UN PRINCIPLES OF RESPONSIBLE BANKING

2023 Report and Self-Assessment
INTRODUCTION

First West Credit Union (First West) is proud to publish our inaugural United Nations (UN) Principles of Responsible Banking (PRB) Reporting and Self-Assessment. In June 2022, First West became a voluntary signatory to the UNPRB. The PRB provides a framework which consists of 6 Principles designed to bring purpose, vision and ambition to sustainable finance. As a values-based credit union, First West has committed to embedding sustainability at the strategic, portfolio and transactional levels throughout our business. The PRB’s measurable commitments help First West work toward our purpose: Together, we create a future where everyone can flourish.

In implementing the PRB, we are working to identify the most meaningful environmental, social and economic impacts our business operations, products and services can make for our members and the communities we serve. The impact analysis conducted in this inaugural report uses our Dec. 31, 2022, year-end data and covers progress First West has made throughout the year from Jan. 1 to Dec. 31, 2023.

By signing the PRB, we commit to:

• Consider the environmental, social and economic impacts of our business on our role holders and communities
• Embed sustainability in our strategy and purpose
• Set targets and ambitions to achieve the SDGs
• Report annually on our progress and challenges in implementing the PRB

1 From time to time, First West makes written and verbal forward-looking statements. Statements of this type are included in the annual report and reports to members and may be included in filings with regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about First West’s objectives and strategies, targeted and expected financial results, and the outlook for First West’s businesses or for the Canadian economy. By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that Management’s predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved.
PRINCIPLE 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

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

RESPONSE:
First West is a financial cooperative that provides retail and commercial banking services to more than 253,000 members. We are the third largest credit union in the province of British Columbia and the fifth largest in Canada, with nearly $17.4 billion in total assets and assets under administration. Our network of 45 branches gives us one of largest geographic reaches among credit unions in the province.

First West operates through four locally known and trusted brands: Envision Financial, Valley First, Island Savings and Enderby & District Financial. The brands serve as the marketing and sales delivery channels of the credit union’s products and services.

Our retail and commercial banking lines of business meet members' financial needs through traditional core banking transactions, mortgage loans and home equity lines of credit, consumer loans, payment solutions, savings, foreign exchange transactions, payroll, cash management, electronic transactions, diverse investment solutions, as well as a range of insurance products. Our commercial banking business serves the financial needs of small- and medium-sized enterprises and large corporations, helping them to achieve growth.

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

Yes □ No

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

LINKS AND REFERENCES
Annual Report
First West Annual Report-2022-Full-web.pdf (firstwestcu.ca)

2022 Annual Report
Section 4, page 6 “Business Profile and Organizational Overview”
Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- [ ] UN Guiding Principles on Business and Human Rights
- [ ] International Labour Organization fundamental conventions
- [ ] UN Global Compact
- [ ] UN Declaration on the Rights of Indigenous Peoples
- [x] Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Task Force on Climate Related Risk/ OSFI B15
- [ ] Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ______________
- [ ] None of the above

**RESPONSE:**

As a financial cooperative, sustainable development is part of who we are and has foundationally been supported through our community investment and social responsibility programs. First West has a long and rich history of supporting our communities through various programs and initiatives. Since 2010, $35.9 million in total value has been invested in communities across British Columbia.

Progress starts with making measurable commitments. Ambition and action are urgently needed to address major planetary crises around climate change and social issues. In 2022, we made a significant step in this direction by joining the UN PRB as a voluntary signatory. We have committed to aligning our purpose and strategy alongside the PRB framework to help us show and track our commitments that are core to our identity: putting people before profits, supporting our communities and caring for the planet.

To begin making meaningful impact we have committed to using the UN Sustainable Development Goals (SDGs) framework to identify and address the risks and opportunities related to social, environmental and economic issues. The SDGs are 17 interconnected global goals which act as a universal call to action to achieve a better and more sustainable future for people.

Understanding our business and history as a credit union and through focus groups, interviews and surveys we identified the 6 SDGs we believe we can make progress against.

