



Reporting on Sustainability

by an Irish Credit Union

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The purpose of this document

The aims of this publication are to:

1. Provide a briefing for the Board of Directors of a Credit Union on how to start to tell members about the credit unions important role in achieving sustainability in their community:
 - a. Demonstrating to members that credit unions have always been sustainable using the wider meaning of “sustainability” as set out in the United Nations Sustainable Development Goals (UN SDGs)
 - b. Showing members how the credit union operating principles, which have been in place for over 50 years, are already very closely aligned with the UN SDGs
 - c. Provide an introduction to the European Union’s Corporate Sustainability Reporting Directive (“CSRD”), the sustainability disclosure requirements for large commercial banks and other companies
2. Provide a credit union board with an example sustainability report for a credit union that can be tailored to their needs and provide a headline to make the task of producing a report easier.
3. Set out a roadmap for the future including setting goals and key performance indicators to allow a credit union report to members on their sustainability success in the future.

Use of this document and example report

This is an open-source document that may be used and copied by any Credit Union.

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The guidance is not prescriptive, so you are free to:

- Choose to copy or discard any parts of the example report (please do not copy the photos as they are stock photos)
- Describe your Credit Union's unique sustainable initiatives
- Use your own Credit Union's examples rather than the generic examples contained in this document

This guidance is designed as a starting point and not an exhaustive methodology, to assist Credit Unions tell their story of Irish community development and sustainability and over the last 60 years.

This guidance is designed to assist Credit Unions tell their sustainability story via the United Nations Sustainable Development Goals ("UN SDGs/SDGs") framework and the Corporate Sustainable Reporting Directive ("CSRD"). It is envisaged that this guidance will be built upon in future revisions to incorporate

- The setting and reporting of sustainable key performance indicators ("KPI"),
- closer alignment with the CSRD and the
- provision of assurance by Credit Unions auditors on sustainability disclosures

Acknowledgements

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What is Sustainability?

In 1987, the World Commission for Environment and Development (WCED), a United Nations sponsored group, defined “sustainability” as:

“Meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainable businesses deliver financial returns in the long term while generating positive value for society and operating within environmental constraints. Organisations that ignore any negative impacts their activities may have on the natural environment, and on society as a whole, are unlikely to survive in the long term.

It’s worth noting that the meaning of “sustainability” extends far beyond climate and CO2 emissions. Climate action is only one of 17 UN Sustainable Development Goals (SDGs) and for Credit Unions, a lot of the other broader 16 goals will be more relevant to their members, including for example SDG 2, “Zero Hunger”.

United Nations Sustainable Development Goals

In 2015, the United Nations General Assembly (UN-GA) set up the 17 UN Sustainable Development Goals (“UN SDGs”). 193 countries signed on to the plan; including Ireland. [Click here to learn more.](#)

They represent an international consensus on conditions under which humanity can thrive. They include interconnected environmental and societal conditions as well as institutional and economic factors.

Social conditions include basic rights to food, water, sanitation, education, health and freedom. They also define acceptable production conditions such as innovative, responsible and safe production. Countries and organisations are called upon to collaborate bringing this vision to fruition and addressing the challenges humanity faces as a whole.

The UN SDGs set out a path to end extreme poverty, fight inequality and injustice, and protect the planet. Achieving the goals will require an unprecedented effort by all sectors in society, including businesses.

Credit Union Operating Principles

Sixty years ago, Credit Unions agreed a set of Operating Principles which we still operate under today.

01

**Open and voluntary
membership**

02

**Democratic
control**

03

**Return on savings
and deposits**

06

**Non-discrimination
in race, religion
and politics**

07

**Services to
members**

08

**Ongoing
education**

04

Limited dividends
on equity capital

05

Return of surplus
to member

09

Cooperation
amongst
Cooperatives

10

Social
responsibility

Sustainable Development Goals

When the UN developed their Sustainable Development Goals (SDGs), it was clear that they mapped quite closely to the credit union operating principles.



