
Sustainability Report & Disclosures for Credit Unions

Comprehensive Module

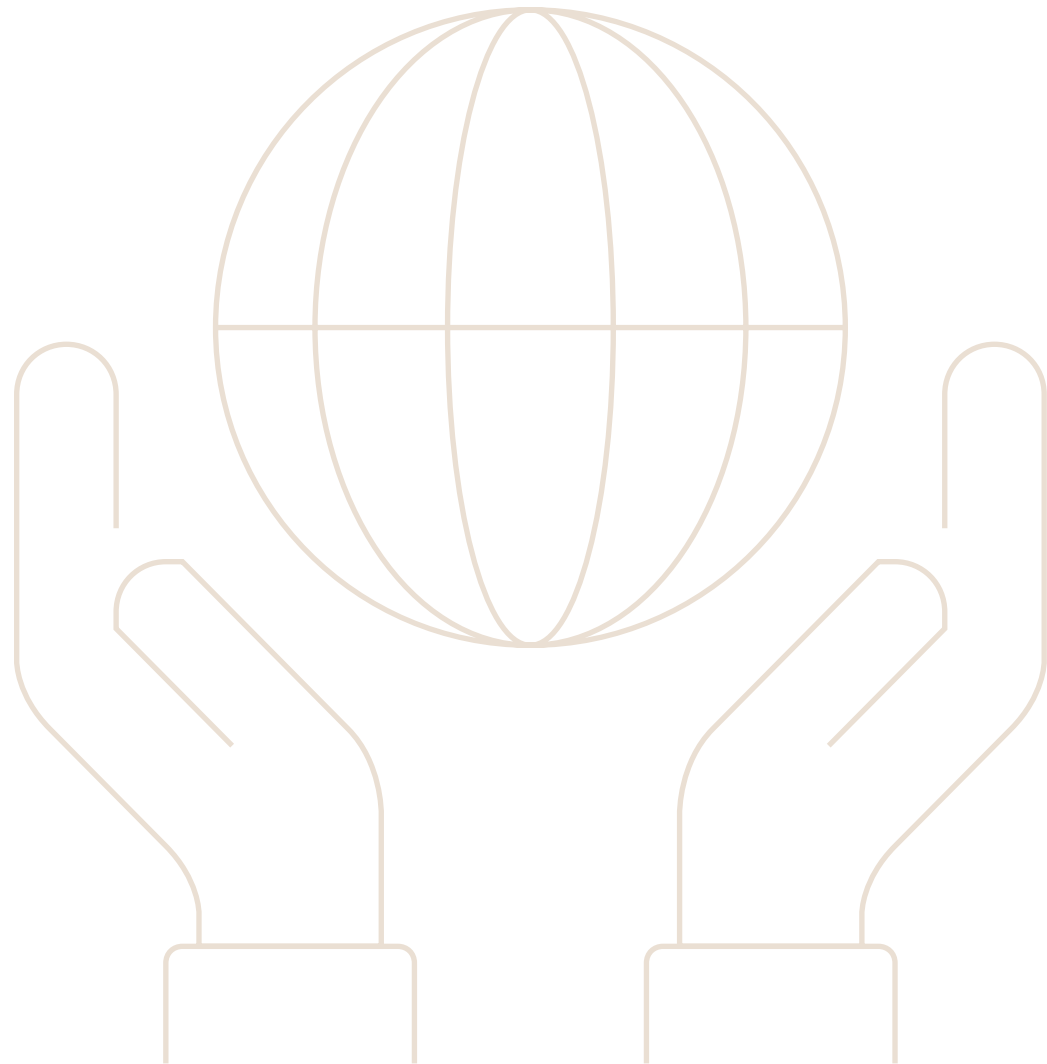


Use of this document

This Sustainability Report has been drafted to serve as guidance material for credit unions seeking to bring their ESG reporting into alignment with recognised global standards.

The document is open source and may be adopted and adapted by any credit union as part of their own reporting.

While this guidance material is not prescriptive and may be amended by credit unions to be more relevant to them, some metrics and narrative disclosures are necessary to comply with reporting standards. Please reference the self-assessments in the companion workbook to review any amendments to ensure they comply with standards. If in any doubt, please contact CUDA or ILCU for assistance.



Acknowledgements

This Sustainability Report has been drafted as a collaboration between the ACCA, CUDA and ILCU. It is a follow up to the document Reporting on Sustainability by an Irish Credit Union published in 2022.

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This Sustainability Report is based on work completed with the input of the following credit unions in a Working Group facilitated by Sustainability Works:

Capital Credit Union

Community Credit Union

Core Credit Union

Claddagh Credit Union

DUBCO Ireland Credit Union

Dundalk Credit Union

East Coast Credit Union

First South Credit Union

Health Services Staffs Credit Union

Life Credit Union

Nenagh Credit Union

Savvi Credit Union

St. Francis Credit Union

St. Raphael's Credit Union

Tullamore Credit Union

West-Midlands Credit Union

This Sustainability Report is based on past works completed with the input of the following credit unions; Gort, Ballinasloe and Naomh Breandan Credit Unions.

Notes to this Report

What Sustainability Means to Us

We think and plan in the long-term so that our credit union will endure for generations to come. In all our actions, we will endeavour to do good for our members, our staff and volunteers, the communities we serve, and our environment.

Sustainability Report Positioning

The purpose of this Sustainability Report is to allow us to be more open and transparent with, and accountable to our members in all respects relating to the interconnected topics of ESG (Economic, Social, Governance) and sustainability.

We have a statutory duty to prepare an Annual Report for our members. In our Annual Report we provide a detailed account of the financial position of the Credit Union. Accordingly, this Sustainability Report will not duplicate the materials already produced and published elsewhere, instead it will focus primarily on non-financial matters and our activities relating to ESG and sustainability. The Sustainability Report is supplemental to our Annual Report and is intended to complement it. In addition to reporting on our material ESG impacts, risks and opportunities that are linked to our own operations, we will also set out relevant contextual information.

Basis for Preparation of this Report

This Sustainability Report is produced voluntarily. Irish Credit Unions are not subject to a mandatory reporting framework with respect to Sustainability and we fall outside of the scope of the Corporate Sustainability Reporting Directive (CSRD). We do, however, feel an immense responsibility to be fully open and transparent with our members. We are honoured by the trust our members have in us, and in return we intend to be fully accountable to them.

In the absence of a mandatory framework, we have endeavoured to follow best practices from global standards and frameworks insofar as they are applicable to our operations and activities as an Irish credit union. We have sought, as best we can, to set out this Report in accordance with the comprehensive module of the Voluntary European Sustainability Reporting Standards for SMEs (VSME ESRS). To manage material environmental risks such as climate-related hazards, we have also sought to adopt the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). We have been further inspired by the Standards of the Global Reporting Initiative (GRI) and of the Partnership for Carbon Accounting Financials (PCAF), although those Standards are believed to be beyond our current capacity to adopt in full given the nature and scale of our operations.

While the Credit Union has prepared all statements in this Report in good faith, statements pertaining to climate and nature-related risks and opportunities, goals and ambitions, scenarios and emissions reductions are all subject to significant uncertainty, challenges and risks that may affect their usefulness, accuracy and completeness. Challenges including novel and uncertain projection and modelling methodologies, the availability and reliability of data, a lack of consistency in definitions and terminology together with the underlying complexity of calculations mean that this Report should be interpreted as our best understanding and belief at the time of writing, however, statements may be subject to change over time as our knowledge and understanding evolves.

Contents

CEO/ CHAIRPERSON FOREWORD 4

INTRODUCTION 5

ABOUT US 8

Our Values and Operating Principles	9
Our Credit Union	11
Who we Serve	12
Our Activities	13

OUR APPROACH TO SUSTAINABILITY 14

Our Business Model for Sustainability	15
Summary of our Sustainability Strategy	16
Material Issues	17
Our Goals and Material Issues	18

ACTIONS ON OUR MATERIAL ISSUES 19

SOCIAL IMPACT 20

Access to and Affordability of Finance	20
Social Contribution	21
Community Initiatives	22

A SUPPORTIVE WORKPLACE 24

Safety & Wellbeing	24
Development & Training	25
Diversity & Inclusion	25

EMPOWER CHANGE 26

Green Lending	26
Green and Eco Leadership	27

REDUCE HARM 28

Climate Risk Management	28
Carbon Emissions	28
Energy Use	29
Resource Use	29

OPTIMISE RETURNS 30

Responsible Investment	30
Sustainable Innovation & Collaboration	30

STRONG, SECURE CREDIT UNION 31

Governance of Sustainability	31
Ethical Business	31
Data Security & Privacy	32
Supplier Management	32

SUSTAINABILITY DISCLOSURES 33

Governance	34
Strategy	38
Risk Management	43
Metrics and Targets	51

PROGRESS REPORT ON MATERIAL ISSUES 52

CONCLUSION 59

CEO/Chairperson Foreword

In publishing our inaugural Sustainability Report, I am reminded of the profound responsibility we hold as a credit union in the communities that we serve. For generations we have had the privilege to serve you, your family, neighbours, and friends.

Our Credit Union was founded fifty years ago on the fundamental belief that a community could come together and create a better, fairer provider of financial services – one that best knew, and cared to respond to the needs of its members.

Times may have changed, but our commitment remains the same. Today we can reaffirm that our mission is to support the financial, social, and environmental well-being of our members and their communities. This has never been more relevant.

We are all becoming more acutely aware of the climate crisis, and it is against a backdrop of national headlines and global challenges that we publish this Report, deepening our commitment to sustainability and recognising it as integral to our identity and core to our future success.

Our efforts on sustainability have been inspired by the needs of our members. We've seen firsthand the impact of our community sponsorships and our initial green loan offerings. Every action we've taken to date, and each commitment we are making, reflects our dedication to our members and to a future where we will grow the positive impact we have as the only co-operative financial services provider in our communities.

Looking ahead, we are excited about the opportunities to further embed sustainability into our operations. We understand this journey will be long, but our ambition grows with each step we take. Our commitment is unwavering, and together with our members, employees, and volunteers, we are building upon our long legacy of positive social impact and promising that from this day forward, we will make a positive environmental impact too.

I am grateful for the dedication of our team and the support of our members. Your commitment drives our progress, and together, we are making a difference.

Our journey continues with confidence and optimism, guided by our shared values and a vision for a sustainable, inclusive future.

Thank you for joining us on this important journey.

CEO/Chairperson Signature

Introduction

Founded for Social Impact

Sustainability is a topic that has garnered a lot of attention over the past number of years, but it is not merely the latest trend for Irish credit unions. Our commitment to the principles of sustainability has shaped our actions and guided us on our journey from our very foundation.

Credit unions were established in Ireland over six decades ago to ensure that every person, in every community had fair and equitable access to financial services. As volunteer led, financial co-operatives, credit unions occupy a unique position in Irish society – we have been a constant and reassuring presence in our communities for generations.

Our growth and our success, together with the high levels of trust we are afforded by the Irish public is directly attributable to the dedication of staff and volunteers operating under a culture and ethos of service to our membership. Uniquely, the credit union ethos is enshrined in a legislative framework, emanating from the Credit Union Act, that safeguards the economic, social and cultural well-being of our members as well as their communities.

It is this ethos and culture, together with our co-operative business model, that make credit unions naturally aligned with the principles of sustainability.

We Commit to Environmental Impact

Climate change is defined by the United Nations as long-term shifts in temperatures and weather patterns, while biodiversity loss refers to the reduction of any aspect of biological diversity (i.e., diversity at the genetic, species and ecosystem levels) in a particular area through death (including extinction), destruction or manual removal.

Climate change and biodiversity loss mean that we have entered a new era of environmental urgency. We, together with our colleagues and friends in credit unions across Ireland recognise the vital role we must play in fostering a sustainable future, not just for our members but for the wider communities we serve – locally and globally.

This Sustainability Report is an affirmation of our commitment to act, an outline of our strategy to deliver meaningful change and a reflection on our journey to date – chronicling our efforts to integrate sustainable practices into every aspect of our operations.

Our approach to sustainability is holistic, rooted in the belief that financial health, environmental stewardship, and social responsibility are inextricably linked. We are inspired by the resilience and strength of our community, and we aim to contribute positively by offering sustainable financial products, promoting environmental awareness, and supporting local initiatives that drive real change. As we navigate the challenges posed by climate change and biodiversity loss, we are more committed than ever to reducing our carbon footprint, enhancing our resilience against environmental risks, and ensuring the sustainability of our investments.

A Strong Credit Union, in Safe Hands

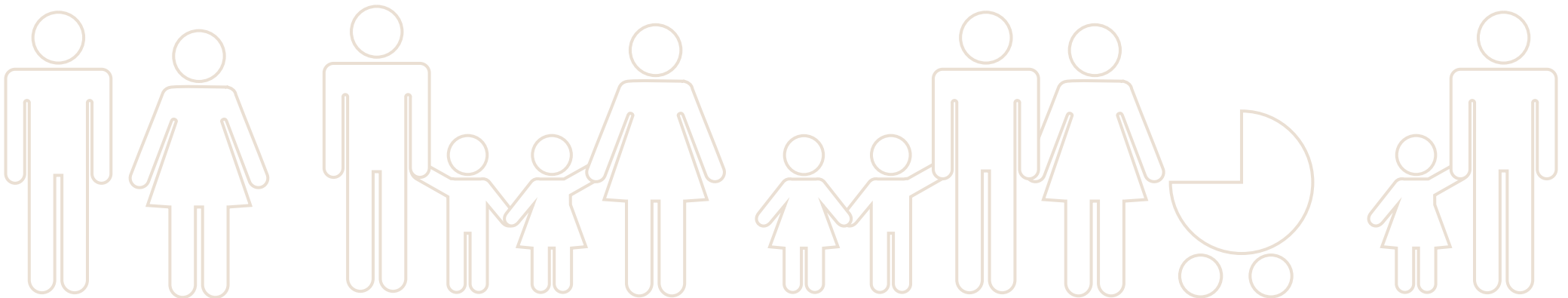
This year, we have taken significant strides in embedding sustainability into our governance structures, introducing a Sustainability Committee with broad responsibility for ensuring that our commitment to the environment is reflected in our decision-making processes. We have also focused on building stronger, more meaningful connections with our members, understanding that true sustainability is a collective effort. Our initiatives, whether aimed at reducing energy consumption, supporting sustainable businesses, or promoting financial literacy, are designed to empower our community and drive us towards a more sustainable and equitable future.

In crafting this report, we draw inspiration from global standards and best practices to provide a transparent and comprehensive account of our sustainability journey. Through our actions and achievements, we aim to inspire others to join us in this crucial endeavour, emphasising that together, we can make a difference.

Our Ambitions Grow

As we look to the future, we are filled with hope and determination. Our journey towards sustainability is ongoing, and we are constantly exploring new ways to deepen our impact and broaden our reach. This Report is not just a testament to what we have achieved; it is a commitment to continue striving for a better, more sustainable future for all. We invite you to join us on this journey, as we work together to create a legacy of sustainability that will endure for generations to come.

