

Atlantic Central and League Savings and Mortgage Company

Our Values in Action

Sustainability Report 2019



ATLANTIC CENTRAL
LEAGUE SAVINGS AND MORTGAGE

Honesty | Trust | Respect | Collaboration

About This Report

Our Values in Action is our first sustainability report; it provides a summary of our social, environmental, economic and governance activities, performance and impact in 2019. We're proud to share our commitment and efforts to integrate sustainability into our corporate strategy and across our operations. The activities and data included in this report are for the 2019 calendar year and are limited to the operations of Atlantic Central and League Savings and Mortgage Company, unless otherwise stated.

Our approach to sustainability reporting is informed by the methodology and indicators in the GRI Standards and the Financial Sector Supplement (2016). Our new integrated corporate strategy identifies how we are contributing to specific UN Sustainable Development Goals that are most relevant for our business, as indicated throughout this report.

We're committed to continually evolving and improving our reporting approach and scope in years to come.

For a full description of our reporting approach, please refer to page 48. For information on additional activities, corporate governance and our financial performance in 2019 see:

[Atlantic Central Annual Report](#)
[League Savings and Mortgage Company Annual Report](#)

What We Do

With offices in Halifax N.S., Riverview N.B., and Charlottetown P.E.I., we support 45 member credit unions by providing central banking and other supporting services.

Our key financial role is management of the credit union system's liquidity reserve requirements and providing central and investment banking services to Atlantic credit unions.

Our services include:



Digital and payment services



Financial consulting and analysis



Lending and risk management



Human resources



Marketing and communications

Atlantic Central's operations are closely integrated with those of our subsidiary, League Savings and Mortgage Company, a federally regulated financial institution providing personal and commercial mortgages, loans, investment products, and other financial services through credit unions and directly to members and corporations across Atlantic Canada.

Our 2019 Impact Highlights



Each One Teach One

614 people participated in 57 financial literacy workshops



We established sustainable investment criteria covering

100%

of our \$900M investment portfolio

4.4 : 1

CEO to average worker pay ratio

Benchmark: 227 : 1



We support

45

Atlantic Credit Unions serving just over

300,000 members



We helped to bring President **Barack Obama** to Halifax for a sold-out talk with **8,000 attendees**



We gave **3% of pre-tax profits** to support our communities

Benchmark: 1%



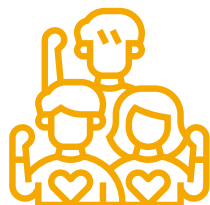
Our \$25K support for

Junior Achievement helped engage **2,203 students** in financial literacy and entrepreneurship



Male (52%)

Female (48%)



\$28,650

Raised by our employees for the United Way

1 : 0.96

Gender pay ratio

Benchmark: 1 : 0.87



The Small Business Loan Guarantee Program

Issued **174 loans**
Worth **\$10.4M**
Created **976 jobs**

Message from the **Chairs and CEO**

We increasingly hear leaders say that true success is achieved in business when everyone wins: the business, employees, customers and the communities they serve. While this may be a revelation to many, it speaks to the co-operative principles that have guided credit unions since their creation. Creating solutions that build value for all stakeholders is how we do business.

Our larger challenge has always been in communicating the value we create. Atlantic Central and League Savings and Mortgage are two important participants in the Atlantic Canadian credit union system, a group of co-operatives that serve just over 300,000 Atlantic Canadians who have entrusted us with more than \$10 billion in mortgages, loans and deposits. We make a significant impact on the communities we individually serve; however, we know that our collective impact is even more impressive. We launched Our Values in Action, our first sustainability report, to create a consolidated view of this enormous contribution that credit unions make in Atlantic Canada.

As with many beginnings, we start small, with an assessment of the impact that our two companies are making. Our goal is to work with our partners to grow our understanding of the work we do collectively in more than 100 communities across the region. Our results in this report are modest, as we are two small pieces in a much larger collective. As we build our understanding of our collective impact, these pages will tell an ever more impressive story.

We are living in complex times. We need to grow our communities, but reduce our impact on the environment. We want to help our members grow their wealth, while also supporting our most vulnerable citizens. We want to create a society defined by fairness, trust and equality, however, as recent events have demonstrated, we have a long way to go. But balancing the needs of business with the needs of stakeholders is what we do best. We look forward to charting our collective success in the years to come.

We hope our first sustainability report inspires you to think about how you support your communities and how collectively we can make our world a better place for everyone.



Pat Duffield, Chair
Atlantic Credit Unions



Jim MacFarlane, Chair
League Savings and Mortgage



Mike Leonard, CEO
Atlantic Credit Unions

TABLE OF CONTENTS

Our New Integrated Strategy

pg. 1

O1 Financial Inclusion & Resilience

pg. 9

O2 Sustainable Economy

pg. 20

O3 Growing the Co-operative Movement

pg. 26

O4 Our People

pg. 37

O5 Governance

pg. 43

Our Approach To Sustainability Reporting

pg. 48





Our New Integrated Strategy

For over 50 years, Atlantic Central and its predecessors have supported organizations in our communities with annual sponsorships and charitable donations through our Co-operative Social Responsibility (CSR) program. This has allowed us to form valued relationships with local education, environment, youth and entrepreneurship-focused organizations, as well as those that support the growth of co-operatives around the world.

With our roots in the co-operative movement, our values of honesty, trust, respect and collaboration are central to who we are and what makes us different. We are committed to living our values through the work we do and want to increase our impact through the decisions we make every day.

That's why in 2018 we began a process to integrate our CSR program into our business strategy, practices, investment strategies and partnerships.

Led by our CEO and Executive Team and overseen by our CSR Board Committee, our new integrated strategy was created with input from teams across Atlantic Central and League Savings and Mortgage.

We've taken the following steps:

- ▶ Reviewed the key social, environmental, economic, and governance issues for the credit union and financial services sectors in Canada and internationally.
- ▶ Undertook a comprehensive audit of all the activity that we currently have in place and identified ways we can do better.
- ▶ Reviewed our values, our unique approach to co-operative banking, and our business strategy.
- ▶ Created a draft of our new integrated strategy along with a set of ambitious 2030 goals.
- ▶ Evaluated the impact of our current sponsorship and community programs.
- ▶ Developed a comprehensive set of metrics to measure the results of our new strategy and our progress towards our goals.
- ▶ Developed an integrated corporate scorecard and identified how we are contributing to the United Nations Sustainable Development Goals.

Our Stakeholders

As a trade association, our 45 member credit unions, our employees and board of directors are our primary stakeholders. We provide leadership, advocacy, and a range of financial and business services to help them flourish.



While we don't directly engage with credit union members, we help Atlantic Canada's credit unions to create great services for their communities and to provide over **300,000 members** with access to the financial services they need to thrive.

Our Purpose

When we began developing our new integrated strategy we wanted to make sure that our central purpose as a business unites our values with our unique approach to banking and our strategic focus.

Our new purpose is the guiding principle that brings these elements together:

We partner with credit unions and others to enable the Atlantic credit union system and the communities we serve to grow well.

What makes us different?

We provide the **great banking** you're seeking, but we offer something more.

We offer the **opportunity to be part of something bigger**: the chance to be more than a customer, to help you build your community, to see fairness, trust, equality, and independence brought to life in real and meaningful ways, from the way we do business to the way we treat you every day.

It's banking that goes further.



Three Strategic Pillars and Our 2030 Goals

Our new integrated strategy contains three pillars that will help us live our values and deliver our purpose over the next decade. They represent the issues that are important for our stakeholders and our business to thrive, and where we feel we can make the biggest impact.

We set ambitious goals for each pillar to help us deepen our reach and find more ways to help Atlantic credit unions and the communities we serve to grow well every day.

What do we mean by 'grow well'? For us, it means being:

Resilient

We help people access financial tools and knowledge so they can withstand change and challenging times.

Inclusive

We want everyone, regardless of who they are or their personal circumstances, to access the financial products, services and know-how they need to thrive.

Sustainable

We make decisions today that will help our communities be healthy and ecologically and economically prosperous in decades to come.

Co-operative

We collaborate with our stakeholders to meet our common goals.

