

A description of the Vancity Group's accountability reporting process

The evolution of accountability reporting at the Vancity Group (1992-2005)

How it all started

The Vancity Group first started reporting on its social and environmental performance in 1992 when we included a special section on staff, community and ecological responsibility in our Annual Report. By 1995, this had expanded to a comprehensive social report section, including quantitative measures in areas such as affordable housing, community economic development, staff well-being and the environment.

In November 1995, Vancity's Board of Directors approved the adoption of a more rigorous social audit with stakeholder involvement as part of an overall Corporate Social Responsibility (CSR) strategy. We decided on a stakeholder-based model for social auditing as we felt this best reflected our democratic structure and credit union values.

We worked with New Economics Ltd (UK) to develop a social audit process aligned with emerging accountability standards, now known as AA1000. We decided to move forward with an externally verified and publicly released report, and hired New Economics as our external auditor. To build local capacity, we engaged Susan Todd from Solstice Consulting¹ to be a member of the external audit team. Susan was trained in social auditing by New Economics in the UK and on the job at Vancity.

The early years

Our first report - the 1997 Social Report - was organized by stakeholder group, and indicators were developed based on (a) key issues/areas of importance identified by stakeholders, (b) our social and environmental policies and commitments, and (c) best practices. As an endorser of the Ceres² principles since 1993, we also ensured this report met Ceres reporting requirements.

In our second report – the 1998-99 Accountability Report - we piloted the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, reporting on the GRI indicators relevant to us as a financial institution. We also voluntarily included the Public Accountability Statement reporting requirements proposed by the Canadian federal government to describe contributions to the Canadian economy and society. These reporting requirements now apply to all federally regulated financial institutions with equity in excess of \$1 billion.

An evolving process

In 2000, we created a Statement of Values and Commitments in consultation with key stakeholders – members, staff and communities. The statement sets out our mission, core purpose and core values. It includes six commitments to support us to live our purpose and values in how we do business. The final commitment is to “be accountable for living up to our commitments” by making continuous and measurable progress, involving our members, staff and communities in measuring our performance, and reporting the findings in a public, externally verified report.

¹ Now Solstice Sustainability Works

² Coalition for Environmentally Responsible Economies (ceres.org)

Since 2001, our Statement of Values and Commitments has provided the framework for our accountability reports. Our reports continued to include GRI indicators where applicable and relevant, and to meet the Public Accountability Statement and Ceres reporting requirements.

Since 2003, our accountability reports have been prepared “in accordance” with the GRI 2002 Sustainability Reporting Guidelines.

Citizens Bank of Canada

Like Vancity, Citizens Bank of Canada began to produce separate reports on its social and environmental performance in 1997. Its 1999 and 2001 reports were an account of the bank’s compliance with its Ethical Policy. Its 2003 Accountability Report was broader in scope, and included information related to workplace, marketplace, community and environment. Since 1999, these reports have been externally verified by an independent third party.

Consolidated reporting across the Vancity Group

As the parent company, Vancity’s accountability reports have always included limited information on our subsidiaries or affiliates, including Citizens Bank. In 2004, we decided to consolidate Vancity’s and Citizens Bank’s separate accountability reports to provide a more holistic view of the Vancity Group’s performance. Our most recent report – the 2004-05 Accountability Report – includes the results of a full audit of both Vancity and Citizens Bank of Canada.

See pages 5-8 for a timeline of key milestones and decisions related to accountability reporting at both Vancity and Citizens Bank.

A detailed description of the Vancity Group's current accountability reporting process

Identify issues and review indicators

Each cycle, we review and refine our performance indicators. Our current set of indicators is aligned to our values and commitments and the Global Reporting Initiative's 2002 Sustainability Reporting Guidelines. It also takes into account best practices, other relevant reporting standards, and input from our members, management, employees and community representatives.

To identify the material issues we need to report on, we consult with our key stakeholder groups to find out what issues are most important to them. (We define our key stakeholders as our members, employees, and community representatives). We also work with our external auditor to further identify material issues through an extensive document review. Documents reviewed include Board Committee minutes, member complaints, member correspondence, and press releases. Our auditors also interview management and employees.

The final set of performance indicators and issues is reviewed and approved by Vancity's Community Leadership Committee, and Vancity's and Citizens Bank's Boards. This formal review occurs in the absence of any data.

Monitor and measure performance

Once we've reached agreement on a set of performance indicators, we work with the relevant business areas to establish appropriate accounting systems to collect the required data. We try to utilize existing accounting systems as much as possible. For example, we will add questions to existing surveys and fields to existing databases rather than develop new systems. We obtain a lot of data through stakeholder consultations such as surveys and focus groups. We also collect data from databases, spreadsheets, internal and external reports etc.

We research and collect benchmark data so we are able to compare our performance to other Canadian credit unions, financial institutions or companies as much as possible.

