

United Nations Federal Credit Union (UNFCU)

Communication on Progress (COP)

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Element 1: Statement of Continued Support

By: Michael J. Connery, Jr., president/CEO, United Nations Federal Credit Union (UNFCU)

Having obtained, “Active Status,” designation from the UN Global Compact in its inaugural year as a member, UNFCU continued to make progress to support broad United Nations objectives. These included the United Nations Millennium Development Goals and UN Compact Principles, focusing on the environment, anti-corruption, labor and human rights. Moreover and to this end, over the past 12 months, we placed great emphasis and vigorous action on our Board’s governance precept that UNFCU conduct its business as a good citizen of the world; have a positive impact on environmental preservation and resource conservation; contribute to the betterment of the human condition; and offer expertise and resources support to community services and credit unions which directly serve communities in need.

For the 31 August 2011-to-31 August 2012 period, we achieved relevant goals to make our headquarters more energy efficient, following up obtaining the prestigious awards (internationally) LEED, Leadership in Energy and Environmental Design, Silver Certification in summer 2011 from the U.S. Green Building Council; with the U.S. Energy Star Award in summer 2012 from the U.S. Environmental Protection Agency. Through our Risk Management, Compliance and Legal (Ethics) policies, as well as extensive committee work across multiple business lines, we continued to take active inventory to prevent fraud, and capably adjusted to meet new financial services industry regulations. Because we believe in a strong and productive workplace environment, UNFCU introduced a comprehensive Wellness Program, which is experiencing widespread staff participation, building upon earlier initiatives. Our ongoing Learning and Development course of study realized a steady upward climb for women, who currently outnumber men in the Career Development Program. Additionally, and for the first time in our 64-year history, women represent the majority on our Board of Directors.

The United Nations declared 2012 Year of Cooperatives gave UNFCU added impetus to promote sustainability within the financial services arena and the communities we serve. Despite ongoing turbulent global marketplace conditions, UNFCU achieved strong financial results through its steadfast commitment to prudent and responsible lending and investment policies, as well as the enduring fulfillment of its service mission.

Beyond our fiduciary responsibility, we expanded our corporate social responsibility reach. Our partnership with Non-Governmental Organization, NGO, Kilimanjaro Initiative (KI) proved a highpoint. We contributed support and funding towards the first pan-African climb to advance the United Nations Secretary-General’s Africa UNiTE Global Campaign to “End Violence Against Women and Girls.” Having climbed Mount Kilimanjaro for the fourth time with Tim Challen, KI founder, Africa UNiTE climb-organizer and a UNFCU staff member, I can personally attest to the power of our guiding theme, “Climb Up, Speak Out.” The initiative, led by 34 African Governments and UN Women, with human rights activists, UN agency, private sector and youth participating, generated pledges and concrete results from many countries to end women’s abuse. Moreover, the climb raised awareness around the world, given its precedence and epic scope on the International Day for Women.

By participating in UN Global Compact local initiatives on the Women’s Empowerment Principles in New York, Public-Private Partnerships Forum in Vienna, as well as United Nations “Greening the Blue” briefings with the United Nations and diplomatic community at UN-NY headquarters, we came away

with fresh insight. Ways to improve our platforms on women's empowerment; create further links with NGOs, advance UN MDGs globally, and develop a strategic plan with the goal of measuring and reducing our Carbon Footprint in 2013, are already underway. As a financial cooperative founded upon core values of democracy, equality, equity and solidarity, we will remain focused on stimulated progress to best serve our members in more than 200 countries and territories, we firmly recommit our support of the UN Global Compact.

Element 2: Actions

Commitment to Environment

Energy Conservation. Solid Waste Reduction. Educational Outreach. Member Participation, Recycling. UNFCU demonstrated significant results across this vast spectrum thanks to the collective energies and collaborative work of its Real Estate/Facilities Management Department, dedicated Green Team, Board of Directors and Management.

