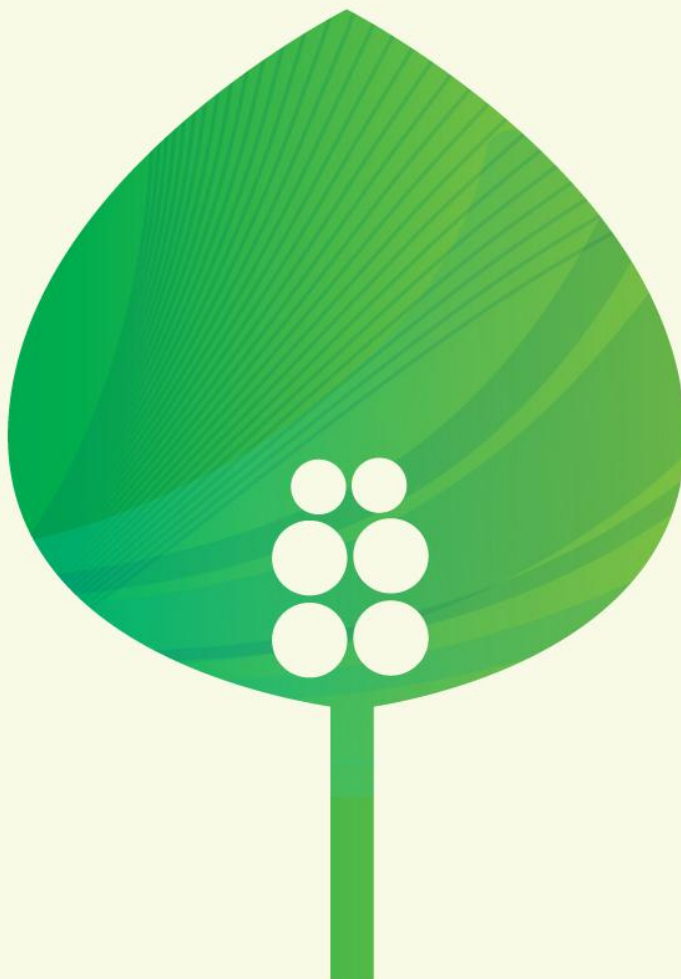


Credit Union Social Responsibility Tool

CREDIT UNION SOCIAL RESPONSIBILITY REPORTING



ACKNOWLEDGEMENTS

Credit Union Central of Canada (Canadian Central) would like to acknowledge Coro Strandberg, Principal of Strandberg Consulting for researching and writing this tool on reporting for credit union social responsibility.

In addition to being a former director at Vancity Credit Union (Vancity), Coro is a global thought leader in the areas of sustainable governance; sustainable purchasing; sustainable human resource management; and sustainable finance, insurance, and asset management. She has provided facilitation and training on social responsibility to credit union managers and directors and has helped more than a dozen credit unions develop credit union social responsibility and sustainability strategies.

Canadian Central is extremely grateful to the many credit union staff and board members who have contributed their time and advice to the research found in this guide. Their generosity in this way is an investment in the continued strength of Canada's credit unions and the communities they serve.

TABLE OF CONTENTS

INTRODUCTION.....	1
CHAPTER 1: What is CSR Reporting?	4
CHAPTER 2: Why Report?.....	8
CHAPTER 3: Reporting Stages	13
CHAPTER 4: What to Report?	24
CONCLUSION:	30
APPENDIX.....	31

© Credit Union Central of Canada, 2012. All Rights Reserved.

Credit Union Central of Canada's use of third party marks is not intended to indicate sponsorship or affiliation with the owner of the marks. This publication is provided for informational purposes only. The information in this publication is summary in nature and does not constitute legal or business advice. Credit Union Central of Canada hereby disclaims all warranties as to the accuracy of any of the information in this publication and disclaims all liability for any actions taken in reliance on this information. You may display on your computer, download, print or photocopy this publication for non-commercial, personal or educational purposes only, provided that the content is not modified and that each copy identifies the source and bears our copyright notice "© Credit Union Central of Canada" and the terms of this limited license. Any copying, redistribution or republication of this publication, or its content, for any other purpose is strictly prohibited.



INTRODUCTION

As member-owned financial institutions, credit unions have member accountability built into their DNA. That's why the emergence of corporate social responsibility (CSR) reporting – a process for publicly disclosing an organization's economic, environmental and social performance¹ – is such an opportunity for credit unions. CSR reporting is a new frontier, a little over a decade old, on which credit unions can distinguish themselves in the marketplace and take their accountability to new levels.

However, this is new territory for many credit unions. CSR reporting was not taught in business schools and few credit union managers have experience in producing a CSR report. That's where this guide fits in. It is designed to provide an overview of CSR reporting, including what it is, and how and what to report. Using this guide, credit unions will have an understanding of why CSR reporting is important, how it can be leveraged to generate business, member, employee and community benefits, and the basics of CSR reporting.

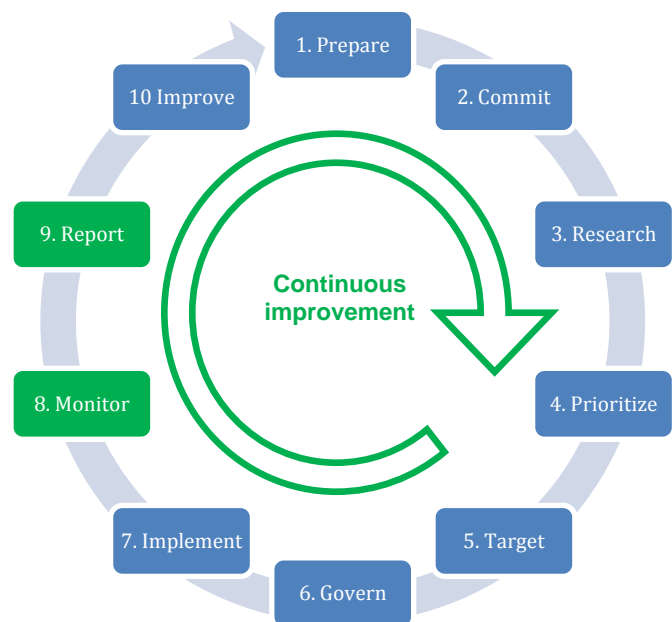
There are many useful resources on how to produce a CSR report available to credit unions (see resources section for details), so this guide will provide high-level guidance rather than detailed instruction.

Canadian credit unions are at different stages of CSR reporting, from basic to advanced. Recognizing this, this guide provides options for credit unions seeking a basic approach or a more comprehensive model. In addition, this guide identifies a number of CSR metrics for credit union CSR reporting, included to give a sense of the state of this field and where credit unions might consider directing their efforts in the future.

Credit Union Central of Canada's *Road Map for the Development of a Sustainability Strategy* provides a 10-step process for designing; implementing and renewing a sustainability or CSR strategy (see Figure 1). This guide primarily addresses Step 8: monitor and Step 9: report of the *Road Map*, although it has elements of research (Step 3), prioritization (Step 4), target (Step 5), and govern (Step 6) within it. In other

Figure 1: Steps of the Sustainability Strategy Road Map

Source: Credit Union Central of Canada. *Credit Union Social Responsibility: A Road Map for the Development of a Sustainability Strategy* (2010)



¹ From Global Reporting Initiative: <http://www.globalreporting.org/aboutgri/faqs/faqsustainabilityreporting.htm>

words, your reporting process can help your credit union develop and monitor your approach to CSR. And at the same time it can also help with “continuous improvement” – a key benefit of CSR reporting. Indeed, establishing a CSR reporting process can help your organization set CSR goals, and measure and manage your CSR performance.

To produce regular CSR reports, organizations establish a reporting cycle, a process that includes data collection, communication and stakeholder feedback. This helps them monitor their CSR performance on an ongoing basis, providing data to decision-makers to inform corporate strategy and policy, and ultimately improve performance.

What is CSR?