Integrate into annual business planning process and set future targets and action plans

When we've collected all the data and information for inclusion in the report, we identify areas of low or declining performance. We call these areas key findings. We bring these key findings to the attention of senior management and ask them to respond. Management might identify current business initiatives that address the finding, or establish a future target or action plan, or simply state that this area is not a priority right now. In this way, key findings influence decision making across the Vancity Group.

Any target or action plan set to improve performance is published in our accountability report. Progress against these targets and action plans is tracked quarterly through internal reports to our Audit Committee and Community Leadership Committee.

It is our Boards' responsibility to approve management's final responses to the key findings.

Integrate into executive performance plans

Each target or action plan has a named executive accountable for its achievement. This information, along with a timeline for completion, is included in our accountability report. All targets and action plans are integrated into business plans and executive performance plans to ensure they are adequately resourced and remain “top of mind”.

Prepare and externally verify report

Management writes the accountability report. This process is led by our Sustainability Group, who is responsible for coordinating input from management across the Vancity Group, as well as incorporating feedback from the external social auditor. The report is externally verified to ensure it is reasonable, balanced and reliable. Our external verification process is guided by the AA1000 Assurance Standard.

Once the Vancity's and Citizens Bank's Boards have signed off on the report, our Corporate Communications team take over and handle the report's design, editing and production. Our auditor signs off on the very last draft, just before the report goes to print.

Communicate report and obtain stakeholder feedback

Communication of our accountability report is led by our Corporate Communications team. Our report is available in print, with additional information on our website. We use a variety of tools and channels to communicate our report to employees, members, and the broader community. We produce a summary brochure tailored for Vancity and Citizens Bank members. This brochure is mailed to all of our personal members along with their monthly statement. In addition we include articles in our member newsletters and on our website.

To communicate the report to our employees, we post messages on our intranets and give face-to-face presentations. In addition we produce a press release and coordinate a mail-out of the report to key organizations and individuals.

Once the report has been out for a while, we proactively seek feedback through online tools and organized focus groups. This feedback is used to improve our next report.

Timeline of key milestones and decisions: Vancity

- 1992** • *Vancity starts to report on social and environmental performance with a special section in the Annual Report on contributions to staff, community and ecological responsibility*
- 1995** • *The Annual Report includes a comprehensive Social Report section, including quantitative measures in areas such as affordable housing, community economic development, staff well-being and the environment*
 - *The Board approves adoption of a rigorous **social audit** with stakeholder involvement as part of an overall CSR strategy. It is felt that a **stakeholder model** best reflects Vancity's democratic structure and credit union values*
- 1996** • *Vancity publicly commits to conduct a social audit in 1997 and to publish the results in an **externally verified** social report*
 - *Simon Zadek of the New Economics Foundation (UK) is engaged as external advisor to assist with development of a social audit process aligned with **emerging accountability standards - now called AA1000***
- 1997** • *New Economics Ltd (UK) is hired as external auditor*
 - *To build local capacity, Vancity hires Susan Todd (of Solstice Consulting³) to be the local member of the external audit team. Susan is trained by New Economics Foundation (UK) and on the job at Vancity*
- 1998** • *Vancity's first externally verified **1997 Social Report** is released*
 - *Vancity organizes and hosts the third international (and first North American) conference on social auditing*
- 1999** • *The decision is made to move to a **two year reporting cycle** and to adopt the **AA1000 framework for social auditing and reporting***
 - *Vancity is one of a handful of companies to **pilot the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines** in their report*
 - *Solstice Consulting is appointed as external auditor for the second report*
- 2000** • *The externally verified **1998-99 Social Report** is released*
 - *The report includes **GRI indicators** relevant to Vancity as a financial institution and voluntarily includes **Canadian Public Accountability Statement** indicators required of federally regulated financial institutions with equity in excess of \$1billion*
 - *The Board approves Vancity's **Statement of Values and Commitments***
- 2001** • *Performance measures and framework for the third report are aligned to Vancity's Statement of Values and Commitments*

³ Now Solstice Sustainability Works

- 2001 cont.**

 - *The name of the Social Report is changed to **Accountability Report** to reflect Vancity's commitment to be accountable for living up to the commitments in the Statement of Values and Commitments*
 - *Solstice Consulting is reappointed as external auditor*
 - *A 2001 benchmark survey by Stratos (Stepping Forward) ranks Vancity's 1998-1999 Social Report **6th out of 35** leading and emerging Canadian reporters*

- 2002**

 - *The externally verified **2000-01 Accountability Report** is released*
 - *The report includes **GRI indicators** relevant to Vancity as a financial institution and voluntarily includes **Canadian Public Accountability Statement** indicators*
 - *The Board approves Vancity's **Baseline Ethical Policy** to guide all business relationships with organizations (nonprofit, cooperative, for profit)*

