



2010  
Complete consolidated  
accountability  
statements of Vancity

**Vancity**

Vancity is dedicated to supporting the work of social enterprises like **Street Youth Job Action**.

Street Youth Job Action (SYJA) supports homeless youth in Vancouver through employment and tough love. Workers must show up on time, well-rested and drug-free to join a street clean-up crew. They must show pride in their work and a good work ethic to get paid.

The long-term impact of the program is that all SYJA graduates have moved on to mainstream lives. In the words of one graduate, "SYJA really made a huge difference in my life. Having them on my resume allowed me to get off welfare. They gave me much more than a paycheck. I got more confidence in myself since they trusted me. Also I learned that responsibilities are not necessarily a bad thing."

## ERNST & YOUNG LLP'S INDEPENDENT ASSURANCE STATEMENT

To the Members

### Our Responsibilities

Our assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and in accordance with the requirements of a Type 2 assurance engagement under *AccountAbility's AA1000 Assurance Standard (2008)* ("AA1000AS (2008)").

### Scope of our Engagement

We have carried out a 'reasonable' assurance engagement<sup>1</sup> over Vancouver City Savings Credit Union and its subsidiaries' ("Vancity's") adherence to AA1000 Principles and a limited assurance engagement over certain specified performance information appearing in Vancity's 2010 Annual Report (the "Report") for the period January 1, 2010 to December 31, 2010 prepared by Vancity management. The scope of our engagement, as agreed with management, is as follows:

- ▶ Subject Matter 1: to obtain a reasonable level of assurance that Vancity has implemented processes and disclosures that adhere with AccountAbility's AA1000 Principles Standard (2008) ("AA1000APS (2008)") principles of Inclusivity, Materiality and Responsiveness and to express an opinion thereon;
- ▶ Subject Matter 2: to obtain a limited level of assurance on the fair presentation of the following specified performance information presented in the Key Performance Indicator Table and within the summarized and complete accountability Statements:
  - Overall member loyalty score
  - Percentage of branches with an overall service experience score > 8.69 out of 10
  - Employee engagement score
  - Net growth of community investment loan portfolio (together, the "specified performance information"); and
- ▶ Subject Matter 3: to obtain a reasonable level of assurance on the fair presentation of Vancity's 2010 greenhouse gas assertions as presented within the Report including in the summarized and complete accountability statements and to express an opinion thereon.

### Criteria

Vancity has prepared its report in accordance with the AA1000APS (2008) principles of Inclusivity, Materiality and Responsiveness.

The specified performance information has been prepared and reported in accordance with the GRI G3 Guidelines, ISO 14064 – Part 1 or where relevant, internally developed criteria as disclosed and described in the summarized and complete accountability statements of the report.

### Vancity Management's and Directors' Responsibilities

The Report was prepared by the management of Vancity, who is responsible for the collection and presentation of the performance indicators, statements, and claims in the Report, and the criteria used in determining that the information is appropriate for the purpose of

disclosure in the Report. In addition, management is responsible for the identification of stakeholders, determination of material issues and definition of targets and commitments with respect to performance information.

Management is also responsible for maintaining adequate records and internal controls that are designed to support the reporting process.

The Board of Directors is responsible for the integrity of non-financial reporting, and for reviewing and approving the summarized and complete accountability Statements.

There are currently no prescribed requirements relating to the preparation, publication and verification of sustainability reports.

### Work we Performed

In order for us to provide conclusions in relation to the above scope of work, we have sought to answer the following questions for the three selected subject matters:

#### Subject Matter 1 – AA1000 Principles

##### *Inclusivity*

- ▶ Has Vancity applied the approach described in the Report in relation to the Inclusivity principle?
- ▶ Has Vancity undertaken a stakeholder identification process in accordance with AA1000APS (2008) definition and explanation of Inclusivity?

##### *Materiality*

- ▶ Has Vancity applied the approach described in the Materiality section of the Report to identify material issues for inclusion in the Report?
- ▶ From the approach noted above, has Vancity reported the material issues relating to its sustainability performance?
- ▶ Has Vancity undertaken a materiality process in accordance with AA1000APS (2008) definition and explanation of materiality?

##### *Responsiveness*

- ▶ Has Vancity applied the approach described in the Report in relation to the Responsiveness principle to respond to stakeholders' sustainability issues?
- ▶ Has Vancity prioritized and carried out its stakeholders' responses in accordance with AA1000APS (2008) definition and explanation of Responsiveness?

#### Subject Matters 2 and 3 – Specified Performance Information

##### *Completeness*

- ▶ Has Vancity provided fair representation of their specified performance information and greenhouse gas assertions, with respect to the organizational boundaries and time period defined in the Report?
- ▶ Has Vancity accurately collated corporate data relating to the specified performance information and greenhouse gas assertions?

##### *Accuracy*

- ▶ Are the data for the specified performance information and greenhouse gas assertions accurate and sufficiently detailed for stakeholders to assess Vancity's performance?

<sup>1</sup> Readers should note that reasonable and limited assurance in ISAE3000 is consistent with high and moderate levels of assurance, respectively, in AA1000 AS(2008)

## Assurance Procedures

Our assurance procedures at Vancity for concluding on the Subject Matters included, but were not limited to:

- ▶ Interviewing selected personnel, including the Executive Leadership Team, to understand the key sustainability issues related to the application of the AA1000 principles: Materiality, Inclusivity and Responsiveness
- ▶ Undertaking our own materiality assessment including a document review of relevant Vancity and external documentation (e.g. Board Meeting minutes, media review)
- ▶ Observing stakeholder feedback sessions.
- ▶ Interviewing selected personnel responsible for the selected performance information and understanding processes for the collection and reporting of the specified performance information and where relevant, performing walkthroughs of systems and processes for data aggregation and reporting
- ▶ Verifying the accuracy of calculations performed
- ▶ Verifying that data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report
- ▶ Verifying key assumptions and the evidence to support the assumptions
- ▶ Examination, on a test basis, of evidence supporting the information in Vancity's schedules of 2010 greenhouse gas emissions, including the 2009 carbon offsets

## Limitations

Our scope of work did not include providing conclusions in relation to:

- ▶ The completeness or accuracy of information relating to areas other than the subject matters
- ▶ Information reported by Vancity other than in its Report, such as information contained on its website other than the information in the online complete accountability Statements
- ▶ Management's forward-looking statements
- ▶ Any comparisons made by Vancity against historical data
- ▶ The Report being in accordance with all of the requirements of GRI G3 Guidelines, or to a particular application level
- ▶ The appropriateness of definitions for internally developed criteria applied to indicators other than the specified performance information.

## Our Conclusions

Subject to the limitations noted above and on the basis of our procedures for this assurance engagement, we provide the following conclusions:

### Subject Matter 1

#### Inclusivity

- ▶ In our opinion, the information contained in the Report demonstrates that Vancity engages with stakeholders and takes into consideration the information obtained from the stakeholder engagement process in developing an accountable and strategic

response to sustainability in accordance with the AA1000APS Inclusivity principle.

#### Materiality

- ▶ In our opinion, the information contained in the Report focuses on the material sustainability issues most significant to it and its stakeholders in accordance with the AA1000APS Materiality principle.

#### Responsiveness

- ▶ In our opinion, the Report demonstrates responsiveness to stakeholder issues and feedback through description of Vancity's decisions, actions, performance and communication in accordance with the AA1000APS Responsiveness principle.

### Subject Matter 2

#### Completeness and Accuracy

Nothing has come to our attention that causes us to believe that the specified performance information is not, in all material respects, in accordance with the GRI G3 Guidelines or with the criteria internally developed by management.

### Subject Matter 3

In our opinion, the Report presents fairly, in all material respects, the greenhouse gas assertions for the year ended December 31, 2010 in accordance with ISO 14064 - Part 1.

## Observations and Areas for Improvement

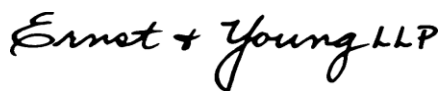
Independent of our assurance opinion outlined in the conclusions above we provide some key observations and areas for improvement. These observations, outlined below, do not affect our conclusions as expressed above:

- ▶ A number of immaterial discrepancies were noted with 2010 GHG data accuracy and completeness. We encourage Vancity to improve GHG procedures and systems.
- ▶ Vancity has begun to develop an integrated stakeholder engagement process. We encourage Vancity to consider including the following as it further refines its process: senior level approval of the stakeholder engagement plan, allocation of resources from across the organization, consideration of conflicting/overlapping stakeholder issues and consistency in communication.

In addition to the observations above we will provide Vancity with an internal management report detailing these and additional observations and recommendations.

## Independence, Competence and Experience

All professional personnel involved in this engagement meet the independence requirements in accordance with the ethical requirements of ISAE 3000 and AA1000AS. Our team has been drawn from our Climate Change and Sustainability Services Practice and has the required competencies and experience to perform this engagement.



Vancouver, Canada  
06 April 2011

## Performance data overview

The performance data was selected based on the results of our materiality process, which determines what areas of our performance are important and relevant to Vancity and its stakeholders. For a description of how we identified our most material issues, and what these issues were in 2010, see [vancity.com/2010annualreport/materiality](http://vancity.com/2010annualreport/materiality) (PDF)

The following principles apply to the data reported:

- Data reported is consolidated for Vancity unless otherwise stated. Vancity refers to Vancouver City Savings Credit Union, including Squamish Savings, Citizens Bank of Canada, Citizens Trust, and all our other subsidiaries—see the organization chart on page 12 of the 2010 Annual Report
- In 2010, we changed the reporting boundary for accountability data. To align with financial reporting, Vancity now excludes the Vancity Community Foundation (the Foundation). Where feasible, we excluded the Foundation from 2010 data, and we will exclude the Foundation from future data. The impact of excluding/including the Foundation's data has been determined not to materially impact 2010 data, for example the Foundation employed 0.6 per cent of employees (14 people) in 2010
- Data reported is for the fiscal year (January to December) with the exception of energy and water data, which is reported from the previous fourth quarter to the current third quarter (e.g., 2010 energy data is reported for the period October 2009 to September 2010). Annual full-time equivalent (FTE) numbers are used to normalize energy and water data
- Four years of data is included, where comparable and available
- If data increased or decreased over time by a material amount from 2009 or if four-year data is trending up or down, we've included an explanation either in these accountability statements or in the business review of the 2010 Annual Report
- A material (or significant) amount is usually either +/- 5 per cent or a statistically significant amount for survey results
- External industry benchmarks are included, where meaningful and available, to provide context for our performance
- We have disclosed in the table notes if data is estimated or based on extrapolation, and have provided details of the estimation of extrapolation
- For relevant indicators, we've followed the indicator protocols contained in the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines, unless otherwise stated
- We're continuously improving our non-financial data tracking and reporting processes. Sometimes this means while data quality improves, we may lose comparability of data over time. In these cases, historical data is either omitted, recalculated (if possible), or included with an appropriate table note, if we think showing the historical data still adds value. Restatements or omissions of data are indicated in the table notes

🔗 Details on the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines: [globalreporting.org](http://globalreporting.org)

## Key to symbols

☑ = 2010 data externally assured by independent sustainability assurance provider.

BM = external benchmark data

🔗 = more information is available online

## **Data management**

Our accountability data was collected using an online data management system (Credit360), which includes data quality controls. Data providers and/or approvers across the organization are responsible for:

- Compiling and entering data into the system
- Checking the data for completeness and accuracy
- Uploading supporting documentation
- Providing explanations if the data varies significantly from the previous year.

If the data provider and approver are the same person, we require a second reviewer, depending on the data source. We offer training on Credit 360 as needed, and at least once annually. The accountability reporting team, within the Finance division, manages data collection and maintains Credit360. The team reviews and analyses the data once it has been uploaded, following up with the data providers and approvers as required. In cases where data is of a confidential nature—for example, employee grievances—the supporting documentation remains with the data provider and more reliance is placed on the data provider to enter accurate and complete data.

## **Key performance data**

2010 data for the following key performance measures were assured to a limited level, with the exception of greenhouse gas emission data which was assured to a reasonable level, by Ernst & Young LLP. We selected these measures to be assured because they are strategic measures with organizational targets and relate to our most important and relevant (i.e. material) issues, where quantifiable. For definitions, see the glossary of terms on page 28.

- Efficiency ratio
- Employee engagement score
- Greenhouse gas emissions
- Net growth in the community investment loan portfolio
- Overall member loyalty score
- Percentage of branches with an overall branch service experience score greater than 8.69

## Financial and economic performance data

See Vancity's 2010 Annual Report for a discussion of our most material issues, including highlights of our financial and economic performance.

↻ See the complete consolidated financial statements and notes for the complete set of financial data and information: [vancity.com/2010annualreport/financialstmts](http://vancity.com/2010annualreport/financialstmts) (PDF)

↻ See the disclosure on management approach for details on our approach to managing our economic impacts, including community distributions and procurement: [vancity.com/2010annualreport/dma](http://vancity.com/2010annualreport/dma) (PDF)

### Financial data

#### Key financial data and key ratios

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Net earnings	\$	77.4	53.8	46.8	32.8
Earnings from operations	\$	126.0	78.6	75.6	50.6
Total consolidated assets	\$	14,468	14,411	14,532	14,107
Member's equity	\$	769.6	697.6	653.0	579.4
Efficiency ratio	#	0.69	0.78	0.76	0.83
Return on average equity	%	10.6	8.0	7.6	5.9
Return on average assets	%	0.54	0.38	0.33	0.25
Capital adequacy ratio*	#	13.98	13.52	12.36	12.17
Core liquidity*	#	10.50	13.31	0.69	(5.52)

Data was pulled from or calculated using data from the consolidated financial statements.

