A man with a mustache, wearing a dark cap and a jacket, is looking intently at two test tubes held in his gloved hands. The background is a blurred laboratory or industrial setting with stainless steel equipment.

2011 Annual Report
Complete accountability
statements of Vancity

Vancity
Make Good Money.™

Complete Accountability Statements: **Greasecycle Inc.**

By developing an innovative finance package, Vancity is helping a BC biofuel business build a model for expansion in BC and beyond. Greasecycle Inc., co-owned by Miles Phillips and Brian Roberts, collects and processes waste cooking oil from restaurants in the Victoria and Vancouver areas and supplies this as Straight Vegetable Oil to producers for fuel or for conversion to biodiesel.

Vancity's financing of Greasecycle was partly funded by its unique capital backstop program, which provides extra support and protection for loans in new and emerging areas.

Miles is also President and Project Manager of the Cowichan Energy Alternatives Society (CEA), which supports the creation of local, sustainable energy projects and also runs a biodiesel production and distribution social enterprise in Duncan, BC. Vancity helped CEA launch a 24-hour-access biodiesel cardlock facility.

Ernst and Young LLP's independent assurance statement

To the Members of Vancouver City Savings Credit Union

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 the *AA1000 Assurance Standard (2008)* ["AA1000AS (2008)"].

Scope of our engagement

We have carried out a 'reasonable' assurance engagement¹ over the following:

- Vancouver City Savings Credit Union and its subsidiaries' ("Vancity's") adherence to AA1000 Accountability Principles Standard (2008) ["AA1000APS (2008)"], which include the principles of Inclusivity, Materiality and Responsiveness ("AA1000 Principles")
- Vancity's greenhouse gas emissions appearing in Vancity's 2011 Annual Report including the Summarized and Complete Accountability Statements (together the "Report") for the period January 1, 2011 to December 31, 2011 prepared by Vancity management
- Vancity's assertion in the Report that the greenhouse gas emissions for the year ended December 31, 2010 have been neutralized through the purchase of offsets ("Carbon Neutral Assertion")

We have carried out a limited assurance engagement over:

- Vancity's specified performance information appearing in the Report for the period January 1, 2011 to December 31, 2011
- The 'Status' of Vancity's targets and commitments for the period January 1, 2011 to December 31, 2011 appearing in the Report

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 the AA1000 Principles 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 Report and to express a conclusion thereon:
 - Overall member loyalty score
 - Average branch service experience score
 - Employee engagement score
 - Net annual growth of community investment loan portfolio
 - New community investment impact loans funded
 - Percentage of new investment made by members and clients in socially responsible investment (SRI) options
 - Percentage of employees who commute to and from work using sustainable transit modes
 - Percentage of waste recycled or diverted from the landfill (together, the "Specified Performance Information")
- ▶ **Subject matter 3:** to obtain a reasonable level of assurance on the fair presentation of Vancity's 2011 greenhouse gas emissions as presented in the Report and to express an opinion thereon.
- ▶ **Subject matter 4:** to obtain a reasonable level of assurance on the fair presentation of Vancity's assertion that the greenhouse gas emissions for the year ended December 31, 2010 have been neutralized through the purchase of offsets as presented in the Report and to express an opinion thereon.

- ▶ **Subject matter 5:** to obtain a limited level of assurance on the fair presentation of the 'Status' of the targets and commitments as presented in the Report for the following groups of targets and commitments and to express a conclusion thereon:
 - Enhancing members' wellbeing
 - Making loans and investments
 - Providing investment products and advice, and other services
 - Investing in employees
 - Managing and purchasing buildings, systems and equipment
 - Integrated governance and management

Criteria

- ▶ **Subject matter 1:** AA1000APS (2008)
- ▶ **Subject matter 2:** Criteria internally developed by Management
- ▶ **Subject matter 3:** ISO 14064 - Part 1
- ▶ **Subject matter 4:** Criteria internally developed by Management and ISO 14064 - Part 1
- ▶ **Subject matter 5:** Criteria internally developed by Management

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 information, statements, claims and assertions 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, identification and prioritization of material issues and definition of targets and commitments.

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 Report.

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

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 five selected subject matters:

Subject matter 1 – AA1000 Principles

Inclusivity

- ▶ Has Vancity undertaken a stakeholder identification process in accordance with AA1000APS (2008) definition and explanation of Inclusivity?

Materiality

- ▶ Has Vancity undertaken a materiality process in accordance with AA1000APS (2008) definition and explanation of Materiality?
- ▶ Has Vancity reported the material issues relating to its sustainability performance?

Responsiveness

- ▶ Has Vancity prioritized and carried out its stakeholders' responses in accordance with AA1000APS (2008) definition and explanation of Responsiveness?

Subject matters 2, 3 and 4 – Specified Performance Information, greenhouse gas emissions and Carbon Neutral Assertion

- ▶ Has Vancity provided fair representation of the Specified Performance Information, greenhouse gas emissions, and carbon neutral assertion with respect to the organizational boundaries and time period defined in the Report?
- ▶ Has Vancity accurately collated data relating to the Specified Performance Information, greenhouse gas emissions and Carbon Neutral Assertion?

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

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

Subject matter 5 – Targets and commitments

- ▶ Has Vancity fairly represented the status of the targets and commitments in the Report.
- ▶ Are the data for the targets and commitments accurate and sufficiently detailed for stakeholders to assess Vancity's performance?

Assurance procedures

Our assurance procedures 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 Specified Performance Information and targets and commitments and understanding processes specified for the collection and reporting of the Specified Performance Information and targets and commitments 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 2011 greenhouse gas emissions and the 2010 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, with the exception of specific performance information for which we have provided assurance in prior years
- ▶ 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 and targets and commitments

Our conclusions

Subject to the limitations noted above and on the basis of our procedures for this reasonable and limited 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 Vancity 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

Nothing has come to our attention that causes us to believe that the Specified Performance Information for the period January 1, 2011 to December 31, 2011 is not presented fairly, in all material respects, in accordance with the criteria internally developed by management.

Subject matter 3

In our opinion, the Report presents fairly, in all material respects, the greenhouse gas emissions for the year ended December 31, 2011 in accordance with ISO 14064 - Part 1.

Subject matter 4

In our opinion, the Report presents fairly, in all material respects, the Carbon Neutral Assertion for the year ended December 31, 2010 in accordance with ISO 14064 - Part 1 and the criteria internally developed by management.

Subject matter 5

Nothing has come to our attention that causes us to believe that the 'Status' of the targets and commitments for the period January 1, 2011 to December 31, 2011 are not presented fairly, in all material respects in accordance with the criteria internally developed by management.

Observations and opportunity for improvement

In 2011, Vancity has put significant effort into integrating sustainability principles into its broader strategy development process. This resulted in changes within the organization and the need for the development of new performance measures and associated processes. Now that the foundation has been set, management has identified that the processes and controls supporting adherence to the AA1000 Principles and the non-financial performance measures including the status of targets and commitments need to be strengthened.

The above observation and opportunity for improvement does not affect our conclusions expressed in the conclusion section above.

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.

Ernst & Young LLP

Vancouver, Canada
March 27, 2012

Performance data overview

We select performance data based on relevance to our business strategy and interest to stakeholders. We also include relevant data to adhere to the reporting standards we follow, primarily the Global Reporting Initiative's (GRI) sustainability reporting guidelines version G3.1 including the Financial Services Sector Supplement.

For a description of how we identify our most material issues see vancity.com/2011annualreport/materiality (PDF)

We apply the following principles to the data we report:

- We report data for Vancity unless otherwise stated. Vancity refers to Vancouver City Savings Credit Union, and all of its subsidiaries—see operational structure on page 20 of our 2011 Annual Report.
- We report data for the calendar and fiscal year January 1 to December 31 with the following exception: we report energy and water data for the previous year's fourth quarter to the current year's third quarter. (For example, 2011 energy data is reported for the period October 1, 2010 to September 31, 2011). We use annual full-time equivalent (FTE) employee numbers to normalize energy and water data.
- We include five years of data, where comparable and available.
- If data increases or decreases by a material amount from the prior year, or if over five years data is trending up or down, we include an explanation in the accountability statements or in the business review of the 2011 Annual Report. We consider a material amount to be either +/- five per cent, or an amount we or our third-party survey providers consider to be a statistically significant variance for survey results.
- We include external industry benchmarks from sources we consider to be reliable, where meaningful and available, to provide context for our performance.
- We disclose in the table notes if data is estimated or based on extrapolation, and we provide details of the estimation or extrapolation.
- For relevant indicators, we follow the indicator protocols contained in the GRI's sustainability reporting guidelines (version G3.1) unless otherwise stated. When requirements under the protocols change, we restate data and include a minimum of three years of data, where available.
- We're continuously improving our non-financial data tracking and reporting processes. Sometimes this means that 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 is of value. We indicate restatements and omission of data in the table notes.

Details on the GRI's sustainability reporting guidelines: globalreporting.org

For a glossary of general terms and data definitions, see the [2011 Annual Report](#).

Data management

The accountability reporting team in the Finance division collects and manages accountability data using a web-based data management system (Credit360). This system includes data quality controls. Data providers and/or approvers across the organization are responsible for:

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

The team works closely with our external assurance providers (Ernst & Young in 2011) to ensure they have access to the people and information they need to fulfill the terms of their assurance engagement.

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 Aon Hewitt that uses a six-point scale. We report the percentage of employees responding five (“agree”) and six (“strongly agree”). All employees were surveyed. In 2011 the response rate was 90 per cent and the margin of error was +/- 0.7 per cent.

Member Experience Tracking system: A confidential telephone survey administered by Market Probe Canada in the week following select, in-branch transactions by retail members. The survey uses a 10-point scale, where “10” means “superior / extremely likely”. The margin of error in 2011 was +/- 0.04 at a 95 per cent confidence interval.

Member loyalty surveys for personal and business members: An annual anonymous telephone survey administered by Market Probe that uses a 10-point scale ranging from poor (one) to superior (10). We report the percentage of members responding nine or 10. A representative sample of members between the ages of 19 and 70 were surveyed. The margin of error in 2011 was +/- four per cent for overall survey results (combined for personal and business members).

Member Service 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 2011 was +/- three 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. The margin of error in 2011 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. The margin of error was not available.

Key performance data

Data for 2011 for the following 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) impacts, where quantifiable. For definitions, see the glossary on pages 107-109.