There is no one common definition of corporate social responsibility, nor is there one common term. Credit Union Central of Canada uses the term “credit union social responsibility”. Others use corporate citizenship, corporate sustainability, co-operative social responsibility, corporate responsibility, etc. However, while definitions and terminology vary, a basic definition of CSR is:

The integration of social, environmental and economic factors in business decision-making including governance, strategy, products and operations, along with consideration of stakeholder interests.

This guide uses the term CSR and sustainability interchangeably.

Growth in CSR Reporting

CSR reporting is becoming mainstream, particularly among large companies. According to [Industry Canada](#), in 2008, eighty per cent of all companies listed on the Toronto Stock Exchange reported at least some CSR information in their annual reports or in a stand-alone report. A 2011 [study](#) by KPMG found that 95 per cent of the largest 250 companies worldwide report on their CSR activities, up from 50 per cent in 2005.

The Corporate Register, which provides the world’s largest online [directory](#) of CSR reports, documented close to 5,000 English-language reports in 2010, and close to 6,000 reports including those written in other languages.² About one-fifth of reporters in any given year are first-timers, revealing the continued growth in CSR reporting.³ The financial sector is leading other sectors in CSR reporting, revealing the significance of this trend for credit unions.

“Reporting on our social and environmental performance and impacts is as important to us as financial reporting. As with our financial statements, we need to have the same level of confidence that we are improving the social and environmental conditions for our members and the communities we serve. To do less would not be fulfilling our obligations as a member-owned, community-based co-operative.”

Tamara Vrooman, *Chief Executive Officer*
Vancity Credit Union

² <http://www.corporateregister.com/a10723/36941-11th-8607253C8215604518E-GI.pdf>, page 4.

³ <http://www.corporateregister.com/a10723/36941-11th-8607253C8215604518E-GI.pdf>, page 5.

This guide will help you and your credit union understand the basics of reporting on your social and environmental performance and impacts to your stakeholders. This tool will position your credit union to further demonstrate its commitment and accountability to its members, employees and communities in which you operate.



CHAPTER 1: WHAT IS CSR REPORTING?

As stated in the introduction, CSR reporting is a process for publicly disclosing an organization's CSR performance. It is a practice of measuring, disclosing and being accountable to stakeholders for an organization's direct and indirect impacts, whether positive or negative, on society and the environment. It involves communicating an organization's vision, plans, challenges and achievements much as organizations do in their traditional annual report, but bringing the organization's *non-financial* performance into scope. CSR reports disclose both the organization's sustainability impacts and how it is managing those impacts. They profile accomplishments and disappointments.

CSR reporting is not a marketing or public relations exercise. Indeed, successful CSR reports are described as “warts and all” reports in that they share successes and failures of the reporting period. By fully disclosing both strengths *and* weaknesses, credit unions can enhance their credibility and model integrity. A CSR report should provide a reasonable and balanced presentation of performance.⁴

Vancity's 2010 Annual Report profiles a CSR challenge

In a recent annual report Vancity reported transparently on a negative performance trend, the reason behind the trend, and their plans to fix the problem:

“The amount of paper we purchased more than doubled in 2010 compared to 2009. The main reason was an increase in marketing and advertising materials. The increase in 2010 was particularly noticeable following budget cuts in 2008 and 2009 as a result of the downturn in the economy. Going forward, we will explore email marketing.”

Vancity's 2010 [Annual Report](#), p. 46

CSR reporting is not only an accountability tool – it is a management tool as well. Baseline social and environmental performance and setting goals and targets to improve CSR outcomes enables a credit union to operate its business more holistically, resulting in a better managed business overall.

International Voluntary Standards for CSR Reporting

a) Global Reporting Initiative and Financial Services Sector Supplement

An international, multi-stakeholder, non-profit organization, the [Global Reporting Initiative](#) (GRI), was established in the late 1990s to produce a global disclosure framework for sustainability information. GRI launched the first sustainability reporting guidelines in 2000 after considerable consultation with a wide range of industry, non-profit and government stakeholders. The guidelines have gone through three iterations. The most current

⁴ <https://www.globalreporting.org/resource/library/FSSS-Complete.pdf>, page 41.

version, initially released in 2006 and updated in 2011, is referred to as [G3.1](#) and the fourth version is planned for release in 2013.

The GRI guidelines are the most widely adopted global framework for CSR reporting. They include considerable guidance on what to report and how to report. Credit unions may find it helpful to be familiar with the GRI methodology given the prevalence of this standard, and the usefulness of its reporting tools. About 40 per cent of reports from companies around the world adhere to GRI guidelines.⁵ Between 2009 and 2010, the number of GRI aligned reports increased 22 per cent from 1,491 to 1,818.⁶ A 2005 survey of Canadian companies who report on CSR found that 35 per cent used the GRI guidelines in preparation of their reports.⁷

To simplify the reporting process for beginning and intermediate reporters, and to provide a roadmap for continuous improvement, the GRI provides three [Application Levels](#) - A, B, and C. At each stage, reporters are expected to provide a higher degree of disclosure. For example, Vancity reported at level A, the Desjardins Group's [2010 Social and Co-operative Responsibility Report](#) corresponds to GRI's Application Level B, and The Co-operators reported at level C in 2010.

In addition to providing general guidance on CSR reporting, the GRI also provides sector specific frameworks. The [Financial Services Sector Supplement](#) was developed in consultation with the financial services industry and finalized in 2008 to standardize CSR reporting amongst financial institutions. There are 81 indicators in the general GRI protocol and an additional sixteen that are specific to financial services. As such, they provide a good menu of possible metrics for credit unions developing or enhancing their CSR reports.

Indeed, data from the Global Reporting Initiative reveals that the financial sector published the most GRI aligned reports in 2010 - over 250 - followed next by the energy sector at nearly 150 reports.⁸ In Canada, the Desjardins Group, Vancity, The Co-operators and four of major banks - Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal and TD Financial - rely upon the GRI guidelines.

b) The AA1000 Series

A second set of complementary standards, the [AA1000 series](#), provides a principles-based framework for organizations seeking to become more transparent and accountable in identifying and addressing material issues and performance gaps. While typically used by advanced reporters, the AA1000 series is a useful reference for reporters at all levels.

⁵ <http://www.corporateregister.com/a10723/36941-11th-8607253C8215604518E-GI.pdf> p. 6.

⁶ <http://www.globalreporting.org/NewsEventsPress/PressResources/2011/SustainabilityDataMoreReliableSaysNewFigures.htm>

⁷ <http://www.international.gc.ca/trade-agreements-accords-commerciaux/ds/csr-strategy-rse-strategie.aspx#3>

⁸ <http://www.globalreporting.org/NR/rdonlyres/954C01F1-9439-468F-B8C2-B85F67560FA1/0/GRIReportingStats.pdf>, page 9.

Transparency is a Key Principle of Social Responsibility

The International Organization for Standardization's "ISO 26000" guidelines provide organizational guidance on social responsibility. This international standard includes "transparency" as one of seven key principles of CSR (pages 10 and 11). According to the guidelines, an organization should be transparent regarding:

- Its performance on relevant and significant issues of social responsibility.
- The known and likely impacts of its decisions and activities on its stakeholders, society, the economy and the environment.
- Its stakeholders and the criteria and procedures used to identify, select and engage them.

The guidelines address CSR communications, including reporting, and provide tips on ways and means to enhance reporting credibility.

c) Impact Reporting and Investment Standard

A third standard launched in 2009 that is particularly relevant for community-based financial institutions, is the Impact Reporting and Investment Standard (IRIS). IRIS is a project of the [Global Impact Investing Network](#) (GIIN), a non-profit organization based in the United States, dedicated to increasing the effectiveness of for-profit investment to solve social and environmental problems, or "impact investing". The standard builds upon prior work in the social impact assessment field while further developing and clarifying the means and metrics for enabling better investment and investment reporting. The current version of IRIS is Version 2.2, released in November 2011.

d) London Benchmarking Group Model

A number of Canadian credit unions are members of [LBG Canada](#), a network of Canadian companies that adheres to a global standard for measuring community investment and involvement based in the U.K. and launched in 1993 (the London Benchmarking Group Model). LBG Canada provides its members with a suite of community investment metrics for tracking, monitoring and reporting, for example, cash contributions, number of employee volunteers during paid work hours, in-kind contributions, program management costs, value of external resources leveraged, etc. Members are able to benchmark their community investment performance against other companies within their sector (e.g. financial services) and across all of LBG Canada's membership.