We help Atlantic credit unions and the communities we serve to grow well			
Our three strategic pillars	Improve the financial resilience and inclusion of Atlantic Canadians	Grow our investment in the sustainable economy	Increase participation in the co-operative movement
We'll achieve this by	Supporting an additional 100,000 Atlantic Canadians by 2030	(Target to be developed)	Helping an additional 100,000 participate by 2030
With our focus on	Education Financial Inclusion & Entrepreneurship	Sustainable Business & Communities Responsible Investment & Innovation	Building the Co-operative Movement
Made possible by	Our people and our values of honesty, trust, respect, and collaboration		

How We Create Value

The steps we've taken to develop our new integrated strategy over the past year have helped us understand how, as a trade association, we create value for our stakeholders through our unique co-operative approach to banking.

Our integrated strategy is anchored with our values and our commitment to help Atlantic credit unions, their members and our communities grow well in the decade to come.

Our strategy delivers measurable progress towards the **UN Sustainable Development Goals**:



Our Success Depends On

- ▶ Engaged credit unions
- ▶ Committed people: staff, members, and partners
- ▶ Financial capital
- ▶ Co-operative knowledge
- ▶ Strong regulatory frameworks and financial infrastructure systems
- ▶ Thriving communities and society



By 2030 We're Focused On








- ▶ Improving the financial resilience and inclusion of an additional 100,000 Atlantic Canadians
- ▶ Increasing our investment in the sustainable economy (measurable target to be developed)
- ▶ Helping an additional 100,000 people participate in the co-operative movement

Our Integrated Corporate Scorecard

We're committed to the



How we're measuring our progress towards our strategic objectives and our 2030 targets:

 Our 2030 Targets	 Reporting Metric	 Contribution to SDG Targets	 Our 2020 Priorities
<div data-bbox="130 462 451 722">  </div> <div data-bbox="130 909 451 1096"> <p>STRATEGIC OBJECTIVE: Financial inclusion and resilience</p> <p>We will improve the financial inclusion and resilience of Atlantic Canadians</p> </div>	<p>Improve the financial inclusion and resilience of an additional 100,000 Atlantic Canadians by 2030</p>	<div data-bbox="1249 560 1354 665">  </div> <p>Target 4.4 By 2030, increase the number of youth and adults who have technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>Target 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy</p>	<ul style="list-style-type: none"> ▶ Support Atlantic credit unions to provide financial literacy training to 1,000 people ▶ Support Atlantic credit unions to reach 3,500 students with access to financial, entrepreneurship and skills development programs through Junior Achievement (JA), bursaries and school nutrition programs
	<p>Number of people and businesses that face barriers accessing financial services who are approved for credit union products and services</p>	<div data-bbox="1249 1144 1354 1250">  </div> <p>Target 8.1 Strengthen the capacity of domestic financial institutions to expand access to banking and financial services for all</p>	<ul style="list-style-type: none"> ▶ Expand the reach of the Small Business Loan Guarantee Program



Our 2030 Targets



Reporting Metric



Contribution to SDG Targets



Our 2020 Priorities

STRATEGIC OBJECTIVE:

Sustainable investment

We will grow our investment in the sustainable economy

.....▶ [Target to be developed]

Total value of financing to support gender equality



Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership

Total value of financing to support initiatives that address climate change and its impacts



Target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

Total value of financing to make communities safe, resilient and inclusive



Target 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services

Total value of financing to support access to sustainable, affordable and efficient energy use













Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

▶ Achieve board-level approval for our new Sustainable Investment criteria and implement the new approach across our investment portfolio

▶ Achieve \$10M in direct lending for affordable housing projects

▶ Maintain carbon neutrality of our corporate offices for electricity through purchase of Renewable Energy Certificates

				
	Our 2030 Targets	Reporting Metric	Contribution to SDG Targets	Our 2020 Priorities
<div><div></div><div>STRATEGIC OBJECTIVE: Increase awareness, understanding, and membership in credit unions and co-operatives</div><div>We will leverage our brand and our regional marketing program to improve awareness and understanding of credit unions.</div></div>				
<div><div></div><div>STRATEGIC OBJECTIVE: Strategic partnerships</div><div>We will create effective partnerships that enable our strategy</div></div>	Help an additional 100,000 people participate in the co-operative movement by 2030	Type and number of stakeholders engaged in partnerships, evaluating and reporting on progress delivering our values	<div><div>Target 17.16 Enhance the global partnership for sustainable development by mobilizing and sharing knowledge, expertise, technology and financial resources</div></div> <div><div>Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership</div></div> <div><div>Target 8.5 By 2030, achieve full and productive employment, equal pay for equal work and decent work for all people</div></div>	<ul style="list-style-type: none">► Communicate and engage Atlantic credit unions in our new integrated strategy► Achieve B Corp certification for Atlantic Central and League Savings and Mortgage► Publish our first sustainability report to communicate our new integrated strategy, our impact and future plans to our stakeholders► Continue to support credit unions in the development of enhanced products and services to remain competitive and increase our membership growth► Continue to represent the Atlantic credit union system on national boards and committees
<div><div></div><div>STRATEGIC OBJECTIVE: Regional system collaboration</div><div>We will support effective collaboration between Atlantic credit unions to support our regional brand and maximize the potential to share investments</div></div>				

01

CHAPTER 01:

Improving Financial Inclusion & Resilience

We support access to education and financial products to help people in our community manage their finances—from day to day, and whenever they encounter challenges along the way.





Improving Financial Literacy with **Each One Teach One**

In 2016 we supported Atlantic credit unions to join the national Each One Teach One (EOTO) program to deliver financial literacy workshops in our local communities. EOTO covers a range of basic financial skills and helps people improve their financial awareness and resilience.

Credit union employees are trained as certified coaches and volunteer their time to deliver EOTO workshops. Local organizations, such as libraries, clubs and other non-profits, provide space and promote the workshops to their community.

Thirty Atlantic credit unions now participate in EOTO.



Since 2016, 68 credit union staff have trained as coaches and delivered over 200 workshops to almost 3,000 community members.

Workshops are easy to follow and successful because they're based on community need. They cover a range of topics including basic budgeting, building a healthy credit history, how to prevent identify theft, fraud prevention and financial wellness for seniors.

EOTO workshops are open to anyone wishing to improve their financial skills, not only credit union members, and coaches do not promote particular products or services. Their sole goal is to empower workshop participants to make the right financial decisions for themselves and their families.

As well as improving financial outcomes for workshop attendees, the training that coaches receive builds their confidence and knowledge, and helps them serve credit union members better every day.

IN 2019 EOTO ACHIEVED:

30 Participating Atlantic credit unions
(Cumulative)

68 Atlantic credit union
coaches trained
(Cumulative)

57 Workshops held

614 Workshop participants



SPOTLIGHT:

The Adventure Group Prince Edward Island

The Adventure Group works with young people to break the cycle of poverty by helping them gain financial literacy and work skills.

Provincial Credit Union partners with The Adventure Group to deliver EOTO workshop curriculum as part of their learning programs.

"I would definitely recommend it to other people because it's so important to know where your money is going. We were all on assistance at the time, we only got a fixed amount every month. It helped us realize where our money is going so we didn't just have to get-by every month."

Ali Jetson, EOTO participant

"I think if more people had the information that we got from the program then a lot less people would have money struggles."

Cortney Laybolt, EOTO participant



Inspiring Youth Entrepreneurship and Financial Skills

Junior Achievement (JA) in Nova Scotia delivers financial literacy, workforce readiness and entrepreneurship skills for thousands of young people every year.

Since 2015 East Coast Credit Union has been the lead sponsor of the annual JA Business Hall of Fame awards—JA's premier fundraising event. We've boosted East Coast Credit Union's support for JA since 2017 with an additional \$10,000 contribution, bringing total joint annual sponsorship to \$25,000.

While celebrating achievement by Nova Scotia's business community and inspiring young people in their future careers is a central focus of the awards, net proceeds from the event also provide a vital source of unrestricted funds for JA programs.

JA's mission is to inspire and prepare youth to succeed in the global economy. Three quarters of Achievers (alumni) have said that JA was critical in helping them develop financial literacy skills.