- Employee engagement score
- Greenhouse gas emissions
- Net annual growth of the community investment loan portfolio
- Overall member loyalty score
- Average branch service experience score
- New community investment impact loans funded
- Percentage of new investments made by Vancity's members or clients in socially responsible investment options
- Percentage of employees who commute to and from work using sustainable transit modes
- Percentage of waste or recycled or diverted from the landfill

Key to symbols

 = 2011 data externally assured

BM = external benchmark

 = more information is available online

Additional references

Throughout these statements, we reference additional data and information contained in the following documents (PDFs), available on our website:

-  [Disclosure on Management Approach](http://vancity.com/2011annualreport/dma) (vancity.com/2011annualreport/dma)
-  [Complete Accountability Statements](http://vancity.com/2011annualreport/accountabilitystmts) (vancity.com/2011annualreport/accountabilitystmts)
-  [Complete Consolidated Financial Statements](http://vancity.com/2011annualreport/financialstmts) (vancity.com/2011annualreport/financialstmts)

Enhancing members' well-being

See [Disclosure on Management Approach](#) for an overview of our member concerns process, mechanisms to collect and respond to member feedback, and more details on product responsibility, fraud, and privacy

Member and client numbers—see page 38 of the [2011 Annual Report](#)

Number of members

To align Vancity with other credit unions, in 2011 our Board of Directors approved a change in the way we count our membership. A member is a person who resides, works, or carries on business in British Columbia and holds a minimum of \$5 in membership equity shares with Vancity. We now include joint members in our member count. The inclusion of joint members is consistent with Vancity's intent to recognize all members and is aligned with the process by which voting privileges are extended to the same members. Including all joint account holders is a transparent way of representing Vancity's true membership size.

In 2011, more than 90 per cent of members held personal accounts. The remainder held business accounts, while some members held both. Approximately one in seven of our business members were not-for-profit organizations.

		2011*	2011	2010	2009	2008	2007
Total number of members	#	479,528	418,937	417,211	414,377	407,120	388,000
Personal member accounts	%	93	91	91	91	93	89
Business member accounts	%	6	8	8	8	6	9
Not-for-profit member accounts	%	1	1	1	1	1	2

Data includes Vancity Credit Union and Squamish Savings members. However, approximately 35,000 persons (including Squamish) were excluded from the 2011 new membership count because they did not meet the minimum share requirement of \$5. As these members reach the minimum share requirement they will be included in the overall member count.

*New methodology to count members.

Number of clients

Community Capital (part of Vancity's Community Investment division) changed its mandate in 2010 to focus exclusively on community investment impact loans. This resulted in a decline in the number of client accounts as legacy clients aren't replaced.

		2011	2010	2009	2008	2007
Vancity Investment Management (VCIM)	#	535	518	505	499	505
Personal accounts	%	85	85	85	85	90
Business accounts	%	11	11	11	11	6
Not-for-profit accounts	%	4	4	4	4	4
Community Capital	#	52	63	75	74	75
Business accounts	%	58	67	68	68	69
Not-for-profit accounts	%	42	33	32	32	31

In 2011, there were 1,523 Citizens Bank personal customer accounts compared to 1,970 in 2010. This number will continue to decrease as Citizens Bank no longer operates in the personal banking marketplace -- its operations focus on Visa, foreign exchange and commercial real estate.

See citizensbank.ca/retail for more information.

Breakdown of personal members by age

When compared to the population of Metro Vancouver, Vancity has proportionally fewer young members and more older members: 16 per cent of members are 24 and under (compared to 28 per cent of the population), and 54 per cent are 45 and over (compared to 42 per cent).

		BM*	2011	2010
Aged 24 and under	%	28	16	17
Aged 25-44	%	30	29	30
Aged 45-64	%	28	37	37
Aged 65 and over	%	14	17	16
Age not available	%		1	1

*Benchmark (BM) source: Environics Analytics, Demographic Estimates and Projections report, 2011 -- Breakdown for Metro Vancouver Area. This is based, in part, on computer files from Statistics Canada.

Due to rounding, percentages may not add up to 100.

Serving members—see page 34 of the [2011 Annual Report](#)

Member loyalty and satisfaction survey scores

		BM	2011	2010	2009	2008	2007
Personal member loyalty score	%	40-50	46	43	45	47	47
Business member loyalty score	%	33-38	41	38	29	40	n/a
Overall member loyalty score <input checked="" type="checkbox"/>	%	40-50	45	43	44	46	n/a
*Personal member likelihood to recommend score	%	--	59	n/a	n/a	n/a	n/a
*Business member likelihood to recommend score	%	--	55	n/a	n/a	n/a	n/a
*Overall member likelihood to recommend score	%	--	59	n/a	n/a	n/a	n/a
Average (mean) branch service score <input checked="" type="checkbox"/>	#	--	9.03	8.97	8.89	8.89	8.84
Member service centre customer satisfaction score	%	71	78	75	77	73	75

*New indicator. Survey question asked in member loyalty survey.

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.

n/a = data not available due to survey not in place at time.

Percentage of members who rate Vancity nine or 10 out of 10 for ensuring they have a say in Vancity's growth and future direction (when it comes to service)

		2011	2010	2009	2008	2007
Personal members	%	45	43	44	42	43
Business members	%	39	40	n/a	n/a	n/a
All members	%	45	43	n/a	n/a	n/a

Data source: member loyalty surveys.

Percentage of respondents answering "Don't know" for personal members in 2011 is 10, business members is 13 and for all members is 10.

n/a = data not available.

Member complaints escalated to Board of Directors and executive leadership team

In 2011, complaints mainly related to accounts, service and products. There were no complaints related to harassment or discrimination.

		2011	2010	2009
Total number of member complaints	#	102	154	213

New indicator.

Member privacy

Member reports of breaches of privacy and losses of member or client data

In 2011, we made clarifications to our Privacy Code, but no significant changes.

		2011	2010	2009	2008	2007
Substantiated reports and privacy breaches	#	9	6	13	13	8
Unfounded or inconclusive reports	#	2	3	9	7	8
Total number of reports	#	11	9	22	20	16

Data reflects the number of breaches reported to Vancity's Privacy Office from a branch, member or customer. Key reasons for breaches include misdirected emails, letters and telephone calls, or employee misconduct/errors.

Due to improvements in tracking systems in 2009, historical data may not be comparable.

Receiving deposits and raising funds

Percentage of member loans funded by member deposits—see page 40 of the [2011 Annual Report](#)

		2011 IFRS [†]	2010 IFRS [†]	2010 GAAP	2009 GAAP	2008 GAAP	2007 GAAP
Percentage of member loans funded by member deposits	%	81	81	84	89	79	77

New indicator.

[†]As a result of a change in reporting standards, effective January 1, 2010, Vancity prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). For reporting periods up to and including the year ended December 31, 2010, Vancity prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP). For a full discussion of the impact of these changes, see the Complete Consolidated Financial Statements.

Making loans and investments

See Disclosure on Management Approach for details on our approach to managing community investments, including managing lending risks, and products and services with social or environmental benefits.

Business and commercial loan portfolio—see page 41 of the [2011 Annual Report](#)

New funded business and commercial loans and lines of credit

The value of new funded loans and lines of credit greater than five million dollars increased 21 per cent from last year, primarily due to an increase in large commercial real estate loans funded. This increased the total value of loans and lines of credit funded by 10 per cent.

Value of loans funded by size: (millions of dollars)		2011	2010	2009	2008
\$0 - \$24,999 value	\$	4	4	4	5
\$25,000 - \$99,999 value	\$	13	14	14	15
\$100,000 - \$249,999 value	\$	21	22	19	22
\$250,000 - \$499,999 value	\$	39	56	28	35
\$500,000 - \$999,999 value	\$	68	74	54	65
\$1,000,000 - \$4,999,999 value	\$	244	239	166	222
\$5,000,000 and greater value	\$	669	553	169	158
Total value of loans funded	\$	1,058	962	455	521
Average funded loan size	\$	0.9	0.7	0.4	0.4
Number of loans funded by size:		2011	2010	2009	2008
\$0 - \$24,999 number	#	397	399	373	413
\$25,000 - \$99,999 number	#	293	313	316	342
\$100,000 - \$249,999 number	#	144	142	124	142
\$250,000 - \$499,999 number	#	109	160	83	100
\$500,000 - \$999,999 number	#	97	111	81	97
\$1,000,000 - \$4,999,999 number	#	126	120	79	115
\$5,000,000 and greater number	#	48	44	21	17
Total number of new loans funded	#	1,214	1,289	1,077	1,226

We restated 2008 to 2010 data due to a change in methodology to include new loans and lines of credits (LOCs) funded and new increments funded for loans and LOCs. Data includes all loans and lines of credit to businesses funded by our Community Investment division and branch network.

Breakdown for total value of loans is rounded to the nearest one million dollars.

Business and commercial loan portfolio (outstanding \$) by North American Industry Classification System (NAICS)

The majority of our loan portfolio is invested in the real estate sector, and approximately half the value of these loans comprise commercial real estate loans administered by Community Investment's Community Real Estate team.

		2011	2010	2009	2008
Accommodation & food services	%	2	2	2	1
Construction	%	4	7	12	24
Health care & social assistance	%	2	2	2	1
Manufacturing	%	1	2	2	3
Other	%	4	4	5	5
Other services	%	2	3	3	2
Professional, scientific & technical	%	1	1	1	1
Real estate, rental & leasing	%	81	76	69	59
Retail trade	%	1	1	1	1
Transportation & warehousing	%	1	1	1	1
Wholesale trade	%	1	1	2	2

The changes in percentages from 2009 to 2010 may be a result of improved data that allowed us to include loans not previously coded with an NAICS code. In 2011, approximately 24 per cent of all business loans originated outside of British Columbia. These are commercial real estate loans administered by the Community Real Estate team and originated by Citizens Bank.

Community investment loan portfolio—see page 42 of the [2011 Annual Report](#)

Net annual growth in the community investment loan portfolio

Our community investment loan portfolio (comprising commercial and business loans) grew by \$72 million in 2011, primarily as a result of strong growth in our commercial real-estate loan portfolio, which grew by 22 per cent in 2011. This growth was a reflection of our focus on lending and goal to increase the proportion of loans with positive community impact. Strong growth in new loans was partially offset by more loans being paid off in 2011 compared to previous years.