CSR Reporting Trend: Climate Change is a Key Reporting Issue

A study by PricewaterhouseCoopers and Craib Design & Communications found that environment is the main topic covered in CSR reports. Of the environmental issues, climate change is reported on most frequently: 92 per cent of all companies surveyed reported greenhouse gas emissions. Supply chain management was another common topic. 80 per cent of companies reported on their CSR purchasing policies and initiatives and 52 per cent explain how they engage with suppliers on CSR issues.⁹

⁹ <http://www.pwc.com/ca/en/sustainability/publications/csr-trends-2010-09.pdf>

CSR Reporting Trend: Integrated Reporting¹⁰

Many are predicting the growth of “integrated reporting” in which companies represent their total performance in terms of both financial and non-financial results in their annual report. Vancity, Assiniboine Credit Union and Kootenay Savings Credit Union are moving along the path to integrated reporting. While this is not a strong trend at present, many efforts are underway to foster integrated reporting, such as the launch of the [International Integrated Reporting Committee](#) in 2010, whose aim is to create a globally accepted framework for integrated reporting in a clear, concise, consistent and comparable format.

This trend is expected to drive a further trend, which is for companies to quantify the financial impact of their non-financial performance. Integrating their financial and non-financial metrics in one report should make quantification easier to do and may become an expectation of investors over time.

CSR Reporting Trend: Regulated Reporting

In 2010, the Global Reporting Initiative, KPMG and others produced a scan on the approach to mandatory sustainability reporting in thirty countries. The study found 142 country standards and laws with some form of sustainability-related reporting requirement or guidance. Two thirds (65 per cent) of these are mandatory and one third (35 per cent) are voluntary standards.¹¹ As an example, Denmark’s *Financial Statements Act* requires CSR disclosure for large companies. Ten governments reference GRI in their guidance documents.

In Canada, regulations introduced in 2001 require that federal financial institutions (banks, insurance companies and trusts) with retained earnings in excess of \$1 billion publish annual “Public Accountability Statements” detailing such things as their charitable donations, branch closures and taxes paid. More information on these requirements and statements is contained on pages 28 and 29.

Further, the Canadian Securities Administrators published “[Environmental Reporting Guidance](#)” in 2010 for reporting issuers covering material environmental risks, environmental risk oversight and management, and forward-looking information requirements related to environmental goals and targets

The *Canadian Environmental Protection Act* also requires companies to report certain pollution emissions and the GHG Emissions Reporting Program requires significant GHG emitters to report.

It is expected that governments will increasingly regulate aspects of CSR reporting in order to advance the disclosure of relevant, accurate and comparable information to investors and other stakeholders.

¹⁰ CSR reporting trends in this guide are informed by Elaine Cohen’s “12 CSR Reporting Trends for 2011”: <http://csr-reporting.blogspot.com/2010/11/12-csr-reporting-trends-for-2011.html>

¹¹ <http://www.globalreporting.org/NR/rdonlyres/649A345D-8BD7-413D-A696-7E12F6EA37C5/4198/Carrots2010final.pdf>, p. 4.



CHAPTER 2: WHY REPORT?

Faced with competing priorities, credit unions need to have a strong case for why they should devote resources to CSR reporting. There are several good reasons for considering the investment.

Note: This guide refers to “CSR reports”, which can be taken to include, for example, a stand-alone report, an online report or an integrated report which discloses social and environmental performance along with financial performance in one integrated annual report (see the earlier box on page 7 for more on this).

1. Enhanced Accountability

As member-owned financial institutions, credit unions are accountable to their members for their performance. CSR reports help strengthen this accountability by informing members of the credit union’s social and environmental performance. CSR reports show how the credit union is managing its impacts and relationships, and its plans for enhancing its performance. In addition to being accountable to members, CSR reports foster transparency with employees and other stakeholders.

2. Improved Reputation

Increasing transparency through the provision of robust and credible information on CSR performance can greatly enhance an organization’s reputation as well. Credit unions with significant contributions to member, employee and community well-being will find a CSR report to be the ideal platform to communicate their CSR story to key audiences. Profiling the credit union’s CSR successes can engender reputational benefits, while reporting on tough issues and what can be done to address them can enhance reputational capital as well.

CSR reporting can also lead to reputational benefits owing to recognition on a national scale. Each year, *Corporate Knights*, a Canadian CSR-focused magazine produces its list of the “Best 50 Corporate Citizens in Canada”. *Corporate Knights* evaluates the CSR performance of the S&P/TSX60, along with other CSR leaders such as The Co-operators, Mountain Equipment Co-op and Vancity, to come up with their list. Their rating system includes a “transparency score” which considers the degree of disclosure on key social and environmental issues and the level of adherence to the Global Reporting Initiative guidelines. It is important to be measuring and reporting your CSR performance in order to be ranked among the top CSR leaders in Canada – recognition achieved by The Co-operators (1st), Mountain Equipment Co-op (2nd), Vancity (6th) and The Desjardins Group (36th) in 2011.

“CSR reporting helps to bring focus and visibility to what we are doing. It keeps our attention on what matters most, helps clarify our key CSR messages and is a tool for communicating to stakeholders about our priorities. It demonstrates our commitment to CSR and to making progress in this area.”

Priscilla Boucher, *Vice President, Corporate Social Responsibility*
Assiniboine Credit Union

3. Improved Management Quality

The process of producing a CSR report can spur internal management improvements. By measuring and quantifying CSR impacts a credit union can improve non-financial data and gain a more holistic understanding of its performance, enabling it to identify opportunities for improvement. CSR reporting provides a systematic framework for measuring and analyzing a credit union's non-financial results. This is especially important if a credit union is making decisions which have social or environmental impacts. CSR measurement systems can facilitate improved decision-making within the organization and help recognize when investments and resource commitments are ineffective or under-leveraged. CSR reporting also brings credit unions more in touch with stakeholder priorities and issues, further enabling better decision-making.

“The process of data gathering and reporting helps us understand our social and environmental performance and impacts so we can continually evolve and learn. The data and information we collect as part of our reporting process gives us the insight we need to identify areas for improvement, as well as opportunities for leadership. If I didn't have this report, I would lose my ability to know if we were moving in the right direction; I'd be driving blind.”

Tamara Vrooman, *Chief Executive Officer*
Vancity Credit Union

4. Strengthened Risk Management

CSR reports strengthen risk management in many ways. First, it helps ensure the credit union's CSR performance is aligned with its CSR claims, identifying areas of underperformance before misalignment becomes a reputational issue. Secondly, it helps spot negative trends to reduce the risk of operational inefficiency. Additionally, as a stakeholder engagement tool it can function as an early warning system if there are unmet stakeholder expectations.

5. Increased Employee Engagement

CSR reporting can help improve employee engagement. The process of defining, measuring and communicating CSR performance to employees increases their awareness of the credit union's CSR commitments. It helps them to better understand how the credit union sees CSR and its relevance to the business and increases their ability to connect the credit union's CSR aspirations to their role in the organization. Consulting employees on their views and expectations of their employer signals the credit union's recognition of their important role in its success. Employees who perceive their organizations to be committed to CSR are more likely to be engaged, and engagement contributes to productivity which

contributes to financial performance. (For more on employee engagement benefits of CSR commitments see pages 19 to 22 of Canadian Central's guide *Developing the Business Case for Credit Union Social Responsibility*)

6. Enhanced Stakeholder Relationships

CSR reporting can also enhance external stakeholder relationships. Consulting external stakeholders (such as members, business partners, community groups, business organizations, co-operatives, suppliers, etc.) to understand their material concerns and expectations and reporting to them on CSR performance that matters to them can both improve stakeholder loyalty and generate insights about ways to create greater relationship value. Through a deeper understanding of stakeholder concerns and opportunities a credit union is positioned to develop responses that build the stakeholder connection.

