

Innovation Federal Credit Union UNEP Principles for Responsible Banking

2022 and 2023 Self-Assessment Report

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.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Innovation Federal Credit Union is one of Saskatchewan's largest credit unions with over 450 employees and more than \$4.335 billion in managed assets. We serve over 59,000 members across 24 advice centre locations. With the overwhelming support of our membership, we are excited to be one of the first credit unions in Canada gain a Federal Credit Union charter under The Bank Act. As a member-owned co-operative, Innovation FCU provides quarterly returns to our members and reinvest 2% - 4% of our pre-tax profits back into the communities we serve.

Our purpose is to simplify banking for Canadians across our full suite of services including personal banking, business banking, and wealth. We believe that responsible banking means doing the right thing for our members and the communities they live in. Our mantra of **Save, Earn, Give** forms the foundation of our approach. The financial wellness of our members is important to us, and we help them **save** with fewer fees, great rates, and helpful advice. Every member **earns** a cash dividends simply by banking with us, including them in our success. And finally, we **give** back to the communities we operate in and the causes that our members care about. As a credit union whose core membership primarily live, work, and play in small prairie and northern communities the role Innovation FCU plays is these communities is significant. While many larger financial institutions are closing rural branches and pulling out of these communities Innovation is committed to their sustainability and wellbeing; keeping branches open, developing legacy funds, and being a proactive partner on their journey.

Links and references

[2022 Annual Report Pg 3-15](#)



Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights International Labour Organization fundamental conventions UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: **Preparing for OSFI B-15**

Any applicable regulatory reporting requirements on social risk assessments None of the above

As a member owned co-operative financial institution, sustainability is in Innovation FCU's DNA. As an organization we have an unwavering commitment to our members and the communities we serve. Since 2007 Innovation FCU has given back more than \$39.1 million to members and invested over \$7.78 million into our communities. In 2022 Innovation FCU helped provide 10,000 meals through our community impact campaign, created accessible scholarships, invested in green initiatives, and created partnerships with multiple indigenous communities and businesses like Takata HR solutions. As part of the partnership with Takata, Innovation FCU will educate, inform, mentor, and hire Indigenous people to create lifelong connections and opportunities. Tokata will in turn help their recruits find meaningful, fulfilling work.

For the PRB Innovation FCU is reflecting on the good work that we already do in the community and aligning to the UN's SDGs, Parris Climate Agreement, and other regional, national, or international frameworks. As a small FI relative to the Canadian Banks it is important that we find a way not only to align the the UNEP PRB but also make a material impact relative to our size. We recognize that what the PRB requires will be an evolution of what we do today and are working to align to the standards of the program while continuing to provide our members and their communities the support they expect and depend on. As part of the PRB journey Innovation FCU has undergone a readiness assessment with an assurance provider to help us understand gaps and set ourselves up for success in the program.

With respect to climate Innovation FCU has engaged a third party to help us understand and calculate our scope 1, 2, and 3 emissions including financed emissions so that we can set appropriate climate targets and benchmark our progress against a baseline. We are also exploring membership in PACF.

Links and references

[2022 Annual Report Pg 14-26](#)



Principle 2: Target Setting



We will 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 (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Innovation FCU has just under 60,000 members primarily located in Saskatchewan. Outside of Saskatoon and Regina the majority of our members both consumer and commercial reside and operate in communities of less than 30,000 people. Because of this Innovation FCU is often a cornerstone of the communities we operate in and have close ties to them. In some communities Innovation FCU is the only financial services provider in town and a cornerstone of the community.

Innovation FCU has three primary areas of business; consumer, commercial, and wealth. We offer a full range of products and services including deposit accounts, loans, mortgages, credit cards, investment products, and advice. At this stage, and for the purpose of the PRB we are focusing on consumer and business. We are working with a third party to better understand our climate impact in five key areas commercial lending, commercial real estate, residential mortgages, vehicle loans, and project finance. We are currently not including wealth in our impact analysis as while we offer sustainable investment opportunities, we do not currently create securities or funds in-house. The role of our wealth team is to help guide our members on their wealth journey providing planning services, advice, and options. There is a higher potential for impact if we focus on the consumer and business portfolios.