While already an eco award-winning facility, we achieved improvements to environmental efficiencies at our headquarters in Long Island City, Queens by continuing to replace lighting fixtures with Light-Emitting Diode, LED, lighting in offices. To note: UNFCU had already reduced back-area lighting in the prior reporting period and replaced it with LED lighting. In this way, we have reduced wattage per bulb by 25 percent. By monitoring power usage on weekends and turning on air conditioning later in the day, we achieved a total 3 percent savings of energy for our reporting period. Deemed a "tight building" by our property manager Cushman & Wakefield, UNFCU followed up last summer's Leadership in Energy and Design, LEED, Silver Certification with 2012 U.S. Energy Star honors, which were awarded on 28 June 2012 by the U.S. Environmental Protection Agency. Our 16-story building, Court Square Place, used 35 percent less energy and generated 35 percent fewer greenhouse gas emissions than similar buildings across the nation. Court Square Place is now listed on the ENERGY Star registry at www.energystar.gov/buildinglist. Additionally, we recycle more than 85 percent of waste materials at our headquarters; Alternative commuting methods have reduced carbon emissions by 40 percent, according to Envision Realty Services, one of the foremost experts in green buildings in the nation, who also reported that the building's carbon emissions are 32 percent less than the average building of its size (275,252 square feet) and recycling methods have reduced carbon emissions by 42 percent.

On a grassroots level, UNFCU's 30-member Green Team became a business unit at the Credit Union responsible for furthering the Board's Mandate on environmental preservation. To streamline the efforts and resources of the Green Team, which is comprised of dedicated volunteers from across the organization located in Italy, Austria and Kenya, as well as the United States, we restructured the teams from 7 to 5, and as a result, increased efficiency and the execution of initiatives. We also revised our Intranet Dashboard where staff regularly provides suggestions on ways UNFCU could reduce its carbon footprint and we made the dashboard, complete with calendar, more hands-on and user-friendly. Over the past year, we expanded our projects to include fellow cooperatives and the public at-large. To this end, we made presentations to Ecuadorian Credit Unions and the World Council of Credit Unions, engaged Community Development Credit Unions and conducted interactive sessions at the largest green festival in the United States the 2012 NYC GreenFestival, on the occasion of Earth Day 2012. At this expo, which drew several thousand people, we helped educate and inform New York-area and international visitors alike on cooperatives' power to "Go Green" and also shared eco-friendly ideas with the United Nations Rio+20 Team, also in attendance.

On 8 June, 50 staff, including members of the Green Team, as well as United Nations neighbors marked the occasion of the third World Environment Day (WED) at United Nations Federal Credit Union's headquarters in Long Island City, Queens. Speaker Erik Baard, a former UN correspondent, environmental advocate and prolific freelance writer who last year was voted the "Greenest New Yorker," headlined the 90-minute lunchtime event. Baard linked local conservation efforts, notably East River clean-up and a "HarborLab" educational partnership with nearby LaGuardia Community College to global themes from Rio+20, the UN Conference on Sustainable Development which focused on access to clean energy, food security, water and sustainable transportation.

In her role as Green Team Executive Sponsor, Pamela Agnone, senior vice president of Retail Services at UNFCU, underscored the United Nations work on sustainable development. She provided an update on UNFCU's many greening initiatives from new online membership application to holding a Rainforest Conservation seminar with New Jersey-based parrot rescue organization, "A Helping Wing." "Protecting the environment and promoting environmental conservation represent an extension of our service mission," she said.

The celebration also engaged staff via Green Team-led recycling drives, "Spring Greening!" for electronics equipment, clothing accessories to help low income individuals rejoin the workforce; books/DVDs for public libraries and eyeglasses for non-profit New Eyes for the Needy a U.S.-based charity founded in 1932, which has helped more than 7.5 million people globally. Recyclable item drives continued into July with over 50 Recycling (electronics items) and 32 pairs of eyeglasses collected.