7. Foster Innovation

By dedicating resources to understanding stakeholder needs and to quantifying social and environmental impacts and opportunities, credit unions have more information available to identify new products, services and processes to serve the marketplace, improve operational efficiencies or achieve greater results from their efforts. A credit union may be able to look at its business differently by tapping into stakeholder mindsets and looking afresh at social and environmental performance data. CSR measurement and reporting offers a new perspective on aspects of a credit union's operations which otherwise might be overlooked, creating a ripe environment for business and community innovation.

CSR Reporting Trend: Assured Reporting

A key trend predicted to grow over the coming years is the number of reports which are independently assured by a third party as a "fair presentation" of non-financial performance information, similar to the process of third party assurance of financial statements. Reporters verify their disclosures as a means of increasing the credibility of their claims. In addition to enhancing the report's credibility, assurance can also increase the reporting organization's confidence in the data, an important factor if the organization uses the CSR information to guide strategy and operations. Both internal and external stakeholder confidence in the results can be increased through third party verification of data.

One [2010 study](#) by PricewaterhouseCoopers and Craib Design and Communications (which reviewed CSR reports of 75 companies, 25 each from Canada, US, and Europe, Asia/Japan) puts the number of assured reports at 31 per cent, while a [2011 study](#) by KPMG found that formal third-party assurance by independent professional assurance providers of CSR reports issued by the largest 250 companies in the world increased from 30 to 46 per cent from 2005 to 2011, a trend repeated at the national level. The GRI Reports List which tracks GRI reports found that almost half of all GRI aligned sustainability reports are being assured, with the proportion increasing from 45 per cent (510) in 2009 to 47 per cent (664) in 2010.¹²

Reporters use other means to enhance the credibility of their disclosures, such as third-party commentaries from stakeholders, typically via stakeholder panels, or NGO (non-governmental organization), academic or subject matter expert statements. (See The Co-operators Stakeholder Panel on page 22 for an example of this.) The 2011 KPMG study referenced above found that 25 per cent of reports included such informal means of assurance. Using reporting standards such as GRI can further enhance the credibility of a report.

...Continues on Page 11

¹² <http://www.globalreporting.org/NewsEventsPress/PressResources/2011/SustainabilityDataMoreReliableSaysNewFigures.htm>

Continued from Page 10...

There is no generally accepted standard for assurance on sustainability reports. The two main international standards are the International Standards for Assurance Engagements ([ISAE\) 3000](#) and [AA1000AS](#), which are complimentary.

8. Enable Competitive Differentiation

As financial co-operatives, credit unions differ from banks when it comes to ownership, governance, distribution of profit, and guiding values. A credit union's CSR report is an opportunity to leverage this co-operative difference in reporting on material aspects of CSR and plans to address performance gaps. Given the limited ability to out-compete banks on the basis of traditional financial products and services, the opportunity exists for credit unions to differentiate their organizations from banks on the basis of their CSR approach. And the CSR report is an ideal medium for communicating this difference, thereby creating a competitive advantage in the marketplace.

The Co-operative Difference

The Desjardins Group has been producing their social responsibility report since 2004, renaming them "social and co-operative responsibility" reports in 2007.

Their [2010 report](#) provides detailed commentary on their support for the co-operative movement, including financial contributions to co-operative organizations and support for domestic and international co-operative development and education (pages 67 to 71). As well, they profile the benefits of their democratic governance structures (pages 15 to 18). By focusing on these aspects and others their reporting helps to communicate and distinguish the Desjardins Group from their bank competitors while promoting the co-operative identity.

Challenges to Reporting

While there are many potential business benefits of CSR reporting, there are some underlying challenges as well. The first challenge is usually competing priorities and a lack of resources, staff time and skills to tackle the job. The second challenge (which is for some an opportunity) can be the lack of a universally accepted and nationally agreed standard for CSR reporting. And a third challenge can be organizational reluctance to report poor performance.

This guide is designed to help address all three challenges: by providing a way to phase-in CSR reporting over time, by providing tools and resources to address the lack of standards and by providing the context for why "warts and all" reporting is essential to foster credibility and build trust.

The next sections include a framework for phased reporting, steps for producing a CSR report and suggestions for what to report on.

CSR Reporting Trend: More Frequent Reporting

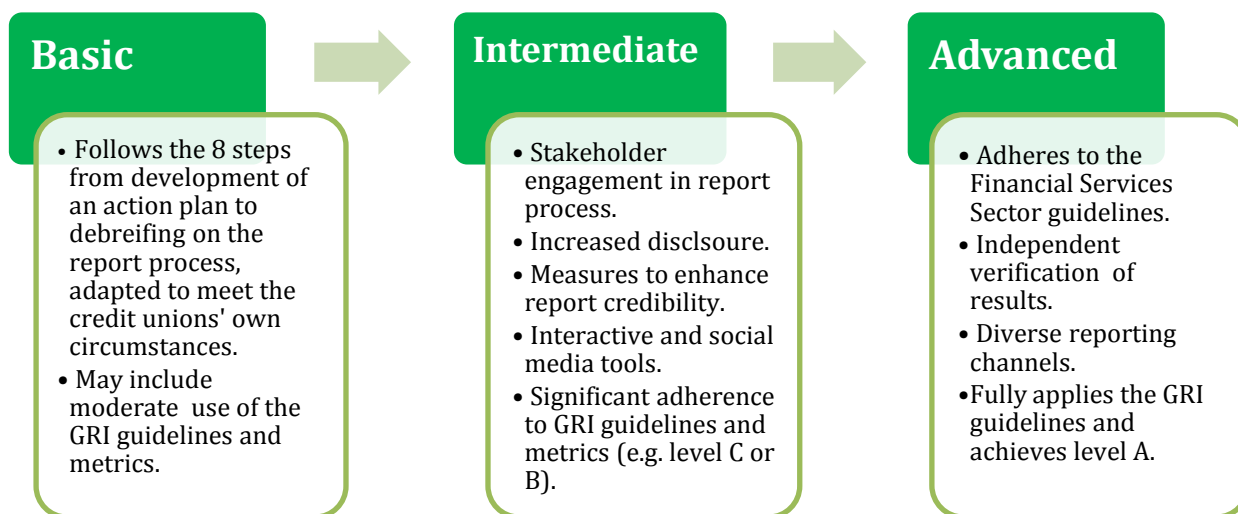
As companies become more accustomed to gathering and reporting on their CSR performance annually and to using CSR information to inform business strategy, the need arises for more frequent CSR information. As well, as investors become more accustomed to relying on CSR data to inform their investment analyses, they too will drive a trend to more frequent CSR reporting. Timberland, an outdoor clothing and products company, has been [reporting](#) on key CSR performance indicators on a *quarterly* basis since 2008. It has evolved its CSR reporting process from a static presentation of data providing delayed performance information to a dynamic presentation of quarterly information.



CHAPTER 3: REPORTING STAGES

Typically, organizations progress along a continuum from “basic” to “advanced” as they gain experience and perceive greater value in the reporting process. As well, not every credit union will have the ability to become deeply engaged in CSR reporting. Each stage has distinguishing features as shown in the figure below. This guide will first review the “basic” stage, and then profile the steps which distinguish an intermediate and then advanced level of reporting.

Figure 1: The Three Reporting Stages



The Basic Approach: Getting Started¹³

The following lays out the typical eight-step reporting cycle for a “basic” report. Depending on the availability of resources and other priorities, credit unions will adapt this approach to suit their unique circumstances.

1. Develop an action plan and timeline

Most organizations publish their CSR reports near the end of the first quarter or during the second quarter of the following fiscal year. You will want to develop a timeline that allows you to meet a publishing date which is reasonable for your credit union. It is important to take into account the fact that it can take a few months for data to become available. A typical timeline is about four to five months to produce the content, followed by an additional month for design and publication. Make sure you provide time for review and sign off by key departments, including possibly internal audit, legal, data owners, public affairs and perhaps the Chair of the Board. Some boards sign off on CSR performance data before its release; if

¹³ The Global Reporting Initiative has a number of resources available to provide guidance on how to produce a CSR report. One key resource is “Let’s Report! Step-by-step guidance to prepare a basic GRI sustainability report”. Another useful tool is a reporting template which provides the user an online “fill-in-the blank” survey to follow in preparing a CSR report.

this is the case for your organization, it will be important to allow time for this step. Your timeline and action plan will include many of the steps laid out below.