Links and references

[Personal Banking Products and Services](#)

[Business Banking Products and Services](#)



b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i. by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii. by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

As a community-based credit union in the heart of Canada's breadbasket over 40% of Innovation's commercial portfolio is in agriculture including: wheat and grain farming, oilseeds, cattle ranching, feedlots, aquaculture, and other diversified farming and agriculture activities and support activities. Commercial real estate, construction, accommodation and food services, and management of companies and enterprises are the next largest NAICS categories but individually represent a significantly smaller portion of Innovation FCU's portfolio.

On the consumer side our member base is as follows:

	15-29	30-59	60 +	Female	Male
Number of Banking Accounts	19%	47%	34%	50%	50%
Volume of Credit	8%	72%	20%	45%	55%
Saving Accounts	4%	28%	68%	52%	48%
Volume of Home Loans	7%	73%	20%	46%	54%

Links and references



c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Innovation FCU has always had a lens towards sustainable development and supporting the communities it operates in. Currently we are going through the process of understanding how to align what we currently do to the PRB. For example, Innovation has established a community development grant & legacy fund program that benefitted 13 communities in 2022. Because we operate in small communities things like new fire trucks, defibrillators and upgrades to learning and community centres have a material impact to the livability and viability of the community. Each community has unique challenges and priorities as they relate to sustainable development. Innovation is engaged with those communities, their leaders, and our members in understanding their needs and supporting them in closing the gaps.

Innovation FCU is also taking additional steps in connecting with northern, Indigenous, and Metis communities including Ile-a-la-Crosse, Buffalo Narrows, and La Loche. Our leadership and members of the board have traveled up north multiple times to meet face-to-face with chiefs, town councils, and community members to understanding the unique challenges they face.

Links and references

[2022 Annual Report Pg.23](#)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.

In consultation with the UNEP PRB support team climate and financial health and inclusion are two of the impact areas we are considering. We are also exploring regional and national frameworks like the calls to action for truth and reconciliation. The next step is for Innovation FCU to understand where we might make material impact given our size and resources so we can make an educated choice on where to focus and set targets.

Links and references



d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Impact targets have not yet been set. With respect to climate Innovation FCU has engaged a third party to help calculate our GHG emissions baseline so that we can understand what a path forward might look like and benchmark against an established baseline.

For our second target work is underway to understand where we want to focus our community impact initiatives. Many of the communities we serve have different needs and it is important that we pick initiatives where we can have a material impact relative to our size and resources.

Links and references

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*TBD, Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: **truth and reconciliation***

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication
 Up to 12 months prior to publication
 Up to 18 months prior to publication
 Longer than 18 months prior to publication



2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and 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.

Targets have not yet been set, see comments in section 2.1.d)	<i>Links and references</i>
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b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

Innovation FCU is working with a third party to establish our climate baseline and expect the initial phase of the work to be completed in Q1 2024.	<i>Links and references</i>
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c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose. Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

KPI's have not yet been determined.	<i>Links and references</i>
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d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Action plans and milestones have not yet been set.	<i>Links and references</i>
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Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... Climate	... second area of most significant impact: ... (To Be Determined)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

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

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Innovation FCU's 2021 report emphasized our operational ESG and CSR activities. In 2022 we continued to grow our support for communities, members, and workforce through various initiatives. Innovation FCU met its standing goal to give back 2% - 4% of pre-tax profits to the community. In 2022 that amounted to \$490,000 on top of the \$3.3 million in member distributions, and \$66,000 distributed through our community development grant and legacy fund program. Now that's responsible banking! Putting money back into communities so they can continue to grow and prosper.

Innovation FCU continues to grow its impact as an employer partnering with Tokata HR Solutions to educate, inform, mentor, and hire Indigenous people to create lifelong connections and opportunities. 64% of Innovation FCU's leadership and 42% of the board identifies as female. Innovation FCU continues to deepen its partnership with the Canadian Center for Diversity and Inclusion and 18.4% of our employees identify as a member of a designated group: visible minority, Indigenous, or disabled. In 2022 Innovation FCU's compensation structure was redesigned to align with best practices and the principles of pay fairness.