\*New indicators.

### Economic capital

We encounter different types of risks inherent in the normal course of business: credit risk through lending, interest-rate risk through lending and borrowing at different rates, and operational risk in business (fraud, reputation, internal control, etc.). Depending on the shift in the securities market, the value of our members' investments may fluctuate. While we mitigate these risks through prudent decisions, we need to have sufficient capital for unexpected events (i.e. events that are infrequent but severe in nature). Economic capital is the capital that we must hold to cover us against such unexpected events. The goal for economic capital ratio is always at least 1.0.

		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Economic capital ratio	#	1.07	1.14	1.07	1.06

New indicator.

The ratios are not meant to be comparable year over year.

## **Economic value generated and distributed**

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Direct economic value generated</b>					
Revenues	\$	429.9	393.1	459.7	417.8
<b>Economic value distributed</b>					
Operating costs	\$	133.3	142.2	128.5	118.0
Employee wages and benefits	\$	161.1	155.4	183.8	170.5
Payments to providers of capital (members)	\$	18.0	17.9	73.3	75.8
Payments to governments (gross taxes)	\$	27.6	15.5	21.2	17.1
Community donations	\$	12.5	8.3	6.2	3.7
<b>Total economic value distributed</b>	\$	<b>352.5</b>	<b>339.3</b>	<b>412.9</b>	<b>385.0</b>
<b>Economic value retained (net earnings)</b>	\$	<b>77.4</b>	<b>53.8</b>	<b>46.8</b>	<b>32.8</b>

Amounts do not match the consolidated financial statements. In the above table, revenues are before \$5.7 million in interest payments to providers of borrowings and taxes include income taxes, and redistributed property and capital taxes but exclude payroll and sales taxes.

**Shared Success**—see page 48 of the 2010 Annual Report

### **Allocations to members and community**

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total Shared Success allocations to members and the community	\$	23.5	15.2	15.3	8.9
Shared Success as a percentage of net earnings	%	30.3	30.2	32.7	27.0*

New indicator.

Data was pulled from or calculated using data from the consolidated financial statements.

\* The shortfall was caused by earnings restatement and was 'made up' by going over the 30 per cent target in 2008.

**Tax expense**—see page 50 of the 2010 Annual report

Overall, taxes increased as a result of increased earnings taxed at the regular rates and fewer opportunities to capitalize on areas with lower tax rates. In addition, as a credit union we are eligible for a tax rate reduction; this reduction in 2010 was less than in 2009.

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Income taxes	\$	23.5	8.3	11.8	6.1
B.C. Corporation Capital Tax	\$	0.6	3.6	6.4	7.7
Payroll taxes	\$	6.2	7.1	7.1	6.7
Property taxes	\$	3.6	3.6	3.1	2.8
Federal and provincial sales taxes	\$	10.0	8.2	9.4	7.5
<b>Total income and other taxes</b>	\$	<b>43.9</b>	<b>30.7</b>	<b>37.8</b>	<b>30.8</b>

**Community donations**—see page 48 of the 2010 Annual Report

**Allocations to the community, by program**

<i>(thousands of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Vancity's community investment programs (mission-based grants)	\$	8,834	2,774	3,908	1,525
Vancity's community investment programs (responsive grants)	\$	1,620	1,189	815	654
Citizens Bank donations	\$	50	99	75	218
Credit card earnings allocated to Vancity's enviroFund™	\$	637	532	415	333
Vancity annual donation to the Vancity Community Foundation	\$	350	390	287	600
Vancity donation to Greater Victoria merger (Legacy fund)	\$	194	2,460	—	—
Vancity's loan fund project	\$	—	488	170	62
Special projects/other	\$	845	386	490	275
<b>Total community allocations</b>	<b>\$</b>	<b>12,530</b>	<b>8,318</b>	<b>6,160</b>	<b>3,667</b>

Consistent with all items reported on the consolidated statement of operations, community donations were recorded on an accrual basis. Allocations made in the current year will be distributed to the community in the future.

**Community donations as a percentage of profits**

		<b>BM</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Community donations as a percentage of previous three-year pre-tax profits	%	1.0	23.4	16.1	11.6	5.7

Calculated based on data extracted from the complete consolidated financial statements. Consistent with all items reported on the consolidated statement of operations, community donations are recorded on an accrual basis.

Benchmark (BM) data source: one per cent as recommended by the Canadian Centre for Philanthropy through its national Imagine Canada Caring Company program.

**Community responsive grants and strategic grants approved for distribution, by focus area**

		<b>2010**</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Climate change/environment	%	41	37	28	40
Poverty	%	32	34	36	27
Social economy	%	5	21	30	26
Other*	%	22	8	6	7
<b>Total grants approved (millions of dollars)</b>	<b>\$</b>	<b>1.3</b>	<b>3.6</b>	<b>3.9</b>	<b>3.6</b>

New indicator.

\* Includes grants which focus on the local community that our branches operate in and may not be easily categorized within the three pillars, staff community building grants and bursaries.

\*\* Data for 2010 is not directly comparable to previous years because it excludes Strategic grants. Halfway through the year the focus areas for strategic grants (now called mission-based grants) changed to align with our community investment goals. See table below.

## Mission-based grants approved for distribution, by community investment area

In 2010, we began to focus our mission-based grants (formerly known as strategic grants) in areas aligned with our community investment goals.

		2010
Aboriginal	%	1
Accountability	%	< 1
Affordable housing	%	15
Arts and entrepreneurship	%	14
Energy efficiency and environment	%	15
Financial literacy	%	8
Local and organic food	%	15
Microfinance	%	5
Not-for-profit-sector buildings	%	2
Poverty reduction and advocacy	%	1
Social-purpose business	%	8
Social-purpose real estate	%	15
<b>Total grants approved</b> ( <i>millions of dollars</i> )	\$	<b>4.1</b>

New indicator.

Breakdown includes enviroFund grants.

## Employee pension plans

### Defined Benefit Pension Plan

Vancity is a member of the credit union system-wide Defined Benefit Pension Plan that is administered by Central1. The extreme market downturn resulted in a deficit in the Plan. Employer contributions have increased by almost 60 per cent since the Plan was created. Prior to 2010, employee contribution rates had never increased. In 2010, Central1 implemented key changes (affecting future service) to address the shortfall. Employee contributions and normal retirement age were increased, the size of the early retirement subsidy was reduced, and adjustments for inflation moved from automatic indexing to discretionary indexing.

In 2010, employer contributions ranged from 2.65 per cent to 15.50 per cent of eligible employee earnings (salaries). Employee contributions ranged from 2.5 per cent to 9.0 per cent.

For more information on pension and other retirement benefits, see the complete consolidated financial statements at [vancity.com/2010annualreport/financialstmts](http://vancity.com/2010annualreport/financialstmts) (PDF).

		2010	2009	2008	2007
Employee participation rate in Defined Benefit Plan	%	15	16	15	15
Vancity contributions: percentage of eligible employee earnings*	%	10.8	10.2	9.2	9.1
Employee contributions: percentage of eligible employee earnings*	%	7.1	5.5	5.4	5.4

\*We restated data for 2007 to 2009 due to a change in methodology to use only salaries of those employees enrolled in the plan as a base for calculating the percentages (rather than all salaries).

## Group Registered Retirement Savings Plan (RRSP)

The increase in the Group RRSP staff participation rate is a result of our efforts to educate our employees on the benefits of participating in a pension plan. Contributions below are as a percentage of total employee earnings (salaries), as data for contributions as a percentage of eligible employee earnings was not available. In 2010, Vancity contributions ranged from five to eight percent of eligible employee earnings, with optional employee contributions. In 2011, we plan to report contributions as a percentage of eligible employee earnings.

		2010	2009	2008	2007
Employee participation rate in Group RRSP	%	79	70	63	62
Vancity contributions: percentage of total salaries paid to all employees	%	4.6	4.0	4.1	4.0
Employee contributions: percentage of salaries paid by all employees	%	0.4	0.4	0.4	0.4

## Salaries compared to proposed minimum wage

		2010	2009	2008	2007
Average entry-level salary compared to proposed BC minimum wage (\$10/hour)	%	174.5	171.9	171.4	172.4

Entry-level salaries excludes variable pay or profit-sharing.

We have used the proposed minimum wage in British Columbia (\$10 per hour) rather than the current minimum wage of \$8 per hour.

We restated data for 2007 to 2009 due to a change in methodology: we used the average actual entry-level salary rather than the minimum salary rate for the entry-level pay band.

## Local hiring

		2010
Proportion of senior management hired from within the local community	%	67

New indicator.

Senior management for this indicator is defined as vice president positions and above.

We used the residing address at the time of when the individual applied to Vancity to determine whether the applicant was local, which we define as living in British Columbia.

## Suppliers—see page 45 of the business review

Supplier expenses in 2010 increased by 23 per cent from 2009 largely due to the core banking system and business application renewal project, as well as some branch development initiatives.

		2010	2009	2008	2007
<b>Total value of purchases by region</b> <i>(millions of dollars)</i>	\$	<b>99.7</b>	<b>80.9</b>	<b>86.7</b>	<b>91.8</b>
Local	%	80	72	71	73
Rest of BC	%	< 1	< 1	< 1	< 1
Rest of Canada	%	12	18	19	20
USA/other	%	8	10	10	6
<b>Total number of suppliers by geographic area</b>	#	<b>1,237</b>	<b>1,324</b>	<b>1,619</b>	<b>n/a</b>
Locally-based	%	77	75	69	n/a
Rest of BC	%	1	2	2	n/a
Rest of Canada	%	14	17	22	n/a
USA/other	%	8	6	7	n/a

We restated data for 2007 to 2009 due to a refinement in our definition for locally-based: we determine locally-based by using the "remit to" postal code shown on supplier invoice and the following criteria: the supplier has a local representative, a local store and/or local warehouse within the community that our branches operate in.

n/a – no comparable data available.

## Compliance with laws and regulations

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship	Nothing to report between 2007 to 2010
Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	
Monetary value and description of significant fines and non-monetary sanctions for non-compliance with laws and regulations (including environmental and concerning the provision and use of products and services)	
Percentage and total number of business units analyzed for risks related to internal fraud	None

## Internal fraud

### Number of internal fraud incidents investigated

In 2010, the substantiated claims resulted in the resignation of two employees and the termination of three employees.

		2010	2009	2008
Unfounded or inconclusive incidents	#	8	22	20
Substantiated incidents	#	5	6	7
<b>Total number of incidents</b>	<b>#</b>	<b>15</b>	<b>28</b>	<b>27</b>

In 2010, we refined the data collection to include just fraud and theft and not other code of employee conduct related incidents so historic data is not directly comparable.

Internal fraud can include: mismanagement of personal accounts, member account compromise, misrepresentation of facts and theft of cash.

## Member performance data

See our 2010 Annual Report for a discussion of our most material issues, including highlights of member-related performance in 2010.

☞ See the disclosure on management approach for details on our approach to managing our impacts, including mechanisms to collect and respond to feedback, product responsibility, fraud, and privacy: [vancity.com/2010annualreport/dma](http://vancity.com/2010annualreport/dma) (PDF)

## Member service and experience—see page 38 of the 2010 Annual Report

### Member loyalty and satisfaction survey scores

		BM	2010	2009	2008	2007
Personal member loyalty score	%	40-50	43	45	47	47
Business member loyalty score	%	33-38	38	29	40	n/a
<b>Overall member loyalty score</b> <input checked="" type="checkbox"/>	%		<b>43</b>	<b>44</b>	<b>46</b>	<b>n/a</b>
Percentage of members rating Vancity's branch service nine or ten out of ten	%		71	69	69	68
Average (mean) branch service score* <input checked="" type="checkbox"/>	#		8.97	8.89	8.89	8.84
Member service centre customer satisfaction score	%	73	75	77	73	75

Data sources: member loyalty surveys, member experience tracking survey and Member Services Centre quality tracking survey.

Loyalty benchmark (BM) source: Market Probe, North American financial institutions best-in-class personal loyalty score.

Call centre satisfaction score benchmark (BM) source: SQM Group, North American Financial Institutions.

\*Actual key performance indicator is the percentage of branches with an overall service experience score of at least 8.69 out of 10.

**Percentage of members who rate Vancity nine or ten out of ten for ensuring they have a say in Vancity's growth and future direction (when it comes to service)**

		2010	2009	2008	2007
Personal members	%	43	44	42	43
Business members	%	40	n/a	n/a	n/a
<b>All members</b>	<b>%</b>	<b>43</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

Data source: member loyalty surveys.

Percentage of respondents answering "Don't know" for personal members is 10, business members is 13 and for all members is 11.

n/a = data not available.

**Member profile and growth**—see page 37 of the 2010 Annual Report

**Net member growth**

		2010	2009	2008	2007
Personal members	#	2731	6,938	14,367	17,997
Business members	#	103	369	454	1,112
<b>All members</b>	<b>#</b>	<b>2,834</b>	<b>7,307</b>	<b>14,821</b>	<b>19,109</b>

New indicator.

Due to system changes from 2007 to 2009, a straight subtraction from previous member numbers to current member numbers is not possible.