<i>(millions of dollars)</i>		2011	2010	2009	2008	2007
Year-to-date net loan growth <input checked="" type="checkbox"/>	\$	376	304	(289)	166	571

Value based on loans outstanding. Net annual growth is gross annual loans approved less loans paid off. The decrease in the size of the community investment loan portfolio from 2008 to 2009 was a reflection of the downturn in the market and prudent risk management—see page 28 of our [2008-2009 Accountability Report](#) for full details.

Value of community investment loans with moderate to high positive community impact

<i>(millions of dollars)</i>		2011
Total approved <input checked="" type="checkbox"/>	\$	\$361
Total approved as percentage of all commercial and business loans approved	%	34

New indicator.

Socially responsible asset management—see page 50 of the [2011 Annual Report](#)

Value and percentage of socially responsible assets managed or advised on by Vancity Investment Management (VCIM)

<i>(millions of dollars)</i>		2011	2010	2009	2008	2007
Total assets that VCIM provides sub-advisory services to IA Clarington (IA Clarington Inhance SRI Fund family)*	\$	148	106	62	68	99
Percentage of all assets subject to environmental, social and governance (ESG) screens	%	100	100	100	100	100
Total assets managed by VCIM subject to ESG screening	\$	341	328	271	235	265
Percentage of all assets subject to ESG screens	%	91	91	86	87	85

We restated 2009 and 2010 data for VCIM sub-advisory services to exclude the bond portion of the IAC portfolios which we provide screening for but do not manage. Data prior to 2009 may not be directly comparable.

We restated 2010 data for VCIM to include client accounts that have transitioned into VCIM's model of performing ESG screens on all assets.

* Data includes member investments in the IA Clarington Inhance SRI Fund family (\$128 million in 2011) along with socially responsible investments distributed through IA Clarington's other distribution channels (\$20 million in 2011).

Corporate engagement— see page 50 of the [2011 Annual Report](#)

		2011	2010	2009
Number of companies in portfolio with which Vancity Investment Management's sub-advisory group interacted	#	19	21	21
Percentage of companies in portfolio with which Vancity Investment Management's sub-advisory group interacted	%	13	14	14

Change product portfolio

Our change products are designed to benefit a specific (usually underserved) target group. Social and/or environmental features are embedded into the product design. Overall, the value of personal banking change products has declined, primarily because we aren't actively promoting these. To align with our vision and focus on positive community impact, we're exploring ways to connect all member funds invested in our broader retail deposit product range with community impact loans.

The change product portfolio does not capture all our products with social and/or environmental benefits, due to inadequate tracking systems – specifically, our inability to assign unique codes to some products to differentiate them from conventional products. Most notably, not all our community investment impact loans are captured except where they overlap with a business banking change product, namely loans to not-for-profit organizations, micro-loans and Community Capital loans.

Change product portfolio by line of business

<i>(millions of dollars)</i>		2011	2010	2009	2008	2007
Value of personal banking change products	\$	16	19	17	19	18
Value of business banking change products	\$	878	855	781	645	528
Socially responsible assets under administration, advised on, or managed*	\$	705	680	563	476	630
Socially responsible real estate development**	\$	42	52	58	88	72
Total value of change portfolio	\$	1,640	1,610	1,420	1,230	1,250
Change portfolio as a percentage of total assets under administration or management	%	6.3	6.5	5.8	5.1	5.3

We restated 2008-2010 data for personal banking products to exclude Secured Visa Accounts – these accounts do not fall under our definition of a change product since they don't have a specific target beneficiary but are available to everyone. This did not impact the total value of the change product portfolio due to rounding.

We restated 2010 data for socially responsible assets under administration, advised on or managed to include client accounts that have transitioned into Vancity Investment Management's (VCIM) model of performing environmental, social and governance screens on all assets. This increased the overall total value of the change portfolio by approximately \$5 million, and increased the change product portfolio as a percentage of total Vancity assets under administration or management by 0.1 per cent.

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.

*Data includes VCIM's client assets managed or advised on per the indicator 'Value and percentage of socially responsible assets managed or advised on by VCIM' (\$469 million in 2011), plus member investments in socially responsible mutual funds offered through Credential Asset Management Inc. or Credential Securities Inc. (assets under administration).

**Loans/lines of credit provided by Vancity Enterprises for socially and environmentally responsible real-estate development. In 2011, all loans and lines of credit were for Dockside Green.

Description and value of change products, by type

The value of the majority of our change products remained stable or declined in 2011. We no longer offer Shared World deposits, but we continue to serve existing holders of the product. We no longer offer ABLED loans, and what remains is the natural runoff in the portfolio as the loans mature or end. Instead, we offer microloans to entrepreneurs with disabilities, and continue to provide business coaching and support. We have plans to make the Clean Air Auto Loan more appealing by including electric vehicles, and the funding of alternative fuel conversion systems (for propane, electric and biofuel).

Community Capital loans and loans to not-for-profit organizations continue to increase, which is a reflection of our efforts to increase the proportion of lending we do with moderate to high positive community impacts.

Change product description/purpose	Target beneficiary	2011 (millions)	2010 (millions)
Personal banking products			
<i>Shared Growth deposit products:</i> An amount equal to members' deposits in these products is 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	\$6.9
<i>Shared World investment deposit products.</i> Members' deposits are invested in initiatives that address poverty around the world	Communities worldwide	\$1.6	\$2.1
<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 arrive in Canada	Individuals (low-income, new immigrants and refugees) with challenges accessing financial services	\$0.5	\$0.7
<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	\$1.1	\$1.4
<i>Pigeon Park Savings cashable term deposits:</i> A 12-month cashable term deposit with a significantly reduced initial minimum deposit of \$100 that ensures affordability, and a preferred interest rate after 30 days	See above	\$0.1	n/a
<i>Bright Ideas Home Financing:</i> A home renovation loan at prime rate for up to 10 years	Members (ability to reduce costs through energy efficiency) and the environment (ability to reduce greenhouse gas emissions)	\$0.6	\$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)	\$1.4	\$2.1
<i>Aboriginal Banking products:</i> Such as On-Reserve Housing Loans which provides financing to First Nations borrowers who would like to purchase or renovate their home located on reserve land	First Nations/Aboriginal people and communities	\$1.6	\$1.7
<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	\$2.5	\$3.0
Total value of personal change loan and deposit products		\$16.3	\$18.6
Value as a percentage of all personal loan and deposit products		0.1%	0.1%

Business banking products			
<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	\$855.3	\$835.8
<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 the 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	\$0.4	\$0.3
<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-owned business and social enterprises	Entrepreneurs, usually graduates from government sponsored self-employment programs, who are unable to access conventional banking	\$2.6	\$2.3
<i>Advice and Business Loans for Entrepreneurs with a Disability (ABLED):</i> Custom loans and advice on starting a business	Entrepreneurs with a disability	\$0.04	\$0.2
<i>Community Capital loans for:</i> Working capital, asset purchase, renovations, green energy projects, succession planning/ownership transition with social impact	Not-for-profit organizations, social enterprises, co-operatives, mission-based businesses and Aboriginal groups	\$19.3	\$16.2
Total value of business change loan and deposit products		\$877.6	\$854.8
Value as a percentage of all business loan and deposit products		13.8%	14.9%
Wealth management products			
<i>Socially responsible mutual funds:</i> Investments that deliver social and environmental benefits, as well as financial returns	Individuals wanting to invest in securities of businesses that incorporate environmental, social and governance principles into their governance and management practices	\$363.8	\$352.2
<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	\$341.3	\$327.8
Total value of member and client investments in socially responsible options		\$705.1	\$680.0
Value as a percentage of all member and client investments under administration or management		29.1%	30.2%

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

*Debt service ratio is total annual debt payments divided by annual gross earnings.

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

Change service description/purpose	Target beneficiary	2011 numbers served	2010 numbers served
<i>Accessibility program accounts:</i> To provide improved access to financial services for members (includes: transaction services, credit, savings and investment opportunities, and financial education/planning).	Low-income and marginalized members and communities	1,358 accounts	n/a
<i>Home Ownership Readiness Course:</i> Provides practical advice on buying and owning a home	Low- to moderate-income individuals and families living in not-for-profit housing and the general community	No courses offered in 2011	24 participants
<i>Free income tax site:</i> A program to provide free income tax returns to low income people in the Lower Mainland	Low- to moderate-income individuals and families	2,104 participants	1,704 participants
<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	27,000 participants	25,000 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, Dollars and Sense and Each One Teach One. [Ⓘ] For more details see: vancity.com/financialLiteracy	Low-income individuals, recent immigrants, single parents, youth and Vancity members	More than 2,200	More than 2,400*
<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 120	More than 150

*We restated data to include numbers for the reporting year rather than a cumulative total of when the program started.

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.
- Secured Visa deposit account: A one-year term deposit account that provides individuals with up to \$500 of credit.
- 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. We don't include this product in our change portfolio as the product itself is conventional. In 2011, we donated \$97,000.
- 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 Non-profits program).

[Ⓘ] For more information on these products and services, visit vancity.com/changeproducts

Jumpstart® is a registered trade-mark of Vancouver City Savings Credit Union.

Providing investment products and advice, and other services

Financial planning and advice—see page 52 of the [2011 Annual Report](#)

Vancity member and Vancity Investment Management client investments in socially responsible investment (SRI) options

While gross member investments in SRI options in 2011 increased, net member investments in SRI options, and new SRI investments as a percentage of overall new investments, decreased. The European sovereign debt crisis contributed to a difficult year for the stock market negatively impacting investments in equity markets. As the majority of Vancity's SRI options are mutual funds, the decrease in new SRI investments by members or clients as a percentage of overall investments may be attributed to a trend to safer investments such as deposits, bonds, Guaranteed Investment Certificates (GICs) and segregated funds with a guarantee.

<i>(millions of dollars)</i>		2011	2010	2009
Gross new SRI investments by members or clients	\$	118.1	112.0	66.8
Gross new SRI investments by members or clients as a percentage of overall	%	28.5	30.6	22.6
Net new SRI investments by members or clients	\$	44.2	47.0	22.6
Net new SRI investments by members or clients as a percentage of overall	%	23.2	31.2	24.0

Data includes investments made by members in socially responsible mutual funds at Vancity branches through Credential Asset Management Inc. or Credential Securities Inc., and screened investments made by Vancity Investment Management's clients.
Net SRI investments equals gross SRI investments less redemptions.