In consultation with the UNEP PRB implementation support team and our third-party assurance partner **Innovation FCU recognizes that we need to take the next step in setting and monitoring targets to create an impact at the portfolio level.** This is the next phase of the PRB journey for Innovation FCU and we have engaged a consulting team to help determine our GHG emissions. Additionally, a cross functional ESG agile team has been created to help move this work forward by completing an impact analysis, setting targets, and creating and executing on an action plan.

Links and references

[2022 Annual Report Pg 14-26](#)

[2021 Self-Assessment Report](#)



Principle 3: Clients and Customers



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

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved. This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Innovation FCU has always worked closely with the communities we operate in to help make them sustainable and prosperous. It is simply the way we do things. The next step is to evolve and formalize those inherent practices to align with the requirements of the PRB, deepen our understanding of our areas of impact, and enable our success in meeting the targets we choose.

Links and references



3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Specific Claims Financing is a specialty product that provides First Nations bands the capital they need to pursue specific claims with the federal government. These claims relate to the administration of land and other First Nation assets, and to the fulfillment of historic treaties and other agreements. This specialty financing product does not encumber the First Nation and is a more cost-effective way to finance these claims vs. the traditional legal contingency method, resulting in significant savings that can go back into the community.

Innovation FCU helps members access programs like Energy Efficient Home Renovation Loans in partnership with CMHC (Canada Mortgage and Housing Corporation) and the CMHC Green Home program. This allows eligible members to have a refund of up to 25% of the premium of their loan. We also help members access the Auto Loan for Zero-Emission Vehicles Incentive for zero-emission vehicles (ZEV) program through the Government of Canada. This program allows members to be eligible for incentives of up to \$5,000.

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.

Innovation FCU's Young Farmers Financing Program helps new farmers under 40 enter an industry that is difficult to break into without coming from a farming legacy. The program provides preferred rates and has increased flexibility in accessing credit for higher risk, low equity, start-up farmers. This provides a pathway to increased diversity and opportunity in the farming sector while also contributing to food security and innovation.

Links and references



Principle 4: Stakeholders



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

As a member owned co-operative Innovation FCU makes it a priority to engage and collaborate with stakeholders to shape our future and the work we do in the community. The next step for us is to integrate the principles for responsible banking into these consultations and formalize a process to engage stakeholders in conversations and action plans around sustainability as defined by the PRB. Stakeholder groups that we currently engage, and consult include:

Members: We conduct member research and feedback surveys throughout the year. Our high-level of community engagement, giving, and opportunity creation has resulted in positive social equity when it comes to sustainability.

Board: The board has a Community and Member Relations committee. Management reports into this committee on a quarterly basis and collaborates with them in advancing and reporting on CSR and ESG initiatives.

Innovation Nation (Our People): Innovation FCU's culture is guided by our code book which centers around an internal mantra of Responsible Banking. In short this means 'doing the right thing'. Because we operate in many smaller communities our people are our eyes and ears providing constant feedback on where community issues lie. Innovation dedicates funds and volunteer hours for our staff to invest in their community.

First Nations Leaders: Innovation FCU's executive team and board members have been building relationships with First Nations Leaders and communities to understand their unique challenges including remote and northern locations, community needs, perceptions around money, financial education, environmental and cultural preservation, economic growth, and the pursuit of specific claims. We are creating partnerships with 'the next seven generations' in mind.

CCUA: The Canadian Credit Union Association is an excellent partner and stakeholder with multiple working groups focused on sustainability. Through these groups we share and learn from other Canadian credit unions on how they are approaching sustainability and evolving regulatory requirements.

The next step for Innovation FCU is to purposefully integrate conversations around our areas of impact and targets with these groups.

Links and references



Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Innovation FCU is in the process of formalizing and aligning the governance of the PRB within our existing governance structures, policies, and procedures. We intend to have the PRB governed through our management Member First committee which reports to the Community and Member Relations Committee at the board level. Operationally the PRB will be governed by our EGS agile team.

The mandate of the Community and Member Relations Committee is to:

- 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.