About Us



Our Values and Operating Principles

Origin Story

Credit unions began in Ireland in the 1950s, primarily through the efforts of three founders – Nora Herlihy, Seán Forde, and Séamus P. MacEoin. The founders had witnessed the immense poverty of the time in inner-city Dublin, where unemployment was rampant and young people were forced into emigration.

The founders believed that the best solution would be the establishment of workers' co-operatives that would bring employment, income and hope to communities. But no bank was willing to support these communities.

Undeterred, the founders resolved that they did not need the banks and instead began to establish credit unions so that communities could accumulate savings themselves which could then be lent to others for productive purposes. Under this model, the community would own the financial services provider and it would be run exclusively for the members' benefit.

Credit unions are present across the world, and we are part of a global network that originated in the mid-19th century in Europe, where co-operative financial institutions emerged to serve the financial needs of communities and groups underserved by traditional banks.

Globally, credit unions operate on a set of shared principles. These Operating Principles ensure that credit unions focus on member welfare, promoting financial inclusion, financial literacy, and mutual assistance. They reflect the core values of co-operation, community support, and ethical banking, guiding credit unions in providing services that

prioritise the economic and social well-being of their members over maximising profits for shareholders.

Credit Union Operating Principles

- 1. Open and Voluntary Membership:** Ensures inclusivity and accessibility for all within the common bond.
- 2. Democratic Control:** Guarantees equal voting rights for all members, highlighting the credit union's autonomy.
- 3. Limited Dividends on Equity Capital:** Maintains that any equity capital receives only limited dividends, supporting the not-for-profit structure.
- 4. Return on Savings and Deposits:** Encourages saving and financial responsibility by providing a fair interest rate on savings.
- 5. Return of Surplus to Members:** Ensures that any surplus benefits members equitably, reinforcing the member-focused approach.
- 6. Non-Discrimination:** Upholds fairness and equality, disregarding race, religion, or political beliefs.
- 7. Services to Members:** Prioritizes services that enhance members' economic and social well-being over profit maximization.
- 8. Ongoing Education:** Focuses on educating members and the public on financial literacy and co-operative principles.
- 9. Co-operation among Co-operatives:** Promotes collaboration with other co-operatives to better serve members' interests.
- 10. Social Responsibility:** Commits to human and social development, extending services to all in need within the community.

United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of goals which have been created by the United Nations (UN). These goals are the UN's effort to end poverty, while protecting the planet and allowing people to experience peace and well-being.



Alignment of Our Operating Principles and UN SDGs

The alignment between the Operating Principles of credit unions and the UN Sustainable Development Goals (SDGs) reflects the inherent sustainability of the core values of the credit union movement. Credit unions naturally embody the ethos of several SDGs through their member-driven, ethical, and community-focused approach.

Examples of Alignment



Democratic Control and Member Equality:

Credit unions operate on a democratic principle where each member has one vote, regardless of their financial standing. This model promotes equality and inclusivity, directly contributing to reducing inequalities within communities.



Promotion of Savings and Return of Surplus:

By encouraging savings and providing affordable credit, credit unions empower individuals and contribute to poverty alleviation. The practice of returning profits to members in the form of dividends or improved services reinforces the commitment to economic growth and member welfare.



Social Responsibility: Through targeted initiatives and partnerships, credit unions enhance community well-being, supporting local development projects that align with sustainability objectives. Credit unions are increasingly adopting sustainable practices in their operations, from green financing to reducing operational carbon footprints, demonstrating leadership in climate action and responsible consumption.



Ongoing Education: Credit unions invest in educating their members and the public about financial literacy and management, supporting lifelong learning and empowerment.

Our Credit Union

General Information

REGISTERED NAME:
ABC Credit Union Limited

REGISTERED WITH:
Registry of Credit Unions, Central Bank of Ireland

REGISTRATION NUMBER:
123CU

REGISTERED ADDRESS:
1 Main Street, Any Town, Co. Dublin

MOST SENIOR PERSON – EXECUTIVE:
John Smith, Chief Executive Officer

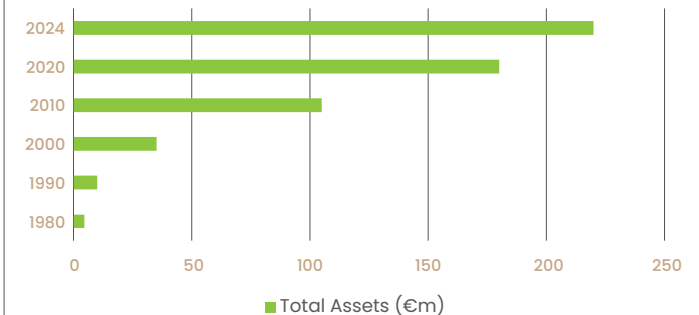
MOST SENIOR PERSON – GOVERNANCE:
Jane Doe, Chairperson

INDUSTRY:
Financial Services

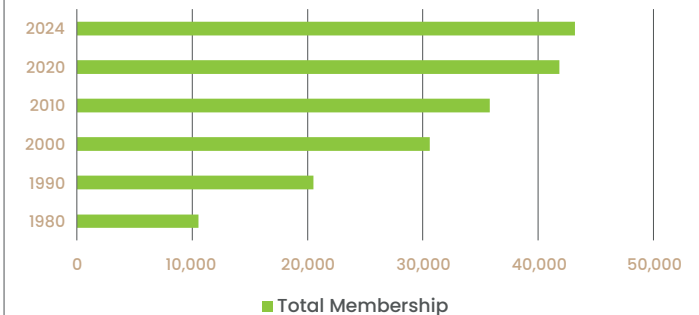
PRIMARY ACTIVITY:
Provision of credit to our members

EMPLOYEES:
88 – including part-time and contract

Total Assets (€m)



Total Membership



Who we Serve

Our membership

Insert info on common bond;

- Map or sectors served;
- Is there demographic information available?
- Any research/surveys on member needs as this might give better context to this section?

How we serve

We believe in giving our members as many options as possible to engage with us and we deliver services to our members in-person through our branches, by telephone and online.

While digital services are the most convenient options for many of our members, we understand the importance of speaking to a real person. That's why we are committed to serving our members digitally when they want to and in-person when they need to.

Our main business relationships

OUR CREDIT UNION

A co-operative, not for profit provider of financial services to our members

OUR BUSINESS PARTNERS

Those who provide services which we require to run our operations, including;

- IT and communications
- Banking and payments infrastructure
- Professional services and consultancy

OUR MEMBERS

Those who collectively own our credit union and to whom we provide financial services, including;

- personal loans, mortgages and business loans;
- share, deposit and current accounts
- insurances & financial

OUR KEY STAKEHOLDERS

At a local level these include community, business and industry groups and local offices of State organisations.

At a national level these include our regulator, our representative body and our peer group of credit unions with whom we collaborate and partner.

Our Activities

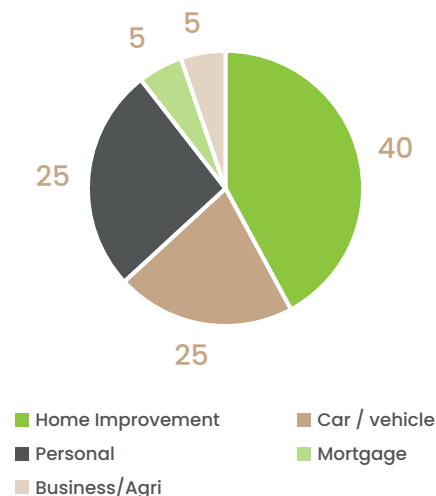
Our main products

Lending is our primary activity. This is mostly for personal purposes to consumers who are exclusively members of our credit union by holding our common bond.

We do lend to businesses for commercial purposes. The businesses to whom we lend are also required to hold the common bond of the credit union and we lend only to small and medium enterprises (SMEs)

Our breakdown of new lending advanced in the year by purpose is;

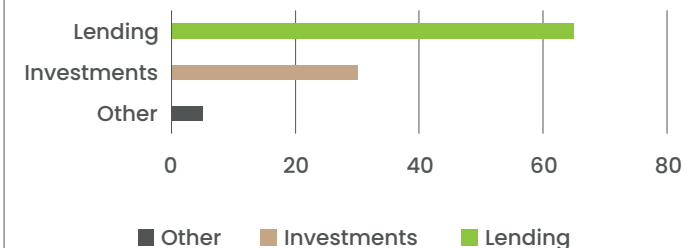
New Lending Advanced



Our sources of income

Our revenues are mainly derived from interest on loans and investments, with a small portion derived from ancillary revenues such as commissions on insurance;

Revenues

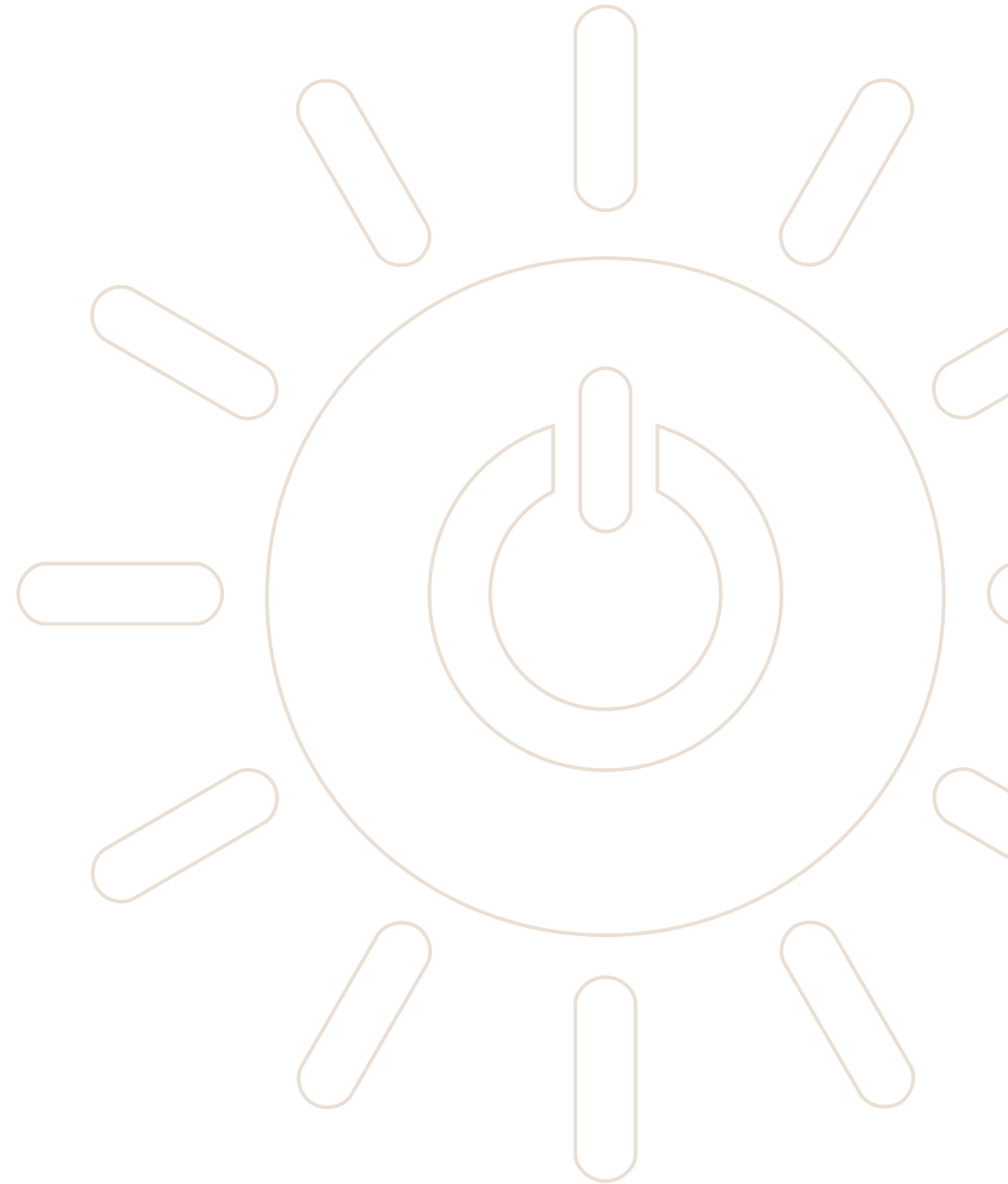


As a credit union, the regulatory framework under which we operate restricts us to investments in a narrow list of asset classes, primarily on deposit in credit institutions, in bank bonds or in Irish or EEA State Securities. A comprehensive breakdown of our investment holdings is set out each year in our Annual Report.

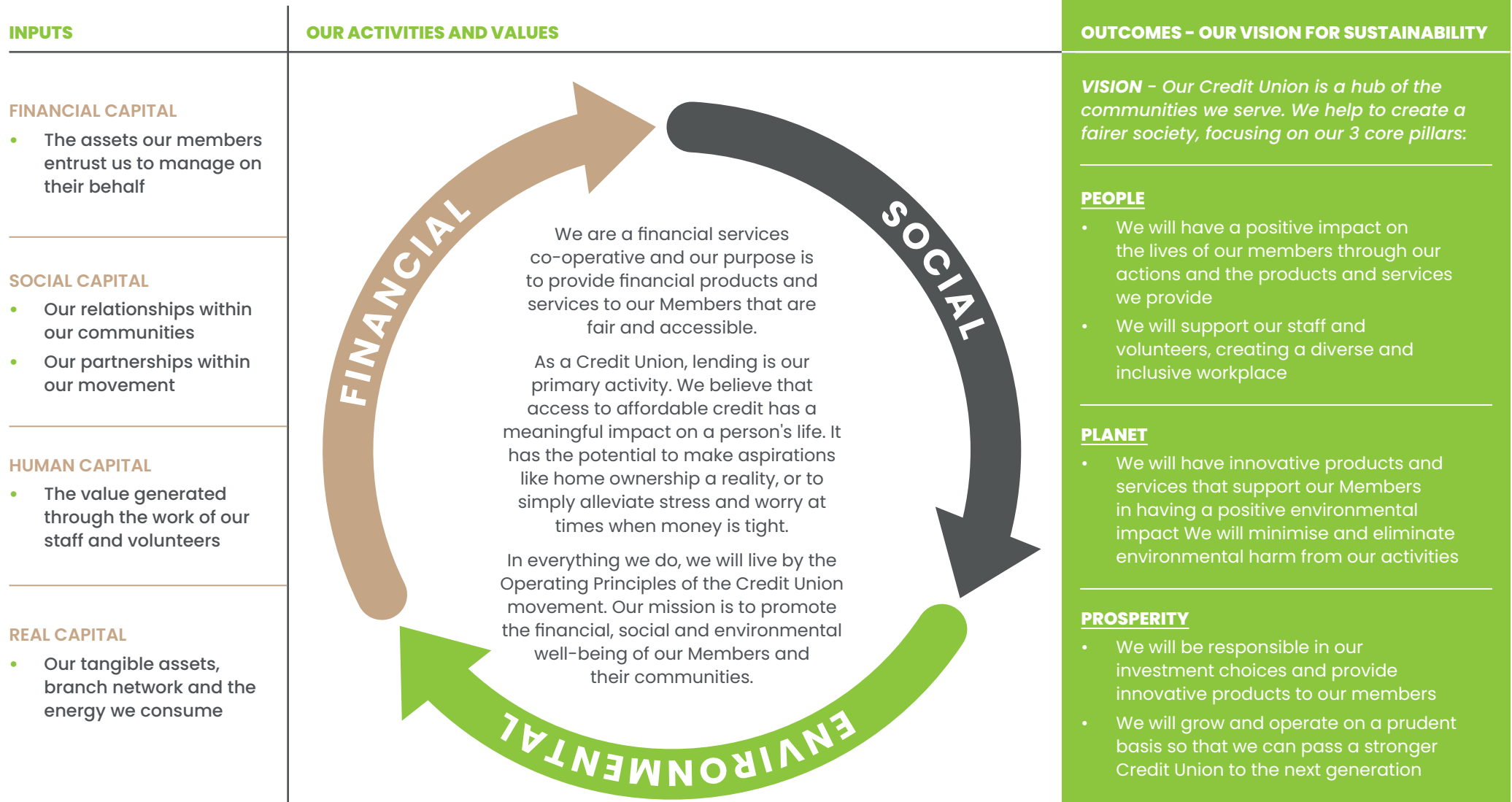
Our credit union, by way of either lending or investment, does not have any direct exposure to, nor do we derive any revenue from the following industries;

- Controversial weapons;
- Tobacco;
- Fossil fuels; or
- Chemicals production.