Investing in employees

See [Disclosure on Management Approach](#) for details on our approach to health and safety, labour relations, training and career development, diversity, human rights/equal opportunity, and compensation.

Employee profile, diversity and equal opportunity—see page 55 of the [2011 Annual Report](#)

Employee profile

Since 2007 the proportion of permanent part-time employees has increased, primarily in our branches. We moved some on-call/temporary employees to permanent part-time status and our preference is to hire permanent part-time employees rather than temporary employees. Most of our part-time employees are in member-serving roles and were less affected in 2009 when we restructured and reduced the number of employees who don't deal directly with members.

		BM	2011	2010	2009	2008	2007
Full-time equivalents (FTE)	#		2,061	2,080	2,228	2,384	2,371
Head count (number of individuals)	#		2,459	2,397	2,384	2,704	2,623
Permanent full-time	%	75	78	78	78	79	80
Permanent part-time	%	19	17	17	16	15	12
Contract/temporary	%	6	5	5	6	6	8
Employees unionized	%	9	18	19	18	16	17

Benchmark (BM) source: BC HRMA, Canadian credit unions, 2011 median scores.

Position status by gender

		2011	2010	2009	2008	2007
Total permanent full-time	#	1,922	1,874	1,859	2,130	2,090
Male	#	696	n/a	n/a	n/a	n/a
Female	#	1,226	n/a	n/a	n/a	n/a
Total permanent part-time	#	423	405	388	409	330
Male	#	79	n/a	n/a	n/a	n/a
Female	#	344	n/a	n/a	n/a	n/a
Total contract/temporary	#	114	118	137	165	203
Male	#	34	n/a	n/a	n/a	n/a
Female	#	80	n/a	n/a	n/a	n/a

New indicator (GRI 3.1 reporting requirement).

n/a = data not available.

Employee departures and turnover rates

In 2009, due to market changes, we restructured and reduced our workforce. This explains the higher number of departures and turnover rate in 2009. For full details, see page 41 of our [2008-09 Accountability Report](#).

		2011	2010	2009	2008	2007
Number of departures*						
Total departures	#	200	190	402	339	361
Male	#	84	71	146	133	144
Female	#	116	119	256	206	217
Aged under 30	#	74	56	82	98	127
Aged 30-39	#	59	59	124	106	94
Aged 40-50	#	32	49	124	82	76
Aged over 50	#	35	26	72	53	64
Voluntary departures	#	143	130	177	262	292

*Departures include employee leaving Vancity voluntarily, due to dismissal or due to retirement.

		BM	2011	2010	2009	2008	2007
Turnover rates							
Overall turnover rate	%	11	8	8	17	14	15
Male	%		11	10	19	16	18
Female	%		7	8	16	12	13
Aged under 30	%		14	12	16	18	21
Aged 30-39	%		8	8	17	13	12
Aged 40-50	%		5	7	18	11	11
Aged over 50	%		7	6	17	13	18
Voluntary turnover rate	%	8	6	6	8	10	12

Data is based on permanent employees and excludes churnover (internal movement).
 Benchmark (BM) source: BC HRMA-Canadian credit unions, 2011 median scores.

New employee hires (number and rate): overall and broken down by gender and age

		BM	2011
Number of new hires			
Total new hires	#		282
Male	#		128
Female	#		154
Aged under 30	#		137
Aged 30-39	#		81
Aged 40-50	#		43
Aged over 50	#		21
New hire rates			
Overall new hire rate	%	12	12
Male	%		16
Female	%		9
Aged under 30	%		15
Aged 30-39	%		11
Aged 40-50	%		6
Aged over 50	%		4

New indicator (GRI 3.1 reporting requirement).
 Benchmark (BM) source: BC HRMA-Canadian credit unions, 2011 median scores.

Employee diversity

		2011	2010	2009	2008	2007
Men	%	33	32	32	32	33
Women	%	67	68	68	68	67
Aged under 30 years	%	20	21	22	24	24
Aged 30-39 years	%	30	31	31	31	32
Aged 40-50 years	%	29	29	29	29	29
Aged over 50 years	%	20	19	18	16	15
Non-management	%	83	84	84	84	83
Management	%	14	13	13	12	13
Senior management	%	3	3	3	4	4
Of Aboriginal descent*	%	1	1	1	1	n/a
Belong to a visible minority group*	%	40	39	38	40	n/a
With a disability*	%	2	2	2	2	n/a

*Data for percentage of employees belonging to visible minority, of Aboriginal descent, or with a disability is based on employees' self-disclosure in our annual online employee engagement survey.

n/a = not available.

Percentage of employees who self-disclose as belonging to a visible minority group or as being of Aboriginal descent, by position level

		BM	2011	2010	2009	2008
All employees	%	31	41	40	39	41
Non-management	%	31	42	43	44	44
Management	%	21	33	31	31	32
Senior management	%	10	24	20	20	19

Data source: Aon Hewitt employee engagement survey.

Benchmark (BM) source: Canadian Bankers Association, Banks as Employers report 2010.

Percentage of women, by position level

		BM	2011	2010	2009	2008	2007
All employees	%	78	67	68	68	68	67
Non-management	%	79	68	69	70	69	69
Management	%	67	65	65	65	68	65
Senior management	%	29	41	37	34	32	34

Benchmark (BM) source: BC HRMA-Canadian credit unions, 2011 median scores.

Employee engagement and satisfaction—see page 56 of the [2011 Annual Report](#)

Employee engagement score

The continuation of an upward trend from 2009 demonstrates that we are focusing on the right employee concerns. We remain focused on large-scale systemic improvements and long-term change rather than quick fixes.

		BM	2011	2010	2009	2008	2007
Employee engagement score <input checked="" type="checkbox"/>	%	78	71	61	53	56	64

Data source: Employee engagement survey.

Benchmark (BM) source: Aon Hewitt Best 50 Employers.

Training and development—see page 56 of the [2011 Annual Report](#)

Percentage of employees who agree employee learning and development is strongly supported at Vancity

The increase from 2010 is likely due to organizational process improvements which offer more training to employees. More employees are also using our tuition reimbursement program for learning and development. In general, as the engagement score increases, scores for questions within the survey also increase.

		BM	2011	2010	2009	2008	2007
Employees who agree	%	80	70	64	57	59	72

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

Employee grievances related to human rights

The increase in grievances may be attributed to the increase to more heightened awareness of our Respect in the Workplace policy and training on discrimination and harassment in the workplace. The majority of grievances are related to personal harassment (e.g. bullying) concerns. Of the nine grievances resolved, four were substantiated.

		2011	2010	2009
Total number of filed grievances related to human rights	#	12	4	6
Total number of grievances reviewed or addressed (file pending)	#	3	0	0
Filed by men	#	0	0	0
Filed by women	#	3	0	0
Total number of grievances no longer subject to action or resolved	#	9	4	6
Filed by men	#	1	0	2
Filed by women	#	8	4	4

In 2011, we changed this indicator to include only human rights-related grievances to align with GRI 3.1 requirements. Incidents refer to legal actions, complaints registered with the organization or competent authorities through a formal process, or instances of non-compliance. Some incidents are filed on behalf of a collective group.

Health and safety

Incidence of injury and days lost

As a financial institution, our most significant health and safety issue is the risk of robberies. We have extensive robbery training and security procedures, as well as a robbery support program for affected employees. In 2011, there were 25 robberies (and 14 robberies in 2010). No injuries resulted. Overall, the number of injuries and days lost remained low and most resulted from falls, slips, and trips.

		2011	2010	2009	2008	2007
Total number of incidents	#	7	3	7	9	5
Falls/slips/trips, strains/sprains and cuts	#	4	3	7	9	2
Robbery-related stress/acts of violence	#	0	0	0	0	3
Other accidents	#	3	0	0	0	0
Injury rate (number of injuries per 100 people)	#	0.4	0.2	0.3	0.4	0.2
Lost day rate (number of lost days per 100 people)	#	11	5	8	12	6

There were no work-related fatalities or incidents of occupational diseases in 2011. Of the seven claims accepted by WorkSafe BC, three claims did not result in any costs being paid to claimants. Data source: WorkSafe BC.

Number of days lost due to employee illness

The increase in days lost due to illness was primarily due to an increase in pregnancy-related and stress-related short-term disability leave claims.

		BM	2011	2010	2009	2008	2007
Days for short-term disability leave	#		7,060	5,760	8,714	9,724	8,109
Days for sick/care days	#		9,469*	9,289	10,079	8,959	7,291
Total days lost due to illness	#		16,529*	15,049	18,793	18,683	15,400
Absenteeism rate	#	6	8	7	9	10	n/a

Data includes permanent full-time and part-time employees.

Days lost due to illness includes time taken by employees to care for a sick family member.

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

*Due to improved tracking systems, data now includes Citizens Bank. This inclusion does not affect comparability to previous years.

Employee pension plans

Defined Benefit Plan

		2011	2010	2009	2008	2007
Employee participation rate in Defined Benefit Plan*	%	15	16	16	15	15
Vancity contributions: percentage of eligible employee earnings	%	11.2	10.8	10.2	9.4	9.2
Employee contributions: percentage of eligible employee earnings	%	7.2	7.1	5.5	5.5	5.4

*We restated 2007-2010 data to exclude terminated employees in the plan.

Group Registered Retirement Savings Plan (RRSP)

		2011	2010	2009
Employee participation rate in Group RRSP	%	70	70	70
Vancity contributions: percentage of eligible employee earnings	%	6.2	6.5	6.1
Employee contributions: percentage of eligible employee earnings	%	0.6	0.6	0.6

We restated 2009 and 2010 data 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).

Employee compensation—see pages 58 and 60 of the [2011 Annual Report](#)

Entry-level employee compensation (hourly wage) compared to British Columbia Living Wage

In 2011, we were certified as a Living Wage Employer. Becoming a Living Wage Employer requires that we do our best to ensure our employees are all paid the living wage rate of \$18.17, which was the effective rate at the time we agreed to become a Living Wage Employer. In 2011, we paid approximately 98 per cent of employees a living wage, including the value of the benefits we provide. Two per cent of employees (non-permanent) were not being paid a living wage as a result of those employees not being eligible for benefits. We'll continue to work toward our goal of meeting Living Wage requirements by May 2013.