In 2019 our support for the Hall of Fame event helped JA raise an extra \$94,000. This enabled an additional 2,203 students to take part in 107 programs such as:

It's My Future

Grade 7 students explore potential career paths and learn about basic job-hunting tools.

Ideation Bootcamp

A six-week after-school program where students in grades 9 to 12 generate, develop and evaluate ideas for launching a new entrepreneurial venture.

Achievers are:

50% More likely to open their own business

25% Less likely to be unemployed

3x Less likely to spend more than they earn

IN 2019 OUR \$25K SUPPORT FOR
JUNIOR ACHIEVEMENT HAS ENABLED:

- \$94K** Additional funds raised for JA programming
- 107** JA programs delivered
- 2,203** Students engaged in JA programming
- 11,776** Student hours spent learning about financial literacy and entrepreneurship



SPOTLIGHT:

Dollars With Sense

In JA's Dollars with Sense program, students develop critical thinking and problem-solving skills, and learn about budgeting, credit management, saving, investing and goal setting. They gain a stronger sense of financial responsibility and get the tools they need to be wise consumers.

In the 2018-2019 school year, 546 Grade 10 students in Nova Scotia took part in JA's Dollars With Sense program.

"JA is a valuable experience for my students. Every year, I request a program because I know that this opportunity connects my students with experts and draws on their expertise to help my students build financial awareness."

Dollars With Sense teacher

Supporting **Small Businesses** with Financing to Grow

Since 2003 the Small Business Loan Guarantee Program has filled a gap in financing for small and medium businesses in Nova Scotia. The program provides up to \$500,000 in loans, lines of credit, and working capital to small businesses that have difficulty accessing financing for start-up, growth and succession.

We partner with the Nova Scotia Co-operative Council, participating credit unions and the Province of Nova Scotia to deliver the loan program. These loans help create jobs, especially in rural areas. The program builds inclusion and resilience with financing for women and young entrepreneurs, newcomers, and other minority groups.

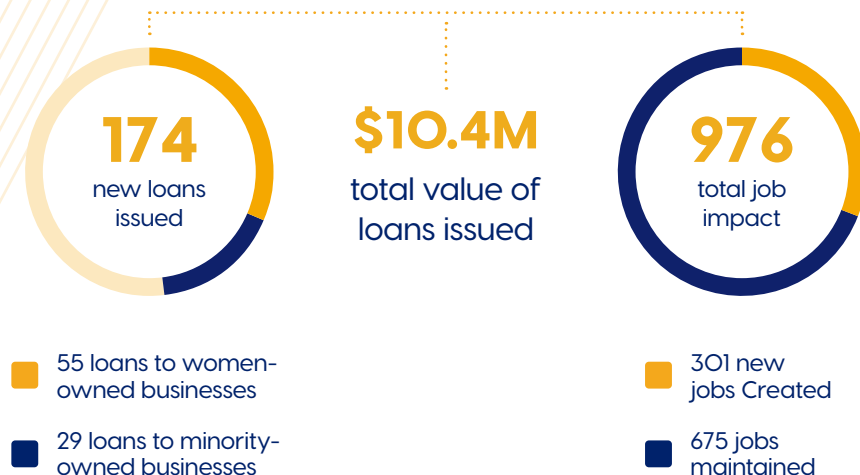
We began with a pilot of \$3 million. As of 2019 the loan program has disbursed **\$156 million to 2,486 businesses that have created or maintained **16,358 jobs**.**

No other financing programs provide access to working capital or lines of credit to individuals who would like to start or purchase a small business or grow and expand an existing one. In fact, lines of credit account for 45 percent of all financing approved under the program.

In the past year, loan activity continued to increase in rural Nova Scotia in the south-west Annapolis Valley and Cape Breton regions. We also saw 756 businesses repay their loans in full at a value of \$40 million—five times the rate of loans defaulting.



IN 2019 THE SMALL BUSINESS LOAN GUARANTEE PROGRAM ACHIEVED:



Note: loan figures are calculated from July 2018 to June 2019



Photo credit: Topher and Rae Studios and Peace by Chocolate



SPOTLIGHT:

Peace by Chocolate

Peace by Chocolate is a chocolate company located in Antigonish, Nova Scotia, founded by the Hadhad family of Damascus, Syria. After coming to Canada as refugees in 2016, the Hadhads rebuilt their successful chocolate business and now focus on spreading peace and sweets throughout Canada and the world!

"East Coast Credit Union has believed in us from the beginning and truly wanted to help. They saw our vision and potential—the only obstacle was financial support, but the Credit Union saw our potential and supported us."

Tareq Hadhad, CEO and Founder



Removing Financial Barriers to Education

Access to advanced education plays an essential role in building financial inclusion and resilience in our communities, but financial barriers to education can burden a student before they even register for their first class.

That's why we fund 50 bursaries at four community colleges in Atlantic Canada every year to help make education more affordable for students so they can grow and realize their full potential.

We provide:

- ▶ Entrance bursaries of **\$500** each to students at Nova Scotia Community College and Holland College in P.E.I.
- ▶ Midterm bursaries of **\$500** each to students at New Brunswick Community College and the College of the North Atlantic in Newfoundland.

An entrance bursary can be the determining factor in a student's ability to register for college, while midterm awards can be a lifeline to keep students enrolled and complete their education. All bursaries are awarded based on an assessment of a student's financial need, with preference given to credit union members.

In 2019 we matched contributions from several Nova Scotia credit unions, and along with St. Francis Xavier University established a \$100,000 endowment in honour of Dave MacLean, the former chair of the Credit Union Central of Canada and a St. FX graduate who passed away in 2016. The endowment recognizes his passion and commitment to the credit union movement in Atlantic Canada.

The endowment provides four annual bursaries of \$1,000 each to Aboriginal Canadians and African Nova Scotian high school graduates attending St. Francis Xavier University who demonstrate significant financial need.

OUR CONTRIBUTION IN 2019:

\$25K In bursaries to Atlantic Canadian colleges

50 Students received \$500 bursaries

\$25K To establish the Dave MacLean bursary endowment fund at St. FX University



SPOTLIGHT:

Karen Ann Prosper, 2019 Dave MacLean Bursary recipient

Karen Ann Prosper began her senior year of a Bachelor of Education degree in 2019. She hopes to teach in her home community of Paqtnkek, N.S. after graduation.

"You have lightened my financial burden which allows me to focus more on the most important aspect of school: learning and teaching. Your generosity has inspired me to help others and give back to the community. I hope one day I will be able to help students achieve their goals just as you have helped me. Thank you for investing in my future."

Karen Ann Prosper,
2019 Dave MacLean Bursary recipient



Helping Students with the Ingredients to Succeed

A student's diet can have a critical impact on their ability to learn and grow. Many of Canada's young people are vulnerable to insufficient nutrition, leaving them at risk for learning, behavioural and health challenges.

To help give students the healthy choices they need to thrive, we invest \$15,000 every year across three unique programs that promote good nutrition in schools. Offering access to healthy meals and learning opportunities, these programs improve educational, nutritional and social outcomes for children, families and communities, and set students up for a successful future full of possibilities.

Nourish Your Roots N.S.

Nourish Your Roots is a farm-to-school fundraiser from Nourish Nova Scotia that sells boxes of fresh produce to the greater community. In 2019 over 13,000 boxes were sold, raising over \$112,000 for school breakfast programs across Nova Scotia, giving children the opportunity to start their day with a nutritious meal. Produce is sourced from 26 local participating farms, generating \$248,000 in additional revenue and enriching the community.

Food Pantry Program P.E.I.

The Food Pantry program serves as the on-campus food bank at Holland College and helps to address issues of food security in the student community. With our \$5,000 annual donation the pantry's drop-in service provides students in need with access to a safe supply of nutritious food.

Kids Eat Smart N.L.

The Kids Eat Smart Foundation of Newfoundland and Labrador supports school and community food programs, called Kids Eat Smart Clubs, to provide nutritious food and education to school-aged children. Our contribution helps these volunteer-run groups serve 5,000 meals every year.

