

2010 Annual Report
Materiality and
stakeholder engagement

Vancity

Materiality and Stakeholder Engagement

Materiality Process

A materiality determination process involves identifying aspects of our performance and determining their materiality (i.e., the importance and relevance of an issue) to stakeholders and Vancity. We use this information to help us prioritize what we manage and what we include in our annual reports. Determining materiality is not a science, and issues and stakeholder interests evolve. Our materiality process guides, but does not dictate, what we manage and report.

Each year we identify our material issues, prioritize them and, based on this, review and refine our performance indicators and report content. We conduct an in-depth materiality process once every two or three years. The last in-depth process was our 2009 stakeholder mapping and materiality process. For details see vancity.com/accountability09/materiality.

For Vancity's 2010 Annual Report we conducted a much-simpler review to confirm our issues and indicators, updating them where needed. To inform the content of this report, we used the results of our 2009 materiality process, cross-checked against a list of significant events and issues in 2010, including issues raised by stakeholders.

The material issues list maintained by the Accountability Reporting team in Finance is based on AccountAbility's AA1000 five-part materiality test:

1. Direct short-term financial performance
2. Our ability to deliver on strategy and policies
3. Best-practice norms exhibited by peers
4. Stakeholder behaviour and concerns
5. Societal norms, particularly where linked to possible future regulation

It includes topics raised in staff communications and internal reports, media reports, peer sustainability reports, etc. We also considered:

- Stakeholder feedback on the 2009 report (primarily from member focus groups, employees, plus Ceres – who has run our stakeholder panels)
- Quarterly updates on 2010 targets and commitments
- Areas/issues for follow-up, that were raised in the 2008-2009 Accountability Report
- Three-Year plans, divisional plans
- Information provided at the quarterly managers' performance updates

We solicited feedback on our 2008-2009 Accountability Report. In focus groups, members told us they supported the idea of integrating Vancity's Accountability and Annual reports. Overall, most felt the report covered all significant events and issues. They were most interested in:

- Information directly relating to members (service satisfaction, products and services, especially those with a social or environmental impact, and survey results)
- Financial performance data (profitability, investment of assets)
- How members' money is being used
- Community and environmental investment
- Executive leadership and employee relations
- Progress against targets and commitments

We also asked employees for feedback. Overall, employees thought the report covered the right issues. They also wanted to see more on progress against targets and commitments.

Based on this feedback, we simplified the language and structure of the Business Review, included more information on how Vancity uses and invests members' money, and included the detailed progress report on targets and commitments in the report, rather than as a separate document available online.

We plan to revise our process for identifying and prioritizing emerging strategic risks and opportunities, including stakeholder engagement, to inform strategy development, annual planning and reporting.

Stakeholder Engagement

Ways we engage with key stakeholders	Priorities (identified in 2009 materiality process):	Our responses (in 2010 Annual Report)
Members		
<p>Research: We conduct annual personal and business member loyalty studies and weekly Member Experience Tracking Surveys on recent transactions. We use an online member panel ("my2cents") and focus groups to obtain member feedback on a variety of topics.</p> <p>One on one: Through our branches, by phone, in writing, and online our employees are available to listen and respond to members.</p> <p>Cooperative governance: Members can run in and vote in Board Director elections, and attend and make resolutions at the Annual General Meeting.</p>	Top six issues	
	1. Privacy of member information	p. 41 and 69
	2. Vancity's financial performance	p. 16, 17, 22, 55 and Complete consolidated financial statements
	3. Financial crime and fraud	p. 40-41; internal fraud p. 67; robberies p. 72
	4. Managing key financial risks	p. 33-34, 52-53 and Notes 5 and 19 to the Complete consolidated financial statements
	5. (tie) Community investment and donations	Community investment lending p. 19, 23, 27-28 and 57; Economic Recovery Fund p. 29-30; Shared Success and grants 48-49
	5. (tie) Financial literacy (to help people build financial skills and learn about money management)	p. 40 and 76
Employees		
<p>Research: We conduct an annual employee engagement survey and hold follow-up focus groups and discussions within divisions and departments to better understand results and prioritize actions to improve performance.</p>	Top six issues:	
	1. Employee compensation and benefits	p. 23, 41, 43, 55 and 56; living wage p. 22, 45, and 56; salary comparisons p. 67, 71 and 78-79