		Living Wage*	Vancity entry-level hourly wage		
			Permanent employees	Non-permanent branch employees	Non-permanent, non-branch employees
Entry-level compensation: hourly wage	\$	n/a	15.86	16.33	15.86
Value of benefits as determined using Living Wage calculation	\$	n/a	2.31	n/a	n/a
Total compensation: hourly wage	\$	18.17	18.17	16.33	15.86

New indicator. Replaces ratio of entry-level salary compared to British Columbia (BC) minimum wage.

n/a = not applicable

* BC living wage as at May 2011—the rate at which we agreed to become a Living Wage Employer. In 2011, the actual value of the benefits provided to permanent employees exceeded the living wage benefit calculation conducted when Vancity was certified as a living wage employer. The Living Wage benefit calculation has a threshold and as such, does not value benefits that provide more value than the calculation measures.

Average compensation for women as a percentage of average compensation for men

The reported pay discrepancy may be attributed to the way we combine pay band levels into each reporting category. In the non-management category (the largest category of employees), there is a higher ratio of women to men, especially at entry-level. In 2010 we examined our data closely to determine whether inequities existed, and concluded that by role category, pay rates were essentially on par: women's pay ranged from 92-113 per cent of men's pay.

		2011	2010	2009
Non-management	%	88	81	83
Management	%	94	94	100
Senior management	%	100	101	100

We restated 2009 and 2010 data to include total compensation to meet GRI G3.1 reporting requirements, and to align reporting categories with the other employee measures we report.

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

In 2011, total compensation for our President and Chief Executive Officer (CEO) was 25 times higher than for our average entry-level (lowest-paid) employee. From market scans, we understand the difference to be much less than at other comparable financial institutions. For example, a report by the Canadian Centre for Policy Alternatives 'Canada's Elite CEO 100' noted the average of Canada's CEO Elite 100 make 189 times more than Canadians earning the average wage.

		2011	2010	2009
Ratio of Vancity's President & Chief Executive Officer compensation to entry-level employee compensation	#	25	23	20

We restated 2009 and 2010 data to include total compensation, not just base salary.

President & Chief Executive Officer compensation includes base pay, variable pay (short- and long-term incentive plan) and benefits/perks. It excludes pension.

Local hiring

		2011	2010
Proportion of senior management hired from within the local community	%	73	67

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.

Purchasing and managing buildings, systems and equipment

See [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.

Suppliers—see page 60 of the [2011 Annual report](#)

Managed purchases in 2011 increased by 19 per cent from 2010 largely due to Vancity's new brand launch, distribution and marketing for Visa services, and banking system and process improvements.

		2011	2010	2009	2008	2007
Total value of managed purchases by region <i>(millions of dollars)</i>	\$	118.9	99.7	80.9	86.7	91.8
Locally-based	%	75	80	72	71	73
Rest of BC	%	<1	<1	<1	<1	<1
Rest of Canada	%	16	12	18	19	20
USA/other	%	9	8	10	10	6
Total number of suppliers by region	#	1,306	1,237	1,324	1,619	n/a
Locally-based	%	76	77	75	69	n/a
Rest of BC	%	2	1	2	2	n/a
Rest of Canada	%	15	14	17	22	n/a
USA/other	%	7	8	6	7	n/a

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 where our branches operate.

n/a – no comparable data available.

Greenhouse gas emissions (GHG)—see page 62 of the [2011 Annual Report](#)

Our overall emissions have increased this year. Significant increases occurred in all employee travel-related sources of emissions. Specifically, our employees travelled more due to our involvement in international initiatives such as the Global Alliance for Banking on Values (GABV) and more invitations to speak at conferences. Emissions from our vehicle fleet increased due to the purchase of three additional vehicles, and the average greenhouse gas emissions from employee commuting increased due to more employees commuting alone (in a single occupancy vehicle) compared to 2010.

GHG emissions by source

		2011	2010	2009	2008	2007	2007 base year*
GHG emissions from premises energy use	t	1,461	1,408	1,594	1,530	1,495	1,495
GHG emissions from paper use	t	796	925	532	723	868	811
GHG emissions from vehicle fleet	t	58	34	26	35	36	34
GHG emissions from employee business travel by air and vehicle	t	866	588	709	897	958	895
GHG emissions from employees commuting alone	t	2072	1,828	2,239	2,017	2,146	2,006
Total GHG emissions <input checked="" type="checkbox"/>	t	5,253	4,783	5,101	5,202	5,504	5,241

GHG emissions by type, per employee (FTE):							
Premises energy use	t	0.7	0.7	0.7	0.6	0.6	0.7
Paper use	t	0.4	0.4	0.2	0.3	0.4	0.4
Vehicle fleet	t	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1
Employee business travel (by air & vehicle)	t	0.4	0.3	0.3	0.4	0.4	0.4
Employee commuting alone	t	1.0	0.9	1.0	0.9	0.9	0.9
Total tonnes of GHG per employee (FTE):	t	2.5	2.3	2.2	2.2	2.3	2.4

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 ISO14064 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 and 2011 performance and the base year.

GHG emissions by scope

		2011	2010*
Scope 1 (direct GHG emissions)	t	508	415
Scope 2 (indirect GHG emissions)	t	333	385
Scope 3 (other indirect GHG emissions)	t	4,412	3,983
Total greenhouse gas emissions <input checked="" type="checkbox"/>	t	5,253	4,783

*We restated 2010 data. Previously we included all natural gas emissions in scope 1. In 2011, we moved natural gas emissions from facilities not owned by Vancity to scope three to align with the ISO14064.

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 for facilities owned by Vancity.

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

Scope 3: Other emission sources that 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, and natural gas emissions from facilities not owned by Vancity.

Carbon offsets purchased in 2011—see page 66 of the [2011 Annual Report](#)

To offset 2010 greenhouse emissions, in 2011 we purchased:

- 1,000 tonnes through the Sun Select Aldergrove Biomass Boiler project where biomass (wood waste) boilers were installed to replace natural gas boilers used to heat a commercial greenhouse.
- 606 tonnes through Groundsource Heat Pumps for heating and ventilation of commercial and institutional buildings in BC.
- 2,980 tonnes through the Heffley Creek Gasification project that converts wood residue into renewable synthetic gas.

Vancity's offset purchases did not meet all of its stated offset purchase criteria, namely:

- *Offsets are validated prior to implementation of the project to identify a baseline and quantify emissions reductions:* No validation was performed for the Heffley Creek Gasification project—due to an accumulation of experience and the success of projects, validation reports are becoming less common.
- *Offsets are verified by a third-party to make sure that the greenhouse gas emissions reductions were actually achieved, and projects creating more than 5000 tonnes of greenhouse gas emissions reductions per year will need separate groups to do the validation and verification:* The Sun Select Aldergrove Biomass Boiler offset was validated by the same firm and the same verifier who provided the offset verification. (The annual emissions offset of this project exceeded 5000 tonnes.)

Vancity's offset criteria

Under the guidance of the Carbon Advisory Group and the DSF and Pembina report, we use only offsets from projects that:

- Directly reduce energy consumption and/or
- Create some kind of renewable energy.

In addition, projects must:

- Be validated by a third-party assessor to identify a baseline and quantify emissions reductions.
- Be verified by a third-party assessor to ensure the greenhouse gas emission reductions were achieved using independent, recognized, standard quantification methodologies. Note: projects that create more than 5,000 tonnes of greenhouse gas emission (tonnes of CO₂e) reductions per year need to have separate groups do the validation and verification.
- Be additional.
- Be local.
- Be able to show unique ownership of the offset credits.
- Comply with all relevant social and environmental regulations.

And, we prefer projects that:

- Are designed so they don't have a negative environmental or social impact.
- Contribute to sustainable development in the community of which they are a part.
- Educate the public about climate change.

Premises energy use—see page 63 of the [2011 Annual Report](#)

Total premises energy use (electricity and natural gas)

		2011	2010	2009	2008	2007
Energy use, by type:						
Electricity use (millions)	<i>kWh</i>	12.3	12.4	14.2	14.5	14.2
Natural gas use	<i>GJ</i>	18,500	17,400	20,200	21,200	21,000
Premises energy use (electricity and natural gas):						
Energy use at metered locations (millions)	<i>kWh</i>	10.8	10.6	12.0	11.9	11.4
Energy use at non-metered locations (millions)	<i>kWh</i>	6.6	6.7	7.8	8.6	8.6
Total premises energy use (millions)	<i>kWh</i>	17.4	17.3	19.8	20.4	20.0
Total premises energy use per employee (FTE)	<i>kWh</i>	8,412	8,317	8,901	8,563	8,451

kWh = kilowatt hours; GJ = gigajoules.

Metered energy use is based on data from 51 locations with electricity meters, 33 locations metered with gas and 13 locations with no gas usage (only electricity).

We estimated the energy use of each non-metered location 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 prorating for the number of days the location was in operation.

Employee commuting—see page 63 of the [2011 Annual Report](#)

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

In 2011, 43 per cent of employees drove alone to get to and from work, compared to 37 per cent in 2010, but comparable to results in 2009 and 2008, which was the year we announced we were carbon neutral. We expect this percentage to remain stable, though we are looking at options to encourage more employees to take sustainable transportation modes. In 2010, the survey was not well communicated and the response rate was low (35 per cent compared to 57 per cent in 2011), which might have led to inflated results that year.

		BM	2011	2010	2009	2008	2007
Employees using sustainable transportation modes* <input checked="" type="checkbox"/>	%	32	50	56	48	49	46
Employees making Single Occupancy Vehicle (SOV) trips	%	67	43	37	45	44	47

Data source: Vancity's transportation survey.

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

*Percentage excludes drivers in HOV trips to align with how the benchmark is calculated.

Materials and waste—see pages 64 and 66 of the [2011 Annual Report](#)

Paper use

In 2011, paper consumption declined slightly but remained higher than historical levels. The higher level of paper use in 2010 came after a period of economic downturn and a subsequent focus on expense reduction across Vancity, particularly in 2009. In 2010, our spending on marketing campaigns increased resulting in more paper-based communication and marketing materials being produced. In 2012, we plan to conduct further analysis on the sources of paper use and develop reduction plans.

		2011	2010	2009	2008	2007
Total paper use	t	427	553	260	346	404
Percentage of Paper use with recycled content	%	85	89	73	69	66
Paper use per employee (FTE)	kg	207	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. In 2011, we estimated five per cent of paper use.