OUR SUPPORT FOR SCHOOL NUTRITION IN 2019:

\$15K

Provided for school nutrition programs

\$4,541

Additional funds raised via Nourish Your Roots (N.S.) for nutrition programs in 126 schools

26

Children supported with meals throughout the year from Kids Eat Smart Clubs (N.L.)



Holy Cross Elementary



A.P. Low Primary

Topsail Elementary



SPOTLIGHT:

Kids Eat Smart N.L.

Addressing good nutrition alleviates the health and developmental consequences of childhood hunger. That's why Kids Eat Smart Clubs are such an important part of their communities.

"Your support means school-age children and youth will have nutritious food at no cost to the child or their families. By making sure that all children are welcome to have breakfast, together we ensure that we protect those most vulnerable in our society."

Celina Stoyles, Executive Director,
Kids Eat Smart Foundation Newfoundland and Labrador

02

CHAPTER 02:

Investing in the Sustainable Economy

We're making sure that the decisions we make in our business—from our investments, to financial products, to managing our environmental footprint—help to grow a sustainable world for the long-term well-being of our communities.



Investing with Our Values

One of our primary financial roles is managing liquidity reserve requirements on behalf of the 45 Atlantic credit unions. In 2019 we pooled and invested over \$900 million of funds. Half of this is required by financial regulators to be held in reserve and able to be accessed quickly, and the other half is excess liquidity funds. We manage how these funds are invested so they can grow and generate a return to meet the needs of credit union deposit holders, and to support business continuity.

We want to make sure that we're living our co-operative values through our business every day. That's why we want to invest these funds in ways that can help our communities grow well today and in decades to come.



One of our priorities in 2019 was the creation of new sustainable investment criteria in our Investment Portfolio Management policy.

This approach sets out the types of activity that we will—and won't—invest in, and will apply to 100 percent of our investment portfolio. Our goal is for the new sustainable investment criteria to be approved by our board and implemented beginning in early 2020.

We're also confident that this a fiscally responsible approach on behalf of credit unions. Evidence shows that ethical and sustainable investment funds have either met or outperformed the rest of the market over the long term. We're seeing this higher performance bear out with our current sustainable investment portfolio.

According to our sustainable investment criteria, we won't invest in companies that are involved with the production or sale of gambling products, pornography, tobacco or weapons. We'll also exclude companies that are found to contravene global norms including the Universal Declaration of Human Rights and the International Labour Organization standards.

Companies that we choose to invest in will be positively screened for their Environmental, Social and Governance (ESG) performance. Evaluation of these companies is undertaken on our behalf by a third-party investment management company that is a member of the UN Principles for Responsible Investment.

Additionally, our goal is to progressively increase our purchases of ethical investment funds, as well as green, sustainable and social impact bonds, starting from our benchmark of 0.89% of our total investment portfolio in 2019. This is another way we can deepen our contribution to the UN Sustainable Development Goals on behalf of the 45 member Atlantic credit unions.

"It is important for us to integrate sustainability into what we do as a business every day. By making responsible investment choices, we can make a real positive impact on the community, and also have the ability to hold companies to a higher standard in terms of their social and environmental practices."

**Kim Walker, COO,
Atlantic Central and League Savings and Mortgage**

Better Earth Responsible Investment Product

Investors today are just as concerned with minimizing risk and maximizing returns as they were in the past. But more than ever, they're also concerned with making sure their investments reflect their own values.



The Better Earth® Portfolio is a “green” investment option available through our partnership with Desjardins. It includes a diverse portfolio of best-in-class companies actively committed to reducing the environmental impact of their operations.

Some companies in the portfolio also work in the renewable energy sector, driving proven positive environmental impact. The investment excludes companies involved in weapons, tobacco, nuclear energy and fossil fuel production.

In addition, the product offers a guaranteed principal, making it a fiscally savvy choice, without risking initial investment.

To date the product has reached its capped rate of return consistently and shows no signs of changing. With such a wide variety of sectors represented in the portfolio, we expect the investment will be more resilient to economic downturns.

While available since 2015, uptake of the Better Earth product has been slow. In 2020 we'll review how we can help credit unions communicate the benefits of the Better Earth product for members, to meet expected growth in demand for secure investments that are also socially responsible.



Increasing Affordable Housing in **Our Communities**

As property values continue to rise in cities and towns across Canada, it's harder to secure safe, affordable housing close to work, family and friends. Being priced out of the housing market can force families into unstable living conditions and continues the cycles of inequality and poverty.

Since 2015 League Savings and Mortgage Company has provided financing to help improve access to affordable housing in our communities.

Through our Direct Lending program, we issue mortgages to housing co-operatives that provide accommodation at affordable rents below market prices in Atlantic Canada. We also participate in the FLEX affordable lending program from Canada Mortgage and Housing Corporation (CMHC). This allows us to lend a higher percentage of construction costs than would normally be the case to private landlords wanting to build new affordable housing projects.



We've set ourselves a target of \$10 million in direct lending for affordable housing in 2020.

We also purchase new mortgage assets for affordable housing developments through MCAP and Peoples Trust and securitize these loans, which are often in Ontario and British Columbia. In 2019 we purchased and securitized loans worth over \$43 million through the Canada Mortgage Bonds program.



Helping to Grow Renewable Energy While Reducing Our Emissions

We're committed to investing in the sustainable economy by supporting the growth of the renewable energy industry in Canada. Our partnership with Bullfrog Power helps put more energy from clean sources onto the grid.

As a member of the Bullfrog Power community, in 2019 we purchased:

624 Megawatt-hours of Renewable Energy Certificates, issued by renewable electricity generators.

By adding the equivalent of new renewable energy onto the grid, this displaces 214 tonnes of CO₂ from electricity we use at our three corporate offices in Halifax, Charlottetown and Riverview. That's comparable to taking 45 cars off the road for a year or diverting more than 65 tonnes of waste from landfill.



Twenty percent of our annual contribution to Bullfrog Power also helps to fund new, small-scale renewable energy projects across Canada and in the Atlantic region.

This funding provides a much-needed additional stream of revenue to independent renewable energy producers, supporting their projects to become economically viable and helping our communities grow well.



SPOTLIGHT:

Iron & Earth East

Iron & Earth East is the Atlantic Canadian chapter of an oil sands worker-led group championing a shift to renewable energy. Twenty percent of our annual contribution to Bullfrog Power goes to support small-scale community renewable energy projects like this. The group focuses on green energy investment and renewable energy training for traditional energy sector employees who are out of work. With support from members like us, Bullfrog matched all contributions to a crowdfunding campaign—even tripling them in the final two days of the campaign—for a 100 percent renewably powered demonstration project.

Making Our Offices More Energy Efficient

Our partnership with Bullfrog Power helps to offset our carbon footprint, but it's up to us to reduce our energy consumption in the first place. In 2019 we began the process of improving energy efficiency in our offices with automation upgrades to the HVAC system in our head office in Halifax.



As we continue to make system upgrades over the next few years, we're expecting to achieve a ten percent annual reduction in energy use.

Addressing Climate Change and Its Impacts

Alongside our commitment to reduce our own environmental impact, we're also helping our communities respond to a changing climate. With destructive events like floods and hurricanes expected to rise in both frequency and intensity, we support the Canadian Red Cross and their disaster relief programs to address the impacts of extreme weather in our communities.

In the spring of 2019 credit unions launched a fundraising appeal with their members for the Canadian Red Cross New Brunswick Floods Appeal and we matched the total amount of funds collected by credit unions. We'll continue to support credit unions in their future fundraising efforts for communities across Canada that may be impacted by extreme weather events.



03

CHAPTER 03:

Growing the Co-operative Movement

We believe the co-operative values of fairness, honesty, trust and community mindedness are at the heart of good business. That's why we support the growth of credit unions and co-operatives at home in Atlantic Canada and around the world.



45

Credit unions serving just over

300,000 members



Supporting Our Atlantic Credit Union System

We support Atlantic credit unions by providing leadership, advocacy, marketing and a range of financial support and services explored throughout this report. As a trade association, we collect dues from our member credit unions to fund these important services.