Our Approach to Sustainability



Our Business Model for Sustainability



Summary of our Sustainability Strategy

AMBITION	WE RECOGNISE THAT SUSTAINABILITY HAS ALWAYS BEEN INTEGRAL TO OUR IDENTITY, BUT IT IS NOW CORE TO OUR FUTURE SUCCESS. WE WILL BE A CREDIT UNION THAT MEETS THE NEEDS OF OUR MEMBERS AND IS A HUB OF THE COMMUNITIES WE SERVE.					
PILLARS	PEOPLE		PLANET		PROSPERITY	
GOALS <i>Achieved through our Actions on our Material Issues</i>	 SOCIAL IMPACT	 A SUPPORTIVE WORKPLACE	 EMPOWER CHANGE	 REDUCE HARM	 OPTIMISE RETURN	 STRONG, SECURE CREDIT UNION
PROGRESS THIS YEAR	<ul style="list-style-type: none">• €X donated to community causes in 2023• Y% cost of living pay increase for all staff		<ul style="list-style-type: none">• Installation of solar panels on main office• Conducted Energy Audit• Discussions with local BEC		<ul style="list-style-type: none">• Invested €X in social housing• Published first Sustainability Report	
NEXT STEPS	<ul style="list-style-type: none">• Sign Living Wage Pledge• Update Diversity & Inclusion Policy		<ul style="list-style-type: none">• Launch green mortgage• Retrofit our buildings, install heat pumps		<ul style="list-style-type: none">• Launch green SME loans• Fully embed sustainability in our business strategy	
GOVERNANCE	The Board of Directors has overall responsibility for Sustainability Strategy and oversight of delivery against targets. Implementation of the strategy is delegated to the management team, led by the CEO and Sustainability Officer. The Sustainability Committee will bridge the Board and Management.					

Material Issues

The scale of risks and opportunities related to sustainability is extensive and our resources as a credit union are finite. It is therefore imperative that we focus on the topics that are of most significance to us and our business relationships – both those where we can have the greatest positive impact and those which pose the greatest challenges to us. These are known as our material issues.

Identification of Potential Material Matters

To identify material issues, we first created a long list of potential issues. We did this in collaboration with colleagues from other credit unions participating in a Working Group facilitated by the Credit Union Development Association where expert external consultants were engaged to assist us in the process. This ensured that we garnered insights from both subject matter experts and our peer group.

We considered a range of sustainability related risks and opportunities, considered in reference to our own business strategy, our values and Operating Principles, our common bond and the members we serve.

We further considered best practices and recommendations from various sources, including globally accepted Standards such as the TCFD and GRI, a peer review of international credit unions and the UN SDGs.

Assessment Methodology Employed

A double materiality assessment was then applied to our selected list of material issues. This involves evaluating how sustainability risks and opportunities impact the credit union's financial performance

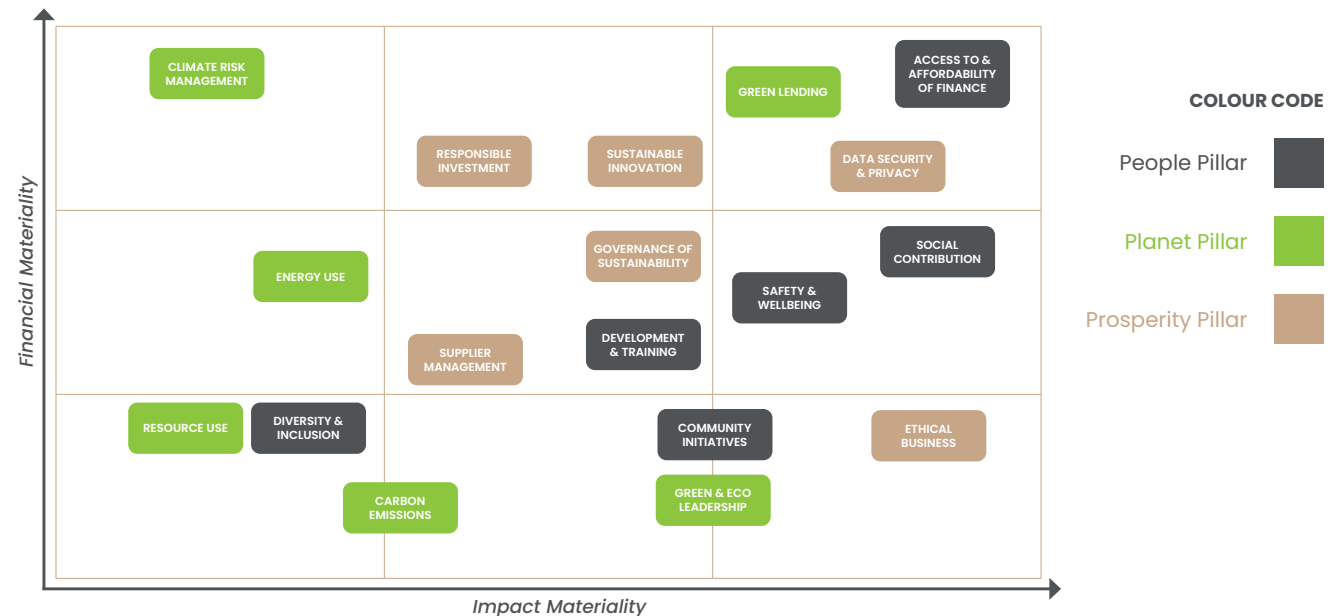
(financial materiality) and how the credit union's activities might affect the environment and society (impact materiality). The advantages of a Double Materiality Assessment include;

1. Understanding the context, including a value chain mapping and stakeholder identification;
2. Identification of potential material matters;
3. Assessment of potential material matters;
4. Validation of short list with stakeholders; and
5. Guides and informs our reporting.



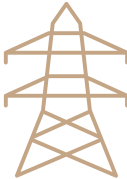

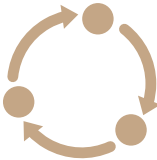
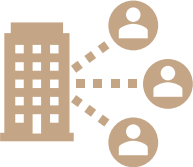


This comprehensive approach helps identify the most significant sustainability matters that we should focus on.

Our actions on our material issues have been chosen based on their relevance to our sustainability goals, risk management, and the needs of our members. By prioritising initiatives through this lens, we believe we are better positioned to allocate resources to areas where they can have the most significant positive impact and address risks that could undermine our long-term success.

Our Double Materiality Matrix



Our Goals and Material Issues

	PEOPLE	PLANET	PROSPERITY
 <p>MAXIMISING OUR INFLUENCE</p>	 <p>SOCIAL IMPACT</p> <p>Material issues:</p> <ol style="list-style-type: none"> 1. Access to and affordability of finance 2. Social contribution 3. Community initiatives 	 <p>EMPOWER CHANGE</p> <p>Material issues:</p> <ol style="list-style-type: none"> 7. Green lending 8. Green & Eco leadership 	 <p>OPTIMISE RETURN</p> <p>Material issues:</p> <ol style="list-style-type: none"> 13. Responsible investment 14. Sustainable innovation & collaboration
 <p>MANAGING OUR OPERATIONS</p>	 <p>A SUPPORTIVE WORKPLACE</p> <p>Material issues:</p> <ol style="list-style-type: none"> 4. Safety & wellbeing 5. Development & training 6. Diversity & inclusion 	 <p>REDUCE HARM</p> <p>Material issues:</p> <ol style="list-style-type: none"> 9. Climate risk management 10. Carbon emissions 11. Energy use 12. Resource use 	 <p>STRONG, SECURE CREDIT UNION</p> <p>Material issues:</p> <ol style="list-style-type: none"> 15. Governance of Sustainability 16. Ethical business 17. Data security & privacy 18. Supplier management

Actions on our Material Issues





Social Impact

Access to and Affordability of Finance

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
X% growth in lending each year	Lending is our primary activity and lending growth indicates that we are providing value to our members, as well as making the credit union more financially sustainable.	This year we grew lending by X%. Despite a very challenging interest rate environment, we acknowledged the pressure our members were under and did not increase our lending rates.
Small loans will be at least X% of total loans by volume	It is very important to us that we continue to provide small loans to our members who need them. These loans are often unattractive to for-profit lenders and those who need them are at a higher risk of predatory lending. We classify a small loan as a loan under €2,000 and this year they represented X% of our total lending by volume.	We were delighted to launch our FlexiLoan which will significantly reduce the paperwork for members who top up small loans.
Run at least Y financial literacy projects each year	The ongoing financial education of our members is one of our core operating principles and key to our co-operative ethos.	This year we continued our educational programme with transition year students. We also launched a weekly outreach in partnership with the local MABS office.
Maintain branch (or telephone) opening hours while expanding digital services	Not all of our members would like fully digital services and we are committed to maintaining and improving our in-branch services for those who prefer the personal touch.	We maintained all branches opening hours including late evening opening on Thursdays. This year also saw a X% increase in online app users which provides 24/7 account access.

Our Financial Advice Centre: [credit St. Jarlath's]

As part of our commitment to continually expand the range of services, we are delighted to offer a Full Financial Review carried out by a Certified Financial Planner (CFP®) providing best advice available.

Anniversary & €50 million loan book [credit Blanchardstown Credit Union]

This June, we proudly celebrated our 54th anniversary and achieved a significant milestone of reaching a €50 million loan book by hosting a member event in our newly rebranded office. The event was a true testament to the dedication and support of our staff, members, local sponsors, volunteers, and esteemed Board of Directors. It was truly heartwarming to see our community come together to commemorate and

celebrate this special milestone with us. Reflecting on the past 54 years of service and growth, we are inspired to continue our mission of empowering our community through financial assistance and support.

Some examples:

- The credit union may run a micro credit scheme
- Some credit unions run a financial planning centre
- Credit unions have held events to celebrate anniversaries or hitting loan book milestones
- Some credit unions have run a financial literacy programme





Social Contribution

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
Grow mortgage lending to first time buyers by X% each year	Access to housing has been identified as a top priority by our Members. Helping someone to buy their first home is one of the most impactful things we can do as a credit union.	This year we grew mortgage lending to first time buyers by X%. This means that we helped Y members achieve their dream of owning their own home.
Provide €X in scholarships and educational bursaries	We believe that providing educational scholarships help those awarded with the financial pressures of higher education and empower the recipient to achieve their aspirations, benefiting them, their family and community.	This year we once again awarded 3 lucky members with scholarships of €1,000 for each year of their studies. Since 20XX, we've awarded scholarships to the value of €X to Y members
Support life-long learning and upskilling through educational lending	Continuing education improves a person's job prospects and earning potential, delivering life-long benefits. We lend to both students and parents helping their children. Ongoing education can be important to everyone, but especially those looking to reskill after a job loss or to change career.	This year we grew our educational lending by X% We supported Y members achieve higher levels of education. These were for a wide range of purposes from helping with back-to-school costs, higher level education, technical courses and professional diplomas.
Supporting local SMEs (or members whose family are small business owners)	Helping small business is incredibly important to us. SMEs are the backbone of the communities we serve, they create employment for our members and money spent with local businesses is far more likely to circulate locally, creating an economic benefit for the whole community.	We grew the number of SMEs we lent to during the year by X%. This benefitted Y small businesses who between them created over Z new jobs in our common bond this year.

Some examples:

- The credit union may have a promotional rate for education loans
- Many credit unions run educational scholarship or bursary awards
- The credit union may support a local business when promoting Agri Loans at local Agri shows
- Credit unions have organised a professional development programme for local SMEs

Member Testimonial: (Actual member testimonial, credit Capital Credit Union)

"We had come from an extremely stressful situation with the bank we had our mortgage with and the interest rate reaching an all-time high of 7.8% I felt there was no way out until I reached out to meet the mortgage team in Capital Credit Union. From the moment I met them, the ladies helped straight away with real guidance. The Credit Union felt not only extremely professional, but they actually cared about getting you the mortgage. Changing to Capital Credit Union was the best decision I ever made and I can't recommend them enough."



Community Initiatives

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
Establish and maintain a fund (e.g. €X or Y% of surplus) for local sponsorships	As a financial co-operative we are deeply rooted in the community (/ sector) we serve and it is important to us to give back. Each year we will contribute to causes that are important to our members.	This year we gave back €X to local causes through sponsorships and donations. This included contributions to sports clubs, the amateur dramatic society and funding a sensory garden for the active retired group.
Staff and officers to contribute at least X volunteer hours each year	Our credit union is built on a voluntary ethos and we are overseen by a voluntary Board of Directors. Further to this ethos and culture, our staff are supported in volunteering their time to local causes and charities.	Our Board of Directors and Oversight Committee are unpaid volunteers who give of their time to oversee the governance of our credit union on behalf of all Members. This year they provided a combined Y hours of unpaid service. Additionally, our staff provided Z volunteer hours to local charities
Engage in at least one community (or sectoral) development/support project each year	We want to support projects or initiatives that will deliver a long-term benefit to our community or address an urgent need. Each year we will endeavour to support at least one such project or initiative in our community.	[credit Claddagh CU] This winter we partnered with the Society of St. Vincent de Paul to ensure that members of our community who were struggling with the increased cost of living received support to help keep their homes warm. We provided funding which SVP distributed to those in need.
Support the wider credit union community, and assist the development of credit union movements across the globe.	The Irish movement received support from both American and Canadian credit union movements. Under the principle of cooperation among cooperatives we will pay it forward and support the Foundation's to share the Irish credit union experience to support the development of credit union movements and build financial inclusion.	We donated XXX to the International Development Foundation to support credit union development in XXX and XXX. This funding will help to provide operational and governance training for credit union staff and volunteers and financial education training for members.