**Number of members**

		2010	2009	2008	2007
<b>Total number of members</b>	<b>#</b>	<b>417,211</b>	<b>414,377</b>	<b>407,120</b>	<b>388,000</b>
Personal member accounts	%	91	91	93	89
Business member accounts	%	8	8	6	9
Not-for-profit member accounts	%	1	1	1	2

The breakdown by account type excludes Squamish Savings members for 2007 and 2008 since data was not available.

In 2010 there were 6,257 not-for-profit accounts.

**Demographic breakdown for personal members**

		2010	2009
Male	%	53	53
Female	%	47	47
Aged 24 and under	%	20	19
Aged 25-44	%	30	30
Aged 45-64	%	34	34
Aged 65 and over	%	15	16

New indicator.

## Number of customers

		2010	2009	2008	2007
<b>Citizens Bank personal customer accounts</b>	#	<b>1,970</b>	<b>18,995</b>	<b>29,520</b>	<b>25,200</b>
<b>Vancity Investment Management (VCIM)</b>	#	<b>518</b>	<b>505</b>	<b>499</b>	<b>505</b>
Personal accounts	%	85	85	85	90
Business accounts	%	11	11	11	6
Not-for-profit accounts	%	47	4	4	4
<b>Vancity Capital Corporation</b>	#	<b>63</b>	<b>75</b>	<b>74</b>	<b>75</b>
Business accounts	%	67	68	68	69
Not-for-profit accounts	%	33	32	32	31

Citizens Bank personal customer accounts will continue to decrease (to zero) as its personal banking operations continue to wind down.

## Update on Citizens Bank

In August 2009, Citizens Bank (“Citizens”) announced it was moving to a new business model, leaving the personal banking marketplace, and focusing its operations on Visa\*\* card and foreign exchange services, see page 30 of our 2008-2009 Accountability Report. In 2009 we decommission Citizens’ ATM network and in 2010, we converted 10,000 of Citizens’ personal loans to TD Canada Trust’s banking system. Citizens serviced these accounts on behalf of TD Canada Trust until the official hand-off, on March 19, 2010. In addition we converted most of Citizens’ co-operative mortgages to Duca credit union in Ontario. TD Canada Trust does not offer this product, and in this way, these customers could still be part of a credit union. One of the ways we helped customers during the transition included waiving pay-out and transfer-out fees. We also offered to transfer line-of-credits into personal loans for those unable to find credit elsewhere.

In 2011, we will stop providing online banking services to Citizens’ customers and will decommission all ATM cards. This will be after the vast majority of products have been transferred out of the Bank. We will convert most of the remaining lines of credit, BC-based loans and mortgages to Vancity’s Tsawwassen branch so customers receive continued service. Remaining customers requiring assistance in transferring accounts to another financial institution will be served by Vancity’s contact centre.

For a complete timeline, see [citizensbank.ca/retail](http://citizensbank.ca/retail)

**Member privacy**—see page 41 of the 2010 Annual Report

## Complaints regarding breaches of privacy and losses of member or customer data

In 2010, we increased privacy training and awareness which we anticipated would create an influx of privacy related complaints. However Vancity experienced fewer privacy issues compared to last year.

		2010	2009	2008	2007
Substantiated privacy complaints	#	6	13	13	8
Unfounded or inconclusive complaints	#	3	9	7	8
<b>Total number of complaints</b>	#	<b>9</b>	<b>22</b>	<b>20</b>	<b>16</b>

Data reflects the number of complaints reported to Vancity’s Privacy Office from a branch, member or customer. Due to improvements in tracking systems in 2009, historical data may not be comparable.

\*\* Visa Inc./Vancity, licensed user.

**Financial planning and advice**—see page 36 of the 2010 Annual Report

**Member and customer sales in socially responsible investment (SRI) options**

The increase in gross and net socially responsible investment sales, as well as the growth in total assets managed or advised on, is attributable to a strategic partnership with IA Clarington, a new sales process incorporating SRI options into the conversation with members, and improved investor confidence.

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>
Gross SRI sales to Vancity members or customers	\$	112.0	66.8
Gross SRI sales as a percentage of overall sales	%	30.6	22.6
Net SRI sales to Vancity members or customers	\$	47.0	22.6
Net SRI sales as a percentage of overall sales	%	31.2	24.0

New indicator.

Includes sales of socially responsible mutual funds to members through our branches and screened investment sales to Vancity Investment Management's customers.

Net SRI sales equals gross SRI sales less redemptions.

**Percentage of assets managed or advised on by Vancity subject to environmental, social and governance (ESG) screens**

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Total assets that Vancity Investment Management provides sub-advisory services to IA Clarington ( IA Clarington Inhance SRI Fund family)*	\$	129	78	68	99
Percentage of all assets subject to ESG screens	%	100	100	100	100
Total assets managed by Vancity Investment Management subject to ESG screening	\$	314	271	235	265
Percentage of all assets subject to ESG screens	%	87	86	87	85

\* In 2009, we sold the mutual funds from Inhance Investment Management to IA Clarington. They were re-launched by IA Clarington as the IA Clarington Inhance SRI Fund family. Vancity Investment Management's Mutual Fund Sub-Advisory group (formerly Inhance Investment Management) continues to provide sub advisory services, including environmental, social and governance investment analysis, to IA Clarington on the Inhance SRI Fund family. These funds are sold to members through Vancity branches (\$93 million in assets in 2010) as well as to other customers through IA Clarington's' distribution channels (a further \$36 million in assets in 2010). Due to the sale of Inhance, 2010 data may not be directly comparable to previous years.

**Corporate engagement**—see page 31 of the 2010 Annual Report

		<b>2010</b>	<b>2009</b>
Number of companies in portfolio with whom Vancity Investment Management's sub-advisory group interacted	#	21	21
Percentage of companies in portfolio with whom Vancity Investment Management's sub-advisory group interacted	%	14	14

New indicator.

## Employee performance data

See our 2010 Annual Report for a discussion of our most material issues, including highlights of employee -related performance.

☞ See the disclosure on management approach for details on our approach to managing our impacts, including health and safety, labour relations, training and career development, diversity, and compensation: [vancity.com/2010annualreport/dma](http://vancity.com/2010annualreport/dma) (PDF)

**Employee profile, diversity and equal opportunity**—see page 42 of the 2010 Annual Report

### Employee profile

In 2010, Surrey City Centre and Newton Community Branch employees participated in a vote that resulted in its certification with the BC Government and Service Employees Union (BCGEU).

		BM	2010	2009	2008	2007
Head count	#		2,397	2,384	2,704	2,623
Full-time equivalents (FTE)	#		2,080	2,228	2,384	2,371
Contract/temporary	%		5	6	6	8
Permanent full-time	%		78	78	79	80
Permanent part-time	%		17	16	15	12
Employees unionized	%	19.2	18.5	17.9	16.2	16.7

Benchmark (BM) source: BC HRMA, Canadian credit unions.

### Employee turnover

Our overall turnover rate dropped nine per cent from 2009. The rate in 2009 was exceptionally high due to a workforce reduction and restructuring program in response to the downturn in the economy. In 2010, there was further restructuring but not to the degree experienced in 2009. Affected individuals were offered career transition support and the opportunity to look for suitable alternate employment within Vancity.

		BM	2010	2009	2008	2007
Overall turnover rate	%	11	8	17	14	15
Male	%		10	19	16	18
Female	%		8	16	12	13
Under 29	%		12	16	18	21
30-39	%		8	17	13	12
40-50	%		7	18	11	11
Over 50	%		6	17	13	18
Voluntary turnover rate	%	8	6	8	10	12

Data is based on permanent employees and excludes churnover (internal movement).

Benchmark (BM) source: BC HRMA-Canadian credit unions.

## Employee diversity

		2010	2009	2008	2007
Men	%	32	32	32	33
Women	%	68	68	68	67
Aged under 29 years	%	21	22	24	24
Aged 30-39 years	%	31	31	31	32
Aged 40-50 years	%	29	29	29	29
Aged over 50 years	%	19	18	16	15
Non-management	%	84	84	84	83
Management	%	13	13	12	13
Senior management	%	3	3	4	4
Belong to an Aboriginal group	%	1	1	1	n/a
Belong to a visible minority group	%	39	38	40	n/a
With a disability	%	2	2	2	n/a

Data for percentage of employees belonging to visible minority, Aboriginal group, and with a disability, is based on employees' self-disclosure in the annual employee engagement survey.

n/a = data not available because data was not generated for Vancity at the time.

## Employees belonging to a visible minority group or Aboriginal group by level

		BM	2010	2009	2008
All employees	%	24	39	39	41
Non-management	%	29	43	44	44
Management	%	19	31	31	32
Senior Management	%	10	20	20	19

Data for 2009 is restated due to an error in calculation.

Data source: employee engagement survey.

Benchmark (BM) source: Canadian Bankers Association, 2008 Canadian Banks.

## Women by level

		BM	2010	2009	2008	2007
All employees	%	68	68	68	68	67
Non-management	%	54	69	70	69	69
Management	%	51	65	65	68	65
Senior Management	%	32	37	34	32	34

Benchmark (BM) source: Canadian Bankers Association, 2008 Canadian Banks.

## Incidents of employee discrimination

		2010	2009	2008	2007
Organization has reviewed the incident	#	0	0	0	0
Remediation plan is being implemented	#	0	0	0	0
Remediation plan has been implemented and results reviewed through routine internal management review processes	#	0	0	0	0
Incident is no longer subject to action	#	0	1	0	2
<b>Total number of incidents of discrimination</b>	<b>#</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>

### Average basic salary for women as a percentage of average basic salary for men

In 2010, we looked at our data more closely to determine whether inequities existed due to the gap in salaries between men and women. We looked at each role category and analyzed each of our employee pay band levels within those categories and found that women's pay range from 92-113 per cent that of men. The pay rates between males and females are essentially on par. The reported pay discrepancy appears to be caused by two contributing factors: the way we combine pay band levels into the reporting categories used below, and the way gender is dispersed by job level at Vancity. In 2011 we will change the reporting categories for this indicator to align with other measures: non-management, management and senior management.

		2010	2009	2008	2007
Management roles	%	84	83	80	82
Specialist roles	%	90	88	88	91
Support roles	%	101	100	100	101

**Employee experience**—see page 42 of the 2010 Annual Report

### Employee engagement score

		BM	2010	2009	2008	2007
Employees <input checked="" type="checkbox"/>	%	80	61	53	56	64

Data source: Employee engagement survey.  
Benchmark (BM) source: Hewitt Best 50 Employers.

### Percentage of employees agree they get a sense of accomplishment from their work

		BM	2010	2009	2008	2007
Employees	%	81	67	62	66	67

New Indicator.  
Data source: Employee engagement survey.  
Benchmark (BM) source: Hewitt Best 50 Employers.

**Training and development**—see page 43 of the 2010 Annual Report

### Investment in training

The increase in training spend was as a result of initiatives to clarify employee role accountabilities and succession planning, along with investments in two co-operative studies programs: St. Mary's Master of Management Co-operative & Credit Unions Program and the Bologna Summer Co-operative Studies Program.

		2010	2009	2008	2007
Training dollars spent as a percentage of salaries	%	4.6	2.8	2.7	3.4

New indicator.

### Percentage who agree employee learning & development is strongly supported in this organization

Greater opportunities for employee learning and development, as a result of the Better Decisions, Better Results (BDBR) initiative (see page 43 of the 2010 Annual Report) helped increase the score from 2009 to 2010.

		BM	2010	2009	2008	2007
Employees	%	83	64	57	59	72

New Indicator.  
Benchmark (BM) source: Hewitt Best 50 employers survey.

## Labour/management relations

### Incidents of grievances

		2010	2009	2008	2007
Organization has reviewed the incident	#	2	6	6	2
Remediation plan is being implemented	#	0	0	0	0
Remediation plan has been implemented and results reviewed through routine internal management review processes	#	0	0	0	0
Incident is no longer subject to action	#	7	12	7	7
<b>Total number of incidents of grievances</b>	<b>#</b>	<b>9</b>	<b>18</b>	<b>13</b>	<b>9</b>

## Health and safety

As a financial institution, the risk of robberies is an unfortunate reality of doing business. We have extensive robbery training and security procedures, as well as a robbery support program for affected employees. In 2010, there were 14 robberies, down from 42 in 2009 and 41 in 2008.

### Employee Assistance Program (EAP)

As a result of a request for proposal tender in 2010, we found a new partner, Shepell-fgi, who met our needs and strategic direction in delivering our employee assistance program (EAP). Besides offering a localized standard counselling service, Shepell-fgi takes a proactive approach towards physical/mental health and wellness issues and focuses on non-traditional mediums such as e-learning and options suitable for varied cohorts and audiences.

		2010	2009	2008	2007
Total number of EAP users	#	592	507	542	569
Utilization rate	%	20.7	16.6	16.1	16.8
Sessions by issue area:					
Anxiety	%	6.1	4.5	6.1	5.7
Disability claim	%	6.5	12.5	11.0	12.0
Relationships	%	25.2	22.7	21.8	20.8
Work stress	%	3.3	5.7	5.8	6.0
Family/parenting	%	6.1	6.9	7.2	3.7
Other	%	52.8	47.7	48.1	51.8

EAP users include employee and family members.

Data for sessions by issue area for 2010 will not be directly comparable to previous year's data because data was only available for half of 2010 due to a change in service providers halfway through the year.

### Injury rates

		BM	2010	2009	2008	2007
Falls/slips/trips, strains/sprains and cuts	#		3	7	9	2
Robbery related stress/acts of violence	#		0	0	0	3
Total number of incidents	#		3	7	9	5
Number of days lost as per cent of total working days	%	0.01	n/a	0.01	0.03	0.01

There were no work-related fatalities or incidents of occupational diseases during 2010.