In 2019 we launched the first of our shared services, Risk Management and Compliance, for the benefit of our member credit unions. This shared service eliminates the complexity and much of the effort for credit unions to individually manage compliance, enterprise risk and business continuity planning on their own.

Our specialists ensure credit unions are sufficiently compliant with financial and other regulations, and provide CEOs with confidence that their risk policies and continuity plans meet their credit union's needs. Removing much of the compliance burden from Atlantic credit unions allows their employees to focus on serving their members and growing their business.

By the end of 2019, 30 credit unions chose to participate in the Risk Management and Compliance shared services, representing 66 percent of Atlantic credit union system assets.

Returning Value to Our Members

One of the most significant ways that we return value to our member credit unions is through the Special Reserve budget allocation. Since 2013 we have contributed just over \$11 million to the Special Reserve. From this, we've approved projects totalling \$5.7 million and invested \$3.9 million, supporting transformational change in the Atlantic credit union system.

In 2019 we drew nearly \$1.5 million from the Special Reserve to fund initiatives such as:



Your Two Cents web series



Sponsorship of the visit by President Obama to Halifax



Digital Account Opening and Lending project



Risk Management and Compliance shared services



SPOTLIGHT:

2019 Coady Award Winner

The esteemed Coady Award, named after a pioneer of the credit union movement in Atlantic Canada, Moses Coady, honours the Atlantic credit union or caisse populaire that best exemplifies leadership, support and involvement in its community.

Eagle River Credit Union in Deer Lake, Newfoundland was the deserving recipient of the Coady Award in 2019. To support financial education, inclusion and resilience in their community, the Eagle River team launched the We CARE (Credit Advice, Repair and Education) Program in 2019. The credit union previously launched the Helping Hand Loan in 2017, a welcome alternative to high-interest lenders.

These complementary initiatives help members assess their financial situation, learn about money management tools and establish or repair their credit rating. In 2019 the Helping Hand Loan helped members restructure \$1,132,970 in debt.

Showcasing their commitment to community leadership and charitable giving, the Eagle River team identified a need in their community and partnered with local organizations to launch the Warm Coats for Kids Program in 2018. Through fundraising activities, the team doubled program funding to \$10,345 in 2019 and distributed a total of 438 winter coats for children in need.

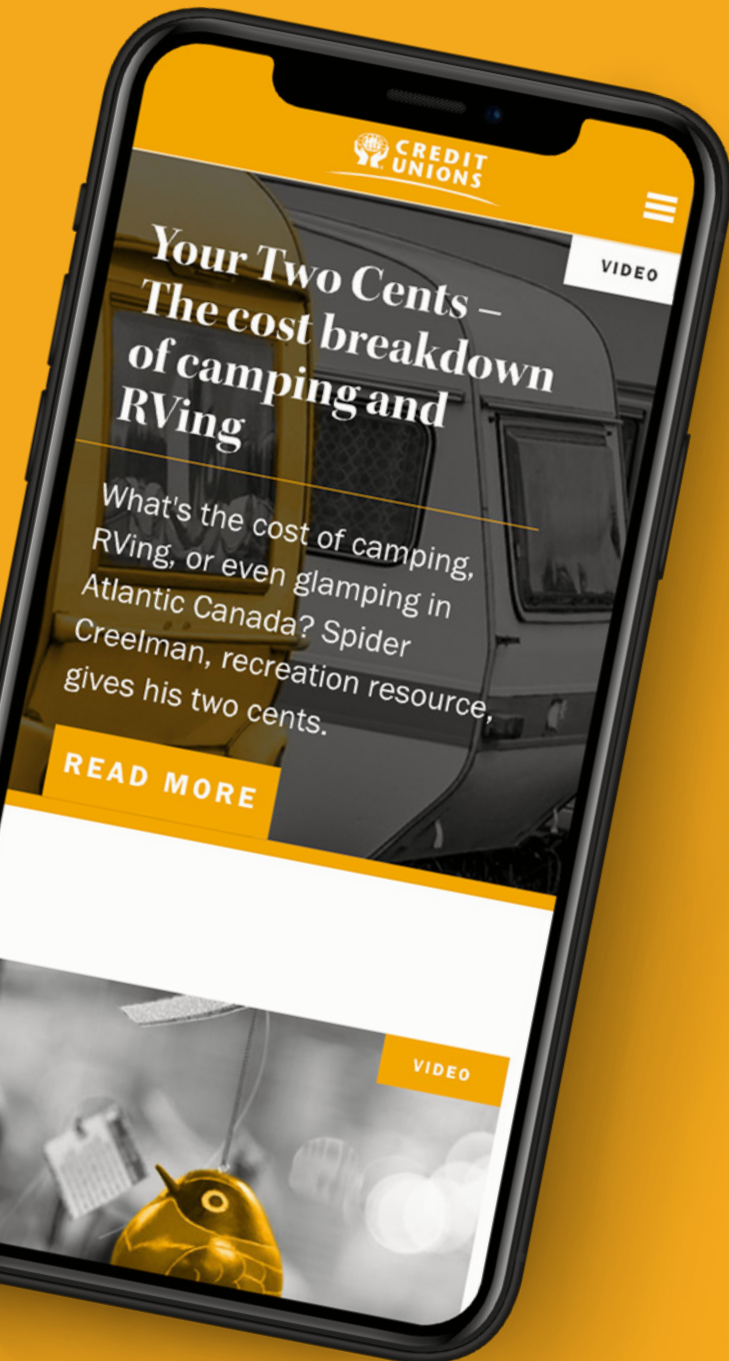
In addition to these important initiatives, the Eagle River Credit Union team volunteered more than 1,600 hours of their time to support their community in 2019.



Regional Marketing Program

Another important way that we support the growth of the co-operative movement is through our Regional Marketing program. At Atlantic Central we manage marketing activity on behalf of our 45 member credit unions under the brand of Atlantic credit unions.

All of our marketing activity is focused on building awareness of credit unions, demonstrating how we're different from other financial institutions and the benefits of being a credit union member. Our values of honesty, trust, respect, and collaboration display how and what we communicate in our advertising through digital media, sponsorships, and earned and owned marketing efforts.



SPOTLIGHT:

Honestmoney.ca

In 2016 we launched a content blog website called Honest Money to offer straightforward financial advice for Atlantic Canadians. The articles, videos and podcasts cover financial topics that can be difficult for people to talk about and can be hard to navigate successfully and highlight small business members. The advice takes an honest approach and provides financial advice as if the reader was receiving it from a trusted friend.

In the past year, Honest Money has covered topics such as buying or leasing your new car, financially surviving divorce, saving for a down payment when you're drowning in student debt, and surviving identity fraud.



Your Two Cents

We're always looking for interesting ways to reach younger demographics. With this in mind, in 2019 we launched Your Two Cents, a video series that blends pop culture and parody with practical financial advice to teach Gen Zers and Millennials how to be savvy and smart consumers.

We partnered with Jonathan Torrens' production company Canadian Content Studios to create a program inspired by the 90s TV classic Street Cents, which shows talking about money doesn't have to be stiff and boring. Each episode is about three minutes long to keep the content consumable for online audiences, appearing on Atlantic credit unions' and Your Two Cents' social channels.

Instead of deciding what people might want to watch, Your Two Cents asks audience members what they want to learn about. By posing this question, Your Two Cents received over 100 inquiries on topics such as RRSPs, student loans, cell phone plans, saving, budgeting, homebuying and other important financial milestones.

Your Two Cents increases awareness of credit unions, educates on financial literacy and allows credit unions to be present in communities in a unique way.



4.5M

People reached with
Your Two Cents content in 2019

A Conversation with Barack Obama

On November 13, 2019, we partnered with the Nova Scotia Co-operative Council to bring President Barack Obama to Halifax for one night of meaningful conversation about civic engagement, climate change, democracy and leadership.

The sold-out event had over 8,000 attendees—approximately 3,000 of which were Atlantic credit union members. As the title event sponsor we had an opportunity to showcase our co-operative values and commitment to our communities.