Using these SDGs we produced a framework to help integrate ESG into our business practices. Inclusive of our purpose and values, impact statements and the SDGs, the framework is a lens that helps assess and inform strategic decisions.
PRINCIPLE 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 IMPACT ANALYSIS (KEY STEP 1)

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

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

**RESPONSE:**

The impact analysis is focused on First West’s core business areas: retail and business/commercial banking, all of which is based in British Columbia, Canada. All results were based on Dec. 31, 2022, data. We acknowledge that this information is relevant to our business today and will be reviewed within each reporting period. We believe that our greatest impact corresponds to our core lines of business and therefore we have not included First West’s Wealth Management business.

Using the UN Environment Program Finance Initiative (UNEP FI) Impact Analysis Tool\(^2\), we will be taking a holistic approach to identifying and understanding the positive and negative impacts of our banking activities. The tool looks at national data to identify the potential positive and negative impacts of different sectors based on International Standard Industrial Classification, such as NAICS codes, and then groups the impacts by category.

We are using the UNEP FI Impact Analysis Tool\(^2\) to conduct our initial assessment of our retail and commercial/business banking loan portfolio and will be looking at the areas where our loans are focused.

Potential impact areas will be taken from the Impact Radar developed by the UNEP FI. The Impact Radar offers a holistic set of impact areas and impact topics across the three pillars of sustainable development (economic, environmental and social), which we are using to understand positive and negative impacts across the three pillars. The impact areas and topics are defined based on internationally recognized standards and definitions, including the SDGs. We will use the tools and insights to understand the areas in which we can make the greatest impacts using our resources.

To better understand the other impact associations and community needs, and to help us identify priority areas, we need to undertake further work. This may include additional engagement with thought leaders, peers, community partners, our members, and additional research and data exploration to better and more fully understand opportunities to reduce negative impacts and increase positive impacts.

---

\(^2\) UNEP FI Portfolio Impact Analysis Tool Version 3 (February 2023)
b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

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

RESPONSE:

For our initial PRB progress report, the scope of our analysis is our business/commercial and retail lending portfolios in British Columbia as of Dec. 31, 2022. We continue to analyze the data and are committed to understanding our sector exposure levels. Moving forward we will consider where exposure is highest and make decisions on areas of prioritization.

Understanding the composition of our business and our contribution is an important first step and is as follows:

BUSINESS COMPOSITION BY GROSS INCOME GENERATED (AS OF DEC. 31, 2022)

<table>
<thead>
<tr>
<th>Proportion Relative to Total Business Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail (Consumer Banking)</td>
</tr>
<tr>
<td>Commercial/Business</td>
</tr>
</tbody>
</table>

SECTOR EXPOSURE OF COMMERCIAL/BUSINESS BANKING LINES (AS OF DEC. 31, 2022)3

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of Portfolio by Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial rental</td>
<td>31.44%</td>
</tr>
<tr>
<td>Spec and development</td>
<td>24.31%</td>
</tr>
<tr>
<td>Residential rental</td>
<td>10.29%</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>8.91%</td>
</tr>
<tr>
<td>Hospitality hotels</td>
<td>5.44%</td>
</tr>
<tr>
<td>Healthcare and social assistance</td>
<td>2.58%</td>
</tr>
<tr>
<td>Retail</td>
<td>2.81%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2.34%</td>
</tr>
<tr>
<td>Wholesale and manufacturing</td>
<td>2.29%</td>
</tr>
<tr>
<td>Other services (except public administration)</td>
<td>2.98%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>1.25%</td>
</tr>
<tr>
<td>Educational services</td>
<td>.99%</td>
</tr>
<tr>
<td>Other4— representing less then 1% of the portfolio</td>
<td>4.37%</td>
</tr>
</tbody>
</table>

1 We were able to map 95.57% of our portfolio to North American Industry Codes (NAICS)

4 Other includes transportation and warehousing, trades, arts, entertainment and recreation, professional and business services, fishing, healthcare professionals, administrative and support, waste management and remediation services, forestry, information and cultural industries, real estate rental and leasing, finance and insurance, unassigned, mining, public administration and utilities.
**BREAKDOWN OF OUR RETAIL PORTFOLIO (AS OF DEC. 31, 2022)**