2. Establish a reporting committee and identify report topics

Identify the people you will need to help you put the report together, including possibly someone from the CEO's office, communications, finance, strategy, branch operations, facilities, etc. Hold a kick-off meeting to review the report action plan and the roles of the group to help produce the report. Have a discussion on the key audiences for your report, including typically employees and members. Brainstorm ideas a CSR report should cover considering the impacts of your credit union's day-to-day activities and business goals and issues that will be of interest to stakeholders such as your employees, members and communities.

If you have a CSR vision, values and policy statement in place, use those to help you identify the issues your report could address, for example by showing stakeholders how your credit union is meeting those commitments. Review the GRI reporting indicators and the Financial Sector Supplement for suggestions on topics to include. Some potential reporting metrics for Canadian credit unions are included in the final section of this report.

Qualities of a successful report

- Set measurable CSR goals and report on how they are being achieved.
- Tell the story behind the statistics, don't just report numbers.
- Keep the report short and use the website to provide more details.
- Provide a balance between qualitative and quantitative reporting.
- Provide a balance of positive and negative performance information.

3. Prioritize issues for reporting

By now you might have a long list of issues you need to sort through to determine which are most "material" and relevant for reporting. (See the box below for GRI's definition of "material topics". CSR reporting specialists may find it helpful to refer to GRI's guidance on this topic.)

Typically in identifying issues to report it is important to consider:

- Chief issues of concern to stakeholders.
- Topics and issues identified by peers and competitors in their reports.
- Common sustainability issues such as climate change and poverty.
- Your credit union's CSR commitments.
- Core competencies of your organization and the manner in which they can or could contribute to CSR and sustainability (credit union examples could be financial literacy, affordable housing or eco-products).
- Your most significant CSR impacts – whether positive or negative.
- Overall relevance of the topic or issue to your business.
- Your credit union's direct control or influence over the issue.

Many organizations plot these issues or topics out on what they call a materiality map or chart, where issues are ranked “important to our business” on the “x” axis and “important to stakeholders” on the “y” axis. Following this method, organizations would typically report on those issues deemed significant by both stakeholders and the credit union.

Definition of material topics

GRI defines material topics as those that “reflect the organization’s significant economic, environmental and social impacts” and topics that “would substantively influence the assessments and decisions of stakeholders”. These topics potentially merit inclusion in a CSR report.

[GRI Technical Protocol](#), page 2.

At some point during the process of identifying topics for your report you may wish to engage your executive team and board of directors in providing input into, and prioritizing, your top issues. As Canadian Central’s companion guide on *Governance and Management for Credit Union Social Responsibility* describes, it is important for your board and executive to contribute to defining the scope of the report.

Once you have gone through the exercise of determining the most important issues on which to report, it is important to step back and assure yourself that by reporting on these issues, your report would be a “reasonable and balanced representation of your CSR performance, including both its positive and negative contributions.”¹⁴

To achieve Level C, the GRI standards require a minimum of 10 GRI indicators, with one each from social, environmental and economic impact areas. Credit unions that follow other approaches can choose fewer if they wish.

You will likely find that your list of issues includes a combination of topics – or aspects, as GRI refers to them – and indicators (which measure performance on the topic). It is important to ensure that for each topic or aspect (e.g. waste or social finance) you have a performance measure (e.g. kilograms of waste diverted as a percentage of total waste or dollar volume of social finance portfolio). (See pages 25 and 26 for sample aspects and indicators.)

Once the aspects and indicators have been signed off by senior leaders you are now ready to start the data gathering process.

4. Gather data

Towards the end of the fourth quarter, working with your report committee you will want to begin to identify the “data owners” who are best positioned to provide the information for the CSR report. Ideally it is best to include three years of trend data so stakeholders can assess whether the performance is improving, staying the same or worsening. It is also ideal if you can find benchmark data to compare your performance to other organizations. (For example, organizations that use the [Hewitt Associates employee survey](#) to measure employee engagement, can benchmark their results to other Canadian companies.)

¹⁴ GRI Technical Protocol page 10.

“The process of measurement is central to CSR reporting and continuous improvement. We find that by measuring our CSR performance we are better able to focus our efforts to generate progress over time. It is only by measuring that we know how we are doing.”

Priscilla Boucher, *Vice President, Corporate Social Responsibility*
Assiniboine Credit Union

You will likely find that a number of indicators are already being measured and tracked while others are not. In the case where data is unavailable many organizations instead “tell the story” of their efforts and progress in that area. If the issue lends itself to measurement your credit union might initiate a process to collect the data in a future year for future reporting.

For issues which are not quantifiable, qualitative disclosures can be used. An example of a qualitative indicator is a description of how your organization engaged stakeholders over the year, including frequency, type of stakeholder and key topics raised, or a description of your credit union’s CSR policies, such as a CSR commitment statement, financial literacy policy, environmental policy or sustainable purchasing policy. (See the box below for the example of the Desjardins Group reporting on their stakeholder approach.)

The Desjardins Group reports on their stakeholder dialogues

In their 2010 “[Social and Co-operative Responsibility Report](#)” the Desjardins Group provides an overview of their approach to stakeholder engagement. For example, they mention that in 2010 they organized meetings with representatives of consumer associations to identify consumer concerns about financial institutions. Key topics included financial literacy, service charges and advertising, among others. Additionally, on page 12 they provide a list of stakeholder consulted in 2010 and the communication or consultation mechanism.

How credit unions can distinguish themselves in CSR reporting

As member-owned, community focused and democratically governed institutions, credit unions have many opportunities to differentiate their CSR reports from those of competitors and other organizations. First, their close ties to members provides opportunities to tell “customer” stories in a more credible, relevant and authentic fashion.

Secondly, the community orientation of credit unions helps them tap into community priorities and concerns which their CSR report can address.

Finally, their democratic governance creates unique opportunities to report on the benefits of this model and enhanced stakeholder engagement. Stories of efforts to put the seven international co-operative principles into practice provide differentiating opportunities for co-operative financial institutions.

As credit unions are focused on more than the bottom line, this positions them to tell a unique, credible, and compelling story of how they are serving members, supporting employees and contributing to strong communities.

5. Set performance goals

Once you have measured your current performance through the data-gathering stage, you should consider the opportunity of setting goals, targets, and action plans for improvement in key areas, such as increasing staff awareness of the elements of your CSR policy by 30 per cent or reduce your greenhouse gas emissions by 10 per cent over three years.

Of course, you need not have a goal or action plan for every indicator you track but it is important to have some goals and plans to provide stakeholders an indication of which CSR areas you are managing to targets.

It is important that the targets and goals set through this process be incorporated into the credit union's planning process. Keep in mind that you will need to report on the degree to which you have achieved this goal and target in subsequent CSR reports, to further transparent reporting to members.

Figure 3: Depicting Future Performance Goals

This is how Assiniboine Credit Union presented its future plans for community investment.

(Source: Assiniboine Credit Union, 2010 Annual Report, p. 40)

Looking Forward to 2011

To move forward with investing in the community we will:

- host our first 'Inspired by Community' event to celebrate the contribution of ACU's 2010 community grant recipients.
- strategically invest in social enterprise development in Winnipeg.

Figure 4: Reporting on Performance Goals and Targets

Assiniboine Credit Union presented its waste performance data and targets in its annual report this way. (Source: Assiniboine Credit Union, 2010 Annual Report, p. 45)

2010 WASTE MEASURES AND FUTURE TARGETS				
	2008 Baseline	2010 Actual	2012 Target	Industry Benchmark
Waste Management				
Total waste generated per FTE (kg/FTE/yr)	99	90	80	70-120
% Waste diverted from landfill through recycling	55%	61%	69%	41%-62%
% Waste stream office paper printed double sided	16%	21%	26%	N/A
Greenhouse Gas (GHG) Emissions From Waste Sent to the Landfill				
GHG Per FTE (kg CO ₂ e/yr)*	22	17	14	N/A
Total GHG (tonnes)	10.9	8.0	6.6	N/A
<i>Source: earthbound environmental</i>				
<i>*CO₂e = greenhouse gas emissions expressed in equivalent amounts of CO₂.</i>				

6. Finalize your report

You are now ready to write your report. There are many ways to organize the sections in your report. It could follow the social, economic and environmental themes, or could be organized according to stakeholder groups, such as employees, members, communities and the environment. You could also follow the structure of your CSR policy or CSR strategy if you have one.