We had also conducted a month-long Intranet Staff Digital Photo Contest. The winner's entry, voted for by staff members, creatively depicted the world on his daughter's face. Member also voted for their favorite which was posted to UNFCU's Facebook page www.facebook.com/unfcu on social responsibility. The contest photos reflected the official World Environment Day theme A Green Economy: Does it include you? We received more than 100 votes in total.

At the same time, UNFCU branches in New York and representative offices in Geneva, Vienna, Nairobi and Rome conducted eco-friendly days onsite. Frontline staff, sporting Green Team polo shirts, engaged members by offering greening tips and strategies, such as using online forms, eSign, an on-line electronic signing service that allows members to electronically sign all their loan documentation, and BillPay for U.S. obligations. At its Two UN Plaza Branch in New York City, members viewed fast facts about saving energy, paper and water via digital signage that has continued to inform members, as of this writing.

The eSign service not only underscored a commitment to save paper, but also better serve our members by allowing them to access and sign their loan documentation from anywhere they can access the Intranet. Moreover, our membership, located in more than 200 countries and territories has responded enthusiastically, particularly as other forms of communication such as fax or scanner are often unavailable or unreliable in remote locations. With a simple Internet connection, members are obtaining quick access to their funds in a secure and paper-reducing manner. eSign reduced paper consumption by more than 24,000 sheets of paper in just one year alone.

Additionally as a result of our paperless campaign, we increased the number of eStatements users by 51 percent since 31 August 2011.

"Members are happy to learn about our operational improvements and we enjoy sharing ideas on how to take action to preserve the environment," said Carlos Noriega, Branch Manager, who is also on the Green Team.

More eco-friendly days will be observed in our branches and representative offices, and a second wave of “Green Bags,” donated by UNFCU, will be sold at the Commissary of the UN Gigiri, Nairobi campus later this year, following the success of our earlier effort. Proceeds are earmarked to support the development of a nature trail nearby.

A Fall Green Market “Buy Local, Eat Fresh” at our headquarters, World Wildlife Foundation, WWF, animal adoption staff vote, as well as a comprehensive Loan Servicing Documentation Analysis and series of timely Intranet articles, also proved to be effective ways to spread greening tips and conservation ideas among staff, and in turn, their own communities.

Commitment to Human Rights

We respect the protection of human rights, providing sound working conditions, labor laws/working hours and wages, privacy, health and safety in keeping with the legal requirements of the locations in which we operate: United States, Austria, Italy, Switzerland and Kenya.

We seek to promote human rights through our association with the UN Secretary-General’s Africa UNiTE Campaign to prevent the abuse of women and girls (as noted in our CEO Statement) and the UN Women’s Say NO to Violence Against Women Campaign where our Action Page and social media posts continue to drive the conversation. We have participated in UN briefings on the topic of human rights and through our corporate social responsibility activities, recently engaged interns from The Floating Hospital and the Global Youth Connect Program on human rights. Our sponsorship of youth from five countries (Bolivia, Ghana, Algeria, India and Pakistan) to attend the 2012 Model UN Workshop in New York on 27-29 August, also helped promote these ideals, particularly in the area of human rights education. Together with the UN Department of Social and Economic Affairs, we also organized a forum on the power of New York cooperatives which encompassed human rights and labor themes. This took place at United Nations headquarters in New York to observe the International Day of Cooperatives on 12 July.

Commitment to Labor

UNFCU is an equal opportunity employer and its workplace policies and practices are free from all types of discrimination, including gender-based discrimination. Moreover, the institution proactively recruits and appoints women to managerial positions. At present, women hold 37 percent of the managerial positions (AVP and up). Women now represent the majority in our Career Development Program, established last year, and for the first time in our 64-year history, women comprise the majority on our 9-member Board of Directors. We will continue to ensure that our corporate culture advances equality and inclusion as an example of our commitment to the Women’s Empowerment Principles to which UNFCU is a signatory. Our participation at the UN Women-UN Global Compact event on the occasion of the International Day for Women enabled us to provide information about our efforts to stakeholders and also obtain best practice ideas which are being integrated into 2013 planning.