Data and benchmark (BM) source: WorkSafe BC for 2009 financial institutions.

n/a = data not available at time of report compilation.

## Number of short-term disability leaves and care days taken

The drop in our absenteeism rate was primarily due to fewer short-term disability days taken. This may be attributed to having a better outreach to employees on leave and better resources available to employees on leave to assist with return to work. We are exploring various options for improving absenteeism such as implementing an attendance management program.

		BM	2010	2009	2008	2007
Days for short-term disability leave	#		5,760	8,714	9,724	8,109
Days for sick/care days*	#		9,289	10,079	8,959	7,291
Total days lost due to illness	#		15,049	18,793	18,683	15,400
Absenteeism rate*	%	6.7	7.4	9.2	9.6	n/a

Includes permanent full-time and part-time employees.

\* Data has been restated for 2007-2009 due to the inclusion of data from the Member Services Centre and Inventure Solutions employees. Excludes care days for Citizens Bank as we do not currently track these.

Benchmark (BM) source: BC HRMA, Canadian Credit Unions.

## Community investment performance data

See our 2010 Annual Report for a discussion of our most material issues, including highlights of our community investment performance.

☞ See the disclosure on management approach for details on our approach to managing community investments, including our Ethical Policy, managing lending risks, and change products and services—those with social or environmental benefits: [vancity.com/2010annualreport/dma](http://vancity.com/2010annualreport/dma) (PDF)

### **Ethical Policy**—see pages 18 and 45 of the 2010 Annual Report

In 2010 we requested a third party to screen Vancity. The review concluded that Vancity was aligned with its own Ethical Policy.

### **Ethical Policy screens**

		2010	2009
Total formal Ethical Policy screens for strategic relationships	#	57	79
Known non-aligned relationships	#	3	11
Organizations we discontinued or declined to do business with based on non-aligned Ethical Policy screens	#	2	n/a
Relationships awaiting appeals or development of action plans to address concerns	#	1	n/a
Of known non-aligned relationships, percentage with action plans in place to address key concerns	%	0	n/a

n/a = data not available.

Strategic relationships have one or more of the following attributes: high financial or reputational risk, an expenditure of over \$250,000 annually, an outsourced relationship or a designated Business Continuity Plan key business partner.

**Community investment loan portfolio**—see page 27 of the 2010 Annual Report

**Net growth in the community investment loan portfolio**

Our community investment loan portfolio grew by more than \$300 million in 2010, despite a challenging real estate market. Our commercial real-estate loan portfolio grew by 14 per cent, while our business portfolio grew by eight per cent. This growth was as a result of structural changes and aggressive targets to focus efforts on lending and increasing the proportion of lending we do with especially high community impacts. The decrease in the size of the community investment loan portfolio between 2008 and 2009 was a reflection of the downturn in the market and prudent risk management. As disclosed in our 2008-2009 Accountability Report, we made a conscious decision to stop issuing and reduce large conventional commercial real estate loans to balance our ratio of deposits to loans and preserve our funds. Full lending resumed in the second half of 2009. During this period, we continued to serve individual and small business members.

<i>(millions of dollars)</i>		<b>2010</b>	<b>2009</b>	<b>2008</b>
Year-to-date net loan growth <input checked="" type="checkbox"/>	\$	304	(289)	166

New indicator.

**Approved community investment loans**

In 2010, the growth in the value of loans in 2010 was a result of structural changes and aggressive targets, as noted above.

		<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Value of loans approved by size: (millions of dollars)</b>				
\$0 - \$24,999 value	\$	4	4	5
\$25,000 - \$99,999 value	\$	14	14	15
\$100,000 - \$249,999 value	\$	22	19	22
\$250,000 - \$499,999 value	\$	56	28	35
\$500,000 - \$999,999 value	\$	74	55	64
\$1,000,000 - \$4,999,999 value	\$	234	165	216
\$5,000,000 and greater value	\$	648	191	184
<b>Total value of loans</b>	\$	1,052	476	541
<b>Average loan size</b>	\$	0.8	0.4	0.4
<b>Number of approved loans by size:</b>				
\$0 - \$24,999 number	#	399	373	413
\$25,000 - \$99,999 number	#	313	316	342
\$100,000 - \$249,999 number	#	142	124	143
\$250,000 - \$499,999 number	#	160	83	100
\$500,000 - \$999,999 number	#	111	81	97
\$1,000,000 - \$4,999,999 number	#	118	78	117
\$5,000,000 and greater number	#	46	22	14
<b>Total number of loans</b>	#	1,289	1,077	1,226

Data for 2008 and 2009 is restated due to improved tracking systems and a change in methodology to include lines of credits.

## Community Investment loan portfolio by North American Industry Classification System (NAICS)

A significant proportion of our loans fund real-estate investors. In addition, many other loans to businesses are backed by real estate security. As we align our lending practices with our community investment goal, we will increase the proportion of loans in other industry areas as well as offer more cash-flow lending, thus reducing our reliance on real estate loans. Cash-flow lending is based more on an assessment of the organization's current and expected cash flow, rather than on real estate collateral.

		2010	2009	2008
Accommodation & food services	%	2	2	1
Construction	%	7	12	24
Health care & social assistance	%	2	2	1
Manufacturing	%	2	2	3
Other	%	4	5	5
Other services	%	3	3	2
Professional, scientific & technical	%	1	1	1
Real estate, rental & leasing	%	76	69	59
Retail trade	%	1	1	1
Transportation and warehousing	%	1	1	1
Wholesale trade	%	1	2	2

Data is based on dollars outstanding from loans and lines of credits.

The percentage change from 2009 to 2010 may be a result of including loans that were not coded with an NAICS code previously.

Approximately two per cent of all business loans are outside of British Columbia. These loans originate from Citizens Bank but are 100 per cent funded by Vancity.

## Change product portfolio

Change products are designed to benefit a specific (usually underserved) target group. Social and environmental features are embedded into the product design. The change product portfolio does not capture all our products with social and environmental benefits due to inadequate tracking systems, specifically our inability to assign unique codes to some products to differentiate them from conventional products. A detailed list and description of the change products included in the portfolio is provided below.

### Change product portfolio by line of business

<i>(millions of dollars)</i>		2010	2009	2008	2007
Value of personal banking impact products	\$	25	22	23	18
Value of business banking impact products	\$	855	781	645	528
Socially responsible mutual funds (assets under administration) and screened assets under management*	\$	666	563	476	630
Socially responsible real estate development**	\$	52	58	88	72
<b>Total value of change portfolio</b>	\$	<b>1,600</b>	<b>1,420</b>	<b>1,230</b>	<b>1,250</b>
<b>Change portfolio as a percentage of total Vancity assets under administration or management</b>	%	<b>6.4</b>	<b>5.8</b>	<b>5.1</b>	<b>5.3</b>

The total value of the change product portfolio is rounded to the nearest \$10 million dollars. Due to rounding, breakdowns may not add to the totals.

We included two new products in our list of socially responsible investment (SRI) funds for 2010: the IA Clarington Bond fund and the Vancity Segregated fund. We restated 2007-2009 data due to the addition of member investments in the IA Clarington Inhance SRI Fund family (\$93 million in 2010) and client investments in Vancity Investment Management screened assets (\$314 million in 2010). These assets are also included in the indicator "Percentage of assets managed by Vancity subject to environmental, social and governance (ESG) screens".

\*\*Loans/lines of credit provided by Vancity (credit union) to Vancity Enterprises for socially and environmentally responsible real-estate development, including Docksider Green.

## Description and value of change products, by type

Products with significant growth between 2009 and 2010 included Shared Growth deposits, Clean Air Auto loans and Peer-Lending loans. More manufacturers are creating more fuel efficient vehicles, thus there are more qualifying vehicles available under the Clear Air Loan program. Peer-Lending loans increased due to two main factors: We made loans available to individuals outside of the peer model. And we worked with United Chinese Community Enrichment Services Society (SUCCESS) on a program to provide employment-ready skills training for residential care aids, which led to more loans.

Deposits in Shared World declined significantly—we did not promote this product in 2010. Micro-loans also declined significantly. One possible reason is the economic downturn, which resulted in less funding to self-employment training programs from where the majority of borrowers arise, as well as fewer individuals seeking to start their own businesses in uncertain times.

Change product description/purpose	Target beneficiary	2010 (millions)	2009 (millions)
<b>Personal banking</b>			
<i>Shared Growth deposit products:</i> Members' deposits are invested in projects that improve the social and environmental well-being of local communities	Micro-entrepreneurs, new immigrants and refugees, people with disabilities, aboriginal people, low-income individuals, residents of Vancouver's Downtown Eastside, the environment	\$6.9	\$4.2
<i>Shared World investment deposit products.</i> Members' deposits are invested in initiatives that address poverty around the world	Communities worldwide	\$2.1	\$4.6
<i>Resettlement Assistance Program deposit product:</i> A special account developed to enable government-assisted refugees the opportunity to open accounts in which to deposit initial grants and subsequent assistance payments from the Federal Government when they first arrive in Canada	Individuals (low-income, new immigrants and refugees) with challenges accessing financial services	\$0.7	\$0.5
<i>Secured Visa deposit account:</i> A one-year term deposit account of \$500, which provides individuals with up to \$500 of credit. This product helps people build or re-build their credit history	Individuals with poor or no credit history (low income, new immigrants and refugees)	\$6.0	\$5.4
<i>Pigeon Park Savings account package:</i> Personal bank account package for a flat fee of \$5 per month, including cheque-cashing, unlimited withdrawals, bill payments, money orders and ATM card access. For non-members, a cheque-cashing service is available for a flat fee of \$2.99 per cheque	Low-income and marginalized individuals living in Vancouver's Downtown Eastside—Canada's poorest neighbourhood—without easy and affordable access to basic banking services	\$1.4	\$1.0
<i>Bright Ideas Home Financing:</i> A home renovation loan at prime rate for up to ten years	Members (reduced costs through energy efficiency) and the environment (reduced greenhouse gas emissions)	\$0.7	\$0.7
<i>Clean Air Auto Loans:</i> A preferential interest rate is provided to members who purchase fuel-efficient vehicles	Members (reduced costs through fuel efficiency) and the environment (reduced greenhouse gas emissions)	\$2.1	\$1.4
<i>On-Reserve Housing Loans:</i> Financing to First Nations borrowers who would like to purchase or renovate their home located on reserve land	First Nations/Aboriginal people and communities	\$1.7	\$1.3
<i>Springboard Mortgage:</i> Provides qualified participants with 100 per cent of the money needed to buy a home, including the down payment	Low-income individuals and families who have resided in not-for-profit housing for at least two years	\$3.0	\$3.0
<b>Total value of personal change loan and deposit products</b>		<b>\$24.6</b>	<b>\$22.1</b>

Change product description/purpose	Target beneficiary	2010 (millions)	2009 (millions)
<b>Value as a percentage of all personal loan and deposit products</b>		<b>0.1%</b>	<b>0.1%</b>
<b>Business banking</b>			
<i>Not-for-profit (NfP) organization loans and deposit products:</i> Tailored products such as loans with a lower debt service ratio than businesses or pooled accounts (e.g. groups of NfPs that join an association to get a higher rate for deposits)	Not-for-profit organizations, social enterprises and co-operatives	\$835.8	\$763.4
<i>Peer-Lending:</i> Small loans for individuals who, with the support of a network of peers, are all launching micro-businesses. <i>Back to Work Loans:</i> Personal loans for individuals who for lack of a certification can't access job opportunities in their field in Canada. <i>With These Hands Loans:</i> Personal loans for individuals who for lack of a set of tools or piece of equipment can't accept a job offer	Micro entrepreneurs, new immigrants, or working poor who face barriers to traditional banking	\$0.3	\$0.1
<i>Micro-loans:</i> Including <i>Be My Own Boss</i> loans, these are business loans for start-up entrepreneurs based on the quality of the business plan and projections, and the character of the owner, rather than historical financials. This product can also support start-up green businesses, aboriginal business and social enterprises	Entrepreneurs, usually graduates from government sponsored self-employment programs, who are unable to access conventional banking	\$2.3	\$3.4
<i>Advice and Business Loans for Entrepreneurs with a Disability (ABLED):</i> Custom loans and advice on starting a business	Entrepreneurs with a disability	\$0.2	\$0.2
<i>Growth capital loans for:</i> working capital, asset purchase, renovations, green energy projects, succession planning/ownership transition	Not-for-profit organizations, social enterprises, co-operatives, mission-based businesses and Aboriginal groups	\$16.2	\$14.4
<b>Total value of business change loan and deposit products</b>		<b>\$854.8</b>	<b>\$781.4</b>
<b>Value as a percentage of all business loan and deposit products</b>		<b>14.9%</b>	<b>14.6%</b>
<b>Wealth management</b>			
<i>Socially responsible mutual funds:</i> Investments that deliver positive financial as well as social and environmental benefits	Individuals wanting to invest in businesses that incorporate environmental, social and governance principles into their governance and management practices	\$352.2	\$291.9
<i>Environmental, social and governance (ESG) screened assets</i> managed by Vancity Investment Management	Individuals, unions, non-profit groups, foundations, trusts and other organizations with more than \$400,000 to invest	\$314.2	\$271.1
<b>Total value of member and customer investments in socially responsible options</b>		<b>\$666.4</b>	<b>\$563.0</b>
<b>Value as a percentage of all member and customer investments</b>		<b>29.6%</b>	<b>29.3%</b>
<b>Real-estate development</b>			
<i>Loans and lines of credit for socially and environmentally responsible real-estate development:</i> loans for development that focus on affordability, accessibility, and/or environmental design	Varies depending on development but can include low-income individuals who can access rental or ownership housing at below-market prices; people with disabilities; and the environment	\$51.9	\$57.6

Value is deposit or investment balances, loans outstanding, or assets under administration or management. Due to rounding, breakdowns may not add to the totals.