Waste generated and recycled at Vancity centre

The amount of glass, plastic and metal we recycled almost doubled in 2011, while the amount of waste to landfill increased by 36 per cent. Combined, the amount of materials we collected increased by 24 per cent. We aren't sure of the reasons behind the data, but our next waste audit planned for 2012 should provide some insights. Overall, when compared to 2007, the trend is a positive one – we're recycling more and sending less waste to the landfill.

To celebrate International Environmental Day on June 5, 2011, we introduced a battery recycling program at our branches for the month of June. Through Nu-Life Industries, members and employees recycled a total of 580 tonnes of batteries, preventing heavy metals such as nickel cadmium, lithium, lead and mercury from polluting the environment.

		2011	2010	2009	2008	2007
Glass, plastic, and metal recycled	t	15	8	8	6	1
Percentage of total materials	%	24	16	11	6	1
Paper, cardboard, and other fibrous materials recycled	t	27	27	34	46	49
Percentage of total materials	%	44	56	44	44	46
Compost	t	4	4	n/a	n/a	n/a
Percentage of total materials	%	7	7	n/a	n/a	n/a
Waste to landfill	t	15	11	36	52	56
Percentage of total materials	%	25	21	45	50	53
Total materials collected	t	61	49	78	104	106
Percentage of total materials recycled or diverted from the landfill <input checked="" type="checkbox"/>	%	75	79	55	50	47
Materials collected per employee (FTE)	kg	118	84	122	147	146

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

Data is for Vancity Centre, where adequate tracking systems are in place. At Vancity Centre, there is one tenant who shares our compactor and recycling unit. Materials recycled exclude batteries, fluorescent tubes, electronic waste, toner cartridges and ribbons, furniture, ATMs and construction waste. Recycling programs exist for all these items.

'Other fibrous materials' include pallets and wood.

Water use

		2011	2010	2009	2008	2007
Water use at metered locations (millions)	/	12	13	15	15	23*
Estimated water use at unmetered locations (millions)	/	18	17	24	26	27
Total estimated water use (millions)	/	30	30	39	41	50
Total estimated water use per employee (FTE) (thousands)	/	15	14	17	17	21

l = litres. All water is obtained from municipal water supplies.

We estimated the water use of each non-metered location by multiplying the average annual water use per square foot from similar metered locations according to building type (office or branch) by the total square footage of the un-metered location and then prorating for the number of days the location was in operation. Metered water use is based on data from 12 branches and Vancity Centre.

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

Giving back to members and the community and paying taxes

Economic value generated and distributed

<i>(millions of dollars)</i>		2011 IFRS [†]	2010 IFRS [†]	2010 GAAP	2009 GAAP	2008 GAAP	2007 GAAP
Direct economic value generated							
Revenue (before interest payments to providers of borrowings)	\$	425.2	417.0	429.9	393.1	459.7	417.8
Economic value distributed							
Operating costs, including payments to suppliers	\$	112.8	107.4	133.3	142.2	128.5	118.0
Employee wages and benefits	\$	164.2	161.1	161.1	155.4	183.8	170.5
Payments to providers of liquidity (distributions to members, interest paid on wholesale borrowings, and interest paid on securitized mortgages)*	\$	27.7	18.0	18.0	17.9	73.3	75.8
Payments to governments (gross taxes)	\$	15.3	31.8	27.6	15.5	21.2	17.1
Community donations/grants	\$	14.5	12.5	12.5	8.3	6.2	3.7
Total economic value distributed	\$	334.5	330.8	352.5	339.3	412.9	385.0
Economic value retained (net earnings)	\$	90.7	86.2	77.4	53.8	46.8	32.8

Amounts do not match the Consolidated Financial Statements. In the above table, 2011 revenues are before \$13.8 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.

[†]See note on page 6.

* In 2007 and 2008, payments to liquidity providers were higher as we had borrowed and securitized more dollars, which translated into higher interest paid.

Shared Success—see page 67 of the [2011 Annual Report](#)

Allocations to members and community

<i>(millions of dollars)</i>		2011	2010	2009	2008	2007
Total Shared Success allocations to members and the community	\$	27.2	23.5	15.2	15.3	8.9
Shared Success as a percentage of net earnings	%	30.0	30.3	30.2	32.7	27.0*

We extracted data from, or calculated these amounts using data derived from, the Complete Consolidated Financial Statements.

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

Community donations—see page 68 of the [2011 Annual Report](#)

Allocations to the community, by program

<i>(thousands of dollars)</i>		2011	2010	2009	2008	2007
Vancity's community investment programs (mission-based grants)	\$	10,490	8,834	2,774	3,908	1,525
Vancity's community investment programs (responsive grants)	\$	2,100	1,620	1,189	815	654
Citizens Bank donations	\$	21	50	99	75	218
Credit card earnings allocated to Vancity's enviroFund™	\$	892	637	532	415	333
Annual donation to the Vancity Community Foundation	\$	350	350	390	287	600
Vancity donation to Greater Victoria merger (Legacy fund)	\$	194	194	2,460	—	—
Vancity's loan fund project	\$	—	—	488	170	62
Special projects/other	\$	461	845	386	490	275
Total community allocations	\$	14,508	12,530	8,318	6,160	3,667

Consistent with all items reported on the Statement of Operations in the Summarized and Complete Consolidated Financial Statements, 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

		BM	2011 [†]	2010 [†]	2010	2009	2008	2007
Community donations as a percentage of previous three-year pre-tax profits	%	1.0	18.5	23.4	23.4	16.1	11.6	5.7

Calculations are based on data extracted from the Complete Consolidated Financial Statements. Consistent with all items reported on the Statement of Operations in the Summarized and Complete Financial Statements. 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.

[†]See note on page 6.

Community responsive grants (\$) approved for distribution, by focus area

		2011	2010	2009	2008	2007
Planet	%	22	41	28	35	21
People	%	36	32	36	34	39
Places	%	2	5	14	7	13
Other*	%	40	22	22	24	27
Total grants approved (millions of dollars)	\$	1.6	1.3	1.5	1.1	0.9

Revised indicator. Previously totals included strategic grants, now mission-based grants, which have different focus areas than project grants and are reported separately below.

We made minor changes to the project grants program in 2011. Previously, focus areas were called Climate Change/Environment, Poverty and Social Economy. Data remains comparable.

*Data includes grants which focus on the local community where our branches operate and business unit grants which may not be easily categorized within the three pillars, staff community building grants and bursaries.

Mission-based grants (\$) approved for distribution, by community investment area

		2011	2010
Aboriginal	%	2	1
Affordable housing	%	34	15
Arts and entrepreneurship	%	1	14
Energy efficiency and environment	%	27	15
Financial literacy	%	3	8
Labour unions and members	%	1	n/a
Local and organic food	%	5	15
Microfinance	%	4	5
Poverty reduction and advocacy	%	2	1
Social-purpose business	%	16	8
Social-purpose real estate	%	2	15
Strengthening not-for-profit organizations	%	< 1	2
Other	%	2	< 1
Total grants approved (millions of dollars)	\$	3.0	4.1

Breakdown includes enviroFund grants.

Tax expense—see page 70 of the [2011 Annual report](#)

Tax expense decreased in 2011, due to a reduction in the overall tax rate, as a result of lower legislative tax rates and higher credit union tax-rate deduction.

(millions of dollars)		2011 IFRS†	2010 IFRS†	2010 GAAP	2009 GAAP	2008 GAAP	2007 GAAP
Income taxes	\$	12.0	27.8	23.5	8.3	11.8	6.1
BC Corporation Capital Tax	\$	0.2	0.6	0.6	3.6	6.4	7.7
Payroll taxes	\$	6.7	6.2	6.2	7.1	7.1	6.7
Property taxes	\$	3.1	3.6	3.6	3.6	3.1	2.8
Federal and provincial sales taxes	\$	11.2	10.0	10.0	8.2	9.4	7.5
Total income and other taxes	\$	33.2	48.2	43.9	30.8	37.8	30.8

†See note on page 6.

Integrating governance and management

See [Disclosure on Management Approach](#) for our key policies and framework for doing business.

Board of Directors—see pages 19 and 21 of the [2011 Annual Report](#)

Board diversity

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

		2011	2010	2009	2008	2007
Directors aged under 30	%	0	0	0	0	0
Directors aged 30-50	%	22	22	22	18	30
Directors aged over 50	%	78	78	78	82	70
Directors who are women	%	66	67	78	73	70
Directors who belong to a visible minority group	%	11	0	0	0	0

Board Elections—see page 72 of the [2011 Annual Report](#)

The number of ballots and votes cast have increased over the previous year which may be a result of the introduction of online voting, changes in the election process and the timing of the 2010 election (the 2010 Winter Olympics took place during the 2010 election).

		2011	2010	2009	2008	2007
Total ballots	#	19,159	16,017	25,602	26,011	21,168
Paper	#	14,097	16,017	25,602	26,011	21,168
Online	#	5,062	n/a	n/a	n/a	n/a
Total votes cast	#	51,689	43,931	70,195	90,858	56,721
Percentage of eligible members who voted	%	4.8	4.0	6.6	7.0	8.0

New indicator.

Paper include ballots cast in-branch and ballots mailed.

n/a = not available.

Directors' attendance

In 2011, there were 39 regular and 31 special meetings of the Board of Directors and its committees for a total of 70 meetings held. Special meetings of the Board of Directors may be called with 24 hours' notice. The board chair may excuse a Director from attending meetings. The Board held 11 regular meetings with attendance in the range of 91 to 100 per cent, and nine special meetings with attendance ranging from 67 to 100 per cent. Attendance at the remaining 50 committee meetings varied between Directors.

🔗 Detailed attendance records: vancity.com/boardofdirectors

Confidential and anonymous reporting

Our anonymous and confidential whistle blower system is intended to provide employees and members with an avenue to report concerns about serious business misconduct. In 2011, reports involved: non-compliance with policies or procedures, unethical conduct, violation of law/regulation, and embezzlement/fraud. The increase from two to five reports likely reflects a growing awareness of the reporting tool. All reports have been investigated or are in the process of being investigated.

		2011	2010	2009
Number of reports made through confidential and anonymous reporting system	#	5	2	1

New indicator.

Compliance

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 2011
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 laws and regulations 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 2011, incidents resulted in two employees resigning, one being let go and one receiving a final warning letter.