<table>
<thead>
<tr>
<th>Types of Products and Services</th>
<th>% of Total Volume Portfolio(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home loans/mortgages</td>
<td>88.83%</td>
</tr>
<tr>
<td>Consumer loans and overdraft</td>
<td>10.90%</td>
</tr>
<tr>
<td>Vehicle related loans</td>
<td>0.20%</td>
</tr>
<tr>
<td>Educational related loans</td>
<td>0.07%</td>
</tr>
<tr>
<td>Healthcare loans</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

\(^5\) % doesn't total 100% due to rounding

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

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

**RESPONSE:**

As a financial institution operating only in Canada we used the UNEP FI Portfolio Impact Tool, Country Needs\(^2\) resource tool to determine that the most relevant challenges and priorities in Canada are housing, food security and climate stability.

As we continue with the analysis, we will be considering these three high-priority issues in the context of:

- our business as a financial institution,
- the communities we operate in; and
- what is material to our stakeholders and the SDGs.

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

**RESPONSE:**

As of the time of preparing this report, we have not determined the positive and negative impact areas of our portfolio.
For these (min. two prioritized impact areas): **Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.

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

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

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

**RESPONSE:**

As of the time of preparing this report, we have not identified our priority impact areas.

---

**SELF-ASSESSMENT SUMMARY**

<table>
<thead>
<tr>
<th>Component</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment</td>
<td>✅</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio composition</td>
<td></td>
<td>✅ In progress</td>
<td></td>
</tr>
<tr>
<td>Context</td>
<td>✅</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance measurement</td>
<td></td>
<td></td>
<td>✅</td>
</tr>
</tbody>
</table>

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

As of the time of preparing this report, we have not yet identified our priority impact areas.

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

- [ ] Up to 6 months prior to publication
- [ ] Up to 12 months prior to publication
- [ ] Up to 18 months prior to publication
- ✅ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)
2.2 IMPACT ANALYSIS (KEY STEP 1)
Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) **Alignment**: which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

**RESPONSE:**
As of the time of preparing this report, we have not set targets.

b) **Baseline**: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

**RESPONSE:**
As of the time of preparing this report, we have not determined a baseline.

c) **SMART targets**: (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

**RESPONSE:**
As of the time of preparing this report, we have not started target setting.

d) **Action plan**: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

**RESPONSE:**
As of the time of preparing this report, action plans and corresponding milestones have not been determined and will be reported in future PRB self-assessment reports.
### SELF-ASSESSMENT SUMMARY

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

<table>
<thead>
<tr>
<th></th>
<th>... first area of most significant impact: (please name it)</th>
<th>... second area of most significant impact: (please name it)</th>
<th>(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: (please name it)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alignment</strong></td>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td></td>
<td>□ In progress</td>
<td>□ In progress</td>
<td>□ In progress</td>
</tr>
<tr>
<td></td>
<td>✔ No</td>
<td>✔ No</td>
<td>✔ No</td>
</tr>
<tr>
<td><strong>Baseline</strong></td>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td></td>
<td>✔ In progress</td>
<td>✔ In progress</td>
<td>□ In progress</td>
</tr>
<tr>
<td></td>
<td>□ No</td>
<td>□ No</td>
<td>✔ No</td>
</tr>
<tr>
<td><strong>SMART targets</strong></td>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td></td>
<td>□ In progress</td>
<td>□ In progress</td>
<td>□ In progress</td>
</tr>
<tr>
<td></td>
<td>✔ No</td>
<td>✔ No</td>
<td>✔ No</td>
</tr>
<tr>
<td><strong>Action plan</strong></td>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td></td>
<td>□ In progress</td>
<td>□ In progress</td>
<td>□ In progress</td>
</tr>
<tr>
<td></td>
<td>✔ No</td>
<td>✔ No</td>
<td>✔ No</td>
</tr>
</tbody>
</table>
2.3 TARGET IMPLEMENTATION AND MONITORING (KEY STEP 2)

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

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

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

RESPONSE:

First West is committed to making measurable impacts in our communities. To support this work and set targets related to our strategy and commitment as a signatory of the UNPRB, we assigned responsibility of the work required to the newly created role of Director, Sustainment (ESG). This role is responsible for integrating ESG principles into our organization's business practices and decision-making.