**Description of change services** (these services are often delivered in partnership with community partners)

Change service description/purpose	Target beneficiary	2010 numbers served	2009 numbers served
<i>Home Ownership Readiness Course</i> : Provides practical advice on buying and owning a home	Low- to mid-income individuals and families living in not-for-profit housing and the general community	24 participants	30 participants
<i>“Green advice”</i> : A dedicated green business manager provides advice and support on greening business operations	Not-for-profit organizations, social enterprises, co-operatives, businesses	More than 100	More than 150
<i>Power Play Money Manager</i> : teaches youth the fundamentals of banking and is part of the approved high school curriculum in British Columbia	Youth in Grade 10	25,000 participants	22,000 participants
<i>Various other financial literacy courses</i> : These help individuals learn about banking fundamentals, debt management, budgeting, and strategies for saving and investing. Examples include: Your Money Matters and Each One Teach One. <sup>☞</sup> For more details see: <a href="http://vancity.com/financialLiteracy">vancity.com/financialLiteracy</a>	Beneficiaries include low-income individuals, recent immigrants, single parents, youth and Vancity members	More than 4,000	More than 3,700
<i>Financial sustainability workshops</i> : These address not-for-profit organizations’ needs for revenue diversification, financial management improvements, resource development and, ultimately, sustainability	Not-for-profit organizations, social enterprises, co-operatives, small businesses and micro entrepreneurs	More than 150	More than 100

In addition we offer:

- enviroVisa cards and prepaid re-loadable visa cards: at least five per cent of net revenues go to the enviroFund™, which supports local environmental projects.
- The Jumpstart® High Interest Savings accounts: one per cent of net revenues (or \$70,000 whichever is the greater) supports the Future Foundations Program. This program provides financial education, saving incentives, and other resources to help low-income individuals and their families move towards self-sufficiency. Note, this is not currently included in our impact portfolio as the product itself is conventional.
- Several toolkits, including Financial Fitness for not-for-profits, a microcredit toolkit for entrepreneurs, a handbook of Good Advice to Avoid Tough Times, also for micro-entrepreneurs, and the Canadian Social Enterprise Guide (through the enterprising nonprofits program).

We also have approximately 50 youth credit unions in elementary schools from Vancouver to the Fraser Valley. These help young people learn about money management and improve their math skills.

<sup>☞</sup> For more information on these products and services, visit [vancity.com/changeproductsandservices](http://vancity.com/changeproductsandservices)

Jumpstart® is a registered trade-mark of Vancouver City Savings Credit Union.  
 ™Vancity enviroFund, and enviro Fund are trademarks of Vancouver City Savings Credit union.

## Environmental performance data

See our 2010 Annual Report for a discussion of our most material issues, including highlights of our environmental performance.

☞ See the disclosure on management approach for details on our approach to managing our environmental impacts, including products and services, greenhouse gas emissions, energy, materials, waste and water: [vancity.com/2010annualreport/dma](http://vancity.com/2010annualreport/dma) (PDF)

See the appendix for Vancity's GHG Inventory Report 2010, beginning on page 32, for additional disclosures required to meet International Organization for Standardization reporting standards for GHG (ISO 14064 Part 1).

### **Greenhouse gas emissions (GHG)**—see page 46 of the 2010 Annual Report

Total greenhouse gas emissions continue to decline. Reasons include ongoing emission reduction initiatives combined with expense management. Also our restructuring and divestitures in 2009 resulted in 320 fewer employees.

#### **GHG emissions by source**

		2010	2009	2008	2007	2007 base year*
GHG emissions from premises energy use	t	1,408	1,594	1,530	1,495	1,495
GHG emissions from paper use	t	925	532	723	868	811
GHG emissions from vehicle fleet	t	34	26	35	36	34
GHG emissions from employee business travel by air and vehicle	t	588	709	897	958	895
GHG emissions from employees commuting alone	t	1,828	2,239	2,017	2,146	2,006
Total GHG emissions <input checked="" type="checkbox"/>	t	4,783	5,101	5,202	5,504	5,241
Total greenhouse gas emissions per \$000 in revenue	t	0.011	0.013	0.013	0.016	0.015
<b>GHG emissions by type, per employee (FTE):</b>						
Premises energy use	t	0.68	0.72	0.64	0.63	0.67
Paper use	t	0.44	0.24	0.30	0.37	0.37
Vehicle fleet	t	0.02	0.01	0.01	0.02	0.02
Employee business travel (by air & vehicle)	t	0.28	0.32	0.38	0.40	0.40
Employee commuting alone	t	0.88	1.01	0.85	0.91	0.91
<b>Total tonnes of GHG per employee (FTE):</b>	t	<b>2.30</b>	<b>2.29</b>	<b>2.18</b>	<b>2.32</b>	<b>2.37</b>

t = metric tonnes.

Emissions from premises energy use are based on estimated energy use.

Emissions from employee commuting are based on responses to a survey, and are extrapolated to represent all employees.

\*In 2010, we recalculated the base year (2007) data, as required by ISO14605 Part 1, to reflect the impact our 2009 divestitures (a reduction in full-time equivalents of 6.96 per cent). This allows fairer comparison between our 2010 performance and the base year.

## GHG emissions by scope

		2010
Scope 1 (direct GHG emissions)	t	1,058
Scope 2 (indirect GHG emissions)	t	395
Scope 3 (other indirect GHG emissions)	t	3,340
<b>Total greenhouse gas emissions</b> <input checked="" type="checkbox"/>	t	<b>4,783</b>

New indicator.

Scope 1: Energy burned in an appliance operated by Vancity. Includes vehicle fleet and natural gas from the operation of boilers and other fuel consuming appliances on the premises.

Scope 2: Energy used that isn't classified as Scope 1. Includes electricity or natural gas required to operate Vancity's office buildings and branches.

Scope 3: Other emission sources which are pertinent to Vancity's business operations and reasonable and cost effective to quantify. Includes: employee commuting, business air and vehicle travel and paper usage.

## Premises energy use

Energy use in 2010 declined due to warmer average temperatures and ongoing energy efficiency initiatives.

		2010	2009	2008	2007
Energy use, by type:					
Electricity use (millions)	kWh	12.4	14.2	14.5	14.2
Natural gas use	GJ	17,400	20,200	21,200	21,000
Premises energy use (electricity and natural gas):					
Energy use at metered locations (millions)	kWh	10.6	12.0	11.9	11.4
Energy use at non-metered locations (millions)	kWh	6.7	7.8	8.6	8.6
<b>Total premises energy use (millions)</b>	<b>kWh</b>	<b>17.3</b>	<b>19.8</b>	<b>20.4</b>	<b>20.0</b>
<b>Total premises energy use per employee (FTE)</b>	<b>kWh</b>	<b>8,317</b>	<b>8,901</b>	<b>8,563</b>	<b>8,451</b>

kWh = kilowatt hours; GJ = gigajoules.

Metered energy use is based on data from 47 locations with electricity meters, 32 locations metered with gas and 16 locations with no gas usage (only electricity).

The energy use of each non-metered location is estimated by multiplying the average annual energy use per square foot from similar metered locations according to building type (free-standing, strip mall, mall, or office) by the total square footage of the un-metered location and then prorated for the number of days the location was in operation.

## Employee commuting

### Percentage of employees making trips to and from work using sustainable transportation modes

In 2010, more employees used sustainable transportation modes to commute. More employees used public transit (36 per cent compared to 31 per cent in 2009) and carpooling (nine per cent compared to seven per cent in 2009). While 2010 data is comparable to 2009 data, the survey response rate fell in 2010 to 35 per cent compared to 55 per cent in 2009. This was likely due to fewer communications encouraging employees to complete the survey.

		BM	2010	2009	2008	2007
Employees	%	33	63	56	56	48

Data source: Vancity's transportation survey.

Benchmark (BM) source: 2006 Census, Statistics Canada (Vancouver Central Metropolitan Area).

**Materials and waste**—see page 47 of the 2010 Annual Report

**Paper use**

Our paper use doubled in 2010 compared to 2009. In 2009, the economic downturn resulted in operational budget cuts throughout Vancity. In 2010, budgets increased, especially for marketing campaigns. As a result, we sent more communication and marketing materials to members. In addition, we used more transactional statements and forms to serve members. We will look into alternative options such as email marketing to reduce our paper use.

		2010	2009	2008	2007
Total paper use	<i>t</i>	553	260	346	404
% of paper used that has recycled content	%	89	73	69	66
Paper use per employee (FTE)	<i>kg</i>	266	117	145	170

t = metric tonnes; kgs = kilograms.

Paper use is based on amount of paper purchased. Includes: letterhead, copier, printer and fax paper, member statements, marketing materials, communication to members, business cards and envelopes. Six per cent of paper use has been estimated.

**Waste generated at Vancity centre**

The decline in the amount of waste collected at Vancity Centre from 2009 to 2010 was due to our increased efforts in recycling, and the introduction of composting and paper towel recycling programs. Also one of the two tenants at Vancity Centre no longer shared our compactor and recycling unit. A waste audit performed by a third party that included the Vancity Centre plus two branches indicated that the average waste recycled was 67 per cent.

While excluded from the table below, in 2010 we recycled approximately 11,500 pounds of decommissioned computers and recycled or refurbished around 770 pieces of furniture. We also donated equipment to schools or sold it to employees with proceeds going into a matching employee/employer fund to support various charities.

		2010	2009	2008	2007
Glass, plastic, and metal recycled	<i>t</i>	8	8	6	1
% of total materials	%	16	11	6	1
Paper & cardboard recycled	<i>t</i>	27	34	46	49
% of total materials	%	56	44	44	46
Compost	<i>t</i>	4	n/a	n/a	n/a
% of total materials	%	7	n/a	n/a	n/a
Waste to landfill	<i>t</i>	11	36	52	56
% of total materials	%	21	45	50	53
<b>Total materials collected</b>	<i>t</i>	<b>49</b>	<b>78</b>	<b>104</b>	<b>106</b>
<b>Percentage of total materials recycled</b>	%	<b>79</b>	<b>55</b>	<b>50</b>	<b>47</b>
<b>Materials collected per employee (FTE)</b>	<i>kg</i>	<b>84</b>	<b>122</b>	<b>147</b>	<b>146</b>

t = metric tonnes; kgs = kilograms. n/a = data not available.

At Vancity Centre, there is one tenant who shares our compactor and recycling unit. Materials recycled excludes batteries, fluorescent tubes, electronic waste, toner cartridges and ribbons, furniture, ATMs and construction waste. Recycling programs exist for all these items.

## **Water use**

The reduction in water use from 2009 to 2010 was mainly due to four insurance branches closing and the exclusion of water use from a sub-tenant for one of our branch locations.

		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Water use at metered locations (millions)	/	13	15	15	23*
Estimated total water consumption (millions)	/	17	24	26	27
<b>Total water use (millions)</b>	/	<b>30</b>	<b>39</b>	<b>41</b>	<b>50</b>
<b>Total water use per employee (FTE) (thousands)</b>	/	<b>14</b>	<b>17</b>	<b>17</b>	<b>21</b>

l = litres.

Metered water use is based on data from 11 branches and Vancity Centre. All water is obtained from municipal water supplies.

\*In 2007, there was an undetected leak at our Kitsilano Community branch, adding eight million litres of water use over the "normal" level.

## **Governance performance data**

See our 2010 Annual Report for a discussion of our most material issues, including our governance structure and related performance.

☞ See the disclosure on management approach for more on our key policies and framework for doing business: [vancity.com/2010annualreport/dma](http://vancity.com/2010annualreport/dma) (PDF)

**Board of Directors**—see page 54 of the 2010 Annual Report

### **Board diversity**

Vancity's Board of Directors is elected by our membership. Management has no role in choosing who sits on the Board.

		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Directors aged under 30	%	0	0	0	0
Directors aged 30-50	%	22	22	18	30
Directors aged over 50	%	78	78	82	70
Directors who are women	%	67	78	73	70
Directors who belong to a visible minority group	%	0	0	0	0

## **Executive Compensation**

### **President and Chief Executive Officer compensation compared to average entry-level employee salary**

From a market scan, we determined the difference in compensation between our President & Chief Executive Officer and average entry-level employee is much less than other financial institutions.

		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Ratio of Vancity's President & Chief Executive Officer compensation to average entry-level employee salary	#	12.6	12.5	12.5	12.0

Average annual entry-level salary (for Vancity, Inventure Solutions and Citizens Bank) excluding any variable pay or employee profit share. We restated data for 2007 to 2009 due to a change in methodology: we used the average entry level salary rather than the minimum salary rate for the entry level pay band.

## Aggregate executive compensation

We continue to interpret and work towards the disclosures required by the International Financial Reporting Standards (IFRS) for aggregate executive compensation (effective in 2011).

<i>(thousands of dollars)</i>		<b>2010</b>
Short-term employee benefits	\$	5627
Post-employment benefits	\$	382
Other long-term benefits	\$	0
Termination benefits		9
<b>Total aggregate executive compensation</b>	\$	<b>6,018</b>

Includes Vancity and Citizens Bank's executive leadership teams.