Supporting and exploring issues around diversity and inclusion was a big focus of the event. Around 150 tickets were donated to schools and community groups so that people who might not otherwise have had the opportunity, especially youth and people from diverse backgrounds, could hear President Obama speak.

President Obama talked about the importance of having a sense of purpose:

"If you know why you are doing what you are doing and have some inner compass and values, it helps you to be open to hearing and listening to other people and other perspectives because you don't always have to feel constantly threatened if somebody feels differently than you do."



President Barack Obama and Dianne Kelderman, CEO of the N.S. Co-Op Council in conversation



SPOTLIGHT:

Meeting the President

Quentrel Provo (aka Mr. Stop the Violence) is a well known anti-violence campaigner, speaker and educator in Halifax and was recently named as one of the world's top 100 Most Influential People of African Descent Under 40.

Atlantic credit unions honoured Quentrel's important work in our communities by inviting him to join our CEO Michael Leonard and other VIPs at a meet-and-greet with President Obama. Quentrel then joined Mike at the event to hear President Obama speak.

Supporting Atlantic Co-operative Councils

Our roots in the co-operative movement run deep, going back as far as 1938 when our business was first incorporated. Being a co-operative means members work together to achieve our common goals. This ethos is a core part of who we are and what we stand for. That's why we're helping the co-operative movement grow by providing the four Atlantic co-operative councils with a total contribution of \$25,000 every year to support their mission and operations.

The provincial councils support co-operatives of all kinds with learning programs and business development support, and represent our common interests to government and industry. We also work in partnership with the co-operative councils on joint initiatives that help our members and demonstrate our values of honesty, trust, respect, and collaboration.

For example, in partnership with the Nova Scotia Co-operative Council we initiated the Small Business Loan Guarantee Program over a decade ago. You can read about this successful financing program on page 14. We also joined forces in 2019 to bring President Barack Obama to speak in Halifax in November.



SPOTLIGHT:

Helping Social Enterprises Grow

Together with the Nova Scotia Co-operative Council and participating Atlantic credit unions we ran a successful Community Impact Investing pilot program in 2018 and 2019.

A total of \$180,000 in financing was provided to nine Nova Scotian social enterprises that are making a real impact in their communities. Sixteen new jobs were created as a result, many in rural areas of the province.

Some of the organizations that received financing include:

Breton Forest Innovation Co-op, a network of forest-related companies that help clients connect to a domestic supply chain and get their products made in Cape Breton.

Flourish Seniors Wellness Centre, supporting healthy, positive aging for people in Lunenburg and Queens counties.

Bus Stop Theatre, a multi-use performance venue in K'jipuktuk/Halifax that is a launchpad for emerging artists and an incubator space for artists of all genres.



Government Relations

We engage with various levels of government on behalf of Atlantic credit unions through an integrated partnership with the Canadian Credit Union Association (CCUA). This co-operative approach makes sure that the interests of credit unions and their members in each Atlantic province are meaningfully represented and that we stay informed of changes in public policy that make a difference to how we operate.

Here are some of the ways we engaged with governments and policy makers in 2019:

- ▶ In preparation for the early 2020 closure of the Northern Pulp Mill in Pictou County, we developed the Forestry Contractors Relief Program in partnership with the Nova Scotia Co-operative Council, the province of Nova Scotia and 16 participating credit unions. An extension of the Small Business Loan Guarantee Program, this program aims to ease the impact of the mill closure on businesses, communities and livelihoods dependent on the forestry sector by providing short-term repayable financing to help forestry contractors adjust to changes in the sector.
- ▶ We see a great opportunity for New Brunswick credit unions to be part of a bigger movement to help individuals, families and communities work together to overcome poverty. That's why, in 2019, we submitted a series of joint recommendations to the Government of New Brunswick's Overcoming Poverty Together consultation, outlining how credit unions can work with governments and community partners to break down social and economic barriers, lift people out of poverty and build a stronger New Brunswick.
- ▶ Following the 2019 provincial election in Prince Edward Island, we hosted a networking event for credit union leaders and community partners to discuss financial literacy, especially among PEI's youth. Premier Dennis King and more than a dozen MLAs attended the event, which gave credit unions an opportunity to meet newly elected representatives.

Open Banking

With innovation accelerating in the financial technology space, and the rise of third-party and non-bank applications, the way we think about our finances is transforming.

Open banking, also known as consumer-directed finance, is a framework that gives people the ability to safely access and control their financial data. Open banking allows data to be shared with third parties using application programming interfaces (APIs), technology which securely shares information across applications.

This means that consumers have control over their data, allowing them to keep up with new financial technologies, or “shop around” to determine the best financial service or product that suits their specific needs based on their actual transaction information.

Contributing to Canada’s Open Banking Framework

In January of 2019 the Standing Senate Committee of Canada Banking, Trade and Commerce (BANC) began exploring open banking and its implications for Canadian consumers and Canada’s international competitiveness.

We’re proud to partner with CCUA who, throughout 2019, successfully advocated on behalf of all credit unions to ensure that co-operative financial institutions would be included in the federal government’s open banking framework. In June 2019 the Senate’s report titled *Open Banking: What it Means for You* recommended that the federal government take action to include credit unions and caisses populaires in developing a framework for open banking in Canada.

CCUA will continue to lead this work by bringing the voice of the credit union movement to additional phases of the open banking consultation, and explore how these changes might impact the Atlantic region in the future.





Co-operative Development Foundation of Canada

While our roots are in Atlantic Canada we're part of a global community committed to co-operative values. We work together with other co-operatives to build a movement that encourages sustainable growth and long-term prosperity based in self-reliance and collaboration.



Since 2013 we've donated \$20,000 annually to support the Co-operative Development Foundation of Canada (CDF), an international development organization that works with community-owned co-operative enterprises in developing countries.

CDF partners directly with local groups to help smallholder farmers, traders and producers build and bolster co-operative ventures that provide the necessary goods and services their communities can not access or develop on their own.

Through our partnership with CDF we have changed the lives of thousands of people every year. And every dollar we contribute is multiplied 8.7 times by CDF's funding partnerships, further amplifying our impact.

We also contribute our time and energy toward CDF's valuable work. Jeanette Wakelin, Director of Product Solutions at Atlantic Central, is a member of CDF's board of directors and serves as chair of CDF Canada's Human Resources Committee.



SPOTLIGHT:

MyFINANCE in Myanmar

MyFINANCE helped to establish two township savings credit unions in the Myingyan region of Myanmar. Approximately 7,000 smallholder farmers have accessed small loans to strengthen their situation and productive capacity. Daw Than Nwe (pictured) is one such farmer, who used her loan to hire four women from her community to help with the farm, as well as purchase fertilizer to boost her crop yields. Daw's membership in the local township credit union is also helping her to save the money she earns, opening up new opportunities for her and her family.

OUR SUPPORT FOR CDF IN 2019:

\$20K

Contribution to CDF

\$174K

Leveraged from funders

30K

People supported from leveraged funds



04

CHAPTER 04:

Our People

Our talented employees are a critical part of our success. They are connectors, relationship builders, supporters, administrators, experts, advisers, advocates and leaders. We share a commitment to co-operative values that strengthens our ability to support Atlantic credit unions to become the financial institution of choice.



Our 2019 Team at a Glance

Total Employees (full time and part time)



2 part time



Female (69%)
Male (31%)



Female (48%)
Male (52%)

4.4 : 1

CEO to average worker pay ratio

Benchmark: 227 : 1*



*Based on the salaries of the 100 highest paid CEOs in Canada
(Source: "Fail Safe 2020", The Canadian Centre for Policy Alternatives, 2020.)

Employee Engagement

Highly engaged employees are more motivated and committed to their organization and its goals. Our resilience and capabilities as a trade association are strengthened when our team is engaged, which is why we're committed to enriching our people by promoting their development, protecting their well-being and meeting their needs.



In 2019 our annual employee survey revealed an engagement score of 79 percent, which is higher than the Canadian national average of 69 percent, and on par with average scores in our Atlantic region.

Employee Awards and Recognition

It's important that our people feel valued and supported. That's why we recognize and reward our employees for their achievements and contributions to our success. In 2019 we allocated \$21,793 in awards and gifts for outstanding work and service recognition, and an additional \$14,495 on departmental employee recognition activities to acknowledge our team's accomplishments.

