to the community.
- To establish efficient and effective service delivery channels to serve current and future members.
- To oversee the implementation of member education programs as part of the member experience.
- To establish and maintain an effective mechanism to understand member needs and ensure the membership's voice is integrated in Governance and the Operations.
- To analyze and make recommendations for donation requests that go beyond management policy for approval.

Reporting and Self Assessment Requirements

High-level summary of our Credit Union's response

5.2 Describe the initiatives and measures your credit union/ bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

Responsible banking will be a KPI in all our executive leader's performance plans in 2021. This ensure a strong emphasis is placed on top leaders to integrate responsible banking in their areas they oversee. Please reference earlier slides that speak to our Corporate Scorecard reporting as well as our Member Reward Program that focuses on our three pillars of Earn, Give, Save.

5.3 Governance Structure for Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a. target-setting and actions to achieve targets set
- b. remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

Innovation already have governance around individual and society goals which is reflected in our 3 pillar of Responsible Banking. This has already been included in our reporting and part of our governance structure.

We will follow the lead of our regulators on climate disclosure requirements.

Please provide your credit union/bank's conclusion statement if it has fulfilled the requirements regarding our Analysis.

We are in a good spot with our individual and society's goals and implementation. We will continue to follow the lead of our regulators on climate disclosure requirements.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your credit union/ bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your credit union/bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We are currently developing reporting for Climate Change. Once we analyze our portfolio, we will then set our targets.

In 2021 Innovation introduced a new eco-friendly product line seen in previous slides.

Innovation has a Diversity Policy plan for the board. The invention also has a People Focus Management committee that reports to the Governance & People Board sub-committee. The purpose of this committee is to oversee, at the leadership and operational level, ICU's People management.

This Practice documents the structure of the People Committee and outlines the Committee's purpose, composition, meetings, authority, duties, and reporting.

This Practice exists to assist Innovation Credit Union's ("ICU") Executive Leadership Team fulfill its responsibilities, as delegated by the Board of Directors ("Board") Corporate Governance & People Committee.

This Practice includes requirements set out in the Bank Act ("Act") and OSFI's B-10 Outsourcing of Business Activities, Functions, and Process Guidelines.

Until such time that ICU becomes a federally regulated credit union, ICU will follow the standards in the Practice and, where required, The Credit Union Act, 1998, The Credit Union Regulations, 1999, the Standards of Sound Business Practices as established by Saskatchewan's Credit Union Deposit Guarantee Corporation (CUDGC). In any case, where there is conflict in regulations, the current regulatory environment will prevail.

Innovation continues to have a Diversity and Inclusion committee. This committee measures the organization's diversity and will ensure. Innovation follows the legislated employment equity program.

Please provide your credit union/bank's conclusion statement if it has fulfilled the requirements regarding our Analysis.

Innovation Credit Union is established Diversity and Employment Equity practices. With the Diversity and Inclusion committee we will look to that group to evolve our current practices.