		2011	2010	2009	2008
Unfounded or inconclusive incidents	#	14	8	22	20
Substantiated incidents	#	4	5	6	7
Total number of incidents	#	18	13	28	27

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

Inconclusive incidents are defined as those for which we were unable to determine who committed the fraud or where sufficient information was lacking for us to make a final determination.

In 2010, we refined the data collection to only include fraud and theft and not other Code of Conduct employee-related incidents so historic data is not directly comparable.

Ethical Policy—see pages 19 and 60 of the [2011 Annual Report](#)

Our Ethical Policy requires us to formally screen existing treasury relationships annually and all other strategic suppliers/ business relationships once every two years. It also requires us to screen proposed strategic relationships before entering into a relationship. Beyond what the policy requires, on occasions we voluntarily request formal screens to guide decisions. We have a formal appeal process for instances when certain relationships appear to be inconsistent under the Ethical Policy, but there is a strong business case for entering into these relationships.

A further requirement of our Ethical Policy is to ask an independent third party to annually screen Vancity's operations using the same criteria we use to screen other organizations. In 2011, the review concluded Vancity was aligned with its own Ethical Policy.

Ethical Policy screens

In 2011, there was an increase in the number of ad-hoc screens requested for proposed new relationships. In total, 40 per cent of the 74 completed screens covered proposed relationships. The results of screening determined that nine existing or potential organizations were not aligned with our policy.

Common reasons why organizations don't pass our screens include: environmental regulation violations, human rights concerns, supply chain management concerns, significant exposure to business ethics and governance controversies, controversial business practices, poor record of labour relations, and business practices with serious environmental and/or social impacts.

		2011	2010	2009
Total formal Ethical Policy screens for strategic relationships	#	74	57	79
Number of screens inconsistent with policy	#	9	3	11
Relationships that have undergone an appeal or are awaiting an appeal	#	5	1	n/a

Screens include potential and existing relationships. Strategic relationships (includes suppliers, business and treasury 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.

Screens in accordance with the Ethical Policy

We screened 82 per cent of strategic suppliers and relationships in accordance with our Ethical Policy. We plan to screen the remaining 18 per cent in 2012.

		2011
Strategic relationships screened in accordance with our Ethical Policy	%	82

New indicator.

Strategic relationships inconsistent with the Ethical Policy

When our internal appeal process determines that a relationship which is inconsistent with the Ethical Policy is in Vancity's best interest, we aim to develop and implement action plans to address our key concerns. In 2011 we developed action plans for two such relationships and six more were currently under appeal.

		2011
Total known existing relationships that are inconsistent with the Ethical Policy	#	8
Relationships with action plans to address key concerns	#	2

New indicator.

Values alignment

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

		BM	2011	2010	2009
Employees who agree	%	69	84	82	81

Data source: employee engagement survey.

Benchmark (BM) source: Aon Hewitt Best 50 Employers.

Percentage of members who rate Vancity a nine or 10 out of 10 for being committed to improving the environment

		2011	2010	2009	2008	2007
Personal members	%	60	49	58	55	54
Business members	%	54	47	n/a	n/a	n/a
All members	%	60	49	n/a	n/a	n/a

The increases from 2010 to 2011 was not statistically significant.

Data source: member loyalty surveys.

Percentage of respondents answering "Don't know" for all categories in 2011 was 14

n/a = data not available.

Percentage of members who rate Vancity a nine or 10 out of 10 for using our resources and expertise to act in the best interest of the community that we serve

		2011	2010	2009	2008	2007
Personal members	%	53	50	48	56	55
Business members	%	50	44	46	55	n/a
All members	%	53	49	48	56	n/a

The increases from 2010 to 2011 was not statistically significant.

Date source: member loyalty surveys.

Percentage of respondents answering "Don't know" in 2011 for personal and all members was 10 and for business members was eight.

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

		2011	2010
Public	%	33	39

The decrease from 2010 to 2011 was not statistically significant.

Data source: reputation tracker.

Key financial results

🔗 See [Complete Consolidated Financial Statements](#) for the complete set of financial data and information.

Financial data

🔗 For an explanation of performance relating to the efficiency ratio, return on average members' equity and capital adequacy, see the [2011 Annual Report](#) pages 66-67.

Highlights:

- Return on average assets has been growing year-over-year as a result of net earnings from operations growing at a much faster pace than average assets. This demonstrates Vancity's earning power and the strength of our business model.

- Liquidity ratio increased from 16.7 to 18.8, reflecting adequate investments in liquid assets available to meet Vancity's short-term liquidity requirements.
- Net interest margin slightly decreased from 2010 as a result of the current low interest rate environment, which was offset by an increase in the volume of new loans and mortgages.
- Net interest income/operating revenue increased from 2010, reflecting a greater proportion of our operating revenue coming from sources that are interest sensitive, while other sources of earnings (such as fees and commissions) are proportionally declining.
- Gross impaired loans/total loans decreased from 2010 as a result of improved credit quality of the loan portfolio. See discussion on Making Loans and Investments in the [2011 Annual Report](#) pages 41-42.

		2011 IFRS [†]	2010 IFRS [†]	2010 GAAP	2009 GAAP	2008 GAAP	2007 GAAP
Efficiency ratio	%	68.6	64.9	68.8	78.0	76.0	83.0
Return on average members' equity	%	11.3	11.8	10.6	8.0	7.6	5.9
Return on average assets	%	0.6	0.6	0.5	0.4	0.3	0.3
Capital adequacy ratio	%	13.6	13.9	14.0	13.5	12.4	12.2
Liquidity ratio	%	18.8	16.7	16.3	22.9	17.0	14.6
Net interest margin	%	2.3	2.4	2.5	2.1	2.1	2.2
Net interest income/operating revenue	%	82.5	80.9	76.3	72.7	67.5	77.9
Gross impaired loans/total loans	%	0.17	0.56	0.57	0.39	0.26	0.24

Data is derived from or is calculated using data from Vancity's audited Complete Financial Statements.

[†]See note on page 6.

Net interest income

Net interest income remained stable. In 2011, interest rates remained low resulting in higher member lending volumes and increased interest income. Member deposits and borrowings also increased leading to a corresponding rise in interest expense. Together, the net effect was net interest income for 2011 that was consistent with 2010.

(millions of dollars)		2011 IFRS*	2010 IFRS*	2010 GAAP*	2009 GAAP	2008 GAAP	2007 GAAP
Net interest income	\$	354	355	345	291	286	281

[†]See note on page 6.

Economic capital

Different types of risk are 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 we must hold to cover us against such unexpected events. The goal for economic capital ratio is always at least 1.0.

		2011	2010	2009	2008	2007
Economic capital ratio	#	1.2	1.1	1.1	1.1	1.1

Ratios are not meant to be compared year over year.

Appendix: Vancity's 2011 Greenhouse Gas Inventory Report

Contents

1. Purpose	33
2. Operational boundary and quantification methodology	33
3. GHG assertions and emissions inventory—2011	35
4. Carbon neutrality intention	35
5. GHG emissions sources, factors, and activity data	36
Energy	36
Transportation	37
Paper Use	38
6. Base year	39
7. Assessing and reducing uncertainty	41
Energy	41
Transportation	42
Paper	43
8. GHG information management—roles and responsibilities	44
9. Verification	44
10. References	45
Paper use emission factor sample derivation paper	47

1. Purpose

The following report provides additional details regarding Vancity's GHG inventory not included in our integrated Annual Report but required in accordance with ISO 14064 GHG reporting standard.

Specifically, this report provides additional information regarding:

- 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 CO₂e (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. 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 in 2011 of reducing or holding constant our greenhouse gas emissions (which includes organic growth) at 6,000 tonnes CO₂e 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 Other Indirect/3	Vancity burns natural gas for space heating and cooling and to heat water in facilities it owns and leases
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:

$$Total\ Emissions = \sum_{Sources} (Emission\ Factor) \times (Activity\ Level)$$

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 – 2011

The Vancity group's GHG Emissions Inventory for the fiscal year 2011 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 2011 were 5,252.6 tonnes CO₂ equivalent.

The GHG emissions by scope presented in Table 2 differs slightly from how that data was shown in 2010. In 2011 (as per ISO standards and auditor recommendation) natural gas emissions from facilities not owned by Vancity were moved to scope three from scope one.

Table 2 –2011 GHG Emissions by Scope

	Tonnes CO ₂ equivalent	Uncertainty (+/- %)
Scope 1	508.0	4.5%
Scope 2	332.7	18.9%
Scope 3*	4,411.9	5.0%
Totals	5,252.6	4.4%

Table 3 - 2011 GHG Emissions by Source

	Tonnes CO ₂ equivalent	Uncertainty (+/- %)
Electricity	332.7	18.9%
Natural Gas	1,127.8	10.2%
Vehicle Fleet Travel	57.7	8.6%
Vehicle Travel	14.4	14.1%
Car Allowance	317.4	3.2%
Commuting	2,072.1	9.2%
Air Travel*	534.2	High*
Paper*	796.2	High*

* Uncertainty not assessed but is high.

4. Carbon neutrality intention

In August 2011, Vancity purchased 4,586 tonnes of CO₂ offsets. These offsets were purchased from two local offset vendors: Offsetters Clean Technology Inc. and Habitat Carbon Assets. They included: 606 tonnes from four institutional ground source heat pump installations in British Columbia and 1,000 tonnes from a biomass boiler installation in Aldergrove, BC. 2,980 tonnes were secured from a biomass gasification project in Heffley Creek, BC. Thus for the year 2010, 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. quantified our carbon footprint
2. made efforts to reduce our carbon emissions, and
3. purchased carbon offsets from emission reducing activities that others had undertaken.

It is Vancity's intention to maintain its Carbon Neutral status in 2011 through the purchase of carbon offsets in 2012.

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 2011 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 – Traditionally Vancity uses an emissions factor provided by BC Hydro for BC electricity emissions factors. This number is provided in CO₂ equivalent and not broken down by component greenhouse gases a requisite for reporting all GHGs separately. As a result numbers from Environment Canada (2011): National Inventory Report (1990-2008) have been used.

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 – The emissions factor for natural gas has been updated to include CH₄ and N₂O. Natural gas is comprised of different types of combustible gases with different chemical properties. The make-up and corresponding emissions factor for natural gas varies by region. The emissions factor source, the Environment Canada National Inventory Report, has been updated to account for this regional variation.