Our Commitment to Living Wage and Pay Equity

We're committed to non-discrimination, equity and fairness in all our employment activities, terms and conditions. This includes hiring, training, promotion, compensation, benefits and our work environment.

To ensure our employees are well taken care of, we offer competitive total compensation packages that meet or exceed the living wage* in our region.

Women comprised 69 percent of our total workforce in 2019, with the highest representation of women in administrative and supervisory roles. At the management and senior leadership level, we've achieved gender parity with near equal representation of women and men (48 percent / 52 percent). This compares to 37.7 percent of senior management positions occupied by women and 48 percent of all middle management positions at Canada's six largest banks.**

Our Fair Treatment of Employees policy governs our approach to pay equity, along with our Non-Discrimination policy. Our Total Compensation policy and program is based on objective criteria and helps ensure that employees in each pay category with similar duties and levels of responsibility are paid equally, and that pay is competitive relative to our defined labour market for comparable jobs.

Employees typically begin their employment at between 85-95 percent of the maximum salary for a position (the "job rate") and as they move closer to full competency in the role, their salary increases to 100 percent of the job rate. At any given time there will be employees who are newer to their roles who are moving towards their job rate and some that are at the job rate. As illustrated here our average gender pay ratio shows higher compensation levels in some categories for male and in others for female employees. This is a reflection of individual employees working through their progression to the job rate. We are proud that we have achieved wage parity and employees can depend on a fair and competitive compensation environment.

*An official living wage is not available for the communities of Charlottetown, P.E.I. and Riverview, N.B., however all of our regular full-time and part-time employees receive a fair and competitive salary which exceeds the estimated living wage in these areas.

**2018 data according to the Canadian Bankers Association, excludes bank subsidiaries.

***Based on the 2018 Canadian national average (Source: "The gender wage gap in Canada", StatCan, 2019.)

****Executive gender pay ratio excludes the CEO.

We recognize that diversity goes beyond age and binary categories of male and female. We will examine ways that we gather diversity data within our workforce and look for opportunities to expand to include additional identity factors including race, disability and gender. We will also strengthen our commitment to non-discrimination, equity and fairness in our business by further aligning our policies.

1 : 0.96

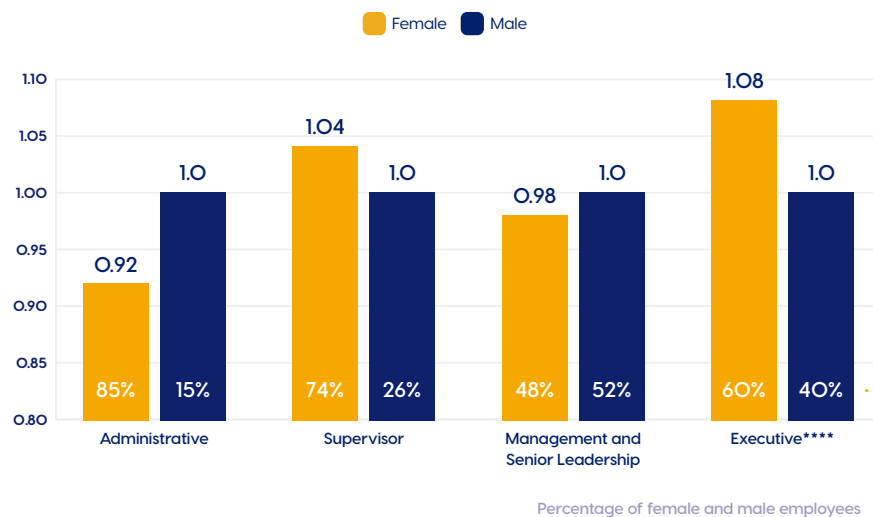
Gender pay ratio

(Average base salary for full time and part time employees, excludes CEO)

Benchmark: 1 : 0.87***

Gender Pay Ratio by Employment Category

(Average base salary for full-time and part-time employees, excludes CEO)



Performance and Training

To help our employees reach their full potential we support their learning and development. We help them establish individual Performance and Development Plans, through annual performance planning where they set their own goals and identify opportunities for success.



Employees pursued training or education



Employees completed performance reviews

As part of their development we encourage our employees to engage in both formal and informal job-related training and learning to enhance their performance and prepare them for the future. In 2019 our total budget for formal training was \$150,000, which is available for our employees to attend skills-building workshops, conferences and continuing education programs. In 2019, 58 employees took up opportunities for formal training, representing a value of over \$1,180 per employee trained. This compares to a national average of \$889 per employee in 2018.*

Many of our employees also take part in informal learning such as cross-training, where an employee spends time with another team and gains new skills important for their career development, such as digital banking. As well, in 2019 several of our employees took part in secondments and temporary assignments in other roles or with teams where they gained practical training and experience in areas including human resources, product release, financial services, and commercial and lending services.

We also offer scholarships to our employees and Atlantic credit union employees to support their enrollment in co-operative management education certificate programs with the International Centre for Co-operative Management at Saint Mary's University. While several of our employees have completed this rigorous course in previous years, none of our employees were enrolled in 2019.

Looking forward, we will expand our definition of training activities to include informal learning and explore our abilities to improve data-gathering on training. We'll also explore ways to further promote the uptake of both informal and formal learning opportunities within our performance management process.

*"Canadian Employers' Investment in Employee Learning and Development Continues to Rise", Conference Board of Canada, 2018.



Our Employees Supporting Our Community

In 2018 we introduced a new employee volunteering policy, giving our team members two days of paid leave each year to volunteer for an organization in their community. This represents a commitment of over \$120K of annual in-kind value that is available to support our communities.



Of employees used a portion of their paid volunteer days



30.5

Total volunteer days used

Since the new policy was introduced, our employees have tripled the number of volunteering days they have used between 2018 and 2019. While we're proud of this increase, we want to encourage more of our employees to use their volunteering leave each year. To boost volunteer participation, we'll review our internal culture to understand if there are any common barriers to using paid volunteer days and explore more opportunities for senior leaders to champion volunteer initiatives.

\$28,650

Donated to the United Way from our employee fundraising efforts

Throughout the year we also hold regular employee fundraising campaigns for charities such as the United Way. In 2019 we raised \$28,650 for the United Way through activities such as a silent auction, ticket raffles, and weekly wear-your-jeans-to-work days. This is an increase of over 8 percent raised compared to the previous year and includes over \$5,000 that we have matched on behalf of our employees.





Employee Health and Wellness

We encourage a healthy and productive work environment through our Wellness Team's balanced approach to mental and physical health and wellness. We regularly organize educational programs and activities that promote a healthy workforce to offer employees opportunities to reduce stress and improve their well-being.

Some highlights from our 2019 Wellness Team activities:



We developed a dedicated space in our Halifax office, where employees can spend time to focus on their health and wellbeing. Our new wellness centre includes fitness equipment and other resources for our team. Employees were involved in the concept design and responses so far have been very positive.



We hosted 25 employees and family members for a relaxed group bike ride on St. Margaret's Bay Trail in June.

Occupational Health and Safety

As part of employee health and wellness, our Joint Occupational Health and Safety Committee sets and reviews our occupational health and safety (OH&S) policy and program. The committee reports regularly to its executive sponsor, and its role is to identify and make recommendations to address potential workplace hazards or stressors.

We regularly communicate OH&S topics and alert our employees to potential hazards to ensure a healthy and safe working environment. Most of our team are desk-based and employees can request ergonomic assessments to ensure a supportive and comfortable workspace.

The risk of workplace injury in our offices is low, and in 2019 we reported just one incident.

05

CHAPTER 05:

Governance

Our two boards of directors for Atlantic Central and League Savings and Mortgage Company approve our purpose, vision and values, and provide critical oversight of major financial decisions and our strategic direction. The boards also act as stewards in building relationships with members and our communities.





Overview of Our Corporate Governance

Sound governance and ethical behaviour begin with our two boards of directors, which are accountable to our shareholder member credit unions and assume responsibility for the stewardship of our two companies.