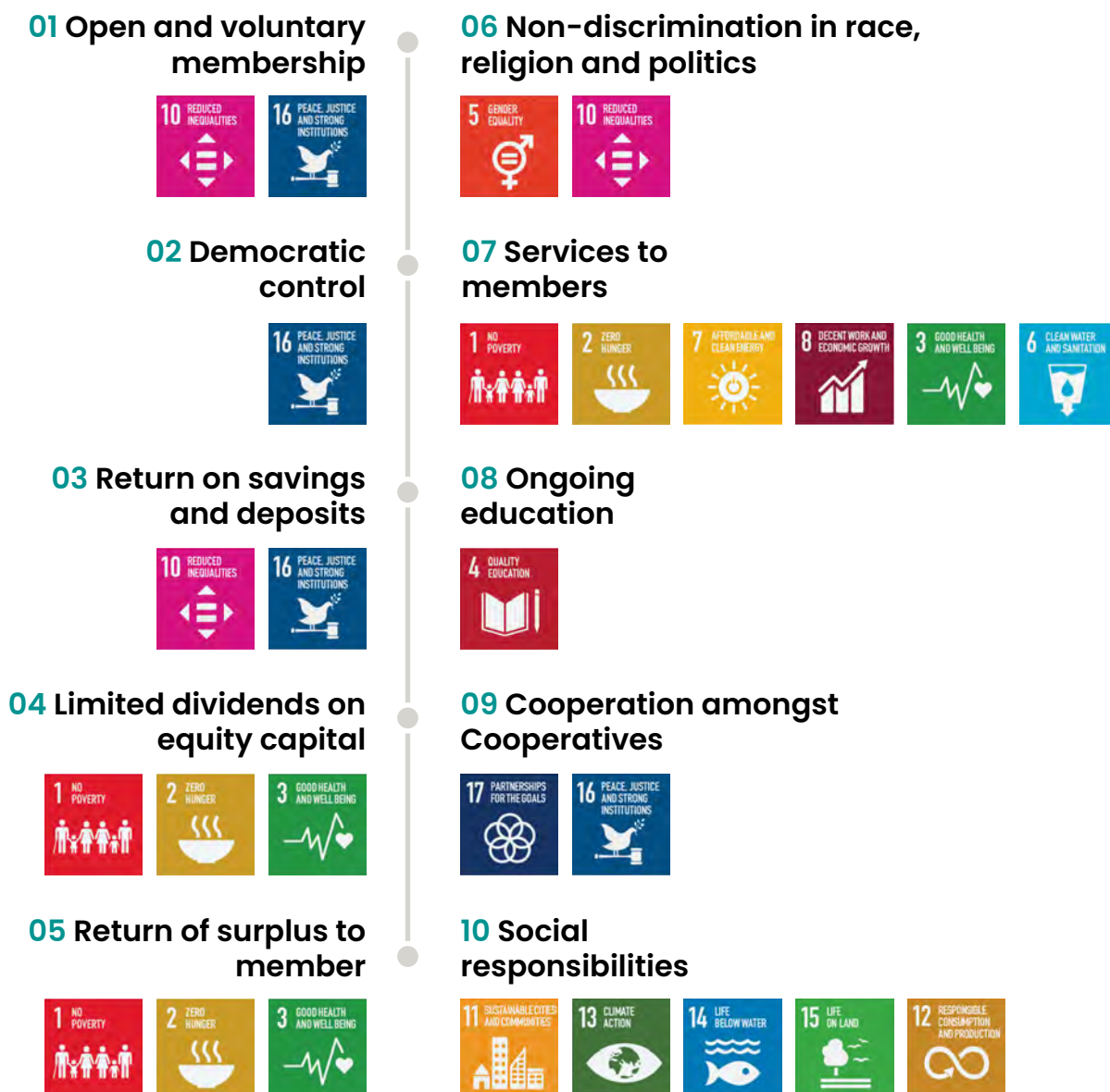


Credit Unions Operating Principles and the UN SDGs

04

When we compare our operating principles and the UN SDG goals, we see almost the same aspirations reflected in both frameworks.

We are proud that our Credit Unions operating principles already closely reflect the goals the UN and world leaders adopted in 2015. The UN SDGs provide a unique framework to disclose our Credit Unions sustainability story and this document is intended to assist Credit Unions develop their sustainability reporting disclosures narrative.