Some examples:

- A Credit union run an annual Family Fun Day at Dublin Zoo
- Many credit unions support their local GAA clubs
- Others support their local Active Retired group
- Many credit unions support Tidy Towns initiatives





A Supportive Workplace

Safety & Wellbeing

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
All staff will receive a living wage and greater than X% will be on permanent contracts	Paying a living wage and offering permanent contracts reflects the fairness rooted in our culture and ensures credit union employees are financially secure, motivated, and committed, leading to better service and lower turnover.	This year all staff received a living wage which is defined as a minimum rate of €14.80 per hour. X% of employees working for the credit union were on permanent contracts
We will continually invest in the safety and security of our employees	Investing in the safety and security of our people fosters a positive work environment where staff feel valued, protected, and motivated. A safe workplace reduces the risk of accidents, minimises absenteeism, and boosts productivity.	This year we invested €X in security infrastructure across our branches. This included a modernisation of our CCTV systems and improved physical safety barriers at counters. These investments will ensure all of our people, members and staff will be safer and more secure when at our credit union.
We will promote employee wellbeing and will introduce programmes in support of this	Employees who feel supported in their physical, mental, and emotional well-being are more engaged and motivated, directly impacting member service quality. Well-being initiatives also align with our core credit union values of respect and mutual support.	We have introduced an Employee Assistance Programme for our staff. This provides confidential support for employees dealing with personal or work-related challenges, such as stress, mental health issues, financial concerns, or family problems.

Some examples:

- Some credit unions are Great Place to Work certified
- The credit union may have committed to being a Living Wage employer
- Some credit unions have introduced an Employee Assistance Programme





Development & Training

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
All staff will receive on average X hours training each year	Staff training is vital for ensuring employees are equipped with the knowledge and skills needed to perform effectively, adapt to changes, and deliver high-quality service.	Staff received an average of 30 hours of training each this year across hundreds of events. These are delivered both internally and externally throughout the year.
Staff will be supported in achieving professional qualifications	Our staff are fundamental to our success and we will support their career development. Supporting our staff in obtaining professional qualifications enhances their expertise, boosts confidence, and improves job performance	During the year, we are very proud that two staff earned their Qualified Financial Advisor (QFA) designation. They will put their knowledge to good use advising members every day.



Diversity & Inclusion

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will actively manage gender balance across our key functions	Gender balance is important to our credit union because it fosters more diverse perspectives, leading to better decision-making and innovation. It reflects fairness and inclusivity, aligned to our co-operative principles of equality and mutual respect.	We met our internal targets this year and we also amended our succession planning procedures to consider gender balance
Zero pay disparity on gender, age, race or any other discriminatory factors	Pay disparity based on discriminatory factors is unfair, unethical, and undermines equality in the workplace. Ensuring equal pay for equal work is core to our co-operative principle of equality and crucial for fostering a fair, inclusive, and motivated workplace.	Our auditors confirm to our Board of Directors each year that no discriminatory pay disparities exist in our credit union.



Empower Change

Green Lending

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
By 2030, the majority of our home improvement lending will be for green or transition purposes	According to the EPA, in 2023 Irish residences accounted for 9.7% of national greenhouse gas emissions. Residential retrofitting will help lower this number while also providing a better living standard in a warmer, healthier home.	This year X% of home lending was green lending, retrofitting a property to at least a B3 BER. A further Y% of home lending was transition lending, supporting members to improve the energy efficiency of their home with smaller measures.
By 2030, at least 40% of our mortgage lending will be to green properties	In addition to home improvement lending, we provide mortgages to our members and we aim to increase lending on properties with a minimum B3 BER each year. This will not only help to support Ireland's decarbonisation efforts, but ensure better living standards for our members.	This year X% of our mortgage lending was for properties with a minimum B3 BER. During the year we supported both members purchasing new, efficient homes and members who retrofitted existing homes and spread the costs involved with a low-rate mortgage.
We will support members with a range of targeted lending options to support green choices	Ireland's National Climate Action Plan outlines strategies to achieve net-zero emissions by 2050, focusing on reducing carbon emissions and promoting renewable energy across sectors like transport, energy, and agriculture. We will have loan products for our members aligned with the NCAP.	We have introduced a range of loan options for our members to support them in making green choices promoted under the NCAP. These include loans for hybrid or electric vehicles which can also help finance the costs of charger installation and loans to small businesses looking to decarbonise their activities.

Green Lending and Supporting Transition

Below is a draft disclosure on how green lending is categorised. N.B. the differentiation of green loans vs transition loans.

We understand that there will be no one size fits all solution to the adoption of green initiatives and that our members will have different needs and aspirations. We will support all our members with excellent value green loans for any finance need they have when making a green or sustainable choice.

Internally, we will record 'green loans' in alignment with the targets of the National Climate Action Plan because these have been set specifically to support meeting Ireland's net-zero goal. However, we will offer our reduced green rates to any member making a green choice, even if not meeting a national target.

Some examples:

- 37% of mortgages issued by a credit union in recent years have been green mortgages
- Many credit unions have promoted a green car loan
- Many credit unions have green loan rates (please note distinction across between green and transition lending, this will be important in the future if credit unions hope to calculate a Green Asset Ratio)





Green and Eco Leadership

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will engage with our members and form partnerships with experts to further our knowledge of sustainability	As Ireland's most reputable organisation, we feel an immense responsibility as a credit union to always act responsibly and in the best interests of our members and our society more broadly. We intend to be leaders locally on climate change and lead by example where we can.	This year we launched our Sustainable Energy Community in partnership with the SEAI and local experts. This means that we can be a hub for local expertise, anyone interested in learning more about retrofitting can find resources on our website. We are also running information events throughout the year.
We will contribute to at least one project each year focused on green initiatives	Green initiatives are important to us because they promote environmental sustainability while aligning with our core values. By supporting green initiatives, we can directly benefit our membership and contribute to meeting the goals of Ireland's National Climate Action Plan.	[credit Claddagh CU] This year we held a Green Home Solution Event which saw us partner with local industry experts. With more of these events planned for the year ahead, keep an eye out for the future dates to be announced on our social media platforms.
We will contribute to at least one project each year which supports biodiversity	Strong biodiversity and healthy ecosystems support agriculture, reduce flood risks, and provide resources that sustain local economies. As a community-focused organisation, our credit union benefits from a strong, resilient environment that ensures long-term financial stability and prosperity for our members.	This year we installed bee hives on our roof space. With this initiative, we are dedicated to supporting the endangered native Irish honeybee. In collaboration with Bee8, we have placed four beehives atop our offices, a conscious decision to contribute to the well-being of bees in our local community and enhance biodiversity in our locality.

Some examples:

- Some credit unions have formed or participate in local Better Energy Communities
- A credit union has developed a green roof and installed bee hives on their offices
- A credit union provided sunflower seeds to schools as part of their fundraising for their local hospice





Reduce Climate / Nature Harms

Climate Risk Management

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
Climate-related, nature-related and environmental risks are embedded into our risk management framework	Climate change and biodiversity loss will increase the risks to which our credit union is exposed over time. We must prudently manage all risks, mitigating where possible to ensure the long-term sustainability of our credit union.	Following an extensive project during the year to identify climate and nature-related risks to which the credit union may be exposed, we have been working to embed these in our risk management framework.

A Few Words from Our Risk Management Officer:

As the Risk Management Officer for ABC Credit Union, my role involves identifying, assessing, and mitigating risks that could negatively impact our operations.

Recently, there has been an increased focus on climate and nature-related risks because these factors can directly affect both our financial stability and the members we serve. Extreme weather events, biodiversity loss, and the transition to a low-carbon economy all present new challenges. Because many of these impacts might not be felt for a long time, they further challenge us to think about risks over longer horizons than we might be used to.

Over the past year, we’ve put a lot of extra work into improving our ability to prepare for and mitigate these risks. Our staff have undertaken additional training, and we’ve collaborated with our colleagues in other credit unions to learn and grow our knowledge of climate and nature-related risks. We also conducted an extensive exercise to identify the additional risks and embed them into our risk management framework.

With this work, we are confident that ABC Credit Union will be safer and more resilient well into the future.



Carbon Emissions

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will track and measure our Scope 1 and Scope 2 emissions and work towards measuring Scope 3	Emissions tracking is important to us because it allows us to measure and manage our environmental impact and better align with our sustainability goals. By tracking our emissions, we can identify opportunities to reduce our carbon footprint, enhance our operational efficiency, and support meeting Ireland’s climate action targets.	We have established our Scopes 1 and 2 baseline emissions through an external audit. We have put a plan in place to achieve a 50% reduction in these by 2035. Scope 3 emissions are the downstream impacts of our activities and we intend to measure these in the future.

Some examples:

- Some credit unions have conducted energy audits of their buildings
- Others have installed energy monitors in all buildings and can report of emissions and reductions



Energy Use

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will reduce our energy use by 50% by 2035	Reducing our energy consumption is important because it decreases our carbon footprint and contributes to meeting our sustainability goals. It also lowers our operational costs over the long run.	This year we began to action the recommendations of our energy audit. We replaced all light fixtures with LEDs and installed triple glazing in one of our branches.
By 2035, more than 60% of the energy we consume will be from renewable sources	Renewable energy is important because it provides a sustainable, clean source of power that reduces reliance on fossil fuels and helps to mitigate climate change. A shift to renewables will also help improve air quality.	This year we installed solar panels on the roof of one of our branches. These are expected to meet X% of our current energy demands, which we expect will grow proportionately as our energy use decreases



Resource Use

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will reduce the volume of paper we produce by 50% by 2030	Reducing the amount of paper we use is important because it helps conserve natural resources and decreases waste. The production of paper involves cutting down trees, which impacts biodiversity and contributes to deforestation.	In 2023 we published 22,160 annual reports. Stacked on top of each other they would reach a height of over 60 meters, just shy of Cork County Hall. We aim to reduce this by 12% in 2024
We will reduce the volume of waste we send to landfill by 50% by 2035	Reducing waste to landfill is an important cultural shift for us. It involves everyone in our credit union being more aware of the resources we consume and making conscious decisions to reduce waste and be more sustainable.	We have removed all single use plastics from our staff canteens, replacing them with sustainable options. We are also supporting local coffee shops in promoting reusable cups



Optimise Returns

Responsible Investment

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
Our Investment Policy will set out sustainability objectives	As a credit union we are very limited in our options for investments, but insofar as possible our Investment Policy will align with our sustainability goals and strategy	We continue to work with our investment advisors to ensure we do not hold investments that would contradict our sustainability strategy or policy.
We will invest €Xm by 2030 in supporting the development of affordable & social housing	The housing crisis impacts nearly all our members in some way, with much of the cause stemming from under supply. Through Approved Housing Bodies (AHBs) we have a vehicle through which we can invest in delivering the supply of affordable homes	This year we invested €X as part of a funding round of €Ym across a group of credit unions. This funding has directly supported construction of a development by Circle Voluntary Housing Association



Sustainable Innovation & Collaboration

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will work with other credit unions on addressing climate change	Climate change and biodiversity loss create challenges that require collective effort so we will partner with our colleagues in other credit unions in agreeing a cohesive approach	This year we partnered with other credit unions, CUDA and external experts in a working group that explored the topic of sustainability in detail and established a common approach for a strategy
We will partner with others to grow our product and service range	Co-operation among co-operatives is a core operating principle for credit unions. By partnering with others, we can achieve scale to expand the range of products and services we can offer.	In collaboration with other credit unions we provide Cultivate – an Agri Lending package that provides short to medium term finance built specifically around the growing needs of our farming members



Strong, Secure Credit Union

Governance of Sustainability

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We will form a Sustainability Committee of the Board of Directors	Forming this committee is a recognition that we view sustainability as a matter of fundamental importance. The committee comprises senior members from governance and management and keeps sustainability high on our agenda.	This year we adopted a formal ESG Policy which includes a terms of reference for our Sustainability Committee. The committee has met twice to date but will meet at least quarterly in future.
We will embed sustainability in our business strategy	We recognise that while sustainability has always been integral to our identity, it is now core to our future success and it will be embedded in our strategic planning	We have disclosed our sustainability strategy in this document and will incorporate into our next business strategy cycle.

A few words from our Sustainability Officer

As the Sustainability Officer of ABC Credit Union I report to the Sustainability Committee and help them to perform their functions. My role is to oversee the implementation of our sustainability strategy and integrate sustainable practices into all aspects of our operations.

I'm really excited to take on this challenge and enjoy a role that is so interesting. Every day is different and my work involves everything from identifying areas where we can reduce our environmental impact, promoting responsible resource use, and ensuring alignment with sustainability goals like reducing carbon emissions and supporting green initiatives. I also engage with staff, members, and the community to raise awareness about sustainability and collaborate on projects that enhance our collective social and environmental responsibility.



Ethical Business

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We have a robust compliance framework	Compliance is crucial to our ethical operation because it ensures that we operate within legal and regulatory frameworks, protecting our members interests and maintaining trust through transparency, fairness, and accountability, which are core to our co-operative values.	This year our board worked to an agreed annual compliance plan and reviewed our policies on anti- money laundering and anti-bribery
We will provide annual training for our staff and volunteers on culture	Culture training is important because it helps to embed our co-operative values and operating principles. Culture training also reinforces ethical behaviour, enhances employee and director engagement, and promotes consistently treating members with respect and dignity.	This year we ran culture workshops for all staff and volunteers of our credit unions. The sessions saw strong engagement from all involved.