Short-term employee benefits may include: wages; salaries and social security contributions; holiday pay and sick pay; profit sharing and bonus schemes payable within 12 months of the end of the period; medical care; housing; cars and free or subsidised goods or services.

Post-employment benefits include pensions; other retirement rights; life insurance and medical care after employment ceases.

Other long-term benefits include: long-service or sabbatical leaves or other long-service benefits; long-term disability benefits; profit sharing and deferred compensation not payable wholly within 12 months of the end of the period.

Termination benefits include: compensation for loss of office, ex-gratia payments, redundancy payments, enhanced retirement benefits and any related benefits-in-kind connected with a person leaving office or employment.

## Values alignment

### Percentage of employees who agree Vancity considers long-term social, environmental, and economic impacts when it makes decisions

		<b>BM</b>	<b>2010</b>	<b>2009</b>
Employees	%	76	82	81

New indicator.

Data source: employee engagement survey.

Benchmark (BM) source: Hewitt Best 50 Employers.

### Percentage of members who rate Vancity a nine or ten out of ten for being committed to improving the environment

		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Personal members	%	49	58	55	54
Business members	%	47	n/a	n/a	n/a
<b>All members</b>	<b>%</b>	<b>49</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

Indicator replaces "Percentage who agree Vancity uses its resources and expertise to benefit the community and environment".

Data source: member loyalty surveys.

Percentage of respondents answering "Don't know" for all categories is 14.

n/a = data not available.

### Percentage of members who rate Vancity a nine or ten out of ten for using our resources and expertise to act in the best interest of the community that we serve

		<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Personal members	%	50	48	56	55
Business members	%	44	46	55	n/a
<b>All members</b>	<b>%</b>	<b>49</b>	<b>48</b>	<b>56</b>	<b>n/a</b>

Indicator replaces "Percentage who agree Vancity uses its resources and expertise to benefit the community and environment". Data source: member loyalty surveys. Percentage of respondents answering "Don't know" for personal and all members is 12 and for business members is nine.

n/a = data not available.

**Percentage of public who feels Vancity makes decisions or is run in ways that effect, create or stimulate positive change in the community**

		<b>2010</b>
Public	%	39

New indicator.  
Data source: reputation tracker.

## **Glossary of terms**

**Absenteeism rate:** The number of work days missed by employees due to illness per permanent full-time equivalent. Work days missed include care days (personal and severe family illness and emergency child or elder care) and short-term disability leave.

**Branch service experience score:** The score is based on members' average rating of "overall branch service" on a scale of one to ten. We report the average (mean) score, as well as the percentage of branches attaining an average score service score of 8.69 out of 10, or greater. We also report the percentage of members responding nine or ten on a cumulative basis for the year. The data source is the third-party administered Member Experience Tracking System (METS).

**Capital adequacy ratio:** Capital divided by risk-weighted assets. It's a measure of the strength of the institution. Capital is the cushion for potential unexpected losses.

**Change product portfolio (previously called the community leadership portfolio):** Includes products designed to benefit a specific (usually underserved) target group, where social and environmental features are embedded into the product design.

**Community investment impact loans:** Loans to business members that result in improvements to the environment or provide tangible social benefits to our members' communities in addition to meeting their financial needs.

**Community investment loan portfolio:** Includes commercial real estate loans and loans to businesses, including not-for-profit organizations, generated by three areas within Vancity's Community Investment division: Community Business, Community Real Estate and Community Capital.

**Community investment loan portfolio—net growth:** Net increase in the dollar value of loans outstanding.

**Contact centre (also member services centre):** Our contact centre servicing members via phone and email, from 8 a.m. to 8 p.m. Monday to Saturday and 10 a.m. to 5:30 p.m. Sundays.

**Core liquidity:** Total liquid (cash) assets less debt liabilities (borrowings) divided by deposits. It represents assets that could be easily liquidated (cashed) to pay short term obligations.

**Central1:** The central financial facility and trade association for the BC and Ontario credit union systems.

**Debt service ratio:** Total annual debt payments divided by annual gross earnings.

**Economic capital ratio:** Actual capital base divided by economic capital required to be held to protect Vancity against unexpected losses. Economic capital answers the question "How much capital do we need to hold, given our company's risk profile?" The target for this metric is always 100 per cent.

**Efficiency ratio:** Total operating expenses including community distributions, divided by total revenue excluding provision for loan losses. It measures how much we must spend to make one dollar. A lower efficiency ratio is generally desired because this means it costs less to generate each dollar of income.

**Employee Assistance Program (EAP):** Available to full- and part-time employees and their immediate families who may have personal problems, or feel pressured and unable to cope. Counselling, handled through a professional consultant, may be used to help with problems related to drug, alcohol or smoking addiction; family and marital relationships; psychological pressures including stress, anxiety, depression; post-holdup trauma; and financial or legal difficulties.

**Employee Assistance Program utilization rate:** Number of employees accessing services from Vancity's Employee Assistance Program divided by the number of permanent employees.

**Employee engagement score:** The percentage of employees with a score of 4.5 out of 6 on six questions. The six questions are: I would not hesitate to recommend Vancity to a friend seeking employment; Given the opportunity, I tell others great things about working here; It would take a lot to get me to leave Vancity; I hardly ever think about leaving Vancity to work somewhere else; Vancity inspires me to do my best work; Vancity motivates me to contribute more than is normally required to complete my work. The data source is the annual employee engagement survey, which is administered by a third party.

**Employee turnover/turnover rate:** The number of permanent employees who leave Vancity during the year divided by the average number of permanent employees in the year. Employees who leave the organization voluntarily or due to dismissal or retirement are included. It excludes 'churnover' (internal movement).

**Employees—full-time equivalents (FTE):** Total active full-time equivalents based on the number of hours actually worked by all employees (permanent and non-permanent) in the fiscal year. Total hours worked divided by 1,820 working hours in a year. This number is used for normalizing data.

**Employees—headcount:** Total number of individual permanent full-time, part-time, and non-permanent (contract) employees. Includes active and inactive employees. Inactive employees are those on maternity leave, short-term disability leave or short-term leaves of absence, excluding employees on long-term disability and long-term leaves of absence.

**Financial margin:** Interest income less interest expense gives us our net interest income, which we also call financial margin.

**Greenhouse gas emissions:** Includes emissions from premises energy use, paper use, vehicle fleet, employee business travel by vehicle or air, and employee commuting to and from work in a single-occupancy vehicle. Emissions are expressed in tonnes of carbon-dioxide (CO<sub>2</sub>) equivalent. Some estimation and extrapolation is used in the calculation.

**Greenhouse gas emissions (tonnes) per thousand dollars of revenue:** Tonnes of greenhouse gas emissions divided by consolidated revenue (net interest income plus other income) and multiplied by 1,000.

**Loan portfolio—total:** Total dollar value of loans outstanding net of provisions for credit losses. Loans includes commercial real-estate loans, loans to businesses including not-for-profit organizations, residential mortgages and consumer (personal) loans to individuals.

**Member loyalty score—overall:** A combined loyalty score proportional to the ratio of personal (90.65 per cent) and business (9.35 per cent) members at Vancity. It is the percentage of members who rate Vancity a nine or 10 out of 10 on all three loyalty measures: overall experience at Vancity, likelihood to continue using Vancity and likelihood to recommend Vancity to others. The data source is the annual member loyalty surveys, which are administered by a third party.

**Member services centre customer satisfaction score (Csat):** The percentage of members answering "very satisfied" from four choices ranging from "very satisfied" to "very dissatisfied" to the question, "Based on your last call to their call centre, overall how satisfied are you with Vancity's call centre?" The data source is the member services centre quality tracking survey.

**Members—business:** Organizational members of Vancouver City Savings Credit Union and Squamish Savings. Includes not-for-profit organizations.

**Members—personal:** Individual members of Vancouver City Savings Credit Union and Squamish Savings, sometimes referred to as retail members.

**Membership—net growth:** The difference between the previous year’s member numbers and current year’s member numbers. A member is defined as any member, business or personal, with at least one open (active or dormant) bank account.

**Mission-based grants (previously called strategic grants).** Grants used to develop partnerships with community groups chosen for their particular expertise, shared strategic objectives, and because they will leverage significant additional community investment. Such partnerships are often multi-year in duration and include involvement far beyond a grant. These investments align the mission and impact of our grants with key community investment priorities.

**Privacy complaint or breach:** A breach of Vancity’s Privacy Code regarding the privacy, confidentiality and security of member or customer personal information. Example of breaches could include: improperly accessing personal information without consent, losses of members or customer data and mail, email or telephone calls that are directed to the wrong location.

**Responsive grants:** Grants, including community project grants, that support local projects and programs initiated by community organizations. These grants align to guidelines and funding priorities focused on our Vision of redefining wealth, and serve the communities where our members live and work.

**Return on average assets:** Net earnings divided by the average monthly assets for the fiscal reporting year. It measures how efficient we are at using our assets to generate earnings.

**Return on average equity:** Net earnings divided by average retained earnings, excluding member shares. It measures how much profit we generate with the money members have invested in credit union shares.

**Shared Success:** As a financial co-operative, each year we give back the equivalent of 30 per cent of our net earnings. We call this dividend Shared Success.

**Socially responsible investment (SRI):** As defined by the Social Investment Organization (SIO), SRI is the inclusion of social, environmental and governance considerations into the management and selection of investments. We include all relevant funds listed by the SIO, including the IA Clarington Inhance SRI Fund family. In addition we include the IA Clarington bond fund, Vancity segregated fund, and all assets managed by Vancity Investment Management (VCIM) unless a client specifically requests that environmental, social or governance (ESG) screens not be applied.

**Sustainable transportation mode:** Any transportation mode (e.g. public transit, carpooling, biking or walking) except for driving alone (i.e. single occupancy vehicle).

**Vancity Centre:** Vancity’s head office building located at 183 Terminal Avenue, Vancouver BC.

## **Survey data**

The following describes some of the key surveys we use to gather data.

**Employee engagement survey:** An annual confidential online survey administered by Hewitt Associates that uses a six-point scale. We report the percentage of employees responding five (“agree”) and six (“strongly agree”). All employees were surveyed. In 2010 the response rate was 88 per cent and the margin of error was +/- 0.5 per cent.

**Member experience tracking system:** A confidential telephone survey administered a week after select in-branch transactions were made by Market Probe, which uses a ten-point scale, where “ten” means “superior/extremely likely”. The margin of error in 2010 was +/- 1.2 per cent.

**Member loyalty surveys for personal and business members:** An annual anonymous telephone survey administered by Market Probe that uses a ten-point scale ranging from poor to superior. We report the percentage of

members responding nine or ten. A representative sample of members between the ages of 19 and 70 were surveyed. The margin of error in 2010 was +/- 4.9 per cent overall survey results (combined for personal and business members).

**Member Services Centre quality tracking survey:** A monthly telephone survey administered by SQM Group. Call centre customer satisfaction (CSat) is the percentage of members who answered "Very satisfied" (top box response) about their overall call centre experience. We report a year-to-date (as of December 31) cumulative score. The margin of error in 2010 was +/- 3.8 per cent.

**Reputation tracker:** A quarterly on-line survey administered to the general public in the Greater Vancouver Regional District (GVRD) and Victoria Area. Samples are obtained from the Angus Reid Forum (ARF). We report the percentage of the public responding "Vancity" from the selection of Vancity and 28 other brands for the fourth-quarter results are reported. The margin of error in 2010 was +/- 4.6 per cent.

**Vancity transportation survey:** An annual confidential online survey administered in the fourth quarter of the year by Acuere Consulting. We report the percentage of employees responding that they took a sustainable mode (walk, bike, carpool, transit) in their work commute. In 2010 the response rate was 35 per cent. The margin of error was not available.

## Appendix: Vancity's 2010 Greenhouse Gas Inventory Report

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## 1. Purpose

This report provides additional details regarding Vancity's greenhouse gas (GHG) inventory not included in our 2010 Annual Report, but required to be disclosed by ISO 14064 Part 1, the GHG reporting standard we follow. Specifically, this report provides additional information:

- A statement that the GHG report has been prepared in accordance with this part of ISO 14064
- Reference to, or description of, quantification methodologies including reasons for their selection (4.3.3)
- Explanation of any change to quantification methodologies previously used (4.3.3)
- Explanation for the exclusion of any GHG sources or sinks from the quantification (4.3.1)
- Direct GHG emissions, quantified separately for each GHG, in tonnes of CO<sub>2</sub>e (4.2.2)
- Reference to, or documentation of, GHG emission or removal factors used (4.3.5)
- The historical base year selected and the base-year GHG inventory (5.3.1)
- Explanation of any change to the base year or other historical GHG data, and any recalculation of the base year or other historical GHG inventory (5.3.2)
- Description of the impact of uncertainties on the accuracy of the GHG emissions and removals data (5.4)
- Person responsible
- A statement describing whether the GHG inventory, report or assertion has been verified, including the type of verification and level of assurance achieved

## 2. Operational boundary and quantification methodology

Vancity includes in our inventory all sources and sinks over which we have operational control and those that are practically and economically feasible to assess (see performance data overview on page 1). As a financial institution Vancity has few sources of direct (Scope 1) greenhouse gas emissions. They include a small fleet of light duty vehicles and the operation of boilers and other fuel consuming appliances at our facilities. Vancity controls a range of facilities including office buildings and branches to serve our customers. Energy – delivered either in the form of electricity or natural gas - is required to operate these facilities. The emissions associated with purchased electricity make up Vancity's Energy Indirect (Scope 2) emission sources. Vancity has identified a number of Other Indirect (Scope 3) emission sources which are pertinent to our business operations and which are reasonable to quantify. In 2007 Vancity established an operational boundary with regards to Other Indirect emission sources. The sources identified are considered to be within Vancity's operational control and are thus consistent with Vancity's objective of reducing or holding constant our greenhouse gas emissions (which includes organic growth) at 6000 tonnes CO<sub>2</sub>e per annum.