In 2023, we created a Climate Action Working group, co-led by the Vice President, Credit Risk Oversight and Director, Sustainment (ESG). The Climate Action Working Group is comprised of experts from our Finance/Reporting, Risk, Credit, Strategy and Market Growth departments and will focus efforts on creating a roadmap and systems to set targets and support regulatory requirements under OSFI’s (Office of the Superintendent of Financial Institutions) B-15 Climate Risk Management guideline and industry-leading climate-related frameworks such as TCFD (Task Force on Climate-Related Financial Disclosures). To date, the team has built their capacity to understand these new regulations and met with consultants in the field.

In 2023, we formed an Impact Investing team whose mission is to create long-term value for our membership and the communities we serve by creating positive, measurable social and/or environmental impact, through the allocation of capital. This approach allows First West to use our tools and integrate impact into our business model. It is also a way in which we can begin to understand opportunities to integrate the SDGs, our purpose and values, and our financial assets. At the time of this report, First West has committed $2.75 million to impact investments.
3.1 CLIENT ENGAGEMENT
Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?
☐ Yes  ☐ In progress  ☑ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?
☐ Yes  ☐ In progress  ☑ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.

**RESPONSE:**
We work with our members, partners and role holders and seek their feedback through surveys, meetings, interviews and focus groups.

As we continue analysis of our business and determine priority areas, we will develop and formalize these practices to align with requirements of the PRB, actively and continuously engage our members, teams and partners, and deepen our understanding of areas of impact.

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

**RESPONSE:**
COMMUNITY INVESTMENT
The Full Cupboard and Feed the Valley | We continue to leverage our 13-year-old signature causes in making positive impacts in the area of food insecurity. Raising food donations, funds and awareness around food insecurity, they continue to be a counted-on resource for local food banks. In 2022, the programs contributed $393,039, the equivalent of 786,078 meals for those in need. Overall, more than $5.1 million—the equivalent of over 14.7 million meals—has been raised and 203,361 pounds of food collected. First West, through its signature cause programs, supports Food Banks BC and 34% of the food banks in British Columbia with financial and programming support.
Local volunteerism | As a cooperative, we're built on the principle of neighbour helping neighbour to create capacity for change in our communities. We are well aware that many non-profits struggle to find resources and therefore we work to inspire and empower our employees to create various types of capacity for organizations that make a difference in people's lives and contribute to change in our communities. Our social vision, called Lead Well, is deeply embedded in our identity as a cooperative and tightly aligns our community investment actions to our purpose and values. Lead Well inspires our team members to create capacity through volunteering with their minds and professional acumen as much as they do with their hands. In 2022, team members volunteered 6,268 hours in the communities we serve.

RESPONSIBLE INVESTMENT PRODUCTS
First West maintains a key partnership with NEI Investments, Canada's leading provider of responsible investment (RI) solutions. NEI is committed to helping our members grow their wealth while advancing the environmental, social and governance (ESG) performance of the publicly traded companies in which members invest.

NEI offers multi-asset and fixed income solutions built into actively managed funds advised by the world’s leading institutional money managers and overseen by NEI’s Investment Management, Asset Allocation and Environmental, Social and Governance (ESG) teams.

EARTHLINK GIC
First West offers a market-linked GIC (Guaranteed Investment Certificate) that offers a guaranteed minimum return and the potential to earn more based on the stock market performance of carefully selected environmentally responsible organizations. Members benefit from the growth potential of 20 international companies, carefully screened for demonstrated commitment to reducing the environmental impact of their operations. Screening includes four steps of evaluation:

1. Financial health analysis, financial soundness, risk profitability and growth outlook
2. Companies operating in tobacco, nuclear and arms industries are excluded.
3. Environmental Assessment: companies’ environmental, social and governance metrics and sustainable development leadership
4. Inclusion in the security basket best performance prospects considering geographic and sector diversification.