Figure 5: Verification Symbol

Data that has been verified by the Global Reporting Initiative can carry a certification symbol. The one below indicates that the report has been checked for Application Level A.



While third party report verification is not expected for basic reporters (this step is discussed more fully under advanced reporting), those just starting out may still wish to consider incorporating measures to enhance the credibility of their report. One way to do this, for those following the GRI method, is to request the GRI secretariat conduct an “[application level check](#)”, to validate which elements of the GRI Reporting Framework have been applied in the preparation of your report. As indicated earlier, there are three possible application levels, C, B or A, with A being the most robust level of disclosure. For a modest fee GRI will review key data sets in your report and verify that your report complies with the GRI reporting protocol according to your declaration of level C, B or A. It is also possible to simply “self-declare” compliance and the GRI framework allows for this.

Once you have pulled the material for your report together, it is important to get buy-in and sign-off from executives and the board of directors.

7. Publish your report

You have a few publishing options for your CSR report.¹⁵ Many companies produce hard copy reports for distribution to stakeholders while also posting a copy of their report in downloadable PDF format on their website. In an attempt to keep the reports digestible, many also complement their printed report with online resources and information. The website can be useful for reporting on less material issues, for example. Consider using a dedicated symbol within your report to show where additional information can be found on your website.

To improve readability of online reports, some companies offer their information in both PDF and HTML (web page) formats, divide long documents into chapters which can be downloaded separately, and include internal links to facilitate navigation.

Figure 6: Sample website icon

Vancity used the symbol below in their 2010 Annual Report to indicate that additional information could be found on its website.



¹⁵ Sourced from “Trends and Best Practices in Online CSR/Sustainability Reporting” by Europe:
http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/surveys_and_reports/trends_and_best_practice_in_online_csr_and_sustainability_rep_en.pdf

8. Debrief report process

Following the launch of your report, and to get ready for the next cycle, it is useful to reflect on the process and outcome to learn from the experience and identify opportunities for improvement. Consider consulting your internal reporting team, employees and senior leaders, on their overall impression of the report, whether or not important issues were left out and whether or not the information was useful and met their expectations.

These eight steps frame a “basic” approach to the production of a CSR report. The next section will review the additional elements of this reporting process which would characterize an “intermediate” level of reporting.

CSR Reporting Trend: Regional or Issue-Based Reporting

Some reporters also produce regional or issue-based CSR reports. Regional reports are used by global companies which cover diverse geographies and see value in issuing CSR information relevant to that particular region. Issue-based reports allow a reporter to go in-depth on topical issues of relevance to key stakeholder groups, showing how a company is managing its social or environmental performance on a priority CSR matter.

In the years ahead there will be more focused and targeted reporting on regional impacts and specific issues.

The Intermediate Approach: Stakeholder engagement and increased disclosure

Once organizations become familiar with a basic level of reporting, they move along to an intermediate stage. Typically this is characterized by more robust processes to engage stakeholders in determining report content, along with a higher degree of disclosure than at the basic level and greater efforts to improve report credibility. The benefit of putting more effort into stakeholder engagement, increased disclosure and enhanced credibility is that the credit union will develop a greater understanding of its CSR performance, risks and opportunities to inform continuous improvement of its business and community strategies, and will improve its relations with its stakeholders, such as members, employees and communities, building loyalty and reciprocity amongst its key constituents.

Intermediate reporters also incorporate additional features to enhance the reader experience, such as interactive and social media tools within the report or on the website.

The eight steps of CSR reporting are repeated below, identifying the key components of the intermediate stage of reporting.

1. Develop an action plan and timeline

Your timeline and action plan will include additional processes to:

- Consult stakeholders on report content.
- Increase the amount of data collected, analyzed and summarized.

- Increase the number of goals and targets to be set.
- Develop special measures to enhance report credibility.
- Engage stakeholders on the finished product.

These steps are reviewed in detail below.

2. Determine report topics

Intermediate reporters implement robust processes to consult stakeholders when determining report topics or aspects and indicators.

To begin, develop a list of your priority stakeholders. Stakeholders could include staff, members, community groups, business associations, suppliers, co-operative sector, other credit unions, government, local CSR, environmental or sustainability experts, etc. (Boards and executives are not referenced as stakeholders in this case, as they are already included in the “basic” approach.) Think of ways of getting representation from stakeholders unable to articulate their views, such as future generations or the environment.

Using the most appropriate consultation method, such as meetings, interviews, focus groups or surveys, seek stakeholder feedback on the issues to be included in your report – and monitored and managed by the credit union. Consider using your website to gather input from stakeholders; some ways to do this are described in the CSR Reporting Trend box on online engagement on the next page.

You may wish to provide them the list of those you have already identified, and ask them to choose the top issues they would like to know more about or think are critical for your credit union. Basically, you want to ask them: what are the most important sustainability topics you should manage and report on?

Some reporters establish panels of CSR or sustainability experts and / or diverse stakeholders to comment on a draft outline and framework for the report. Possible questions include:

- Does the report address the CSR issues most important to you and other stakeholders?
- Does the report give you and other stakeholders the information needed to assess our CSR performance?
- Do you see any significant omissions?
- Is the structure clear and easy to use?

The feedback from this process is used to enhance overall report relevance, balance, comprehension and readability.

CSR Reporting Trend: Online Engagement

Reporters are experimenting with online engagement to foster stakeholder interaction around their sustainability performance. This trend is only limited by the imagination. Some of the leaders are in the ICT (information and communication technology) sectors, which is not surprising as they have the greatest in-house capacity to experiment and innovate.

...Continues on page 21

Continued from page 20...

SAP, for example, a global business management software company, provides web visitors an opportunity to comment on its performance and engage in sustainability discussions. (<http://www.sapsustainabilityreport.com/>)

The Guardian newspaper in the UK effectively leverages social media for its [CSR report](#). Among other features, it uses its blog platform to ask stakeholders what issues its CSR report should cover.

3. Prioritize issues for reporting

With your list of topics/aspects and indicators informed by views of your stakeholders, you are in a good position to determine the top issues for your CSR report. Using the materiality or priority-setting process described in the basic approach, you now have a deeper understanding of the key issues on the minds of your stakeholders.

Intermediate reporters may wish to strive for [level C or B of GRI](#), which stipulates a number of reporting criteria, along with a minimum number (10 for C and 20 for B) of GRI performance indicators.

4. Gather data

This phase for intermediate reporters will look much the same as for basic reporters, however, there is likely more data to collect, due to the greater degree of disclosure. As well, organizations with matured reporting systems are likely to include more benchmark references, wherein other industry standards or norms are incorporated enabling the reader to better understand how your credit union compares to other companies, other banks and other credit unions. Further, organizations reporting for three or more years will have three years of data to better convey whether your CSR performance is improving, worsening or staying the same.

5. Set performance goals

Setting performance goals will look the same for intermediate reporters as with basic reporters. With greater information and awareness of the credit union's CSR performance, resulting from the more robust data gathering effort, your organization will be in a better position to identify the most critical issues to manage.

6. Finalize your report

Intermediate reporters typically strive to enhance the credibility of their report by seeking external validation of their claims. Some use quotes or testimonials from key or influential stakeholders, others use the results from their stakeholder panels. For an explanation of stakeholder panels, see step 2 above. Also consult the examples in boxes titled "The Co-operators Stakeholder Panel Enhances Credibility" and "CSR Reporting Trend: Assured Reporting."

As well, more and more organizations are turning to their internal audit departments to verify accuracy of information systems used to generate CSR report data.