In 2009, Vancity engaged the Pembina Institute, to quantify and assess the materiality of GHG emissions from three previously unaccounted sources in Vancity's business practice: Employee ferry travel; standalone automated banking machines; and refrigerants. Vancity's materiality threshold for inclusion in its GHG emission management model is one percent of total annual emissions. The report concluded that, at this time, the GHG emissions from these three sources is immaterial and thereby should not be included in our GHG emission management model.

Table 1 describes Vancity's operational boundary, listing the emission sources and sinks Vancity includes in our inventory.

**Table 1—Greenhouse gas sources and sinks**

	Source	Classification/ Scope	Description
Energy	Electricity Use	Energy Indirect/2	Vancity uses electricity to heat, cool, light, and run appliances at its facilities.
	Natural Gas Combustion	Direct/1	Vancity burns natural gas for space heating and cooling and to heat water in its facilities.
Transportation	Vehicle Fleet	Direct /1	Vancity leases and operates a small fleet of light-duty vehicles.
	Employee Commuting	Other Indirect/3	Vancity employees commute from their residences to various Vancity facilities.
	Business Related Air Travel	Other Indirect/3	Vancity employees travel by air to conduct business activities.
	Business Related Vehicle Travel	Other Indirect/3	Vancity employees travel by private vehicle to conduct business activities.
	Car Allowance Travel	Other Indirect/3	Vancity employees travel by private vehicle to conduct business activities. Car allowances are used to compensate those employees who travel frequently.
Office Activity	Paper Use	Other Indirect/3	Vancity consumes paper as a result of its business operations.

Due to the nature of financial institutions, it is neither practical nor in many cases possible to directly measure greenhouse gas emissions from the sources identified in the Operational Boundaries listed in Table A, therefore emissions were estimated using a model. The model is of the form:

For all emission sources an emission factor was identified. The emission factor specifies the amount of emissions per unit of activity. Activity data was collected or estimated to quantify the activity level. These methodologies and procedures are described in further detail below and have been adopted from various sources including the World Resources Institute (WRI) [3, 4]. GHG Inventory

### 3. GHG assertions and emissions inventory—2010

The Vancity group's GHG Emissions Inventory for the fiscal year 2010 has been prepared in conformance with the CSA/ISO 14064-1 standard entitled Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

Vancity's GHG emissions for the fiscal year 2010 were 4783 tonnes CO<sub>2</sub> equivalent.

**Table 2—2010 GHG emissions by scope**

	Tonnes CO <sub>2</sub> equivalent	Uncertainty (+/- %)
Scope 1	1,058	0.5%
Scope 2	395	13.2%
Scope 3	3,340	4.6%
Totals	4,783	3.4%

**Table 3—2010 GHG emissions by source**

	Tonnes CO <sub>2</sub> equivalent	Uncertainty (+/- %)
Electricity	384.6	13.2%
Natural Gas	1,023.8	0.3%
Vehicle Fleet Travel	33.9	11.1%
Vehicle Travel	9.5	58.9%
Car Allowance	283.7	6.2%
Commuting	1,827.5	8.3%
Air Travel*	295.2	High*
Paper*	924.6	High*

\*Uncertainty not assessed but is high.

### 4. Carbon Neutrality Intention

Vancity's GHG emissions for the fiscal year 2009 were 5,101 tonnes CO<sub>2</sub>e. In August 2010, 4,500 tonnes of carbon offsets were purchased and combined with the extra stock of 601 tonnes of carbon offsets that were purchased the previous year to offset 2009 emissions. Thus for the year 2009, the Vancity Group is claiming Carbon Neutrality.

While there is no universally accepted definition of carbon neutrality, for Vancity, carbon neutrality is the result of an organization offsetting their greenhouse gas (GHG) emissions such that their net impact on the climate is neutral.

To achieve this, Vancity completed the following steps:

1. We quantified our carbon footprint
2. We made efforts to reduce our carbon emissions
3. We purchased carbon offsets from emission reducing activities that others had undertaken

It is Vancity's intention to maintain its carbon neutral status in 2010 through the purchase of carbon offsets in 2011.

## 5. GHG emissions sources, factors, and activity data

Vancity's Greenhouse Gas Emissions Inventory Handbook outlines the procedures and methodologies Vancity uses to assess and estimate the emissions of greenhouse gases associated with our business and business operations. The procedures were developed to meet both the CSA/ISO 14064-1 standard and the World Resources Institutes' GHG Protocol standard [1, 2]. They were designed to reflect the principles of: relevance, completeness, consistency, accuracy, and transparency [1]. As the standards evolve, these principles will guide the evolution of this document and the procedures described within. Finally, the procedures were developed to be independent of a specific implementation or technology solution.

None of the quantification methodologies previously used and outlined in Vancity's Greenhouse Gas Emissions Inventory Handbook were changed in the calculation of the 2010 inventory. However, the following parameters and emissions factors were updated to reflect current information.

### Energy

#### **Facilities**

Vancity owns and/or leases both office space and retail space to service our members, and energy related emissions are associated with the operation of these facilities. Information for each facility is collected on an annual basis in order to estimate these emissions.

#### **Electricity**

**Emission Factors** - The majority of Vancity's facilities are located in the province of British Columbia and thus, Vancity purchases the bulk of its electricity from BC Hydro. Annually, BC Hydro provides estimates of emission factors in their 2010 Annual Report which are used in our calculations. For facilities located outside of BC, the latest emission factors were obtained from Environment Canada (2010): National Inventory Report (1990-2008).

**Activity Data** - Electricity consumption is metered at approximately 67% of Vancity facilities and measured in kilowatt hours. At non-metered facilities, consumption is estimated using a model. The model estimates an average energy use per unit area for all metered Vancity facilities, categorizes these facilities, and then assumes that similar non-metered facilities use approximately the same energy per unit area

#### **Natural Gas**

**Emission factor** - Combustion of natural gas releases three greenhouse gases, CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. As a result of the Canadian Government's reporting requirements under the United Nations Framework Convention on Climate Change, the Government commissioned a report on CH<sub>4</sub>, and N<sub>2</sub>O emission factors and uncertainties [7]. Because the emission factors associated with these gases are both comparatively small (less than 1% of the total CO<sub>2</sub>e emissions factor after incorporating global warming potentials (GWP)) and highly uncertain, emissions of CH<sub>4</sub>, and N<sub>2</sub>O are not included in our emissions inventory. There are also emissions associated with natural gas distribution. However, as distribution emissions are generally small (about 1% based on Terasen Gas' 2005 estimate of 0.539 kg/GJ) they are not included [8].

**Activity data** - The majority of Vancity facilities are located in the province of British Columbia and thus, Vancity purchases the bulk of our natural gas from Terasen Gas. At this time there is not sufficient gas consumption outside of BC to justify refining the conversion factor for other provinces and therefore the BC conversion factor is used in all cases. Natural gas consumption is metered at most Vancity facilities and reported by the gas company in gigajoules. At non-metered facilities consumption is estimated using a model. The model estimates average gas use per unit

area for all metered Vancity facilities, categorizes these facilities, and then assumes that similar non-metered facilities use approximately the same amount of gas per unit area.

## **Transportation**

Vancity has a number of transportation related greenhouse gas emission sources within our operational boundary. These primarily include work related travel by air and by vehicle and employee commuting to and from work. ISO 14064-1 requires that emissions inventories be estimated at the facility level (i.e. emissions inventories must be estimated for each Vancity facility); however, business travel (air or ground) is often not associated with a specific facility and is instead associated with a business unit such as a subsidiary within the overall organization. To address this issue, emissions resulting from business travel are associated with the head office of the corresponding subsidiary or business partner with the exception of employee commuting emissions which are tracked at the facility level.

### **Vehicle travel**

*Emission factor* - There are a number of categories of vehicle travel within Vancity's operational boundary. For each of these, total fuel consumption (the activity data) is estimated or measured and a set of emission factors are obtained to estimate emissions. Only gasoline and diesel fuel types are modeled as they make up the overwhelming majority of fuel types currently in use [9]. Blended fuels such as biodiesel or ethanol are considered equivalent to the fuel they are blended with (e.g. diesel or gasoline) as the (non-lifecycle) greenhouse gas emissions are nearly equivalent.

*Activity data* - For the purpose of estimating greenhouse gas emissions, vehicle travel activity data is measured in fuel consumption. As the distance travelled by a vehicle is often known or can be estimated, fuel consumption can be estimated by multiplying the distance travelled by an appropriate estimate of fuel economy. There is some uncertainty associated with fuel economy because it is dependent on many factors including age and vehicle operating conditions; nevertheless this calculation provides the most reasonable estimate of total fuel consumption when it is not directly measured. Updated fuel economy estimates are obtained from Natural Resources Canada (NRCan), which provides estimates for both specific vehicles and vehicle groups.

### **Vancity vehicle fleet**

Vancity leases and operates a small fleet of vehicles. Actual fuel consumption is not tracked at this time; however, both the type of vehicle and the distance travelled are kept track of.

### **Travel survey**

For some vehicle travel sources neither fuel consumption nor distance travelled is directly tracked. For these sources a travel survey is used to estimate distance travelled and ultimately, the total emissions emitted. Vancity has developed a travel survey in cooperation with Acure Consulting and conducted in November 2010. The survey is used to estimate emissions associated with employee commuting and car allowances, and to estimate the percentage of diesel and gasoline vehicles.

### **Business vehicle travel**

Vancity compensates employees for use of their private vehicles for business related travel using two methods: (1) mileage reimbursement (referred to as business vehicle travel) and (2) car allowances. The total mileage reimbursed and the reimbursement rate is used to estimate the mileage driven in private vehicles. Total fuel consumption is calculated for each fuel type (gasoline and diesel) using: Total Fuel Consumption (L) = (Total Distance Travelled (km)) x (% Vehicles of the Fuel Type) x (Average Fuel Economy of the Fuel Type (L/100km)/100).

### **Car allowance travel**

Car allowance travel is estimated using responses to specific questions in the transportation survey. Average annual fuel consumption is estimated using:  $\text{Total Fuel Consumption (L)} = (\% \text{ Work Related Travel}) \times (\text{Average Spending on Fuel per Week}(\$)) / (\text{Average Annual Fuel Price for the Fuel Type} (\$/\text{L})) \times (\text{Number of Working Weeks in a Year})$ . Fuel Prices are updated using Statistics Canada information.

### **Employee commuting**

Greenhouse gas emissions associated with employee commuting are very challenging to estimate and correspondingly, there is significant uncertainty associated with the estimate. Vancity uses the annual transportation survey to collect and quantify employee commuting data based on assessments of how often employees commute, modes of transportation used, distance traveled etc. It should be noted that this model only accounts for emissions from single occupancy employee vehicles; emissions associated with transit and other modes of commuting are not estimated. Findings from the survey (i.e., per employee emissions from commuting) are extrapolated to apply to all employees. Thus, total emissions are calculated using:  $\text{Total Emissions (t)} = (\text{Emissions per Employee per Week}) \times (\text{Number of Employees}) \times (\text{Number of Working Weeks in a Year})$ .

### **Air travel**

*Emission factor* - The UK Department for Environment, Food and Rural Affairs (DEFRA) publishes the most widely used air travel emission factors [11]. These emission factors are specified as a function of flight length and are based on UK flight patterns. The WRI has adopted these emission factors and reclassified the flight lengths to be compatible with the North American aviation environment.

*Activity data* - The most common method used to estimate the one way length of a flight is to calculate the great circle distance between the airport of origin and airport of destination; the shortest distance between two points on a sphere. However, as this is the shortest distance between two points, the IPCC recommends adding an additional 9-10% to account for non-direct routing and delays [11, 12]. Air travel is measured in kilometres per person. The flight length determines the flight length classification (e.g. short, medium, or long haul) and the appropriate emission factor to use.

### **Paper Use**

*Emission factor* - There is significant uncertainty associated with estimating emissions of greenhouse gases resulting from the production and disposal of paper. One of the most comprehensive and relevant studies to date that attempts to quantify these life cycle emissions appears to be a US based study conducted by the Paper Task Force. The study was revised in 2002 and is endorsed by the US Office of the Federal Environmental Executive. The report was commissioned by Environmental Defense, amongst others, and was used to develop an online calculator. The calculator estimates greenhouse gases based on the amount of paper used (measured by weight), the type of paper, and the percent of recycled content. Although, the calculator does not explicitly list emission factors; they were extrapolated to provide an updated emission factor (see Appendix B for details).

The following citation must be included in any report produced that includes values derived from the calculator: "Environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information visit <http://www.papercalculator.org>."

*Activity data* - Tracking paper use in a large and diffuse organization such as Vancity is difficult. Nevertheless, procedures have been developed to capture this as best as is reasonably possible. It is not feasible to track paper use at the facility level and thus paper use is reported at the subsidiary and key department level; as with

transportation emissions, subsidiary level emissions are reported against the subsidiary head office. Paper use estimation procedures have been in place for a considerable period of time at Vancity. Paper use is collected by departmental representatives on a quarterly basis and the total weight of paper purchased, as well as the percentage of paper that is post consumer waste (PCW) is tabulated and summarized.

