



2012 Annual Report
Complete consolidated
accountability statements



Vancity
Make Good Money.™

Local Garden Vancouver Inc.

New technology brings local produce to Vancouver year-round

In Vancouver you can buy pretty much any fruit or vegetable all year round. But though you may prefer to buy local over imported produce, typical Canadian winters often make this impossible. Luckily, **Local Garden Vancouver Inc.** is aiming to change that.

Local Garden is set to offer local restaurants fresh, local produce year-round from its greenhouse atop a parking lot in downtown Vancouver. To do so it uses VertiCrop, a new technology for growing healthy, natural vegetables in a controlled environment. VertiCrop maximizes space usage and eliminates the need for herbicides and pesticides.

Vancity, recognizing the potential impact this project could have on the local environment and community, provided Local Garden with start-up financing.

Complete Consolidated Accountability Statements

Our Accountability Statements supplement our Annual Report, and contain detailed data tables, explanations and notes. We select accountability measures based on their materiality, including relevance to our business strategy and interest to stakeholders. As well, we include relevant measures 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. We collect and manage accountability data using a web-based data management system (Credit360), which includes data quality controls, and we have key performance data externally assured.

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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](#)
- [Complete Accountability Statements](#) (vancity.com/2012annualreport/accountabilitystmts)
- [Complete Consolidated Financial Statements](#) (vancity.com/2012annualreport/financialstmts)

Also see:

- [Reporting Process and History](#) (vancity.com/2012annualreport/reportingprocess)
- [Detailed Global Reporting Initiative Content Index](#) (vancity.com/2012annualreport/griindex)
- [Vancity's Greenhouse Gas Inventory Report](#) (vancity.com/2012annualreport/ghginventory)
- [Glossary](#) (vancity.com/2012annualreport/glossary)
- [GRI Sustainability Reporting Guidelines](#) (globalreporting.org)

Performance data overview

Reporting principles

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 its subsidiaries—see organizational chart on page 12 of our [2012 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, 2012 energy data is reported for the period October 1, 2011 to September 31, 2012). 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 Vancity's 2012 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 omissions of data in the table notes.

Survey data

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

Brand health study: An anonymous annual study conducted by Ipsos ASI to assess the impact of specific attributes on brand health and our Good Money™ brand strategy. The study is conducted with a representative sample of members between the ages of 19 and 70 and non-members between the ages of 25 to 64, in the Lower Mainland and Victoria. See data table footnotes for range of errors for survey questions asked..

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 2012 the response rate was 85 per cent and the margin of error was +/- 0.9 per cent.

™ Make Good Money, Making Good Money, Start Making Good Money, Good Money Plan and Good Money are trademarks of Vancouver City Savings Credit Union.

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 2012 was +/- 0.03 at a 95 per cent confidence interval.

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 2012 was +/- two 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 2012 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.

Assurance on key performance data

Data for 2012 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, available online.

- Percentage of assets invested in impact
- Net active membership growth
- Employee engagement score
- Average branch service score
- Greenhouse gas emissions
- Percentage of employees who commute to and from work using sustainable transit modes
- Percentage of waste recycled or diverted from the landfill

Changes in indicators from the 2011 Annual Report



- We no longer report member loyalty scores. Vancity has consistently maintained best-in-class member loyalty scores. Meanwhile, our vision to redefine wealth requires a shift in focus toward activating an engaged membership to drive more members to do more business with us. As such, we replaced the member loyalty score with the likelihood to recommend score as our membership performance metric going forward.
- We no longer report the number of clients for Community Capital as the majority of their clients are included in Vancity Credit Union's member count.
- We no longer report 'Net annual growth in the community investment loan portfolio'. Instead, we report 'Approved community impact loans', which better aligns with our vision and business strategy.
- We no longer report 'Gross new sales in socially responsible investment options'. We determined 'Net new sales of socially responsible investment options' is sufficient and more meaningful as this takes redemptions into account.

- We no longer report “Percentage of public who feels Vancity makes decisions or is run in ways that effect, create or stimulate positive change in the community”. We replaced this with “Percentage who agree to the statement, ‘Both myself and my community will be better off if I bank with Vancity’”.

Definition of terms

Definition of terms are listed in the beginning of each section if the term is mentioned throughout the data tables. Where a term is specific to the data table, the definition is provided as a footnote to the table.

Key to symbols used in this report

-  = 2012 data externally assured
- BM** = external benchmark data
-  = more information is available online

Financial data

Key financial data and ratios—see pages 26 to 28 of [Vancity's 2012 Annual Report](#)

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 our [2011 complete Consolidated Financial Statements](#). Financial data from 2008 and 2009 is not directly comparable to data from 2010 onwards, and we have therefore not included it.