Corporate Sustainability Reporting Directive

05

The Corporate Sustainable Report Directive (“CSRD”) was first proposed by the European Commission (EC) in April 2021 as one of a number of measures designed to assist in achieving the EU’s sustainable growth objectives. It aims to develop a harmonised EU-wide framework for the reporting of relevant, comparable, and reliable sustainability information.

The directive requires large commercial companies to disclose their environmental and social credentials. Credit Unions are not currently legally required under the CSRD to make sustainability information disclosures. However, in the interest of transparent and comparable reporting, it is our intention over time to develop this guidance to assist Credit Unions align their sustainability information disclosures, in the context of a not-for-profit organisation, as far as possible with those required by the CSRD in large commercial companies.

Where to locate your sustainability report

There are several ways in which sustainability reporting may be incorporated into an organisation’s reporting. Many Credit Unions for year-ended 2022, are reporting on sustainability for the first time with a plan to provide more information over time. Some Credit Unions will make more detailed disclosures than others and will identify their own key performance indicators (“KPIs”) and performance targets, relevant to their community.

Within your annual financial statement’s booklet:

Sustainability progress can be reported in the sustainability committee report or as part of the Chairpersons or Directors report. When you include the sustainability information within your annual financial statement’s booklet, your auditor, when they are considering their audit opinion on your financial statements as a whole, will need to consider whether any sustainability information disclosed therein is consistent with their understanding.

They may perform a limited amount of audit assurance work on the sustainability information disclosed, but in the case of a narrative disclosure as opposed to a quantitative disclosure, it is unlikely that the sustainability disclosure would cause the auditor to increase their overall audit fee.

Including the sustainability information within the scope of your auditor’s work provides your members with assurance that the sustainability information is valid.

In a stand-alone sustainability booklet:

An auditor would not normally provide assurance to members on a standalone sustainability report unless the Credit Union had a specific engagement with the auditor to do so. It is unlikely that a Credit Union would engage an auditor to provide an assurance report on a stand-alone sustainability report.

General Data Protection Regulation

Information and photographs used in a standalone sustainable report or Information and photographs within a Directors or sustainability committee report in the annual financial statements are subject to general data protection regulation (“GDPR”). Permission needs to be obtained for any profiles or photos used. The photos used in this guidance document are stock photos, used for illustration purposes only. Credit Unions should replace these photos with their own illustrations. Illustrative graphics used in the example may be reproduced by Credit Unions if they wish to do so.

Sustainability reporting disclosure example text

06

Where sustainability reporting is dealt with by a sustainability committee

“The Sustainability Committee is responsible for making recommendations to the Board of Directors on the development and implementation of the Credit Union’s strategy and policies on sustainability. The Sustainability Committee is also responsible for reporting to members on our Credit Union’s progress towards achieving our environmental and sustainability goals. Sustainability and building resilient communities have been core operating principles of the Credit Union movement in Ireland for over 60 years and the Sustainability Committee is proud to take the opportunity to tell our membership about our Credit Union’s sustainable achievements.”

Where sustainability reporting is dealt with by the main board

“The Board of Directors is responsible for the development and implementation of the Credit Union’s strategy and policies on sustainability. The Board of Directors is delighted to report to members on our Credit Unions progress towards achieving our environmental and sustainability goals. Sustainability and building resilient communities have been core operating principles of the Credit Union movement in Ireland for over 60 years and the Board is proud to take the opportunity to tell our membership about our Credit Union’s sustainable achievements.”

Example main body of the narrative text

Sixty years ago, credit unions agreed a set of operating principles which we still operate under today.. Sixteen years ago, the UN agreed the UN Sustainable Development Goals. When we compare our principles and the UN goals, we see almost the same aspirations reflected in both and we are proud that our credit union already closely matches what the UN and the world leaders adopted in 2006.