To-date, 87 percent of our staff has completed our new, comprehensive service program, “Connect the Best,” specifically completing approximately 3,200 training hours. As “Achieving Success Together” is a core value at UNFCU, employee-driven Sales & Service and President’s Awards, provide opportunities for staff to recognize top achievers and become highly involved in the process. Employees are further empowered via grassroots initiatives, such as the Green Team (whose activities are outlined above). Staff receives formal, ongoing training in the following areas to enhance their learning and development: Product Mastery, Managerial Training, Effective Budgeting and Vendor Management Training. Personal

profile assessments help staff identify their styles with the goal of working at top-effectiveness with others. Additionally, staff receives tuition reimbursement for higher education programs and for United Nations Language classes, offered in six tongues. More than 30 languages are spoken by UNFCU staff, who is as diverse as the members they serve. Technical training, specifically on Payment Systems, as well as Advanced BEST (Bringing Excellence to Service and Teamwork) are additions to our learning and development mix.

Through its Respect in the Workplace and Sexual Harassment training, UNFCU recognizes the rights of all employees to work in an environment free of all types of Harassment, including Sexual Harassment. UNFCU will not tolerate verbal or physical conduct by any manager, employee, volunteer, member or vendor which harasses, discriminates, disrupts, or interferes with another's work performance or which creates an intimidating, offensive or hostile environment.

Offered to all staff and at no cost, our Employee Assistance Program, EAP, continued to reflect UNFCU's strong commitment to respect rights to confidential counseling service designed to assist employees and their families. We also support access to child care and/or adult /elder care by providing a retained resource, with information about the service offered to both men and women. Offering flexible work options represents a 2013 goal, which is being realized to promote work-life balance.

In January 2012, we introduced an employee Wellness Program to provide incentives for leading healthier lifestyles (exercise, eating well and obtaining regular medical exams and health screenings.) Benchmarks on participation, including a points system, are generating rewards for engaging in healthy behaviors. To-date more than 58 percent of UNFCU staff participates; gym membership is up approximately 10 percent, as a result. A new Wellness website accompanied the rollout; articles on fitness, nutrition and tips are posted regularly to the Benefits section of our website.

In addition to tuition reimbursement, UNFCU's benefits package includes Flexible Spending Accounts, Defined Benefit Pension Plan, and a 401(k) retirement plan with an employee match; staff participation is above the national average.

To share their breadth of knowledge with their peers in the field, our senior Human Resources managers have been asked to speak at conferences, including those organized by the Human Resources Institute. The sharing of cooperative ideas with partners Confédération Internationale Des Banques Populaire, the ICA, Desjardins Group (Mouvement des Caisses Desjardins) and other thought-leader associations will continue well beyond the celebratory UN-declared International Year of Cooperatives, which has served as a focal event for staff to engage our global community on the benefits of UNFCU's cooperative business model.

Commitment to Anti-corruption

As a financial cooperative with fiduciary responsibility, UNFCU supports the UN Global Compact's principle to work against corruption in all its forms, including extortion, bribery and fraud. As the first financial institution in the United States to introduce a chip and PIN card, offering greater security for credit card transactions, we achieved a 30 percent reduction in fraud. This provides a distinct benefit for members who travel frequently and often visit high-fraud regions.

Understanding UNFCU's Code of Ethics (the "Code") developed in 2006, remains an important component of staff training for every employee upon joining the institution. As a new development, ongoing education on Ethics Policy will soon be available online.

It is the policy of the Board of Directors (Board) of the United Nations Federal Credit Union (UNFCU) that all UNFCU officials and employees meet and fulfill the requirements and spirit of the law to ensure that UNFCU takes all necessary and appropriate steps to prevent financial crimes of all types, including money laundering, terrorist financing and other illicit financial transactions, and that UNFCU fully complies with all record-keeping and reporting requirements set out in the above referenced laws, rules and regulations.