Ways we engage with key stakeholders	Priorities (identified in 2009 materiality process):	Our responses (in 2010 Annual Report)
<p>Other internal engagement: We use a variety of ways to engage with employees such as our intranet, manager/divisional/team meetings, online surveys, focus groups and information cascaded down from senior managers and questions fed back up to senior management.</p> <p>One-on-one: Managers are encouraged to meet regularly with their direct reports, and also their direct reports' direct reports. As part of our performance management program, employees and managers meet every quarter to review goals.</p>	2. Employee engagement and satisfaction	p. 16, 19, 23, 25, 42-43, 56, 70 and 72
	3. (tie) Financial performance	p. 16, 17, 22, 55 and Complete consolidated financial statements
	3. (tie) Employee health, safety and well-being	p. 72
	5. Employment creation (or reduction) and layoff practices	p. 70
	6. Member service or experience	p. 17, 19, 22, 25, 38-39, 56 and 68
Community		
<p>Research: We survey and hold focus groups with community groups on an ad-hoc basis.</p> <p>Partnerships: We have longstanding partnerships with many community groups.</p> <p>One-on-one: We meet regularly with community groups. As well we provide grants and sponsorships to not-for-profits and community groups. We regularly participate in community events. Many Vancity employees sit on the Boards of community groups, or are involved in working groups.</p>	Top five issues (tied):	
	Member service or experience	p. 17, 19, 22, 25, 38-39, 56 and 68
	Social finance (seeking business opportunities that have social and environmental, as well as financial, benefits)	Community investment p. 19, 23, 28 and 57
	Products and services with social and environmental benefits	p. 35 and 74-76; socially responsible investing p. 22, 37 and 56
	Managing social and environmental impacts of business lending and business relationships	Ethical Policy p. 18, 24, 45 and 73; enterprise risk management p. 52; measuring impact p. 23, 28 and 57
	Socially and environmentally responsible real estate	p. 6, 28, 32, 60, 73, 74 and 75
Regulators		
<p>One-on-one: We meet and correspond regularly with our regulators. We formally report to them on our performance and respond to their questions.</p>	<p>There were 17 issues tied for first in the 2009 materiality survey. In 2011 employees in Vancity's regulatory reporting department confirmed these remain regulators' key issues. These were related to:</p>	

Ways we engage with key stakeholders	Priorities (identified in 2009 materiality process):	Our responses (in 2010 Annual Report)
	financial performance	p. 16, 17, 22, 55, 64 and Complete consolidated financial statements
	risk management	p. 18, 33-34, 52, 64 and Notes 5 and 19 to the Complete consolidated financial statements
	strategy	p. 18-19
	governance	p. 51-55
	compliance	p. 67
	crime	p. 40-41, internal fraud p. 67, robberies p. 72
	privacy	p. 41 and 69
	service experience and access	Service p. 17, 19, 22, 25, 38-39, 56 and 68; access p. 29, 35, 40 and 74
	impacts on community	Throughout report; measuring impact p. 23, 28 and 57
supply chain management	p. 18, 45 and 67	

Ways we engage with our other stakeholders
<p>Board of Directors: The Board and Board Committees meet regularly with management. Management also engages with the Board through the election process and at community events.</p>
<p>Suppliers and Business Partners: We engage with suppliers through the “Request for proposal” process, which includes social and environmental criteria. We occasionally need to engage with suppliers around Ethical Policy issues. Our supplier relationship managers have meetings as needed to discuss contractual obligations and delivery.</p>
<p>Public interest groups: We fund and/or work together on public advocacy initiatives. We monitor and respond to specific issues as they are raised.</p>
<p>Competitors and peers: We work with peers on issues of common interest through industry and other working groups and committees, including Central 1.</p>
<p>Media : Our corporate communications team responds daily to media enquiries and requests for our views on various issues.</p>