Sustainability is deeply embedded into every aspect of the Credit Unions operating principles and ethos. We recognise that of the 17 United Nations Sustainable Development Goals (SDGs), SDG 13 Climate action and mitigating climate change, is the most important long-term goal for the quality and functioning of our planet. However, we also recognise that Credit Union members struggling with poverty and food costs (SDG 1 and 2), education needs (SDG 4), the cost of heating (SDG 7) and transport needs, (SDG 8) may place a lower priority on climate action. The Credit Union will support all members equally.

The Credit Union recognises that climate action comes with potential costs and risk.

Equally, we recognise climate action provides an opportunity to build resilience against the negative impacts of climate change. We endeavour to incentivise and support Credit Union members in Ireland’s green transition.

For members wishing to position themselves well to take advantage in the future of opportunities arising from the green transition, we aim to make our carbon reduction loan offerings as inexpensive as possible with repayments being funded by cost savings.

Whilst also protecting vulnerable members, for example, we will still offer a home heating oil loan to a member struggling to heat their home, but equally we will offer that member a long term retrofit loan with repayments spread out so to be funded by the resultant heat cost savings.

We will still offer a competitive loan package to a member who needs transport to get to work but can’t afford an electric car, whilst seeking partnership with electric vehicle suppliers to facilitate members engaging in electric car share arrangements.

The UN SDGs provides the Credit Union with a framework to demonstrate how we are an inherently sustainable business and how we use this sustainable advantage as a strategic opportunity to serve our communities. We have set out where we are already making a difference under many SDGs. We have set ourselves challenges within the Credit Union and we invite you the members to tell us what more you think we can do.

“For illustration purposes only, replace with your own examples”

Alignment of CU operating principles with UN SDG's

Member services



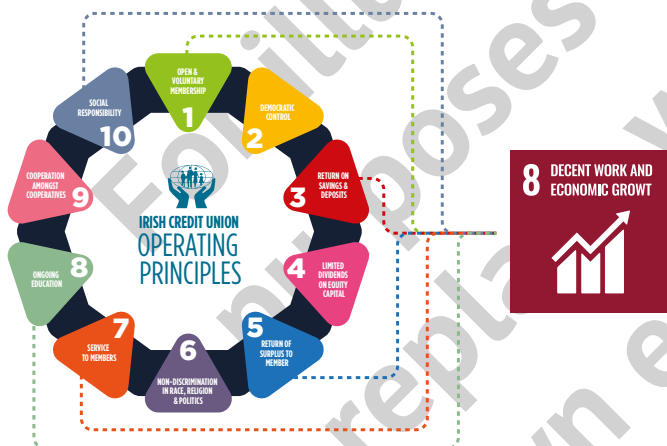
Quality education and good health and well-being



- The Credit Union provides lending to members for the alleviation of poverty and disadvantage. In Ireland about 1 in every 10 loans taken out by Credit Union members is for less than €500 and almost half of all loans are for less than €2,000. This includes emergency loans for events like funeral expenses and medical costs.
- At the members own request, we frequently lend members as little as €100. These small loans are usually re-paid and are frequently to allow the member to feed their family or pay for fuel or electricity.
- We provide budget accounts to members to help spread the cost of annual expenses such as insurance and winter fuel.
- We work closely with our local society of Saint Vincent de Paul (SVP) office to support members who need to avail of the SVP services including having a loan guarantee scheme supported by SVP.
- We have an "exception policy" so that a member not qualifying under the normal arrangements for getting a loan can still access credit. Where exceptions have been approved, loans are usually re-paid.
- We support a food recycling programme that redirects excess food and food close to its use by date to support hungry families in the community.
- We have supported X local young adults to achieve their dream of going to a third level college by providing them with student loans. These loans cover the expenses that the Student Universal Support Ireland ("SUSI") grant does not cover.
- We provide two third level scholarships for local students every year of [€XXXX] per year of college each.
- We supported in excess of X families in our community with the cost of their children's education by providing them with back-to-school loans.
- We support the career development of our staff, directors and volunteers through financially supporting their continuing education and development.
- Permanent staff all have at least 15 hours of Continuing Professional Development ("CPD") and training paid for by the Credit Union each year. Volunteer directors have in excess of X hours of professional boardroom training made available to them annually.
- We provide Financial Education for our members through free one-to-one coaching and through our Transition Year programme with our local secondary school.
- We support a financial education programme for Transition Year students in our local secondary school where they are taught how to save and budget.
- We supported [XX] loans for dental treatment not covered by the HSE, this included loans to cover the cost of orthodontic treatment.