## 6. Base Year

As Vancity revised its procedures in 2007 to meet the ISO 14064-1 standards, Vancity has defined its historical base year as 2007. Vancity's 2007 GHG Inventory forms the historical base year for future inventories.

Throughout 2009 a number of transactions occurred related to Vancity's subsidiaries including the removal of Citizens Bank from the personal banking marketplace and the sale of both Vancity Insurance Services and Inhance Investment Management Incorporated. These sales resulted in the elimination of 155 full-time equivalent positions (a 6.96% drop in total employees).

The methodology Vancity uses to assess and estimate the emissions of greenhouse gases associated with our business (outlined in Vancity's Greenhouse Gas Emissions Inventory Handbook) outlines that if the addition or removal of a facility as a result of a divestment or merger results in more than 1.5% change in total employees, the base year shall be recalculated. As a result of a number of divestments initiated in 2009, the base year is being recalculated.

Vancity's original base-year GHG Inventory was 5,504 tonnes CO<sub>2</sub> equivalent. The recalculated total is 5,242 tonnes CO<sub>2</sub> equivalent. Revised GHG emissions by scope and by source for the 2007 base year are provided below. Note, that although the divestitures had a significant impact on total employees, it did not have a significant impact on facilities. As a consequence the baseline for energy and natural gas use has not been adjusted.

**Table 4—Total 2007 GHG emissions by scope: original and revised**

	Revised Tonnes CO <sub>2</sub> equivalent	Tonnes CO <sub>2</sub> equivalent	Uncertainty (+/- %)
<b>Scope 1</b>	<b>468</b>	468	15.6%
<b>Scope 2</b>	<b>386</b>	386	0.0%
<b>Scope 3</b>	<b>4390</b>	4,650	4.8%
<b>Totals</b>	<b>5242</b>	<b>5,504</b>	<b>4.3%</b>

**Table 5—Total 2007 GHG emissions by source: original and revised**

	Revised Tonnes CO <sub>2</sub> equivalent	Tonnes CO <sub>2</sub> equivalent	Uncertainty (+/- %)
<b>Electricity</b>	386	386	18.1%
<b>Natural Gas</b>	1109	1,109	7.7%
<b>Vehicle Fleet Travel</b>	34	36	9.6%
<b>Vehicle Travel</b>	55	58	19.1%
<b>Car Allowance</b>	376	402	2.9%
<b>Commuting</b>	2006	2,146	9.1%
<b>Air Travel</b>	465	498	High*

<b>Paper</b>	811	868	High*
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\*Uncertainty not assessed but is high. A clearer comparison of GHG emissions since the 2007 base year, is provided in the following table – tonnes of GHG emissions by type per employee.

**Table 6—GHG emissions by type per employee 2007 to 2010**

	2010	2009	2008	2007
Premises energy use (t/FTE)	0.68	0.72	0.64	0.63
Paper use (t/FTE)	0.44	0.24	0.3	0.37
Vehicle fleet (t/FTE)	0.02	0.01	0.01	0.02
Employee business travel by air & vehicle (t/FTE)	0.28	0.32	0.38	0.4
Employee commuting alone (t/FTE)	0.88	1.01	0.85	0.91
Tonnes of GHG per employee (FTE)	2.30	2.29	2.18	2.32
Total FTE	2080	2228	2384	2371

## 7. Assessing and reducing uncertainty

This section describes the parameter and model uncertainties that have been identified and assessed. For the purpose of this uncertainty assessment it is assumed that all uncertainties are normally distributed. Although in some cases this may not hold true it is a reasonable assumption for the scope of this uncertainty assessment. The bias column is used to provide an indication of whether this assumption holds true and if it does not, which direction the bias is believed to be in.

### **Energy**

There are three main sources of uncertainty associated with energy related emission estimates:

1. Emission factors (electricity and natural gas)
2. Natural gas and electricity meters
3. Energy use model

#### **Emission factors**

As part of the national reporting procedure Environment Canada commissioned a study to quantify the uncertainty associated with various fuel emission factors including natural gas. It is assumed that the uncertainty associated with the emission factor captures the uncertainty in the energy content of the fuel and thus the conversion factor from energy to volume (GJ to cubic metres). Neither BC Hydro nor Environment Canada publishes uncertainty estimates of the emission factors (emission intensities) associated with electricity generation. In absence of reported estimates, confidence intervals were calculated for each province using 1990 to 2005 emission factor estimates published by Environment Canada [6]. It is assumed, however, that in all cases a minimum uncertainty of 10% exists, unless otherwise reported.

#### **Natural gas and electricity meters**

Measurements Canada regulates the tolerance of both electricity and natural gas meters under the Electricity and Gas Inspection Act. Uncertainty for electricity meter tolerance is assumed to be 0.5%, and 1.5% for natural gas meter tolerance

#### **Energy use model**

Rough estimates of uncertainties are obtained from Natural Resources Canada's survey "Commercial and Institutional Consumption of Energy Survey Summary Report" [23] and using the quality ranking of the statistics (A, B, C, etc.) and the corresponding coefficient of variation. The confidence interval can be calculated by multiplying the maximum coefficient of variation by 1.96. For BC, confidence intervals are calculated using the metered data.

### **Transportation**

There are many sources of uncertainty associated with transportation related emissions. The following sources have been assessed:

- Vehicle odometers
- Fuel economy
- Fuel emission factors
- Fuel price
- Radiative forcing factor
- Aviation emission factors
- Flight routing
- Earth radius
- Car allowance travel model
- Employee commuting model
- Number of working weeks

Both commuting and car allowance estimates are based on a survey conducted once per reporting period. The survey provides only a single snap shot of the activity data in a very dynamic organization. Facilities and employees are added and removed throughout the course of a reporting period, some before and some after the survey is conducted. The results of the travel survey will inevitably be biased and reflect the organization and its operations at the time the survey is conducted. In a growing organization this means the estimates would likely be positively biased (estimates would likely be higher than actual reports) and in a shrinking organization, negatively biased, assuming the survey is conducted at the end of the reporting period, as it has in the past. Car allowance results in particular are likely to be biased as there is an incentive for employees to report a higher than actual percentage of work related travel.

#### **Vehicle emission uncertainty sources**

*Odometer* - Vehicle odometer tolerance is not specifically regulated; manufactures are only required to specify the tolerance. However, Honda Motor Company was recently sued in the US on grounds that odometers in their vehicles were biased and outside of what was deemed as reasonable tolerance [19, 20]. This report assumes that other manufactures either are or will be in compliance with this tolerance.

*Fuel economy*- There is uncertainty associated with fuel economy estimates because they are dependent on factors such as the vehicle weight, engine technology, fuel type, and actual operating conditions. Two sources of fuel economy estimates are used: (1) Natural Resources Canada's Fuel Consumption Guide and (2) Natural Resources Canada's Canadian Vehicle Survey. The estimates published in the Fuel Consumption Guide are based on a standard test procedure but there is uncertainty as to what degree the test procedure captures actual real-world driving conditions. A 2005 Consumer Reports study found that in a test of 303 light duty vehicles that actual fuel

economy deviated from the published rating by between +21 per cent and -28 per cent [21]. The study also found that 90% of the vehicles tested had fuel economies worse than the published rating. Although this was a US study, at the time of the study, American and Canadian test procedures were the same. It should be noted that the US has recently revised their test procedure and Canada is likely to follow. The Canadian Vehicle Survey provides rough data quality rankings and corresponding confidence intervals.

*Fuel emission factors* - The IPCC estimates the uncertainty associated with fuel emission factors to be less than 5 per cent (Section 2.1.1.6 [16]). As part of the national reporting procedure Environment Canada commissioned a study to quantify the uncertainty associated with various fuel emission factors. Unfortunately these values were not published in their report.

*Fuel prices* - Statistics Canada publishes monthly average fuel prices. Confidence intervals are calculated to estimate the uncertainty of the average annual fuel price.

*Employee commuting model* - The model used to estimate employee commuting does not estimate uncertainty and as previously discussed there will be biases present in the survey. Without having a more detailed understanding of biases present in the survey it is difficult to estimate uncertainty; however, an estimate of uncertainty of 30 per cent was made based on discussions with the model developer and fuel economy uncertainties.

*Car allowance travel* - Assessing uncertainty from a survey is difficult; there is no simple way of assessing the accuracy of estimates made by respondents nor how representative the estimates at the time of the survey are over the course of a year. In addition, there will be biases present in the survey. To provide some measure of uncertainty, confidence intervals are calculated for both the fuel spending per week and percentage of work related travel.

*Working weeks* - There is uncertainty associated with the average number of weeks in a year an employee works. Vancity's human resources department provided an estimate and a range from which an uncertainty estimate was derived (10 per cent).

#### **Aviation emission uncertainty sources**

There is considerable uncertainty associated with both the impact and release of aviation emissions. In particular there is great uncertainty associated with the radiative forcing factor. Recent studies have suggested the value could be as much as two times current estimates but no specific uncertainty estimate is given [13]. At this time there is no widely accepted measure of uncertainty associated with the radiative forcing of aviation emissions. Because of variations in aircraft, fuels, flight paths, loads, and operating conditions there is significant uncertainty associated with aviation emissions factors that are a function of distance travelled; however, there are no published estimates. Finally, there is model uncertainty associated with estimating the length of a flight. The IPCC suggests that due to air traffic control inefficiencies and indirect flight routing that the flight length be increased by between 9-10% over the direct route [11, 12]. Vancity assumes this value captures the uncertainty in the flight length as well. As there is significant uncertainty associated with radiative forcing and no published estimates of emission factor uncertainties, the uncertainties associated with aviation emissions will not be assessed quantitatively, although it is assumed that they are large.

#### **Paper**

There are significant uncertainties with regards to both paper consumption activity data and emission factors. There are no published estimates of uncertainty associated with the emission factor but it is believed to be very high, likely orders of magnitude. As a result uncertainties associated with paper are not assessed as the results would be meaningless. It should be noted that the WRI removed paper from their emissions inventory citing that the uncertainty

was too great [22]. However, to support improvements of the paper consumption estimate, Vancity estimates are graded (A though F). If an estimate makes up a significant fraction of the total estimate and receives a poor grade, steps are taken to improve that estimate.

## 8. GHG information management - roles and responsibilities

The following table outlines the roles and responsibilities that were assigned before estimating the greenhouse gas emissions inventory. Note that multiple people or a group can be responsible for a single role and that a single person can be responsible for more than one role.

**Table 7—Roles and responsibilities of GHG inventory management**

Name	Responsibility	Training Level
<b>Data Collection Officer</b>	This officer is responsible for collecting, managing and logging all data used to estimate Vancity's greenhouse gas emissions inventory, as described in this document. The officer is responsible for ensuring all data is reported to them and that the data adheres to the specified data collection standards and quality assurance procedures. Finally, the officer is responsible for ensuring that all data collection procedures in this document adhere to the relevant standards.	This officer should have a thorough understanding of the relevant data collection procedure and standards as well as quality assurance procedures.
<b>Modeling Officer</b>	This officer is responsible for ensuring the emissions inventory model adheres to the methodologies described in Vancity's GHG Emissions Inventory Handbook. The officer is also responsible for reviewing the methodologies described in this document to ensure they are current and adhere to the relevant standards. Finally, this officer is responsible for running the model and reporting the results of the emissions inventory to the Data Collection Officer.	This officer should have a thorough understanding of the relevant standards and modeling methodologies. The officer needs to possess sufficient quantitative skills to understand and run the model.
<b>Finance Officer</b>	This officer is responsible for collecting and reporting activity data derived from accounting records to the Data Collection Officer.	This officer should be familiar with the accounting system and accounting practices at Vancity.
<b>Energy Assessment Officer</b>	This officer is responsible for collecting and recording energy use (electrical and fuel) at all Vancity facilities and reporting this information to the Data Collection Officer. This officer may be an external contractor.	This officer should be familiar with energy systems and utility reporting processes.
<b>Survey Officer</b>	In some cases, for example employee commuting, a survey may need to be conducted to estimate activity data or other model parameters. The survey officer shall be responsible for conducting and interpreting such a survey. This officer may be an external contractor.	This officer should be familiar with survey methodologies including how to correctly conduct a survey and interpret the results.

## 9. Verification

ISO 14064-1 requires a verification procedure be established with the auditor/verifier. The following describes the general procedures Vancity follows:

1. Before verification is conducted the procedures described in Vancity's GHG Emissions Inventory Handbook shall have been completed
2. The appointed auditor/verifier shall have the necessary background, training, and competency to perform the verification as defined in ISO 14064-1 (see Section 8.3.3 of [1] for further details)
3. The objectives, scope, level of assurance, materiality, and data sampling and custody criteria shall be discussed and established with the verifier

4. A verification statement shall be obtained from the verifier that includes as a minimum: a description of the objectives, scope and criteria of the verification activities, a description of the level of assurance, and the verifier's conclusion indicating any qualification or limitations (see Section 8.3.4 of [1] for further details)
5. The verification statement shall be reviewed to ensure it is consistent with criteria established with the verifier
6. This GHG Inventory report was prepared by Vancity management. The greenhouse gas assertions including the 2010 carbon footprint have been externally verified by an independent auditor, Ernst & Young LLP, with a reasonable level of assurance, and in a manner consistent with the requirements of ISO 14064-3

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