Since last August, our Compliance Department has continued to meet ongoing regulatory changes in the financial industry and the growth of our membership, by adding an additional staff member and improving our systems. Compliance officers exchange knowledge and ideas through various contact networks: Association of Certified Fraud Examiners; Anti-Money Laundering, Audit, Compliance and Fraud Forum, FCPA- Anti-Corruption Compliance Group and the Financial Crime Alert. UNFCU continues to work closely with the Office of Foreign Assets Control (OFAC) a division of the U.S. Government, and our regulators. Additionally, Bank Secrecy Act and fraud training as well as our Fraud Investigative Team help ensure that the Credit Union meets all requirements in a continually evolving, highly-regulated industry.

As an organization with a conservative, cooperative business model and a track record of safety and soundness, UNFCU continues to anticipate and manage risk. Internally, UNFCU established a Risk Management Committee with representation from Information Technology, Consumer Lending, Corporate Investment, Finance, Global Payments, Compliance and Human Resources, as well as the Legal Department. The Committee meets regularly, providing opinions and perspectives based on their area of expertise, to address emerging risks at UNFCU, keeping Management informed. Risk Management Reporting also underscores the Credit Union's strong efforts to monitor, track, and continually improve upon Risk Management.

Existing risk models are being used to calculate any additional risk scenarios, providing a framework for Risk Management procedure. The institution also undergoes regular examiner reviews from the National Credit Union Administration, (NCUA) its regulator. Our Enterprise Risk Management area and Financial Modeling Team works together on modeling approaches. They continue to stay abreast of developments through ongoing dialogue with other institutions, participation in risk webinars/and risk management publications.

From a member perspective and to mitigate personal risk, we recently introduced a term life insurance program – the first of its kind - offering much needed life insurance coverage for members on humanitarian aid missions and in war-torn regions. Our credit union subsidiaries in Europe have continued to work with the Principles for Responsible Investment (PRI) and have brought social responsibility/fund options to the fore at Financial Fairs for the UN community in Vienna, Austria – this within the context of diversifying investment portfolios and reducing overall risk.

United Nations Millennium Development Goals (Commitment to Partnerships)

UNFCU/Kilimanjaro Initiative

In 2012, we focused our corporate social responsibility platform, a Board mandate, on two UN MDGs, women's empowerment and sustainable development. We partnered with UN Women, NGO Kilimanjaro Initiative to raise awareness through a variety of communications channels and our "Action Page" for the UN Secretary-General's Africa UNiTE Campaign to End Violence Against Women and Girls. Some 70 climbers led by Timothy Challen, KI founder and UNFCU staff member ascended Mount Kilimanjaro as a symbol of overcoming life's obstacles. UNFCU sponsored youth from Kibera, a Kenyan slum, to take

part in a Leadership Training Program in advance of the climb. While the climb's goal was to create positive social change, it was also to enable these young people to become leaders in their communities, having undertaken a difficult and challenging ascent – a metaphor for overcoming life's adversities.

As outlined in our *CEO Statement of Continued Support*, the impact of the collaboration with UN agencies, African Governments, human rights activists and youth produced not only pledges from 34 African countries to stop abuse, but also concrete policy in several countries: the Government of Tanzania pledged to renew and reform laws (such as the Marriage and Inheritance Act), and take practical measures to improve access to justice, namely setting up gender desks in distinct police stations and referral hospitals, and dedicating resources for gender-sensitive judicial and security sector reform. The Kenyan Government reaffirmed its commitment to passing the Family Protection Bill and other legislation to end impunity, and to make justice accessible for women by providing free legal and specialized services. Representatives of the Government of Ghana committed to research the prevalence and patterns of violence against women since the passing of its domestic violence law in 2007; and to provide shelters for survivors of violence in all regions. The Namibian Government pledged to improve legislation and policies, and to improve the collection and use of forensic evidence to prosecute perpetrators of gender-based violence.