- We also supported members who needed urgent treatment and could not wait on the HSE including privately funded hip and knee replacements.
- We have supported a number of members who opted to undergo cosmetic surgery.
- We sponsor the local under 12 boys and girls GAA football teams and the under 12 boys and girls soccer camps.
- We supported a project in our local girls' secondary school to encourage young girls to continue to be involved in sport in their mid and late teens.

Decent work and economic growth



- We provide grant and loan support for community employment projects. During the year we supported the development of the local remote working hub, and we supported the expansion of the local enterprise centre.
- We provide flexible and remote working for our staff, and we pay at least the established living wage to all staff.
- We support community groups delivering sustainability projects locally including the development of a karst landscape tourism attraction. The karst rock formation is an ecologically significant previously unrecognised Burren type rock formation in our common bond area.
- We have supported the temporary relocation of Ukrainian Nationals by providing banking / current account facilities for them.

Reduced inequalities



- Our building has universal access, with wheelchair access, a lower counter for wheelchair users, a hearing loop system, iPad facility that allows larger text sizes on documents, and we offer a full personal and private service for members who require such a service.
- We provide a personal counter service in the local community that will deal in cash and coin as well as electronic transactions and is open on a Saturday morning.
- We also offer online banking for members
- We have a social fund of €50,000 per year and sponsorship & donations budget of €15,000 per annum for local initiatives. The social fund organised a series of events to encourage members to reconnect with each other after lockdown.
- We provide mortgages for members where commercial lenders are unwilling to provide the service. Our typical mortgage borrower will request €150,000 to purchase or significantly renovate a property that they can then live in. Commercial lenders are often uninterested in lending for such projects.

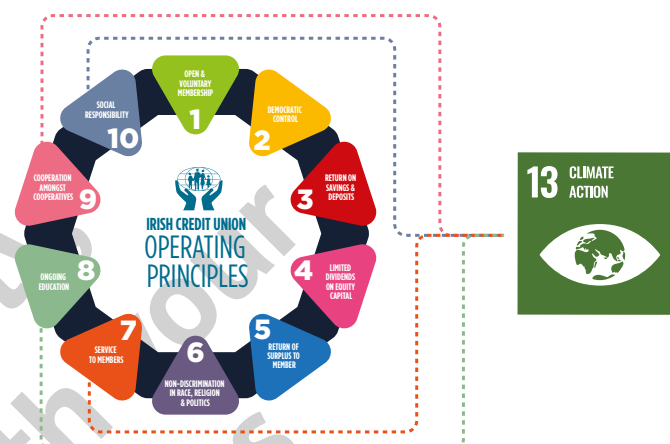
Alignment of CU operating principles with UN SDG's

Sustainable cities and communities



- We provide small business loans. Typically, a trade person buying tools for their trade or a retail business looking for a loan to buy stock or expand their business or to employ additional staff.
- We also provide local business with a cash and coin service including providing this service on a Saturday.
- We have worked with a local college to re-open a listed community building including the investment necessary to make the building energy efficient
- We supported our local Transition Year class in developing a sustainable community website.
- We commissioned a report on our social Return on Investment to allow us to benchmark our current performance and allow us to identify and set targets for future improvement.

Climate action



- We have inexpensive electric car and house retrofit loans.
- We have 2 charge points for members electric cars in the car park
- We provide members with loans to allow them buy heat pump systems for home and commercial heating conversions, meeting the shortfall between the various grants and the full cost. Our loans are spread out to match the cost savings arising from the retrofit.
- We provided farm energy upgrade loans resulting in savings in CO2 emissions, prevention of run-off pollution, and saving on-farm running costs.
- We have a project with the local Primary Schools to encourage children to get involved in energy saving projects
- We have a Biodiversity Garden in our Car Park, and we supported a wild bee garden in [XXX] estate.
- We operate a food recycling promotion in the community saving on food waste and helping to feed hungry local families
- Our building has solar photoelectric panels on the roof generating 80% of our electricity needs and at times feeding in surplus electricity to the national grid.
- We lend to farmers and others to plant both commercial and amenity forests.