There were eleven directors on each of our two boards at the end of 2019. Directors serve three-year terms with a nine-year maximum. The boards are comprised of directors that are either nominated or elected by delegates representing our shareholder member credit unions of the four Atlantic provinces.

Atlantic Central is a provincially regulated organization under the NS Credit Union Act, formally reporting to the Nova Scotia Superintendent of Credit Unions. League Savings and Mortgage Company is federally regulated under the Trust and Loan Companies Act of Canada, formally reporting to the Office of the Superintendent of Financial Institutions (OSFI).

A detailed overview of the two boards of directors and their committees, and our corporate governance, is included in our annual reports [Atlantic Central](#) and [League Savings and Mortgage](#).

Qualifications and eligibility criteria for directors are outlined in legislation and are strictly adhered to. In addition to the legislative requirements, our directors must also:

- ▶ Demonstrate an understanding of the Atlantic credit union system.
- ▶ Possess personal qualities of integrity, financial literacy and good judgment.
- ▶ Be able to regularly attend and actively participate in board and committee meetings.
- ▶ Possess an appropriate mix of skill, knowledge and experience, including in areas of accounting, financial management, banking law, risk management, consumer issues relating to credit unions, corporate governance and communications.



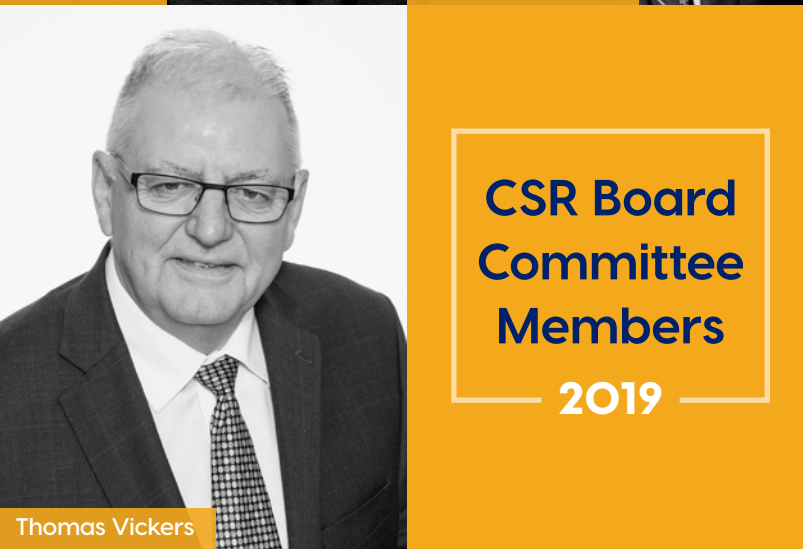
Gary O'Brien

Pat Duffield



Sarah Millar

William Timmons



Thomas Vickers

CSR Board Committee Members

2019



Board Accountability for Sustainability and Social Impact

Among our boards' standing committees is the Co-operative Social Responsibility (CSR) Committee. The CSR Board Committee consists of members from each of the Atlantic Central and League Savings and Mortgage Company's boards, with representation from all four Atlantic provinces.

Mandated to ensure alignment with our commitment to responsible social and environmental business practices, the CSR Board Committee works to ensure that sustainability and environmental impacts are considered in the way we operate and across our premises. The CSR Board Committee has oversight of the budget for community sponsorships and donations, and develops and supports clear policy statements for consideration by the board that help define our belief in social well-being and sustainability.

In 2019 the CSR Board Committee provided regular reviews and feedback on the development of our new integrated strategy, as well as input to help shape our 2030 targets and commitments. The new integrated strategy will be reviewed by the full board in March 2020.



Overseen by the CSR Board Committee, in 2019 we gave

3% of pre-tax profits
to support our communities

(Total sponsorships and donations, and value of employee volunteering hours)

Benchmark: 1%*

*Based on the Caring Companies standard from Imagine Canada

Diversity of Our Boards

We recognize and value the benefits of having a diverse board of directors and consider diversity a key driver of our co-operative identity, competitive success and governance strength. Our boards believe it is important for our organizations to be governed by a mix of highly qualified directors from diverse backgrounds that bring a broad range of perspectives and experience. We are actively striving to improve diversity on our boards.

In addition to improving board diversity when calling for director nominations, we also conduct self-assessments to identify any gaps in competencies, and have met with experts in this area to seek guidance on potential improvements we can make. A report was provided to both boards for their consideration and work is being done to develop a director skills matrix to address some of these gaps.

Atlantic Central

As of Dec. 31st, 2019:



Female (9%)
Male (91%)



Aged 30-50 (9%)
Over 50 (91%)

League Savings and Mortgage

As of Dec. 31st, 2019:



Female (36%)
Male (64%)



Aged 30-50 (9%)
Over 50 (91%)



Ethics

Our Codes of Corporate Ethics and Business Conduct are in place to help guide employees and directors to act fairly and with integrity in all aspects of our business.

These codes set standards for ethical behaviour and contain guidelines and procedures to follow to ensure compliance with these standards, helping to set our team up for success.

With our values of honesty, trust, respect, and collaboration in mind, we actively encourage open and genuine communication in our workplace. When an employee believes these codes, or other organizational policies, have been violated, they are encouraged to approach their supervisor and report the violation so that it may be investigated and responded to right away. In situations where our employees would prefer to remain anonymous, they can make a confidential report using the [**Integrity in Action Hotline**](#), a 24/7 online tool set up through the Credit Union Bonding Program.



Our Approach to Sustainability Reporting

Report Scope

Our first sustainability report, Our Values in Action, covers the calendar year from January 1, 2019 to December 31, 2019, unless otherwise stated.

Report Boundaries

Our reporting boundaries include entities over which Atlantic Central and our subsidiary League Savings and Mortgage Company have operational control, which comprise our three offices in Halifax, N.S., Riverview, N.B. and Charlottetown, P.E.I. . We have reported on sustainability performance indicators for these entities as applicable.

Our report includes initiatives where we have partnered with one, or several, of the 45 autonomous member Atlantic credit unions. We have indicated where data covers activities of Atlantic Central and League Savings and Mortgage Company only, and where it includes these partnership initiatives as a whole. We have not reported on sustainability performance indicators (unless otherwise indicated) for our 45 member credit unions as they are independent businesses.

Sources for statistical information referenced that are not related directly to Atlantic Central and League Savings and Mortgage Company are noted on relevant pages. All financial information is reported in Canadian dollars.

We believe this information accurately represents our sustainability initiatives and performance results for the 2019 reporting year (unless otherwise stated).

Reporting Methodology

Our reporting approach is informed by the GRI Standards (Global Reporting Initiative), however as this is our first sustainability report we are not reporting "in accordance" with the GRI Standards. We have also reviewed other sustainability reporting approaches and methodologies including the Sustainable Accounting Standards Board (SASB) Disclosure Guidance Integrated Banking and Financial Services. Our sustainability reporting and performance indicators are aligned and demonstrate how we're contributing to the UN Sustainable Development Goals.

Our Content Index draws on indicators from the GRI Standards and the GRI Financial Services Sector Disclosures and is available for download [here](#).

Materiality

Topics and data included in this report for the period reported were selected based on a comprehensive review of the social, environmental and economic impacts and opportunities that we perceive are most important to our stakeholders and for our business success. We've drawn on the GRI Standards materiality guidance to inform our reporting approach. Our review included a comprehensive competitive benchmark review, desk research on the topics most important to the credit union and banking sectors in Canada and internationally, discussions with the CSR Board Committee, a benchmarking of our ongoing sustainability initiatives, and input from our employees who are in contact with our stakeholders throughout the year.

Feedback

Our sustainability report is the way we report on the social, environmental and economic impact and performance of our business. Please contact us with any questions or to give feedback on our initiatives and progress.

Please contact us at csr@aclsm.ca



ATLANTIC CENTRAL LEAGUE SAVINGS AND MORTGAGE

Our 45 member Atlantic credit unions
serve families and businesses in
locations across our provinces.

6074 Lady Hammond Road
Halifax, N.S., B3K 2R7

atlanticcreditunions.ca