UNFCU's Green Team sponsored a stairwell climb to the rooftop of its headquarters in Long Island City, NY. There, 124 UNFCU and UN staff members located in the building climbed 45,260 steps (more than double their goal to equal the height of the mountain at 20,000 feet. From the rooftop, they shouted in unison, "Say Not to Violence Against Women and Girls!"

Through our funding initiative and collaboration with New York-based NGO Project for Public Spaces, Inc., (PPS) a manual with compelling case studies, "Placemaking, Public Space and Quality of Urban Life: A Handbook for Mayors," was published. The handbook will enable thousands of attendees at the forthcoming World Urban Form in Naples, Italy to learn about placemaking and how to create greener, public spaces in their own cities.

Philanthropic Work (Women's Partnerships)

Further to UNFCU's sense of social mission, we continued to partner with many different organizations, stateside and abroad, which focus on gender equality/women's empowerment. Contributions were made to the Business Council for Peace, BPeace, a dynamic, NYC-based volunteer organization, which mentors and funds women entrepreneurs in El Salvador, Rwanda and Afghanistan. Our donations last year specifically helped the first El Salvadorian "Fast Runner," jumpstart her growing fruit drink business. Our board contributions to Women in Need International (WIN) enabled the organization to successfully complete its Eri-Silk Project in the Philippines, which has trained women to spin, knit, weave and market their products in the United States and Japan. During a UN duty station trip in Ethiopia, we visited a UN Women safe house and soon thereafter funded the purchase of a much needed source of transportation for the young women and girls at the safe house. Wanting to make a difference in the lives of the less fortunate, particularly women and children, our Board provided contributions to The Floating Hospital, our Long Island City, NY neighbor, providing a healthcare safety-net for New York City's most fragile families.

Element 3: Measurement of Outcomes

- Energy Consumption – updates on energy, water and gas usage are monitored monthly and provided to UNFCU Real Estate & Facilities Management Team. Our goal is to continually

reduce energy consumption and costs over the next five years. UNFCU will remain *au courant* on the latest standards and once again seek to achieve U.S. Energy Star certification next year.

- Vendor Management Report – data on CSR involvement/greening, requested for the first time, will be assessed in all Requests for Proposal and renewals of third party vendor contracts. Our objective is to work with a majority of partners that take CSR seriously and begin a dialogue with committed partners.
- Green Team – development and adoption of a formal Environmental Policy will enable UNFCU to best monitor and maintain its internal commitments and provide a clear vision for the future. We will continue to inform our stakeholders about eco-friendly tips and strategy by conducting special events at our branches and representative offices in observance of World Habitat, World Food and World Mountain Day in 2012 and look forward to raising awareness for Water Cooperation in the forthcoming UN-declared International Year on this theme.
- Environmental Preservation - event participation and the number of members who enroll in online services will continue to be tracked and assessed. Goal is to obtain continued strong increases in eStatements (online statement) users over the course of the next year and develop additional online forms. Attend events and drive the dialogue with other green companies/thought-leaders so as to make ongoing improvements to greening practices and policies.
- Member Outreach: leverage social media via stories/surveys to promote engagement on greening; track results weekly.
- Women's Empowerment Principles – participate in UN Women-UN Global Compact events to continue to share ideas. Develop a formal policy, including benchmarks that quantify inclusion of women at all levels. Launch a series of Women's Financial Empowerment seminars for the UN community in New York, beginning on 26 September. This activity also underscores our commitment to education, information and training – all primary cooperative core values.
- UNFCU will participate in additional UN Global Compact Network events globally. Our goal is to engage more than half of our representative offices (located in four countries – Italy, Kenya, Switzerland and Austria) in UN Global Compact activities.

Element 4: Energy Consumption and cost reduction charts for UNFCU Headquarters Court Square Place are attached in PDF format.