IMPACT INVESTING
In 2023, we formed an Impact Investing team whose mission is to create long-term value for our membership and the communities we serve by creating positive, measurable social and/or environmental impact, through the allocation of capital. This approach allows First West to use our tools and integrate impact into our business model. It is also a way in which we can begin to understand opportunities to integrate the SDGs, our purpose and values, and alongside our financial assets.
4.1 STAKEHOLDER IDENTIFICATION AND CONSULTATION

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

☐ Yes  ☑ In progress  ☐ No

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

RESPONSE:

Being a member-owned cooperative, First West routinely engages its members and community members in various ways.

First West employed a multi-modal approach to consult and engage our members and teams on the Principles and First West’s impacts. The approach consisted of:

1. A quantitative survey of both members and team members, to build a broad understanding of the key issues from the perspective of these groups and their respective opinions.
2. In-depth interviews with employees and members to explore the key issues and opinions in more detail.

The objective of this research was to collect primary feedback from key stakeholder groups to better inform:

- the issues they feel are material;
- prioritization and focus of our efforts toward the six pre-selected SDGs;
- awareness of any impact areas we have overlooked;
- idea generation to advance our efforts against priority SDGs; and
- identification of members willing to participate in future-related research.

We engaged our communities by holding discovery sessions with non-profit organizations active in the area of food insecurity. The objective of these sessions was to build our understanding of work being done and the impacts of food insecurity in First West’s trade areas. These sessions were done in partnership with and facilitated by Vancouver-based social impact entrepreneur Mark Brand.

This approach has already provided us better insight into where opportunities exist to grow and create awareness and understanding of First West’s impact.
RESEARCH AND ENGAGEMENT OVERVIEW

Members (Retail and Commercial/Business)
- Online survey of 361 members
- 18 in-depth individual interviews and focus groups; participants were selected based on the following:
  - Members who opted in based on emails sent out.
  - Members in personas that demonstrated alignment with ESG values.

Employees
- Workshop with over 250 First West leaders at the 2022 Leaders’ Summit
- Meetings with representatives of our seven employee network representatives
- Continued polling and discussion with 92 employees through our internal community platform
- Discussions with multiple teams to inform and seek feedback on the selected SDGs

Community Groups
Food for Good Discovery Sessions
Convened food security champions (charitable and sectoral), knowledge leaders and business leaders to discuss the challenges, changes and impacts of food security in our Kelowna and Victoria regions.

Findings will be themed and used to inform First West’s investment in innovative programs, long-term sustainability, partnerships and new opportunities to make an impact in root cause systems and solutions.

- Conducted three discovery sessions, one in Kelowna and two in Victoria, with a total of 120 attendees.
5.1 GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES

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

☐ Yes  ☐ In progress  ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

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

RESPONSE

In 2022 the First West Board of Directors delegated the oversight of ESG to the Governance and Nominations Committee. This oversight was added to their Charter as part of their duties and responsibilities and is outlined as:

- advising the Board on environmental, social and governance best practices and ensuring the Credit Union’s business is conducted and advanced to meet high standards of corporate responsibility.

The Governance and Nominations Committee is chaired by director Darryl Kropp and meets quarterly. It oversees key elements of the Board of Directors’ operations, including corporate governance principles, practices and oversight, board assessment, evaluation and renewal, director recruitment, nominations and elections, and director orientation, education and development. The committee consists of a minimum of five members elected by the Board on the recommendation of the Board Chair. The committee will review PRB implementation and progress within their meeting schedule.

LINKS AND REFERENCES

Governance and Nominations Committee Charter
Governance First West Credit Union (firstwestcu.ca), Page 3
5.2 PROMOTING A CULTURE OF RESPONSIBLE BANKING:
Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

RESPONSE

ESG Risk Rating
Creating greater corporate sustainability starts with a solid understanding of our corporate performance. By partnering with Sustainalytics, a Morningstar Company and leading independent ESG firm providing research, ratings and data, we have been able to determine our exposure to and management of ESG material risks within our business. In 2022 and 2023 we received desired low risk ratings of 16.9 and 11.3 respectively.