Data Security & Privacy

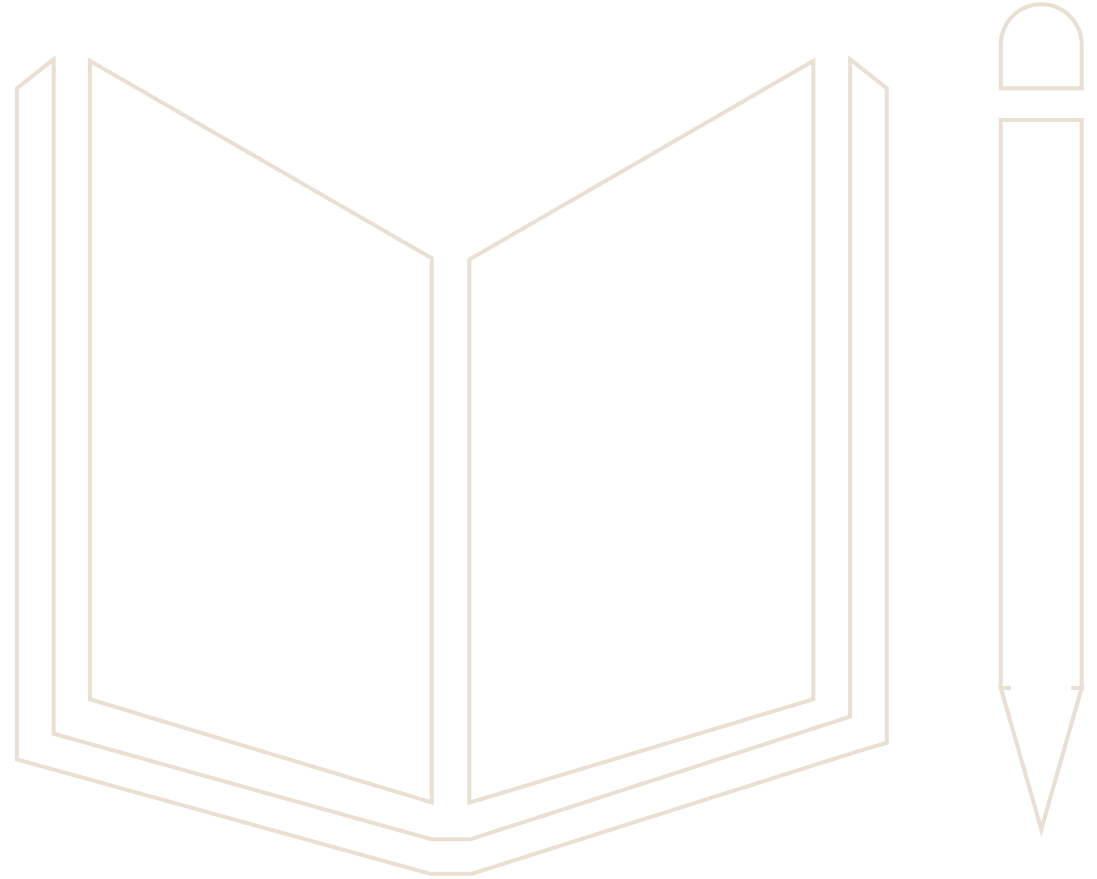
KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
We have a robust internal framework for data security	Data security is crucial because it protects sensitive member information, ensures compliance with regulations, and builds trust. Safeguarding data prevents fraud, cyberattacks, and breaches, ensuring our reputation remains strong while maintaining financial integrity and member confidence.	We are delighted to announce that we have been awarded ISO/IEC 27001:2013 This is the international standard for managing information securely.
Staff receive ongoing training on data protection and cyber security	Training staff on data security is vital to ensure they understand how to protect sensitive information, recognise potential threats, and follow best practices. Well-trained staff act as a critical line of defence against cyber threats, protecting member data and maintaining trust.	This year staff attended over 10 training events on topics including data protection, cyber security and fraud awareness. We also ran a fraud awareness campaign for our Members.



Supplier Management

KEY TARGETS	WHY ACTION MATTERS	PROGRESS THIS YEAR
At least x% of our supplier costs will be spent with Irish suppliers	Supporting local suppliers is vitally important to us as a social organisation. Supporting local results in a multiplier effect, because local suppliers are more likely to support other local suppliers meaning more money recirculates in the communities we serve.	This year Y% of our supplier costs were spent with Irish suppliers, with Z% spent with local suppliers within our common bond.
We will embed sustainability considerations in our procurement process	We want to ensure everyone we work with shares our values. For larger suppliers, we now request additional information on their commitment to sustainability as part of procurement	During the year we updated our Procurement Policy to request additional information on sustainability. We exclude SME suppliers from this requirement as we feel this is fair.

Sustainability Disclosures



Governance

Leadership and Commitment:

Governance refers to the systems, processes, and principles that guide and control the management of the credit union's operations, direction, and administration. It encompasses the mechanisms through which our objectives are set and achieved, risk is monitored and assessed, and performance is optimised. Effective governance involves a clear definition of authority, decision-making processes, and accountability mechanisms to ensure that the activities of the credit union align with our goals, comply with legal and regulatory requirements, and ethically meet the interests of our members.

At all levels of governance within the credit union lies a deep commitment to sustainability. Sustainability is inherent within our Operating Principles which guide our decision making, reflects our legacy and values as a socially conscious financial services co-operative and represents our future as a hub of the communities we serve.

Responsibilities of the Board of Directors:

The Board of Directors are elected by the members to represent their interests. They have ultimate responsibility for the governance of the credit union overseeing its sound and prudent functioning.

The board is responsible for setting the credit union's strategy and risk appetite. The board must adopt a strategic plan and risk management framework that align with the credit union's mission and objectives. They are tasked with monitoring the implementation of the strategic plan and risk management framework, reviewing the credit union's performance against

defined measurements, and assessing how the strategic and risk mitigation objectives are being achieved. The board must regularly review the credit union's strategy and risk plans to ensure they remain relevant.

The board is also responsible for the ethical conduct of the credit union, in accordance with our values, risk appetite and the legal and regulatory frameworks applicable to the credit union. The credit union is committed to respecting the human rights of all of our stakeholders and in support of this, the board oversees and approves a range of policies, covering issues material to sustainability and ensuring they are aligned with legal and regulatory requirements and international standards and best practice, including, for example;

- Code of ethics and behaviour;
- operational resilience, data protection and business continuity;
- conflicts of interest, anti-corruption and anti-bribery;
- new products and product oversight and governance
- dignity at work, whistle blowing and remuneration; and
- sustainable and responsible investment.

In the context of sustainability, the board adopt a new additional responsibility in setting the tone from the top and fostering a culture of sustainability. This encompasses the integration of sustainability issues into the existing strategic and risk management frameworks, ensuring they are covered and addressed at each board meeting. This responsibility further

extends to promoting action on our material issues, and embedding sustainability considerations into their decision-making processes.

Sustainability considerations are fully incorporated into the board's decision-making process, considering all matters of material relevance to the credit union. All decisions made reflect the values, Operating Principles and mission of the credit union, with the reasons for decisions clearly documented. Through reports from our Risk and our Sustainability Committees, the Board regularly reviews, at each of their scheduled meetings, material issues relating to sustainability.

Responsibilities of the Board Oversight Committee

The Board Oversight Committee is elected by the members and oversees the performance by the Board of Directors of their statutory functions. The Board Oversight Committee reports directly to the members in the Annual Report, providing direct assurance that the governance of the credit union is performing as it should with sound practices in place.

Most Senior Person in Governance – Responsibilities of the Chair:

The Chairperson is the most senior person responsible for the governance of the credit union. They are responsible for the effective performance by the board of their functions, ensuring efficient and effective board meetings, facilitating discussion and debate, and setting the agenda for meetings. The chairperson is further responsible for ensuring that conflicts of interest are appropriately managed by the board, in accordance with policy, relevant legislation and governance principles. The Chairperson will promote effective communication with the Chief Executive

Officer, ensuring that the board and executive work professionally together in advancing the interests of the credit union. They will also work closely with the Board Oversight Committee, ensuring they receive adequate engagement in the performance of their statutory duties.

Compliance Officer

The Compliance Officer is appointed to oversee the compliance programme of the credit union. They work to a compliance plan to ensure that we are meeting all standards and requirements relating to our obligations in law, regulation and our internal policies and procedures. Reporting directly to the board of directors, the compliance officer plays an important role in ensuring that we conduct our operations to the highest standards and have safeguards in place to proactively identify and resolve issues where we have fallen short of the high standards we set.

Most Senior Executive – Responsibilities of the Chief Executive Officer:

The Chief Executive Officer (CEO), as the most senior executive, plays a pivotal role in driving and achieving the credit union's financial, operational, and sustainability goals. Tasked with the overall management and strategic direction of the credit union, the CEO works closely with the Board of Directors to develop and implement policies, strategies, and initiatives that align with the credit union's mission and values. This includes overseeing daily operations, financial performance, and member services to ensure the credit union's sustainability and growth.

The CEO is also responsible for fostering a positive organisational culture, promoting sustainability,

innovation, and ensuring compliance with regulatory and ethical standards. The CEO ensures that the credit union has employees with the required skill sets to deliver on strategic plans and proactively ensures employees are continually upskilled with relevant training so they can keep abreast of evolving standards and best practices. Additionally, the CEO engages in community and sectoral relations and partnerships, reinforcing the credit union's commitment to serving and supporting our members and the broader community, as well as remaining informed of the latest trends and developments that might impact the credit union.

Sustainability Officer:

The Sustainability Officer (SO) has day-to-day responsibility for the management of sustainability activities within the credit union. Their functions include identifying opportunities, preparing an action plan for achieving our goals for sustainability, ensuring progress is made on those actions and preparing reports on progress for the Board and Sustainability Committee. The Board meet at least 6 times each year and at each meeting, a report prepared by the Sustainability Officer and approved by the Sustainability Committee will be presented to them for review.

Selected Board Committees:

Risk Committee

The Board have established a Risk Committee to assist them in the performance of their duties relating to the management of risks, including climate-related and environmental risks. The Risk Committee is made up of at least 3 members of the Board, and their key responsibilities include;

- ensuring the credit union's risk management framework aligns with regulatory requirements and best practices
- reviewing managements identification of material risks
- monitoring and reviewing risk reports and advising the board on any significant risk issues.

The Risk Committee meet frequently and at least X times per year, at each regular meeting, the Risk Management Officer of the credit union reports to them on all material risk issues, including issues regarding climate-related and environmental risks.

Sustainability Committee

The Board have established a Sustainability Committee to assist them in the performance of their duties relating to ESG. The Sustainability Committee meet quarterly and comprise of at least one member of the board in addition to members of the senior management team. The key responsibilities of the Sustainability Committee include;

- identification of opportunities and assessment of material issues
- integration of sustainability with the overall business strategy
- ensuring that action plans are in place for achieving the goals and targets for material issues
- overseeing the incorporating of climate risks into business strategy
- report to the Board on progress made against action plans.

Selected Relevant Policies

ESG Policy

The credit union has adopted an ESG Policy to set out how we approach the topics of ESG and the clear mechanisms that will be in place for oversight and governance. This policy further sets out the disclosures that will be made frequently to Members and other stakeholders in the spirit of openness and transparency.

Risk Management Policies

The credit union has adopted a number of policies as part of our overall risk framework. The objective of this framework is to ensure that all risks to which the credit union is exposed are identified, assessed and managed in a prudent manner and in accordance with the Risk Appetite Statement approved by the Board of Directors.

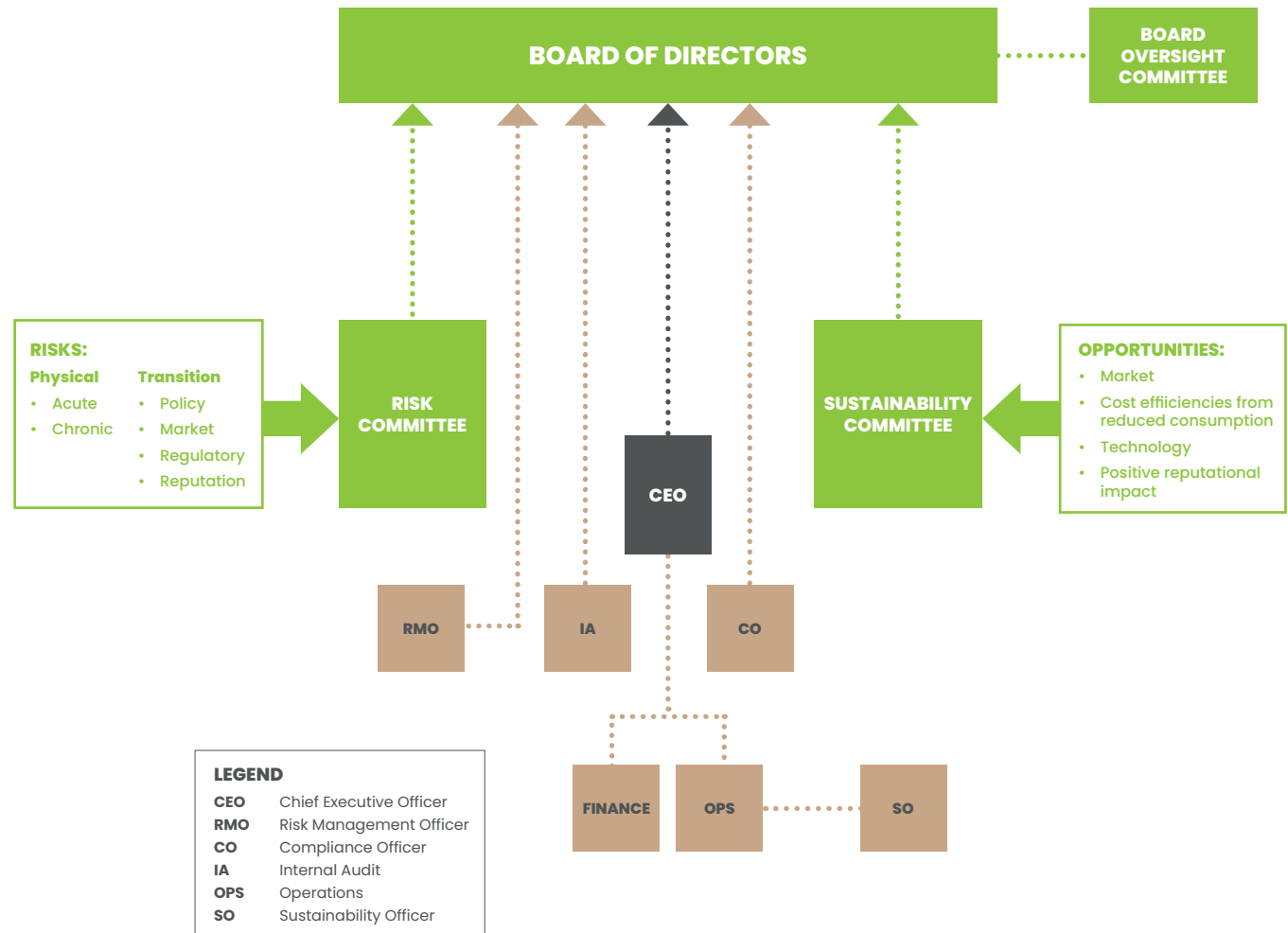
Human Resource Policies

The credit union has adopted a number of HR policies with the objective of ensuring that all employees are treated fairly and consistently. These policies align the credit union both with our statutory obligations as an employer under Irish law, and with international best practices including the UN Guiding Principles on Business and Human Rights.

New Products and Services Policy

The credit union has adopted a New Products and Services Policy. This policy requires that whenever the credit union develops a new market, product or service, or materially alters an existing product or service, we must give due consideration to both the impact the development will have on the risk profile of the credit union, in addition to how the new development is ethically designed and is appropriate for its target market.

Our Governance Structure for Sustainability



Strategy

Context of Sustainability Strategy:

We have a long history of successfully operating a socially sustainable business model. We use the resources available to us and operate in accordance with our ethos to create value (our products and services) and generate a return for our members (dividends – financial and social), all while striving to have a positive social impact.