- We are trying to make our office paperless, and we are working on having electronic AGM notifications. We are asking members to sign up to e-mail notification of AGMs rather than in some cases sending the same paper AGM notice up to five times to different family members in the same household.
- We support projects with our local secondary school to measure air quality, to reduce use of single use plastics and we run a poster competition themed around sustainability.

Life on land



- We provided [XX] loans for farm waste capture and storage (slurry tanks) both new systems and upgrades to existing systems, preventing pollution on land and streams and rivers.
- We provided hedgerow maintenance grants and lending towards the establishment of green spaces including forestry lending
- We support the tidy towns committee with an annual grant of €XXXX and support our staff who volunteer their time to the tidy town committee.

Other Sustainable Development Goals

- We support a secondary school project measuring water pollution.
- Where a credit union has made a particular sustainability impact not covered by these examples, they would be encouraged to disclose this. Additional disclosures could be made for:

- UNSDG 5 Achieve gender equality and empower all women and girls
 - Split of membership
 - Board and Staff composition
- UNSDG 6 Ensure availability and sustainable management of water and sanitation for all
 - ILCU Foundation
 - Local CU initiatives
- UNSDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all
 - CU's work on own premises – allowing energy to be stored and back to grid exported?
- UNSDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
 - E Chargers in car parks
 - Investment Strategy
- UNSDG 12 Ensure sustainable consumption and production patterns
 - Sustainable energy communities projects
 - Reduce use of paper
 - Supporting re use rather than mass production
- UNSDG 14 Conserve and sustainability use the oceans, seas and marine resources for sustainable development
 - Reduce use of single use plastics
- UNSDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- UNSDG 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development
 - Sustainable Communities under SEAI

Case studies

UN SDG 1: No poverty

Lifeline loan

We have one member who has borrowed from us 49 times in the last three years, always for amounts between €100 and €500. The member has told us that the borrowing was used for birthdays, Christmas, back-to-school costs, a

wedding, home heating oil and even just to put food on their families table after they incurred a one-off unexpected expense. Every loan was repaid on time and rarely overlapped, the member is not permanently in debt, but does need a help out occasionally and the Credit Union is delighted to assist them.



ILCU Foundation

Hassan Alimamy Kargbo a 31-year-old with few work prospects in his village in Sierra Leone, joined Conkary Dee Cooperative Credit Union. The Credit Union is supported by the Irish Credit Union movement. The Credit Union provided financial literacy classes for their members including Hassan, allowing him to eventually borrow from the Credit Union to start his own business - to become a motorcycle taxi (okada) operator. The Credit Union purchased the bike, and they also registered it

for a commercial bike rider license to ensure that the member used the bike for its intended purpose. In addition, the Credit Union kept a set of the bike keys and the registration documents until Hassan repays the loan. Hassan had two years to pay back his loan, but he had fully paid it back in one year. By becoming a member of the Conakry Dee Cooperative Credit Union, he has transformed his life. He is one of eight Credit Union members who now own and operate a commercial motorcycle taxi in the community.

SDG 4: Quality education



Third level education loan

Sarah was accepted on a degree course in UL. She qualified for a partial SUSI grant and although that meant she did not have to pay any college fees she still had accommodation costs. There was a shortfall of nearly €2,000 a year that she had to make up herself. The Credit Union lent Sarah the funds and she repaid the loan from part time work at the weekends and during the summer. Sarah qualified as an engineer from UL in 2022.

SDG 5: Gender Equality

Credit Union Board of Directors appointments



The Directors recognised that a Board made up almost exclusively of one gender or one socio-economic group will struggle to provide the products, policies and programs for groups of people who are not represented on the Board. The Board commenced advertising and calling out to under-represented groups to volunteer their time. Board meeting start times, meeting frequency and length were

changed to accommodate people from these under-represented groups. Outreach was undertaken and a number of new candidates were identified, all of whom felt that the experience of Board membership in a financial services regulated entity would be very positive to their career while also allowing them give back to their community.