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 Fortis Inc.. 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 Acuere Consulting and conducted in November 2011. 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). Employees are reimbursed for driving Vancity owned vehicles. To avoid double counting emissions from the vehicle fleet are subtracted from business vehicle travel emissions.

Car Allowance Travel

Car allowance travel is estimated using responses to specific questions in the transportation survey. Average annual fuel consumption is estimated using: Total Fuel Consumption (L) = (% Work Related Travel) x (Average Spending on Fuel per Week(\$))/(Average Annual Fuel Price for the Fuel Type (\$/L)) x (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: Total Emissions (t) = (Emissions per Employee per Week) x (Number of Employees) x (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. In 2010 the paper calculator was transferred to the Environmental Defense Network who are now responsible for maintaining and updating the site.

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 Paper Network Paper Calculator. For more information visit 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 Group 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 CO₂ equivalent. The recalculated total is 5,242 tonnes CO₂ 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 ₂ equivalent	Tonnes CO ₂ equivalent	Uncertainty (+/- %)
Scope 1	468	468	15.6%
Scope 2	386	386	0.0%
Scope 3	4,390	4,650	4.8%
Totals	5,242	5,504	4.3%

Table 5 - Total 2007 GHG Emissions by Source – Original and Revised

	Revised Tonnes CO ₂ equivalent	Tonnes CO ₂ equivalent	Uncertainty (+/- %)
Electricity	386	386	18.1%
Natural Gas	1,109	1,109	7.7%
Vehicle Fleet Travel	34	36	9.6%
Vehicle Travel	55	58	19.1%
Car Allowance	376	402	2.9%
Commuting	2006	2,146	9.1%
Air Travel	465	498	High*
Paper	811	868	High*

*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 – 2011

	2011	2010	2009	2008	2007
Premises energy use (t/FTE)	0.70	0.68	0.72	0.64	0.63
Paper use (t/FTE)	0.38	0.45	0.24	0.3	0.37
Vehicle fleet (t/FTE)	0.03	0.02	0.01	0.01	0.02
Employee business travel by air & vehicle (t/FTE)	0.42	0.28	0.32	0.38	0.4
Employee commuting alone (t/FTE)	1.00	0.88	1.01	0.85	0.91
Tonnes of GHG per employee (FTE)	2.53	2.30	2.29	2.18	2.32
Total FTE	2,061	2,080	2,228	2,384	2,371

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% and -28% [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 – Environment Canada has listed the uncertainty of gasoline and diesel fuel emissions factors as 0.5%.

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% 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%).

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
Data Collection Officer	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.
Modeling Officer	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.
Finance Officer	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.
Energy Assessment Officer	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.
Survey Officer	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.

This GHG Inventory report was prepared by Vancity management in conjunction with Will Wright of Ecocentric Carbon Management. The greenhouse gas assertions including the 2011 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.

10. References

1. CSA/ISO, National Standard of Canada CAN/CSA-ISO 14064-1:06 (ISO 14064-1:2006). 2006, Canadian Standards Association.
2. WRI/WBCSD, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). 2004, World Resources Institute and World Business Council for Sustainable Development.
3. WRI, HOT CLIMATE, COOL COMMERCE: A Service Sector Guide to Greenhouse Gas Management, S.P. Pino, R. Levinson, and J. Larsen, Editors. 2006, World Resources Institute: Washington DC.
4. WRI, Working 9 to 5 on Climate Change: An Office Guide, S.P. Pino and P. Bhatia, Editors. 2002, World Resources Institute: Washington DC.
5. Hanova, J., Environmental and Techno-Economic Analysis of Ground Source Heat Systems, in The Faculty of Graduate Studies. 2007, University of British Columbia: Vancouver. p. 87.
6. EnvCan, National Inventory Report: Greenhouse Gas Sources and Sinks in Canada (1990 - 2005), in The Canadian Government's Submission to the UN Framework Convention on Climate Change. 2007, Environment Canada.
7. SGA, Emission Factors and Uncertainties for CH₄ & N₂O from Fuel Combustion. 2000, SGA Energy Limited: Ottawa.
8. Terasen. 2005 Progress report: To the Canadian Standards Association Climate Change, GHG Registries' Canadian GHG Challenge Registry. 2005 [cited 2007 Nov. 28]; Available from: <http://www.terasengas.com/documents/GHGVCRreport2005.pdf>.
9. NRCan, Canadian Vehicle Survey 2007 Summary Report. 2009, Natural Resources Canada: Ottawa.
10. NRCan. Fuel Consumption Guide: 2009. 2009 [cited; Available from: <http://oee.nrcan.gc.ca/transportation/tools/fuelratings/fuel-consumption.cfm?attr=16>.

11. DEFRA. Guidelines to Defra's greenhouse gas (GHG) conversion factors for company reporting 2007 [cited; Available from: <http://www.defra.gov.uk/environment/business/envrp/pdf/conversion-factors.pdf>].
12. IPCC, Aviation and the Global Atmosphere: A Special Report of IPCC Working Groups I and III in Collaboration with the Scientific Assessment Panel to the Montreal Protocol on Substances that Deplete the Ozone Layer, J.E. Penner, David H. Lister, David J. Griggs, David J. Dokken, Mack McFarland, Editor. 1999, Intergovernmental Panel on Climate Change.
13. Sausen, R., et al., Aviation radiative forcing in 2000: An update on IPCC (1999). *Meteorologische Zeitschrift*, 2005. 14(4): p. 555-561.
14. IPCC, Climate Change 2007: The Physical Science Basis, S. Solomon, Dahe Qin, Martin Manning, Melinda Marquis, Kristen Averyt, Melinda M.B. Tignor, Henry LeRoy Miller Jr., Zhenlin Chen, Editor. 2007, Intergovernmental Panel on Climate Change.
15. Jardine, C.N. Part 1: Calculating the Environmental Impact of Aviation Emissions. 2005 June [cited; Available from: http://www.climatecare.org/media/documents/pdf/Aviation_Emissions_&_Offsets.pdf].
16. IPCC, Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories, J. Penman, D Kruger, I Galbally, T Hiraishi, B Nyenzi, S Emmanul, L Buendia, R Hoppaus, T Martinsen, J Meijer, K Miwa and K Tanabe Editor. 2000, Intergovernmental Panel on Climate Change.
17. WRI, GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty. 2003, World Resources Institute: Washington DC.
18. IPCC, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, S. Eggleston, Leandro Buendia, Kyoko Miwa, Todd Ngara, Kiyoto Tanabe, Editor. 2006, Intergovernmental Panel on Climate Change.
19. Robbins, M.A. Odometer Settlement May Earn Class Lawyers \$9.5 Million in Fees. 2006 [cited 2007 Oct. 14]; Available from: <http://www.law.com/jsp/article.jsp?id=1163194119145>.
20. Vaughn v. Am. Honda Motor Co., 2007 U.S. Dist. LEXIS 76150 (E.D. Tex., Sept. 28, 2007) 2007.
21. CR, Fuel Economy: Why you're not getting the MPG you expect. *Consumer Reports*, 2005. 70(10): p. 20-23.
22. WRI. World Resources Institute Carbon Dioxide (CO2) Inventory Report For Calendar Years 2004 & 2005. 2006 Nov [cited 2007 Oct. 29]; Available from: <http://www.wri.org/publication/wris-annual-carbon-dioxide-inventory-report-2004-2005#>.
23. NRCan, Commercial and Institutional Consumption of Energy Survey Summary Report 2005. 2007, Natural Resources Canada: Ottawa.
24. NRCan, Canadian New Light Duty Vehicles: Trends in fuel consumption and characteristics (1988-1998), M. Schingh, É. Brunet, and P. Gosselin, Editors. 2006, Natural Resources Canada.

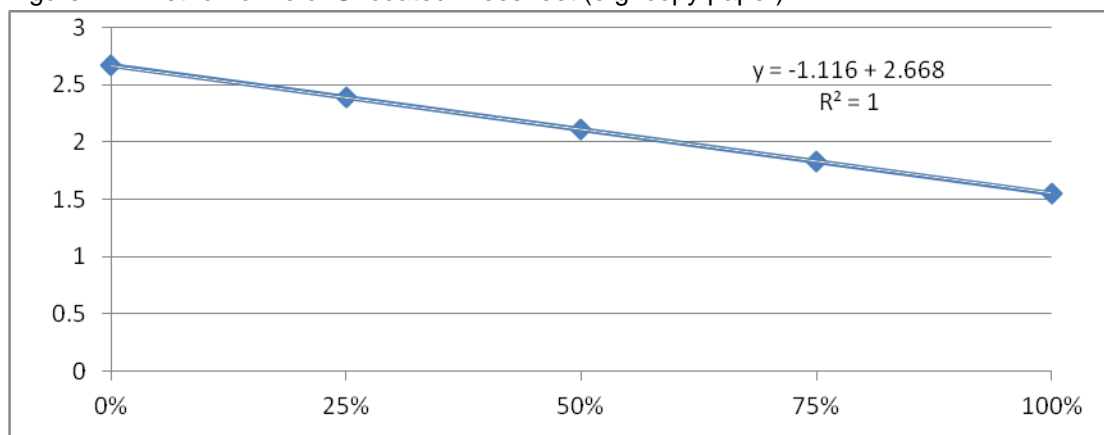
Paper use emission factor sample derivation

To obtain a paper use emissions factor [Environmental Defense' online calculator](#) is used. The calculator does not explicitly list emission factors; however, they can be extrapolated by calculating the greenhouse gas emissions associated with 1 Metric Tonne of each paper type for the following recycling percentages: 0%, 25%, 50%, 75%, 100%. Presently the relationship is linear ($R^2 = 1$) and a linear regression can be used to determine emission factors as a function of recycled content. For example:

Inputs: Paper Type: Uncoated Freesheet; Amount: 1 Metric Tonne; % Recycled Content: 0%, 25%, 50%, 75%, 100%

% Recycled content	lbs of CO2	Kg of CO2	Metric tonnes of CO2 / metric tonne of paper
0%	5,882	2668.030	2.668
25%	5,267	2389.071	2.389
50%	4,652	2110.112	2.11
75%	4,037	1831.152	1.831
100%	3,422	1552.193	1.552

Figure 1: 1 Metric Tonne of Uncoated Freesheet (e.g. copy paper)



This formula ($y = -1.116x + 2.668$) can then be used to calculate the emissions factor as a function of recycled content, where y is the emission factor in Metric tonnes per metric tonne of paper and x is the percent recycled content.