We believe that being a truly sustainable business is fundamental to our identity and core to our strategy. Credit unions, being the only provider of financial services in Ireland who are member owned co-operatives, operating on a not-for-profit basis, is a unique and powerful differentiating value proposition.

The Business Case for Having a Positive Environmental Impact:









As a co-operative, we exist exclusively for the benefit of our members and we are attuned to their growing concerns for the environment, climate change and biodiversity loss. We recognise that it is incumbent upon us to respond to the concerns and needs of our members by expanding our traditional focus on social impact and ensuring that we have a positive environmental impact too.

The harms afflicting our environment pose an existential threat to everyone – us as a credit union, our members, our society and the communities we serve. The impacts of climate change and biodiversity loss have the potential to create challenges and risks that fundamentally alter the world around us. However, as in all times of change, with risk comes opportunity for those who best position themselves to respond.

We believe there are a great many opportunities for our credit union in embedding sustainability into our strategy.

These opportunities listed below will not all be realised immediately, and some may only materialise over longer horizons. We consider short-term to be under 2 years, medium term to be 2 to 5 years and the long term to be greater than 5 years.

Strategic Opportunities:

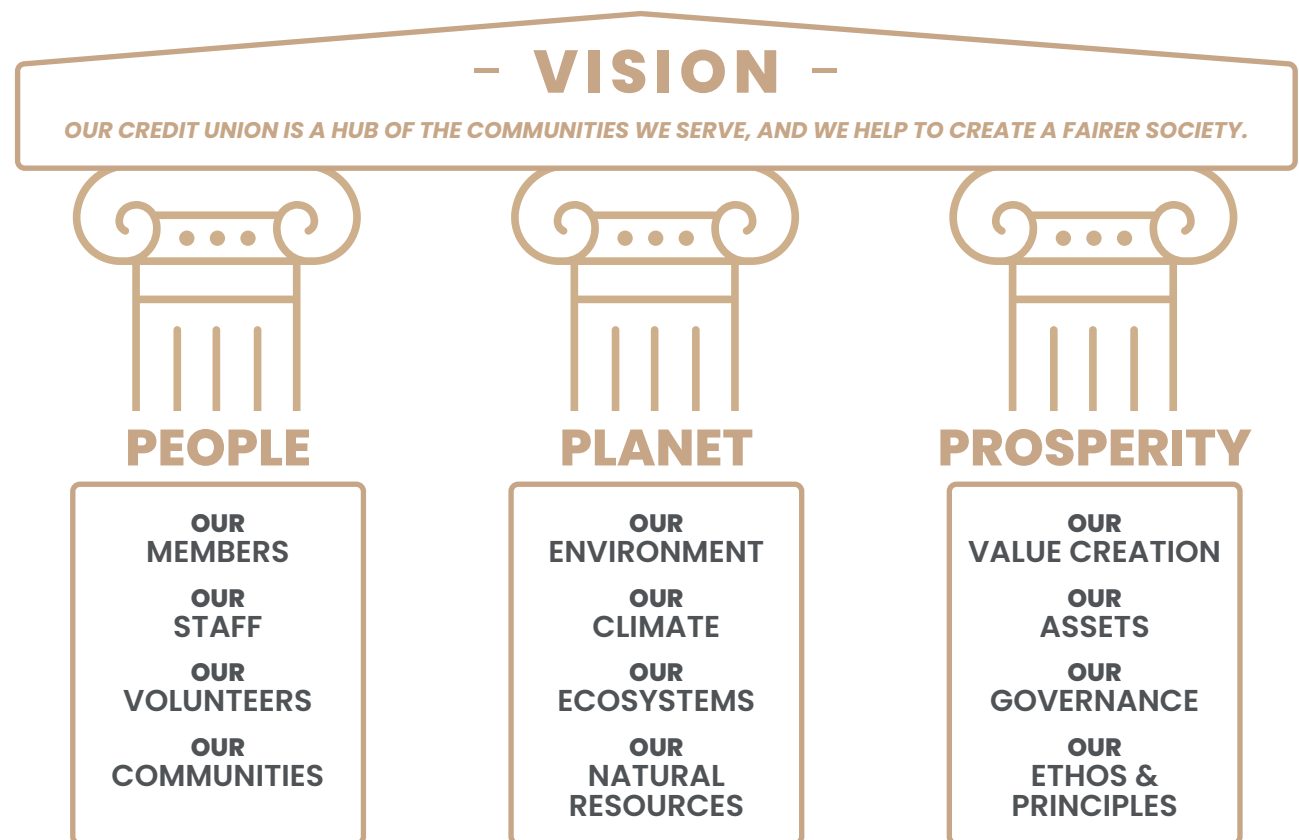
1.  **Green Lending:** There is a growing demand from our members for financing renewable energy projects – energy-efficient homes, zero emission vehicles and green businesses. The IMF estimate the cost of achieving the targets of Ireland's Climate Action Plan to be €20bn, much of which will require financing. We can meet the needs of our members and generate significant returns for them by offering innovative and well-designed green lending products.
2.  **Deepening our Advisory Relationship:** A key aspect of our overall business strategy is to be the 'trusted financial advisor' to our members. Providing quality advisory services to members on how to achieve sustainability goals can differentiate our credit union, fostering stronger relationships and promoting member loyalty.
3.  **Operational Efficiency:** Investing in sustainable practices for operational activities will reduce costs and improve efficiency, lowering our Cost to Income Ratio and having a positive impact on our Return on Assets.
4.  **Market Differentiation:** By positioning ourselves as a leader in sustainability and effectively communicating this, we can attract new members, particularly from younger demographics more inclined towards environmental issues and social causes.
5.  **Innovation and New Markets:** Exploring new technologies and services related to sustainability opens up avenues for innovation and access to new markets, such as electric vehicle financing or lending to community renewable projects.
6.  **Partnerships and Collaboration:** Working with local groups, businesses, and Better Energy Community Schemes on sustainability projects can enhance the credit union's impact and visibility in the community.
7.  **Operational Resilience and Risk Management:** Developing robust risk management framework that incorporates and addresses climate and nature-related risks ensures long-term sustainability and operational resilience.
8.  **Regulatory Compliance:** Regulatory expectations are growing in respect to demonstrating resilience to climate-related and environmental risks. Being proactive in addressing these issues will ensure our credit union remains fully compliant with our regulatory framework, avoiding potential sanction or penalties.

9. **S** Attracting Volunteers: Volunteer directors and BOC members are the lifeblood of a credit union. They give their time, energy, skills and experience to oversee the credit union and ensure it is being run for the benefit of members. It is vital for volunteers to know that they are contributing to a meaningful cause and by being a truly sustainable credit union can help to give that reassurance.
10. **S** Employee Engagement and Talent Attraction: A strong sustainability ethos can enhance employee morale and help to attract talent, particularly those who value working for an organisation that prioritises the needs of its members above generating a profit.

Evolved Strategy for Sustainability:

And so, *our strategy evolves – building on our long and proud legacy as a socially sustainable financial services co-operative*, we acknowledge that the global challenges faced by climate change and biodiversity loss are not distant and remote – they are relevant now and they will impact us, our members, our communities, and our society.

There is much uncertainty in a future that lies beyond our vision, but it is not entirely beyond our control – we are compelled to act and to work towards a brighter future for our credit union and for our members.



Implementation of Strategy:

Implementing our Sustainability Strategy involves a comprehensive and multifaceted approach, ensuring that our sustainability goals and material issues permeate every aspect of the credit union's operations and decision-making processes. Some of the steps we're taking to ensure the successful implementation of our strategy include:

1. Alignment with Business Strategy:

We consider our Sustainability Strategy to now form a core component of our overall Business Strategy and both will be fully integrated as part of future strategic planning cycles.

Our Board of Directors have ultimate responsibility for the strategic planning process of the credit union and they will oversee the integration of the Sustainability Strategy into the overall Business Strategy. This integration will involve;

- a. Ensuring that our goals for sustainability are fully reflected in the Business Strategy;
- b. Ensuring that our action plans for achieving those goals are present in the Business Strategy, are fully costed and receive adequate resourcing; and
- c. Receiving and considering a report on the performance of sustainability activities at each regular meeting of the Board.

2. Appointment of Sustainability Officer: We will (or we have) appoint a Sustainability Officer who will have day-to-day responsibility for the management of sustainability activities within the credit union. The Sustainability Officer is to be of an appropriate level of seniority to ensure that they can conduct their functions effectively. Their functions include preparing an action plan for achieving our goals for sustainability, ensuring progress is made on those actions and preparing reports on progress for the Board and Sustainability Committee.

3. Sustainability Committee: We will (or we have) establish a Sustainability Committee within the board of directors to oversee the implementation of the sustainability strategy, ensuring alignment with the credit union's overall mission and values.

4. Engagement: We will actively engage with stakeholders, including members, employees and the community to gather insights and foster collaboration on sustainability initiatives. This could involve surveys, workshops, and partnership opportunities with local environmental organisations. We will further foster a culture of sustainability within the credit union through training programs, incentives for sustainable practices, and involving employees in the development and implementation of sustainability initiatives.

5. Reporting and Transparency: We are committed to transparent reporting on our sustainability efforts, the actions we are taking on our material issues and the progress we are making towards meeting our sustainability goals. We will publish an annual Report for members that sets out our progress using relevant and insightful metrics and we will make full disclosures of all material issues.

The implementation of our Sustainability Strategy requires a long-term commitment and the willingness to adapt and evolve as new challenges and opportunities arise. Our Board of Directors are fully committed to our Sustainability Strategy and the progress we have achieved to date reflects the commitment of the CEO, management and staff.

Works in Progress:

We acknowledge that our approach to sustainability issues is an ongoing process, that there is much work still to be done and that in certain areas we have not yet had the opportunity to make as much progress as we would like. Below we will set out some of the areas that require attention and that we intend to work on in the years ahead.

Transition Plan for Climate Change Mitigation:

We have begun the process of measuring and reporting on our Scope 1 and Scope 2 emissions with a transition plan in place, underpinned by a GHG reduction target compatible with the key overarching global goal of limiting global warming to 1.5°C. We will also be adopting a transition plan, designed with the assistance of external experts, that sets out the practical actions we must take in order to achieve our reduction targets.

We recognise the importance of measuring and reporting also on our Scope 3 emissions and incorporating reduction targets into our transition plan. Scope 3 emissions are more broad measures, including the indirect and downstream emissions relating to our operations, for example emissions relating to employees commuting to work or emissions relating to the activities we finance, such as lending for a vehicle purchase.

Given the nature and scale of our operations, determining an appropriate and proportionate approach to measuring scope 3 emissions may present challenges. We intend to be guided insofar as possible by international best practices, for example the Partnership for Carbon Accounting Financials (PCAF) and commit to a deadline of 2030 for commencement of Scope 3 reporting and the incorporation of any additionally required reduction targets into our transition plan.

Resilience of Strategy:

It is a recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) that organisations disclose the resilience of their strategies. Resilience refers to the ability of our strategy to withstand unexpected shocks or deviations from assumptions made. These may be brought about by either incremental changes or sudden disruptions.

We customarily test the resilience of our strategies through the application of stress testing. Here, we apply a stressed scenario to the assumptions which underpin our strategy and the financial modelling applicable to them. This assists us in predicting the ability of the credit union to withstand external shocks, for example a prolonged economic recession.

Given the unique characteristics of the risks associated with climate change and biodiversity loss – the impacts are measured over very long horizons and there is much uncertainty about the ultimate impacts we will face, it will be best practice to apply scenario analysis as part of the process for testing the resilience of our strategy. This will involve considering how our strategy will perform under certain plausible future scenarios.

This will be a significant undertaking which we have not yet had the opportunity to perform but intend to include as part of future strategic planning cycles.

We have however begun the process of applying scenario analysis in our risk management framework, referencing the framework proposed by the Network for Greening the Financial System (NGFS). This framework explores a set of scenarios reflecting different levels of policy ambition, policy timing, coordination, and technology levers. These are described in more detail in our disclosures on risk management and will form the basis of our application of scenario analysis to future strategic plans.

Biodiversity:

Biodiversity refers to the variety of life on Earth. It includes every living thing, from fungi and plants to animals and humans. It extends to the different places they live, like forests, oceans, and deserts. Biodiversity is important because it helps nature work smoothly, providing clean air, fresh water, and food. It also gives us medicines and helps protect against extreme weather. However, because of factors like pollution and cutting down forests, we're losing this variety of life, which can make the planet a harder place for us to live in. So, keeping the Earth's biodiversity is crucial for our health, wellbeing, and survival.

The Taskforce on Nature-related Financial Disclosures (TNFD) has recently published their recommendations, building on the model created by the TCFD. The TNFD describe a LEAP approach, designed for organisations to assess nature-related issues. LEAP stands for:

1. **Locate:** Identify areas where the organisation interacts with nature.
2. **Evaluate:** Assess the dependencies and impacts of these interactions on nature.
3. **Assess:** Analyse risks and opportunities related to nature, including biodiversity.
4. **Prepare:** Develop strategies to respond, including integrating nature-related risks into overall risk management and reporting.

We have not yet had the opportunity to fully consider the recommendations of the TNFD, however we intend to do so in the year ahead. Should there be benefits in the approach described for our members and for our credit union, we will work to incorporate the recommendations into our broader approach to sustainability.

Leveraging Data:

Improving our access to and use of data will be a significant challenge and a multi-year undertaking, however, more and better data and the efficacy with which we leverage it, will be of fundamental importance in determining our success in implementing our sustainability strategy and adapting to increased climate-related and environmental risks.

Internal Data

We have made significant efforts in expanding the range of data points that we capture and monitor to ensure that we are making adequate progress against our sustainability goals. These cover a broad range of areas including the wellbeing of our employees, governance, financial and environmental data. These are described in detail in our Progress Report on Material Issues. Improving our systems to better automate the collection of these data points will improve efficiency and reduce the manual effort of sustainability reporting into the future.

External Data

There is an enormous volume of data available externally which we hope to better leverage in future to improve our strategic planning and risk management processes. For example, Copernicus, the European Union's Earth Observation Programme publishes extensive climate related data which may assist in trend analysis as part of future strategic planning cycles. In Ireland, the Office of Public Works maintains a portal on flood risk and other hydrometric data resources which will help us to better understand the physical climate risks to which we are exposed and which in the future may allow for more granular analysis, for example in risk exposures within our home lending portfolio.

Risk Management

The environmental, climate and nature-related risks to which we are exposed:





Climate-related, nature-related, and environmental risks refer to the various threats that our credit union will face due to our interactions with the climate, natural ecosystems, and the broader environment. These risks fall into two broad categories;

1. **Physical risks** – include the direct impacts of extreme weather events and ecosystem degradation, such as floods, fires, loss of biodiversity, and resource scarcity, which can disrupt business operations and damage assets; and
2. **Transition risks** – arise from societal efforts to address climate and environmental issues, including changes in policies, technologies, market preferences, and legal frameworks, potentially leading to increased costs, altered demand for products, and reputational challenges.