The Co-operators Stakeholder Panel Enhances Credibility

For a number of years The Co-operators has included a stakeholder panel process to inform its sustainability report. It brings together a group of external stakeholders representing a range of constituencies with expertise in environmental, social and governance issues. The group is facilitated by a third-party organization – Boston-based [Ceres](#) - and participants comment on key reporting issues and provide feedback on the report outline. The feedback is summarized and profiled in The Co-operators sustainability report, found on page 67 in their 2010 [report](#).

How to build credibility

As a key purpose of CSR reporting is to promote accountability between the credit union and its stakeholders, it is important to spend a few minutes thinking about how to improve the credibility of your CSR report and reporting process.

The following factors can help in this process:

- Stakeholder participation in defining report content and disclosure of the consultation results and how the results were used.
- Acknowledging limitations by disclosing the shortcomings of the reporting process, be it the lack of data and measurement systems, the lack of knowledge for how to manage a CSR issue, or insufficient stakeholder engagement.
- Showing how your CSR strategy links to your core business strategy to support the claim that CSR is important to the credit union.
- Providing a balance of good and bad news, and authentic discussion of the dilemmas and strategic challenges for the organization; readers expect to hear both sides of a story.
- Verification of results through either an internal audit or external assurance process.

7. Publish your report

Typically, intermediate level reporters strive to enhance the readability of their reporting by deploying interactive and social media tools. See the CSR Reporting Trend box on “Social Media and the Internet” below for an overview of this innovation.

CSR Reporting Trend: Social Media and the Internet

Social media – the use of corporate blogs and sites like Facebook and Twitter – is increasingly being deployed to communicate information about corporate social and environmental performance. Given the diversity of stakeholders, particularly younger demographics, it is no longer assumed that a single report posted deep within a company’s website satisfies all interests.

More and more organizations are putting their information out in multiple communication channels. In 2010 companies were using these internet platforms to report on different aspects of their CSR performance: micro-sites (48 per cent), videos (35 per cent), social networks (24 per cent), interactive maps, diagrams or games (23 per cent), and blogs (15 per cent). Twenty-four per cent of companies use social networks such as Twitter or Facebook for CSR reporting.¹⁶

...Continues on page 23

¹⁶ <http://www.pwc.com/ca/en/sustainability/publications/csr-trends-2010-09.pdf>

Continued from page 22...

Websites are predicted to become dominant CSR information carriers. Currently 81 per cent of companies have CSR information on their websites, up from 75 per cent in 2009.¹⁷ Increasingly, corporate websites will be the repository for CSR performance data and information, going well beyond the traditional annual CSR report.

Online CSR reports are becoming more user-friendly. Early reporters published PDF reports designed for printing, while increasingly reporters are using HTML formats, which are easier for browsing. According to a 2010 PricewaterhouseCoopers [report](#), 15 per cent of companies produced an HTML version of their CSR report in 2010.

8. Debrief report process

Debriefing the report process looks similar for both basic and intermediate level reporters. However, intermediate level organizations would typically consult stakeholders for their views on the final report.

The Advanced Approach: Full range of indicators and independent verification

More and more organizations globally are becoming advanced reporters. At this level, the company typically will be a level “A” reporter in GRI terms, which for financial institutions, will include reporting on all the indicators within the [Financial Services Sector Supplement](#) (referenced on page 5) and will have their reports independently verified by an external assurance provider.

In some cases, the auditor will verify all of the report content, and in other instances key data sets – e.g. claims of GHG emissions – are also validated (see box on the Bank of Montreal’s verification approach below).

In addition, advanced stage reporters also tend to experiment with more reporting channels, including multi-media features such as videos, podcasts, animations, blogs and other innovative formats to improve usability and user experience.

The benefits of getting to this stage include being able to demonstrate the highest level of commitment to transparency and accountability, greater ability to generate interest in your report amongst stakeholders, greater confidence in the data generated through the reporting process, and increased ability to improve your CSR performance.

¹⁷ <http://www.pwc.com/ca/en/sustainability/publications/csr-trends-2010-09.pdf>



CHAPTER 4: WHAT TO REPORT?

No two CSR reports look alike. Your report will reflect your credit union's unique approach to CSR. That said, there are a number of general elements you will want to consider including in reporting on your CSR impacts reviewed below.

As you compile the suite of metrics you plan to include in your CSR report, keep in mind the means by which you plan to capture the data, whether through member questionnaires, internal records, etc. The methodology for data capture can have pros and cons which might influence the metrics you choose as your key performance indicators.

There are pros and cons of using quantitative versus qualitative metrics as well. Ideally a good mix of both makes for a good report.

The Global Reporting Initiative and its Financial Services Sector Supplement provide useful reference materials for credit unions to scope out their approach. In the following overview of potential report topics and indicators, links to GRI and the Financial Services Sector Supplement have been included where relevant.

Note: In the pages that follow, references to GRI appear as section numbers (e.g. GRI 1.1) or as indicators (e.g. LA13 refers to Labour Practices and Decent Work indicator number 13). References to the Financial Services Sector Supplement references are noted as "FS".

Co-operatives UK has developed a tool to help co-operatives identify performance indicators for reporting in adherence to the international co-operative principles. See: "[Co-operative Performance Indicators](#)" for a complete list.

Governance

Describe the process by which CSR is governed and managed in your organization. (See the *Governance and Management for Credit Union Social Responsibility* guide for ideas on how to establish a strong CSR governance framework.) (For further details on possible elements to report in this section see GRI 4.8 and 4.9.)

Include a statement from the Chair and CEO which sets out the credit union's strategic CSR priorities and the relevance of CSR to the organization and its strategy; introduces the broader CSR trends affecting the credit union and key events, achievements and failures during the year; and comments on the organization's overall CSR performance, outlook and main challenges going forward (see, for example, GRI 1.1).

Possible governance indicators:

Aspect ¹⁸	Indicator
Member engagement	Number and per cent of members voting in elections
Diversity and equal opportunity	Number and per cent of women (or other diverse group) directors (LA13)
Ethics	Number and per cent of employees signing the Employee Code of Conduct

Materiality

Provide an explanation of how you arrived at your top reporting issues and the rationale. (see, for example, GRI 3.5)

Stakeholder inclusion

Include a description of your credit union's stakeholders, how and why you consulted them, the consultation results, how the feedback impacted strategy, policy and operations, and how stakeholder input influenced report content. Provide a contact point in your report for stakeholders who wish to provide feedback. (see, for example, GRI 4.14 – 4.17)

Strategy

Provide details on your strategic approach to CSR and how it links to the overall business strategy, including goals and targets and details on the role of your products and services to improve community and environmental conditions. (see *Credit Union Social Responsibility: A Roadmap for the Development of a Sustainability Strategy Report* for suggestions on how to develop a CSR strategy) (elements of GRI 1.2)

Organizational context

Include information on your organization, such as number of staff, branches, market area, etc. (see GRI 2.1 to 2.10 and 3.1 to 3.4)

Performance

Provide information on your environmental, social and economic performance and impacts, including both absolute performance (e.g. reduction in paper use) and normalized data (e.g. paper use per employee). Provide three-year trend data wherever possible. Consider including a summary table of performance indicators, such as a “snapshot”, for report readers who seek to understand your CSR impacts at a glance. Include commentary on the credit union's assessment of performance as positive, negative or neutral and what your credit union plans to do to improve performance or enhance impacts in that area. Some reporters use a “thumbs up” or “thumbs down” icon to indicate successful achievement while others use a red, yellow, green traffic light signal or other visual device. If looking to shorten a particular section in the report, consider posting the information on your website and link your report to your website so interested readers can dig deeper.

¹⁸ GRI defines an aspect as: The general types of information that are related to a specific Indicator category (e.g., energy use, child labor, customers). <https://www.globalreporting.org/resource/library/G3.1-Sustainability-Reporting-Guidelines.pdf> page 43.

You should try to incorporate metrics which measure the outcomes or impacts of your credit union's efforts, not simply the activities or initiatives undertaken over the year. See the box below for a review of the difference between input, output and outcome or impact measures.