Training
Creating remarkable member experiences is key to us as a member-owned organization. We will do this through consistent advice-driven member conversations that focus on our members' needs, current financial situations and goals. Our First West Advisory Model provides training and creates consistency across all brand divisions and ensures we meet our members' needs.

Employees have access to regular virtual and in-person training courses and funding of external courses. Training is offered in areas focused on member discovery conversations which are designed to help advisors to gain an understanding of what’s important to a member.

NEI Investments
As part of our key partnership with NEI Investments, Canada’s leading provider of responsible investment (RI) solutions. NEI is committed to advisors learning and understanding the RI landscape and as such all licensed advisors offering NEI solutions to our members receive training around NEI products.

Capacity Building
Annually, all employees complete training and review our policies and procedures surrounding our code of conduct, respect in the workplace, whistle blower, human rights and discrimination in the workplace.

Through our equity, inclusion and diversity (EID) statement and program, we also promote inclusivity and provide training opportunities on EID and understanding unconscious bias.

Employee Network Groups
Our commitment to EID is one of cultural transformation that educates our employees, and addresses long-entrenched systemic barriers and inequalities, ultimately shaping who we are and creating an equitable and inclusive space, where individuals feel their voice and true sense of self is heard, valued and celebrated.

Performance
Ensuring employees are thriving and successful in their role is important to our organization. To achieve this, what we accomplish and how we accomplish our goals are vital and as such both are weighted equally in every employee’s annual performance evaluation.

LINKS AND REFERENCES

Environmental, Social & Governance Responsibility
First West (firstwestcu.ca)

2022 Annual Report,
Advancing an Inclusive Environment and Culture, pg. 22.

Equity, Inclusion and Diversity - First West (firstwestcu.ca)
5.3 POLICIES AND DUE DILIGENCE PROCESSES

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

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

RESPONSE

First West takes calculated risks when engaging in opportunities to ensure we manage risk that could potentially impact our organization, community and members.

We are in the process of managing environmental and social risks through our Sustainalytics ESG risk rating and the creation of a climate working group (mentioned above). Over the last three years, our ESG risk rating has provided us with information on how we are managing our risks and identifying areas of opportunities to improve. As we move to becoming a federally regulated financial cooperative, we will be using the OSFI B-15 Climate Risk Management guidelines to provide direction on how we can manage and report on our climate risk and transitional plan.

As part of this implementation and our commitment to our members and the environment, we plan to focus efforts in 2024 on integrating climate risk into our risk management process and improving our reporting in line with TCFD.

In addition, First West has several policies in place to manage social risks. The following policies require employees to review and acknowledge annually:

- Professional Conduct Policy
- Whistle Blower
- Respect in the Workplace – [Free of] Discrimination, Harassment and Bullying Policy
- Respect in the Workplace – [Free of] Violence in the Workplace Policy
- Employee Privacy Policy
- Occupational Health & Safety Guideline

SELF-ASSESSMENT SUMMARY

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

☑ Yes    ☐ No

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

☐ Yes    ☑ No

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

☐ Yes    ☑ In progress    ☐ No
6.1 ASSURANCE
Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?
☐ Yes    ☐ Partially    ☑ No
If applicable, please include the link or description of the assurance statement.

RESPONSE:
At the time of this report, we have engaged our auditors, KPMG, on pre-assurance.

6.2 REPORTING ON OTHER FRAMEWORKS
Does your bank disclose sustainability information in any of the listed below standards and frameworks?
☐ GRI
☐ SASB
☐ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☐ TCFD
☐ Other: ....

RESPONSE:
At the time of preparing this report we are not reporting on other frameworks.

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

RESPONSE:
First West will develop a roadmap using the information and gaps identified through the writing of this report.
6.4 CHALLENGES
Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

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

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

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Other: …

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