We believe that climate-related, nature-related and environmental risks are not a new risk category. However, climate change, biodiversity loss and damage to our natural ecosystems will have consequences that exacerbate and increase the likelihood of the risks to which we are already exposed. For example, rising sea levels do not introduce the risk of coastal flooding, but they do make that risk more likely and its impact more severe.

Physical risks:

Physical risks are further sub-divided into two categories – chronic physical risks and acute physical risks.

-  **Chronic Physical Risks:** describe long-term shifts, for example in climate patterns, that occur gradually over extended periods. These risks include rising average temperatures, sea-level rise, changes in precipitation patterns, habitat loss and desertification. The impacts of chronic physical risks are pervasive and can fundamentally alter ecosystems, agriculture, water supplies, and the general quality of life. They often require significant adaptation measures by individuals, businesses, and governments. For our credit union, these risks can lead to prolonged economic challenges, affecting the creditworthiness of borrowers, property values, and investment returns.
-    **Acute Physical Risks:** refer to the occurrence of extreme weather events and natural disasters that are sporadic and intense, such as intense storms and floods. These events can cause immediate and significant damage to infrastructure, property, and human lives, leading to direct financial losses for businesses, insurers, homeowners, and investors. The unpredictability and severity of these events can disrupt supply chains, damage assets, and lead to significant insurance claims. For our credit union, acute physical risks often result in sudden financial losses, increased underwriting risks, and the need for emergency liquidity.

The main difference between chronic and acute physical risks lies in their immediacy of impact. Chronic risks are gradual and long-term, requiring ongoing mitigation strategies, while acute risks are sudden and can cause immediate damage and financial loss. We must assess both types of risks when developing risk management and investment strategies, considering the slow-onset effects of climate change and biodiversity loss, alongside the potential for sudden, severe impacts from extreme weather events.




Given the nature of our business, all of our assets exposed to physical risk are located within the Republic of Ireland.

Transition risks:

Transition risks associated with climate change and nature loss describe the risks arising during the societal shift towards a low-carbon, more sustainable, and nature-positive economy. These risks emerge from a variety of sources:

- 
Policy and Regulatory Changes: New regulations aimed at reducing emissions, conserving biodiversity, and protecting ecosystems can introduce carbon pricing and new requirements for environmental disclosures. We may face increased compliance costs, legal liabilities, and risks of non-compliance.
- 
Technological Changes: The transition to greener technologies in energy, transportation, and agriculture can render existing assets or processes obsolete. Companies (including those we lend to or who employ our members) not investing in or adopting new technologies

may lose competitive advantage, face reduced demand for their products or services, and encounter stranded assets (where the value depreciates greatly).

- 
Market and Business Model Shifts: Changing consumer preferences towards more sustainable and environmentally friendly products can shift market demand. This can impact companies (including those we lend to or who employ our members) that are slow to adapt, affecting their market share and profitability. New business models that prioritize sustainability and nature conservation may disrupt traditional industries.
- 
Financial Market Adjustments: Investors are increasingly factoring climate and environmental risks into their decision-making processes. Such changes in the market are unprecedented and may create interest rate risk, ultimately impacting the return achieved by us on our investments.
- 
Reputation and Social Norms: Public perception and societal values are evolving to emphasize sustainability and environmental responsibility. Companies (including us, companies we lend to and those who employ our members) not meeting these expectations may face reputational damage, affecting customer loyalty and potentially leading to a significant reduction in demand for their services.

Transition risks require adaptive strategies, operations, and policies to mitigate potential financial impacts and capitalise on the opportunities presented by the transition to a sustainable and nature-positive economy.

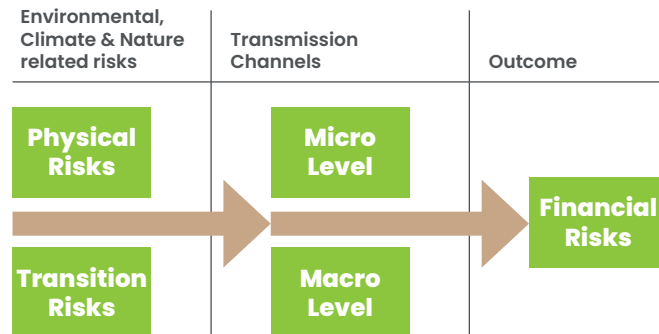
Indirect exposures:

The direct impacts of climate change, environmental damage and biodiversity loss are perhaps the most obvious that the credit union will face and the first that will come to mind – for example the increasing frequency and severity of storms risk damage to our buildings and the potential closure of our branches during red level weather warnings. However, as a financial service provider, we will in fact face far greater risks through indirect exposures. *Indirect exposures are the impacts of climate change and biodiversity loss on our members – particularly those who borrow and save with us, as well as on our suppliers, partners, and society generally.*

The process through which indirect exposures manifest as financial risks to our credit union is described by the concept of economic transmission channels. This concept considers the transmission of risks at both:

- Micro Level:** Affecting individual businesses and households through property damage, business disruption, stranded assets, changing demand, and legal liabilities; and
- Macro Level:** Aggregate impacts on the macro-economy, including capital depreciation, shifts in prices, productivity changes, labour market frictions, and other impacts on international trade, government revenues, and fiscal space.

Diagram of Transmission Channel Process –



Financial risks:

We believe that the financial risks that we will be exposed to will pose, by far, the greatest threat to the credit union of all the climate-related, nature-related, and environmental risks to which we will be subjected. These financial risks will include:

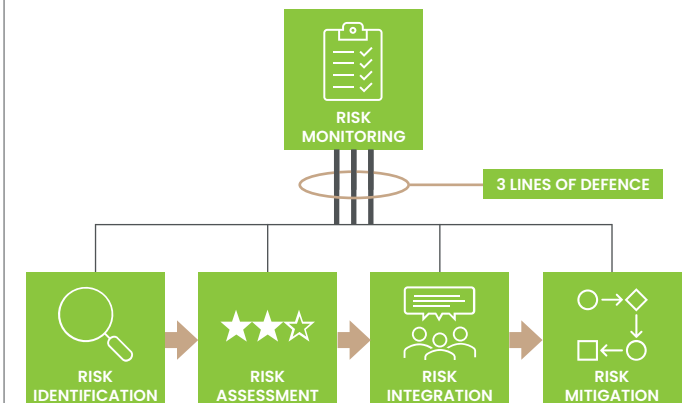
- S M L
Credit Risk: We anticipate an increase in the probability of default to which we are exposed across all loan classes due to the physical and transition risks that will impact our borrowing members. An increase in our loss given default on our secured loans is possible due to capital depreciation resulting from physical and transition risks. For example, where a mortgage is advanced on a property that later becomes prone to flooding, resulting in a significant devaluation of the underlying secured asset.

- S M L
Market Risk: Large scale and unprecedented shifts in global financial markets in response to climate change and biodiversity loss, including the repricing of equities and commodities, will likely have a systemic effect throughout the entire financial system. The limited asset classes open to credit unions to invest in are likely to become more attractive to investors in the future, increasing demand for them. Where supply remains constant, this will result in interest rate risk and may negatively impact the return the credit union can make on its investments.
- S M L
Operational Risk: Weather-related disruption and forced facility closures are increasingly likely to impact our partners within our supply chains. Our partners will also be exposed to policy risks and their impacts, for example increased energy costs. We anticipate challenges within our supply chain to have an inflationary effect on our cost of business and to test our operational resilience.
- S M L
Liquidity Risk: We will be exposed to increasing liquidity risks. For example, were a significant portion of our membership to engage in residential retrofitting in a short period of time, some would fund the activity through borrowing from us and others through withdrawing their savings held with us. Dual trends of increasing lending and reducing savings would materially alter the balance sheet composition of the credit union and expose us to greater liquidity risk.

Our approach to managing climate-related, nature-related, and environmental risks:

Our knowledge and understanding of the risks posed by climate change, environmental harm and biodiversity loss is constantly growing and evolving. These risk categories are novel in nature and have unique characteristics which differentiate them from the risks we have traditionally managed as a credit union. Accordingly, we must ensure that our processes for identifying and managing these risks are agile and adaptable. We are working to ensure that every one of our staff and volunteers receives adequate training to understand the importance of our risk management framework and how it operates and functions. We are further working to promote a culture whereby all staff and volunteers feel empowered to contribute to and be actively involved in risk management. Climate and nature related risks will be kept under continual review, and our staff and volunteers will be invited to participate in the risk identification process.

Our framework for managing climate-related, nature-related, and environmental risks:



Acknowledging the unique characteristics of these risks:

We require an adaptive approach to managing climate-related and nature-related risks because they have unique characteristics which differentiate them from the risks that we are more accustomed to managing. These characteristics are:

1. Different effects based on geography and activities – our members will not be impacted equally. Some areas will face far greater risks (e.g. flooding) and some employment sectors will be disproportionately impacted.
2. Longer time horizons and long-lived effects – some risks and their effects, in particular chronic physical risks, are considered over timeframes of 20 years or more, a far longer horizon than we are accustomed to.
3. Novel and uncertain nature – these risks are unprecedented; we are relying on a scientific understanding that continues to evolve.
4. Changing magnitude and non-linear dynamics – while the trends for climate change are clear, complex systems are prone to outliers.
5. Complex relationships and systemic effects – the accumulative effect of events over time may not be immediately understood but will contribute to a systemic effect.

Our process for identifying risks:

Identifying climate-related and nature-related risks involves a structured process so that we can best understand the specific threats that climate change and environmental degradation pose to our credit union.

As these risks are novel to us, throughout 2023, members of our senior management team participated in a Working Group with other credit unions, facilitated by the Credit Union Development Association, and engaged external expertise to initially assist us in establishing an effective process. Working with colleagues from other credit unions and external experts assisted in better understanding the nature of these risks and the process for their identification.

We employ techniques such as self-assessment reviews, peer reviews, workshops, and what-if analysis. We apply a logical process – considering a potential consequence of climate change or biodiversity loss and then thinking through how that consequence would impact our stakeholders and how those impacts might create risks for the credit union.

We intend to keep our process for risk identification under review and adapt it over time with learnings to ensure continual improvement. Our key aspiration for this year is to involve more of our staff and volunteers in the risk identification process.

Our process for assessing risks:

Our process for assessing the level of risk to which the credit union is exposed involves the application of a matrix that considers both the likelihood of a risk impacting our business, combined with the severity of the impact on us should the risk arise. In simplest terms, our process is;

$$\text{Exposure} = \text{Likelihood} \times \text{Severity}$$

Throughout the risk assessment process, we engage a cross-functional team with representatives from different departments within the credit union (e.g., risk management, operations, finance, sustainability) to ensure a comprehensive understanding of how climate and nature-related issues impact various aspects of the business.

Because of the unique characteristics of climate-related and nature-related risks, we further adopt additional measures when considering these risks. Primarily, this involves considering our exposure over various horizons – the short, medium and long terms.

Additionally, because of the unpredictability of future states when considering risk exposures in the long-term, we employ the methodology of scenario analysis.

Scenario Analysis

Scenario analysis is a process that helps in assessing the potential impacts of different future events or conditions. It's particularly useful in understanding risks and opportunities in situations where there's significant uncertainty.

We have referenced the framework proposed by the Network for Greening the Financial System (NGFS). This framework explores a set of scenarios reflecting different levels of policy ambition, policy timing, coordination, and technology levers. These include orderly scenarios, where climate policies are introduced early; disorderly scenarios, with higher transition risks due to delayed or divergent policies; and hot house world scenarios, assuming insufficient global efforts to halt significant global warming, resulting in severe physical risks.

The NGFS climate scenarios are designed to provide a common starting point for analysing the economic and financial risks posed by climate change. The NGFS scenarios have been updated over time to reflect the latest data, including country-level climate commitments and the potential impacts of extreme weather events. These scenarios are not forecasts but explore plausible futures for financial risk assessment across regions and sectors, considering the uncertainty inherent in modelling climate-related macroeconomic and financial risks.

We have selected three scenarios for adoption in our risk assessment process. One orderly, one disorderly and one from the hot house world as envisioned by the NGFS framework. We believe this covers an appropriate range of best, worst and likely scenarios. The three scenarios selected for adoption are;

1. Net-zero by 2050;
2. Delayed transition; and
3. Current policies.

Our process for integration with our overall risk framework

Our integration of climate and nature-related risks into our overall risk framework is built on our understanding of the unique characteristics of these risks as described above. It demands that our risk framework be more agile and adaptive, capable of considering impacts over much longer horizons than we are accustomed to and capable of incorporating risks where our understanding and knowledge will evolve over time.

To achieve integration, we rely on the involvement of all staff and volunteers, collaborating to ensure that skills, experience and insight from across the credit union are engaged in the risk management process and that we work to establish a culture whereby everyone in the organisation takes some responsibility for risk management.

We have had to amend our traditional approach to risk management, now assessing climate-related and nature-related risks over short, medium and long-term horizons. We have further incorporated the methodology of scenario analysis into our risk management framework for the first time.

Finally, we have adopted an approach of proportionality. Our resources are finite so we will dedicate attention to our most material risks. We believe that credit risk is the area in which we will face the greatest exposure.

Our process for mitigating risks:

Our process for risk mitigation will be an ongoing endeavour. We collect data to assist us in the risk mitigation process, including on current and projected climate and environmental conditions relevant to the credit union's operations. This includes scientific research, climate models, and environmental reports that highlight trends in weather patterns, climatic conditions, and biodiversity loss. Armed with a deeper understanding of these risks, we develop strategic responses to mitigate adverse impacts and capitalise on emerging opportunities.

Where risks have been identified, these must fall within the tolerances of the Risk Appetite Statement of the credit union. Where an identified risk is assessed as falling outside of the credit union's risk appetite, we will first explore viable options for risk avoidance, transfer or sharing. Should no viable options exist, and the credit union determines that it must accept the risk, then the potential downside consequences must be adequately reflected in the strategic planning process and in financial projections.

Three lines of defence:

The Three Lines of Defence model is a widely recognised framework for managing risk and ensuring robust governance within organisations. First, the operational management acts as the first line, directly managing and owning risk. The second line includes functions like risk management and compliance, which provide oversight and specialised risk assessment expertise. The third line is the internal audit, offering independent assurance that risk management processes are effectively designed and operating. This model promotes clear responsibilities and effective

communication, ensuring that risk management is deeply embedded in the organisational culture and operational processes.

Risk Monitoring:

The board of directors have ultimate responsibility for monitoring risk within the credit union. They are responsible for:

- Setting risk appetite levels;
- Overseeing risk management activities;
- Understanding the nature and magnitude of significant risks to which the credit union is exposed;
- Reviewing reports on the assessment of risk levels; and
- Annually reviewing risk management policies, including setting the risk appetite, and strategies to ensure that risk exposures remain appropriate and prudent.




The Board is supported in their role by the Risk Committee which is made up of at least 3 members of the Board. The Risk Committee is responsible for;












































































- Reviewing the identification of risks by management;
- Ensuring the risk management processes in place are appropriate;
- Overseeing the application of the risk management process; and
- Reporting to the Board on risk exposure levels.