Case studies

SDG 6: Clean water and sanitation

Farm loan to improve water quality

John, a young, trained farmer, is currently in the process of taking over the management of the family farm from his father. The farm boundary includes a river which for many years has suffered negatively to some extent from soiled water run offs from their farm, but this has increased over time. The main cause of this was that the farm changed from operating a suckler beef business model to a dairy enterprise with increased numbers of animals but inadequate investment in infrastructure in terms of slurry tank capacity and soiled water storage.

After a particularly wet spell of weather which coincided with the

slurry tank being full, and conditions not ideal for spreading, John realised that the capacity issue had to be dealt with. The situation was posing an environmental risk and slurry was not being used as efficiently for fertilizer as it could as he was being forced to spread it in wet weather. He engaged an agricultural advisor for help formulate a plan and it was apparent that significant investment and funding were required.

The Credit Union has a dedicated Cultivate Loan specifically designed to help with farm investment. The loan has flexible repayment options which suited John's needs. John shared his plans for the farm with the Credit Union and was able to secure funding. The environmental



impact of soiled run off from the farm has been reduced significantly and there is now capacity for more slurry to be held until conditions are suitable for spreading, thereby reducing further fertilizer costs and helping the farm to operate more efficiently. Our Credit Union is committed to supporting John into the future as his farm becomes more sustainable.

SDG 7: Affordable and clean energy:

Home upgrade loan



Marie and Seamus Doyle live in a semi-detached house in [XXX]. Their three children have now finished third level and have moved out of the home.

As the Doyle's home was built in the 1950s, it was cold in the winter and very costly to heat. Following an assessment, they determined that the most appropriate energy upgrades to carry out were wall and attic insulation, the installation of new windows and doors as well as a full heating system upgrade. These measures would take the home from an E2 building energy rating to a B2 rating.

The cost of the upgrade work was €80,000 + VAT. The couple secured grant funding of €28,000 from the Sustainable Energy Authority of Ireland ("SEAI") towards the cost of the work.

In order to fund the balance, the couple approached their local Credit Union to apply for a green home improvement loan. As their home was being upgraded to a B2 energy rating, they qualified for a discounted 'green' loan rate of 5.8% (5.96% APR). The Credit Union had introduced this low rate to encourage and support its members to enhance the energy efficiency of their homes.

Following the upgrade work, the Doyle's can now look forward to enjoying a warmer, more energy efficient home.

SDG 13: Climate action



e-car loan

John traded in his 2013 diesel car and replaced it with a 2021 high specification Nissan Leaf costing €40,000 after trade in. John had done his sums and realised that although the car was more expensive than a similar petrol or diesel car, his savings in fuel would more than cover the extra upfront cost. His refilling cost went from €100 to about €10 per week. He also realised that he could easily do his daily

40-kilometre commute and an occasional round trip to Dublin with no battery range issues and he had noticed that all of the motorway service stations had fast chargers that took about the length of a coffee break to recharge his car if he ever forgot to charge the car prior to a long trip. The Credit Union was delighted to give John a e-car special low-rate loan and John is happy that the loan is almost fully repaid just from the fuel cost savings he is achieving.

What's next for Credit Unions

07

The Board of Directors views our progress on sustainability initiatives and ESG reporting as a continuous journey.

We have been delivering on our operating principles for 60 years, but now we are using the UN SDGs framework as an opportunity to challenge our Credit Union to deliver more. We will look at our core operating principles through the lens of the UN SDGs.

Our next steps will include the:



Development of a plan:

With members help and guidance we will develop a plan to further deliver on the UN SDGs, while advancing our core principles



Setting of goals:

We will work with our members to develop goals that meet the needs of our members



Measurement of success:

we will establish a base line of our achievements to date and measure our performance in the future against this starting point



Reporting to members:

we will report to members on what we are doing and how well we are progressing with the achievement of our goals

We will be guided by the Credit Union core principles in delivering on the UN SDGs. If you feel that you have something to offer in the area of sustainability and the delivery of the UN SDGs by the Credit Union, then please talk about volunteering to any member of the Nomination Committee.