- 2003**

 - ***The Social Audit Committee** becomes an official standing committee of the Board with Board and Executive (non voting) members and formal **Terms of Reference***
 - ***InterPraxis** is appointed as external auditor following a formal selection process, and uses the AA1000 assurance standard*
 - *A 2003 benchmark survey by Stratos (Building Confidence) ranks Vancity's 2000-01 Accountability Report **2nd out of 35** leading and emerging Canadian reporters and **5th when compared to the best in the world***
 - *An unofficial assessment by SustainAbility of the 2000-01 Accountability Report ranks it **14th out of 50** leading global reporters in 2002*

- 2004**

 - *Vancity's externally verified **2002-03 Accountability Report** is released*
 - *The report is "in accordance" with the **GRI 2002 Sustainability Reporting Guidelines** and includes a section on the application of the Baseline Ethical Policy to business members, suppliers, and partners.*
 - *Vancity becomes a **GRI Organizational Stakeholder***

- 2005**

 - *InterPraxis is reappointed as external auditor by **Vancity members at the AGM***
 - *The **2002-03 Accountability Report** receives a **Commendation for Sustainability Reporting** from the Ceres-ACCA North American Awards for Sustainability Reporting*
 - *A 2005 benchmark survey by **Stratos** (Gaining Momentum) ranks Vancity's **2002-03 Accountability Report 1st out of 35** Canadian reports*

- 2006**

 - *Vancity's Baseline Ethical Policy and Citizens Bank's Ethical Policy are replaced with **one Ethical Policy applicable to the entire Vancity Group***
 - *The Vancity Group's externally verified **2004-05 Accountability Report** is released. It includes the results of a full audit of Vancity and Citizens Bank*

**2006
cont.**

- Vancity's **Community Leadership Committee** is formed. This Board Committee has broader responsibilities than the Social Audit Committee, including overseeing the accountability reporting process and Ethical Policy
- An official assessment by SustainAbility of the **2002-03 Accountability Report** ranks it **39th out of 50** leading global reporters (SustainAbility, UNEP FI, and Standard & Poor's 2006 Survey of Corporate Sustainability Reporting – Tomorrow's Value). The Vancity Group is the **only North American financial institution to make it into the top 50**

Timeline of key milestones and decisions: Citizens Bank of Canada

1997

- Citizens Bank of Canada is established
- Ann Svendsen of CoreRelations Consulting is engaged to conduct the Bank's **first base-level social review** using Canadian Business for Social Responsibility's 1997 Guidelines for Corporate Social Performance

1998

- Citizens Bank of Canada's **Corporate Responsibility Report 1997** is released
- The **Ethical Policy** is developed to provide a framework for social and environmental responsibility in managing the Bank's external relationships and internal operations

1999

- The Ethical Policy becomes effective and a phased-in implementation is begun
- Decisions are made to report on every second year's performance, adopt the Ethical Policy as the basis of the report, and to draw on the **AA1000 framework for social auditing and reporting**
- Susan Todd of Solstice Consulting is appointed as external auditor

2000

- Citizens Bank of Canada's first externally verified **Ethical Policy Compliance Report 1999** is released, it includes future commitments for action to be reported on in the 2001 report
- The Ethical Policy is revised slightly

2002

- Solstice Consulting is reappointed as external auditor

2003

- Citizens Bank of Canada's second externally verified **Ethical Policy Compliance Report 2001** is released
- The name of the report is changed to **Accountability Report** and it is expanded to include social, environmental and economic performance to reflect the Bank's comprehensive vision of corporate social responsibility beyond the Ethical Policy
- Solstice Consulting is reappointed as external auditor and uses the **AA1000 assurance standard**

- 2004**

 - *Citizens Bank of Canada's first externally verified **Accountability Report 2003** is released in electronic formats only (PDF and HTML)*
 - *Citizens Bank becomes a **GRI Organizational Stakeholder***
 - *As a private company, the Bank produces no annual report; this is the first time financial results are made public in a report*
 - *The report includes **Global Reporting Initiative (GRI) sustainability reporting indicators** where relevant and voluntarily includes **Canadian Public Accountability Statement** indicators required of federally regulated financial institutions with equity in excess of \$1 billion*

- 2005**

 - *Citizens Bank's Ethical Policy is revised to better align with Vancity's Baseline Ethical Policy*
 - *The decision is made to report on Citizens Bank's performance in Vancity's **2004-2005 Accountability Report** instead of in a separate report*

- 2006**

 - *Vancity's Baseline Ethical Policy and Citizens Bank's Ethical Policy are replaced with **one Ethical Policy applicable to the entire Vancity Group***
 - *The Vancity Group's externally verified **2004-05 Accountability Report** is released. This report includes the results of a full audit of Vancity and Citizens Bank of Canada*
 - *An official assessment by SustainAbility of the **2002-03 Accountability Report** ranks it **39th out of 50** leading global reporters (SustainAbility, UNEP FI, and Standard & Poor's 2006 Survey of Corporate Sustainability Reporting – Tomorrow's Value). The Vancity Group is the **only North American financial institution to make it into the top 50***