Possible performance indicators:

Aspect	Indicator / Commentary
Social Performance Indicators	
Employee satisfaction	Employee satisfaction rate
Employment	Employee turnover rate (LA2)
Diversity and equal opportunity	Employee diversity (LA13)
Community	Access points in low-populated or economically disadvantaged areas by type (FS13)
	Number and type of initiatives to improve access to financial services for disadvantaged people or organizations; number of people or organizations benefiting (FS14)
	Number and type of initiatives to enhance financial literacy by type of beneficiary and number of people or organizations benefiting
	Number of inner-city businesses, co-operatives and social enterprises purchased from and monetary value of social purchasing portfolio
	Number of employee volunteer hours during work hours
Product and service impact performance indicators	
Member satisfaction	Member satisfaction rate (PR5)
Financial literacy	Initiatives to enhance financial literacy by type of beneficiary (FS16)
Product portfolio	Staff CSR training (FS4)
	Monetary value of products and services designed to deliver a specific social or environmental benefit broken down by purpose (FS7 / FS8)
	Monetary value and per cent of SRI assets under management (FS11)
	Monetary value and per cent of SRI funds of total mutual fund sales
Economic Performance Indicators	
Economic system (Note that GRI puts community investment programs under economic performance indicators, hence they are included here. Credit unions may prefer to put these indicators under "community" above.)	Monetary value of donations and per cent of pre-tax profits, averaged over three years
	Description of key elements of community investment strategy (FSS)
	Value generated by community investment programs and breakdown of community investment by theme (EC1/FSS)
Co-operative system	Description and results of efforts to implement the international co-operative principles
Environmental Performance Indicators	
Materials	Copy paper used by ream weight and per FTE (EN1)
	Number and \$ volume of green purchasing decisions
Energy	Direct energy consumption by primary energy source and per square meter (EN3)
Emissions and waste	Total greenhouse gas emissions by weight (EN16)
	Total weight of waste by type and disposal method and per FTE (EN22)
Green building	Number and per cent of branches and offices certified as a green building

Input, output and outcome (impact) measures

Your report should have a mix of input, output and outcome or impact measures. Input indicators measure the human, financial and material resources used to carry out activities (e.g. amount of funding provided to community groups). Output indicators measure the quantity of services, activities, actions or products (e.g. number of financial literacy programs implemented). As such, they are not necessarily indicative of the impact or quality. Outcome or impact indicators measure the broader results achieved, showing the effects of a program, activity or initiative. Impact indicators can be difficult to quantify, and it can be challenging to attribute the outcome to the credit union's efforts. However, it is worth a try as ultimately it is not the inputs or outputs that matter as much as the outcomes and the differences you have made for your efforts. Indeed, it is only by measuring outcomes or impacts that you will be best able to assess success and whether your initiative achieved its objectives.

Examples of outcome or impact measures could include:

- Number of jobs created or retained through the credit union's community loan fund
- Number of units of affordable housing financed
- Energy savings resulting from a particular energy efficiency initiative

By shifting from measuring inputs, decision, plans and actions to the difference made you will be better able to determine the impact of your CSR investments.

GRI index:

- Organizations adhering to the GRI protocol will include a GRI index in the appendix or on their website to communicate the page numbers where GRI indicators are profiled. (GRI 3.12) An interactive GRI content index, which allows the reader to access the GRI data from the index is ideal.

Scorecard:

- It is useful to include a "scorecard" which includes performance on your key targets at-a-glance. Mountain Equipment Co-op's 2010 Accountability Report provides a good example of a scorecard or performance snapshot.

Figure 7: Sample Scorecard Format

Mountain Equipment Co-op highlights their performance in easy-to-interpret scorecard format. This is one example from their *2010 Accountability Report Summary*.

GOVERNANCE: MAKE SMART DECISIONS

MEC is democratically governed by an elected nine-person board. In fall 2010, we hired a Senior Manager of Governance to advise us on governance matters, support the relationship between the Board and management, and ensure leading governance practices are in place. We are also now reporting on how much members trust MEC to make decisions with their best interests in mind. In 2010, we had 85% high or very high results. Our members are also owners, and we seek their input through various channels, including formal

Board of Director elections as well as more informal on and offline engagement. Few members voted in 2010 (0.96%) and the proportion is falling. In the future, we aim to improve reporting, and better utilize mec.ca and social media channels, to increase member engagement and voter participation.

INDICATORS	3 YEAR TREND	2010 TARGET	2010 ACTUAL	2012 TARGET
VOTER PARTICIPATION %		1.00%	✗ 0.96%	1%
MEMBER TRUST %		NEW	85%	88%

Visuals:

- The use of icons has been mentioned. In addition, be generous with the use of graphs and charts to communicate data and break up text with photos and case studies of CSR in action.

Canadian Banks and CSR Reporting

It is important for credit unions to situate their CSR reporting within the financial services sector in which they operate. Regulations at the federal level [require](#) that financial institutions (banks, insurance companies and trusts) with over \$1 billion in retained earnings publish annual Public Accountability Statements on their:

- Community development goals and participation
- Employee volunteering
- Charitable donations
- In-kind donations
- Technical assistance programs in relation to financing small businesses; investments or partnerships in micro-credit programs
- Debt financing to firms from \$0 to \$24,999; \$25,000 to \$99,000, etc.

...Continues on page 29

Continued from page 28

- Initiatives to improve access to financial services for low-income individuals, senior citizens and disabled persons
- Openings and closures of branches and other facilities
- Number of full-time and part-time positions
- Income and capital taxes paid or payable

Owing to these legal requirements as well as their own efforts, Canadian banks are reporting on these indicators and more. In addition, many Canadian credit unions are reporting on similar topics.

All of this should give you a better sense of some of the typical components of a CSR report, which could be adapted by your credit union, depending on your unique circumstances. What gets included will depend on whether your credit union is reporting at a basic, intermediate or advanced stage. Over time, the degree to which Canadian credit unions report on common indicators will enable credit unions to benchmark their practices to peers and the credit union system to report to the Canadian public on credit union social responsibility.



CONCLUSION

Credit unions have strong relationships with their members, employees and communities. CSR reporting provides an opportunity to enhance these relationships by sharing the credit union's efforts and progress toward improving social and environmental conditions. It can also be a means of differentiation in the marketplace, and – importantly – a critical tool in helping credit unions identify and manage the impacts of their operations in ways that promote community sustainability.

Developing a reporting approach relevant for your credit union can be advanced by using these steps as a general guideline. Through the reporting process, credit unions will open doors to performance improvement and greater impact, while furthering dialogue with their key constituents. CSR measuring, monitoring and reporting are essential tools for managers and boards along the CSR journey.

APPENDIX

RESOURCES

Global Reporting Initiative resources (Global Reporting Initiative)

<http://www.globalreporting.org/LearningAndSupport/>

Financial Services Sector Supplement (Global Reporting Initiative)

<https://www.globalreporting.org/resourcelibrary/FSSS-Complete.pdf>

Global Reporting Initiative G3.1 Guidelines (Global Reporting Initiative)

<http://www.globalreporting.org/ReportingFramework/>

GRI G3.1 Guidelines Quick Reference Sheet (Global Reporting Initiative)

<http://www.globalreporting.org/NR/rdonlyres/D8B503A9-070C-43DB-AD0F-5C4ACB1EBF39/0/G31RefSheet.pdf>

Co-operative Performance Indicators (Co-operatives UK)

<http://www.uk.coop/resources/documents/guidance-co-operative-social-and-environmental-performance-indicators-members-co>

The Stakeholder Engagement Manual (AccountAbility)

<http://www.accountability.org/about-us/publications/the-stakeholder.html>

AA1000 Standards (AccountAbility)

<http://www.accountability.org/standards/index.html>

Impact Reporting and Investment Standards (Global Impact Investing Network)

<http://iris.thegiin.org/>

LBG Canada Community Investment Standard

<http://www.lbg-canada.ca/>



**Credit Union
Central of Canada**

300 The East Mall, Suite 500
Toronto, ON M9B 6B7
(416) 232-1262
www.cucentral.ca

208-350 Sparks Street
Ottawa, ON K1R 7S8
(613) 238-6747