Links and references



5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Innovation FCU's code book is centred around Responsible Banking. The code book is the key internal document and philosophy that drives and guides our culture. Every employee goes through the 'Innovation Experience' a dedicated in person training session and workshop focused solely on Innovation's Culture, our values, and our commitment to responsible banking.

Links and references

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

In fulfilling our strategic objectives, we take calculated risks when engaging in opportunities to ensure we manage risk that could potentially impact our Credit Union, community, and members. To do this we utilize our Risk Appetite Framework (RAF) and our Enterprise Risk Management Framework to meet our objectives while managing risk within our appetite. We monitor and report our risks quarterly to the Enterprise Risk Committee (ERC) our risk management committee and to the Risk Committee (RC) our board risk committee. Climate risk is not currently its own risk category but the principles of ESG are part of our considerations when discussing risk. ESG has been an item stated on our emerging risk register and, in our capital, planning we run a climate change specific scenario. Our regulator the Office of the Superintendent of Financial Institutions (OSFI) has released a guideline B-15 Climate Risk Management which provides direction on their expectations regarding how to manage climate risk and the associated reporting standards. As part of this implementation and our commitment to responsible banking we plan to invest significant focus in 2024 on formally integrating Climate risk into our risk management process and drastically improving our reporting in line with TCFD. This will integrate into our risk management process, top risks, capital planning, credit adjudication and stress testing. We are currently performing a gap assessment and plan to have a road map built in Q1 2024 for our risk management implementation.

Responsible Banking is core to who we are as a Credit Union. Every decision is based how it aligns to our values and the impact it will have on our stakeholders. Our CEO Dan Johnson regularly reminds staff about the importance of doing the right thing and making a difference. We see this play out in the partners we choose and the communities we support. Every employee is responsible for adhering to our Code of Conduct and we have an Integrity in Action program (Whistleblowing) which is promoted not only by the risk team but also our CEO and Board chair. This allows employees to report serious misconduct in good faith anonymously.

Links and references



Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

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 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Innovation FCU has worked with an independent assurance provider on an assurance readiness engagement to better understand the PRB program requirements, understand gaps in our program, and work towards an assurable report.

Links and references



6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI SASB CDP IFRS Sustainability Disclosure Standards (to be published) TCFD Other:

Innovation FCU will be aligning to the TCFD framework and utilizing the PCAF methodology as part of reporting requirements for OSFI B-15. This work will be completed in 2024-25.

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

Over the next 12 months Innovation FCU will continue to iterate on the work that was recommended in the feedback and support meeting report provided by the UNEP in August of 2022 and to close the gaps identified in the readiness assessment provided by our assurance provider. The main components of this work include:

1. Completing the impact analysis and confirming Innovation FCU's two most significant areas of impact. To accomplish this, we will be using the Impact analysis tools provided by UNEP to confirm the hypothesis we developed by looking at our portfolio composition.
2. For both significant impacts perform a deep dive to measure performance and set targets. Where applicable we will be using UNEP's target setting guides as well as examples from other signatories to help guide discussions and shape our targets.
3. Formalize the governance structure around the UNEP Program and continue to build an agile team to support the PRB planning and implementation.
4. Mature our data to support the measurement of progress against our targets and create a sustainable reporting structure and process.

Links and references



6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|---|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input checked="" type="checkbox"/> Other: Continuity, Succession, and Institutional Knowledge | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

As a relatively small FI in Canada Innovation FCU has many advantages in its ability to be nimble and move things forward quickly. There are also challenges where it comes to resourcing a program as impactful as the UNEP PRB. One challenge we have faced is with turnover. Because we do not have the capacity to fully dedicating multiple people to the program when key people leave a significant amount of tacit knowledge leaves with them. This creates a material knowledge gap and it takes time for successors to learn the program, the tools, methodologies, and other requirements of being a signatory. To address this we have taken extra steps to ensure that materials and working documents are collected in one place, key guides/templates/modules are marked (there is a tremendous amount of material to go through to learn the program and where to start can be dizzying) and that there is a deeper understanding in the organization about the program and the tools that support it.



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