Day-to-day monitoring and management of risk is headed by the Risk Management Officer. The RMO is responsible for;

- Identifying, assessing and evaluating risk exposures;
- Recommending risk tolerance levels to the Board;
- Mitigation of risk exposures through appropriate risk responses and mitigation strategies;
- Ensuring adequate resources are in place to manage exposures; and
- Reporting on risk management processes and findings.

Our most material risks:

L	Likelyhood of Risk
S	Severity of Risk
E	Exposure of Risk
	LOW RISK
	MEDIUM RISK
	HIGH RISK

CATEGORY	RISK DESCRIPTION	RISK DRIVER	IMPACT														
			Short			Medium			Long								
									Net-zero by 2050			Delayed transition			Current policies		
			L	S	E	L	S	E	L	S	E	L	S	E	L	S	E
CREDIT	There is an exceptionally strong policy response to climate change, taxation measures are introduced to discourage the use of high carbon sources of energy. The rate of increase to taxation far exceeds wage inflation. Loan affordability is compromised as household disposable income deteriorates.	TRANSITION RISK															
CREDIT	The impacts of climate change are more severe, and with more rapid onset than predicted. Home loan and mortgage borrowers find their properties are now prone to flooding. Agri-borrowers face excessive feed prices because of excess rain and poor crops.	PHYSICAL RISK															
CREDIT	Market changes resulting from the transition to a low carbon economy mean that sectors that have traditionally been a major source of employment to our membership are severely impacted. Technology advances further impact employment prospects.	TRANSITION RISK															
LIQUIDITY	In response to extreme weather events, and in order to repair damage to property, there is marked increase in demand for credit from some members combined with a spike in deposit withdrawal from other members	PHYSICAL RISK															
OPERATIONAL	The impact of extreme weather events are more common and severe than anticipated. Our business continuity planning and operational resilience are challenged. Costs of back-up and recovery increase sharply, branches inoperable during red level weather warnings.	PHYSICAL RISK															

Metrics and Targets

Effective metrics are crucial for the credit union as they provide a quantifiable means to evaluate performance, track progress, and guide our decision-making processes. By establishing relevant, clear, and consistent metrics, we can better monitor our performance on our sustainability goals, identify areas requiring improvement, and allocate resources more efficiently.

The characteristics of effective metrics are;

1. **They are decision useful** – they are insightful and help inform our risks and opportunities.
2. **They are clear and understandable** – there is no ambiguity as to the nature or relevance of the metric.
3. **They are reliable, verifiable, and objective** – the data supporting the metric is readily accessible and capable of external assurance.
4. **They are consistent over time** – the unit of measurement remains constant whether looking to the future or past.

Our metrics:

We track a range of metrics so that we can monitor our progress and performance against our targets on our Material Issues, and to align with requirements of the voluntary European Sustainability Reporting Standards for SMEs. These metrics are reported in detail in our Progress Report on our Material Issues.

In addition to the metrics set out in our Progress Report, we have worked in collaboration with other credit unions in a Working Group facilitated by the Credit Union Development Association in developing a set of group standard key performance indicators (the Standard KPIs). These Standard KPIs allow us to consistently benchmark our performance on important targets against our peer group, providing us with insight on where we are on track and learnings on where we might improve.

Standard KPIs

KEY PERFORMANCE INDICATOR	2025 RESULT	TARGET	STATUS
Portion of lending to members below avg. industrial wage			On Track
Portion of surplus donated to local causes			Nearly on Track
Member satisfaction score			Off Track
Employee satisfaction score			
Portion of loan book in green or transition loans			
Number of life changing loans ¹			
Scope 1 Emissions			
Scope 2 Emissions			
Portion of expenses spent with local suppliers			
Average Member Relationship ²			
Loan to Savings Ratio			
Return on Assets Ratio			

Progress Report on Material Issues



People – Maximising our Influence

MATERIAL ISSUE	CU OP. PRINCIPLE	SDG	METRIC	BASELINE (2023)	TARGET	2024 RESULT	TREND
Access to and affordability of finance	1, 4, 5, 6, 7, 8, 10	1, 8, 10, 12	Value of annual lending	€123			
			Value of total loan book	€123			
			Number of new members	123			
			Number of financial literacy workshops held	X			
			Number of members served in person	X branch Y phone			
			Combined branch opening hours	X hours			
			Proportion of lending to applicants with income below average industrial wage. OR proportion of loans to members in receipt of social welfare payments (may not be applicable to industrial CUs)	X%			
			Number of loans below €2,000	123			
Social impact	4, 5, 6, 7, 8, 10	1, 4, 8, 9, 10, 11, 12	Supporting access to housing – value of mortgages issued (if applicable)	€123			
			Supporting access to housing – % of mortgages to first time buyers (if applicable)	X%			
			Supporting life-long learning – value of educational lending	€123			
			Value of educational scholarships awarded	€123			
			Supporting economic activity – value of lending to SMEs (if applicable)	€123			
Community initiatives	2, 5, 6, 9, 10	1, 2, 3, 10, 11, 16, 17	Value of donations / sponsorships	€123			
			Value of lending to community organisations	€123			
			Quantity of volunteer hours by CU employees and officers	X hours			
			Number of community causes supported	123			

People – Managing our Operations

MATERIAL ISSUE	CU OP. PRINCIPLE	SDG	METRIC	BASELINE (2023)	TARGET	2024 RESULT	TREND
Safety & well-being	2, 6, 10	1, 2, 3, 8, 11, 16	Number of employees	123			
			% of employees earning living wage or more	X%	100%		
			% of employees who are full time	X%	>X%		
			% of employees on permanent contracts	X%	>X%		
			% of employees with access to Employee Assistance Programme	X%	100%		
			% of employees entitled to family-related leave (parental, carers, bereavement)	X%M, Y%F Z%O/NR			
			% of employees who took family-related leave in year	X%M, Y%F Z%O/NR			
			Gender breakdown of employees who took family-related leave in year	Not publicly disclosed	<2%	Not publicly disclosed	N/A
			Working days lost to absenteeism/ illness	*GRI, optional			
			Number of work-related injuries & accidents	123			
			Number of fatalities as a result of work-related injuries and work-related ill health	123			
			% of employees covered by collective bargaining agreements	X% (bands, e.g. 61–80%)			
			Employee turnover rate	*GRI, optional			
Development & training	2, 6, 8, 10	3, 4, 5, 8, 10	Average number of training hours per staff member by gender	X%M, Y%F Z%O/NR			
			Staff supported to professional qualification	123			
Diversity & inclusion	2, 6, 10	3, 4, 5, 8, 10, 16	Gender breakdown of employees	X%M, Y%F Z%O/NR			
			Gender breakdown of management	X%M, Y%F Z%O/NR			
			Gender breakdown of Board and BOC	X%M, Y%F Z%O/NR			
			% pay gap between employees based on gender	X%	0%		

Planet – Maximising our Influence

MATERIAL ISSUE	CU OP. PRINCIPLE	SDG	METRIC	BASELINE (2023)	TARGET	2024 RESULT	TREND
Green lending	4, 7, 9, 10	7, 9, 11, 12, 13, 15	Number of green & transition loans advanced	123			
			Value of green & transition loans advanced	€123	100%		
			Proportion of green and transition loans to total loans advanced in year	X%	>X%		
Green and Eco leadership	1, 2, 5, 9, 10	7, 9, 11, 12, 13, 15, 17	Number of partnerships (e.g. one stop shop / Better Energy Community)	123			
			Number of initiatives supported (biodiversity, green spaces, etc.)	123			
			Area of land (hectares) owned, leased or managed in biodiversity sensitive areas	0 hectares	0 hectares		

Planet – Managing our Operations

MATERIAL ISSUE	CU OP. PRINCIPLE	SDG	METRIC	BASELINE (2023)	TARGET	2024 RESULT	TREND
Climate Risk Management	2, 5, 7, 10	8, 9, 12, 16	Monetary amount of assets identified as being at physical risk of climate change, by timeframe (currently we assess only fixed assets for exposure to physical risks)	Short-term - €X Med.-term - €X Long-term - €X	Exposures managed in tolerable range		
			Breakdown of carrying value of our real assets by energy efficiency class	A - € B - € C - € D or lower - €	All at B or higher		
Carbon Emissions	2, 9, 10	7, 12, 13	Scope 1 emissions (tCO2eq)	X tCO2eq			
			Scope 2 emissions (tCO2eq)	X tCO2eq			
Energy Use	2, 5, 9, 10	6, 7, 9, 11, 12, 13	Total energy consumption (MWh/y)	X MWh/y			
			Total gas/oil used (MWh/y)	X MWh/y			
			Total electricity used from renewable resources (MWh/y)	X MWh/y			
			Total renewable energy generated on-site (MWh/y)	X MWh/y			
Resource Use	2, 5, 9, 10	6, 7, 9, 11, 12, 13, 14, 15	Tonnes (or %) of waste sent to landfill	X tonnes			
			Tonnes (or %) of waste recycled	X tonnes			
			Water consumption per year	X ML			
			Paper printed per member	X tonnes (or sheets)			
			% of paper used sourced from certified sustainable resources	X%			
			Number of internal initiatives on resource use and waste management (e.g. removing single use plastics)	123			

Prosperity – Maximising our Influence

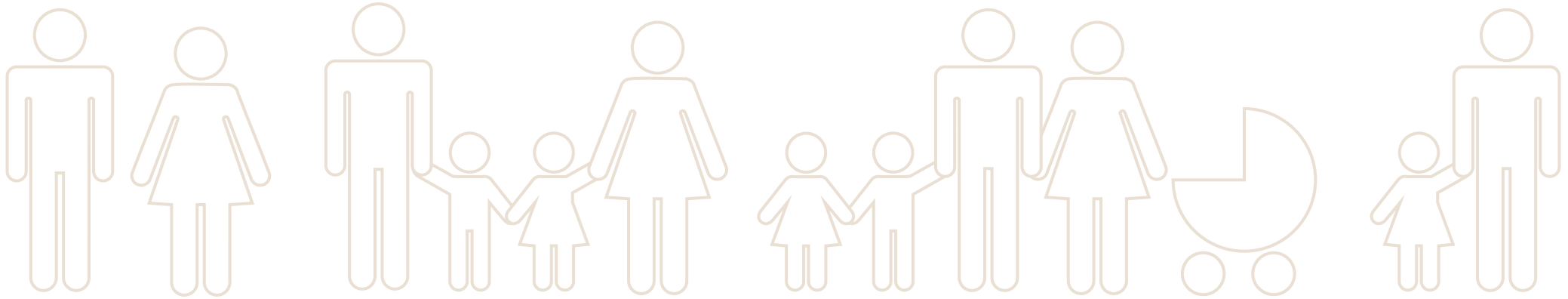
MATERIAL ISSUE	CU OP. PRINCIPLE	SDG	METRIC	BASELINE (2023)	TARGET	2024 RESULT	TREND
Responsible investment	1, 2, 3, 4, 5, 10	8, 12, 16, 17	Average ESG Rating of investment portfolio (is this available?)	e.g. BBB			
			Value of investment in social housing	€123			
			Value of green bonds held (is this possible?)	€123			
Sustainable innovation & collaboration	5, 7, 9, 10	8, 9, 11, 17	Number of meetings attended of collaborative ESG Working Group with peer credit unions	123			
			Number of sectoral collaborative initiatives engaged with in year	123			
			Number of new products and services brought to market	123			

Prosperity – Managing our Operations

MATERIAL ISSUE	CU OP. PRINCIPLE	SDG	METRIC	BASELINE (2023)	TARGET	2024 RESULT	TREND
ESG Governance Structure	1, 2, 10	8, 9, 12, 13, 16	Number of meetings of Sustainability Committee	123			
			Number of sustainability reports from committee to board of directors	123			
Ethical Business Conduct	1, 2, 3, 5, 6, 8, 10	3, 4, 5, 8, 10, 16	Number of convictions received during the year relating to Anti bribery and Anti corruption laws, or relating to infringements on the rights of our workforce	0	0		
			Value of fines or regulatory sanctions imposed during the year relating to Anti bribery and Anti corruption laws	€0	€0		
			Number of issues of material non-compliance identified in year	e.g. 11-20	Below 10		
			Staff hours in attendance of culture training	123			
Data Security and Privacy	2, 6, 10	3, 9, 10, 12, 16	Staff hours in attendance at data protection training	123			
			Staff hours in attendance at data security training	123			
			Number of data breaches reported to office of the Data Protection Commissioner	1-10	Below 10		
Supplier Management	2, 5, 6, 7, 10	8, 9, 10, 12, 13, 17	Proportion of total expenses spent with local suppliers (may not be applicable to industrial)	X%			
			Proportion of total expenses spent with Irish suppliers	X%			
			Proportion of large suppliers who have provided evidence as part of due diligence demonstrating their ethical and sustainable credentials	X%			

Conclusion





In concluding this Sustainability Report, we might reflect on the journey on which we have embarked over this past year. Being a sustainable credit union is of significant meaning to us, it is not merely a trend to follow. Sustainability respects our legacy as a financial services co-operative, founded to play a part in improving the lives of its members by a group of incredible people who worked tirelessly and selflessly for the betterment of their community.

While integral to our past, sustainability also points a light to our future. Those from whom we have inherited this credit union saw people unserved in financial services, where the greatest challenges of the time were unemployment and emigration. They resolved to act to improve the lives of others. The credit union and society that have been passed to us are worlds apart, but we do have challenges of our own, chief among them the risks that climate change will pose to this and future generations. In reaffirming our commitment to positive social impact and committing also to assisting our members in adapting to a changing world, we might reinvigorate the purpose that will guide a new generation of leaders in our stewardship of this credit union.

Our journey this year has brought us to a position where for the first time we are publishing an Annual Sustainability Report for our members. This is the outcome of a significant amount of work that demanded a reflection on our strategic objectives for the credit union, rethinking our approach to risk management and updating our governance structures.

Above all, we hope that our approach to Sustainability Reporting will signify our intention to be open and transparent with our members and fully accountable to them.

In our reporting we have aimed to clearly set out our vision for the strategic direction of the credit union, our approach to governance and risk management that will keep us safe and secure and the actions and initiatives we will undertake to ensure that our sustainability goals are brought to fruition.

We have embarked on a series of strategic initiatives aimed at fostering financial inclusivity, supporting community development, and promoting environmental sustainability. Our green lending programs, investments in renewable energy projects, and contributions to social housing initiatives exemplify our commitment to leveraging financial services as a catalyst for positive change.

As we look to the future, our credit union remains committed to advancing our sustainability goals with a heightened sense of urgency and purpose. We recognise that there is much work yet to do, that the path ahead will be challenging but also filled with opportunities to have a meaningful impact for our members and their communities.

In conclusion, this Sustainability Report is a reflection of our ongoing commitment to sustainability, to the Operating Principles on which we were founded and to the values and culture of co-operative financial services that have been passed to us.

We thank our members for their continued support and engagement and look forward to continuing this journey with you in the years ahead.