√ See [Vancity's 2012 audited complete Consolidated Financial Statements](#) for full details of Vancity's financial performance.

√ For an explanation of performance relating to the efficiency ratio, return on average members' equity, liquidity ratio, capital adequacy ratio, and percentage of member loans funded by member deposits, see pages 26 to 28 of Vancity's 2012 Annual Report. Additional notes:

- Return on average assets is impacted through changes in net earnings from operations and changes in interest-earning assets. In 2012 a decrease in net earnings from operations, coupled with growth in our assets, resulted in a decrease in return on average assets.
- We experienced a marginal decrease in net interest margin from 2011 as a result of increases in our interest-earning assets, primarily new loans and mortgages.
- Net interest income as a percentage of operating revenue increased from 2011. This reflects that a greater proportion of our operating revenue was generated from sources that are interest sensitive.
- Allowance for credit losses as a percentage of total loans and gross impaired loans as a percentage of total loans decreased from 2011 due to continued improvement in the credit quality of our portfolio.

		2011	2011	2010
Return on average members' equity*	%	6.5	11.0	11.8
Efficiency ratio	%	78.5	68.7	65.0
Capital adequacy ratio	%	12.7	13.6	13.9
Liquidity ratio	%	15.7	18.8	16.7
Return on average assets	%	0.4	0.6	0.6
Net interest margin (net interest income as a percentage of average interest earning assets)	%	2.2	2.3	2.4
Net interest income as a percentage of operating revenue	%	83.5	82.5	80.9
Gross impaired loans as a percentage of total loans	%	0.1	0.2	0.6
Allowance for credit losses as a percentage of total loans	%	0.5	0.6	0.8
Percentage of member loans funded by member deposits**	%	79.1	82.4	83.5

Data is derived from or is calculated using data from Vancity's audited complete consolidated financial statements.

*We restated data for 2011 to align with a more precise calculation used in 2012. We did not restate data for 2010 as the required information was not available.

**We restated data for 2011 and 2010 to align with an updated calculation used in 2012.

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.

		2012	2011	2010	2009	2008
Economic capital ratio	#	1.3	1.6	1.5	1.5	1.3

Economic capital is actual capital base divided by economic capital that we have determined we are required to hold to protect Vancity against unexpected losses.

We recalculated data for 2008 to 2011 to align with a refinement in the methodology in 2012.

Economic value generated and distributed

Economic value generated increased during 2012 by 4.6 per cent from 2011. We also saw increases in economic value distributed, primarily in payments to suppliers for operating costs and to employees for wages and benefits. This resulted in a decrease in distributions to the community, as well as a decrease in economic value retained.

<i>(millions of dollars)</i>		2012	2011	2010
Direct economic value generated				
Revenue (before interest payments to providers of borrowings)	\$	444.7	425.2	417.0
Economic value distributed				
Operating costs, including payments to suppliers	\$	143.3	112.8	107.4
Employee wages and benefits	\$	183.4	164.2	161.1
Payments to providers of liquidity (distributions to members, interest paid on wholesale borrowings, and interest paid on securitized mortgages)*	\$	30.7	27.7	18.0
Payments to governments (gross taxes)	\$	20.8	15.3	31.8
Community donations/grants	\$	9.2	14.5	12.5
Total economic value distributed	\$	387.4	334.5	330.8
Total economic value distributed as percentage of economic value generated	%	87.1	78.7	79.3
Economic value retained (net earnings)	\$	57.3	90.7	86.2
Economic value retained as percentage of economic value generated	%	12.9	21.3	20.7

Amounts do not match the complete Consolidated Financial Statements. In the above table, 2012 revenues are before \$21.5 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.

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

Taxes—see page 29 of [Vancity's 2012 Annual Report](#)

Total taxes increased in 2012 by 31.3 per cent. This was primarily due to an increase in income taxes , as well as increased federal and provincial sales taxes due to fixed asset additions and higher professional fees.

<i>(millions of dollars)</i>		2012 IFRS	2011 IFRS	2010 IFRS
Income taxes	\$	17.4	12.0	27.8
Capital Tax	\$	-0.1	0.2	0.6
Payroll taxes	\$	7.3	6.7	6.2
Property taxes	\$	3.4	3.1	3.6
Federal and provincial sales taxes	\$	15.6	11.2	10.0
Total income and other taxes	\$	43.6	33.2	48.2

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

In 2012 approximately 24 per cent of all business loans originated outside of British Columbia. These are loans administered by the Community Real Estate team and originated by Citizens Bank.

		2012	2011	2010
British Columbia				
Accommodation & food services	%	2	2	3
Construction	%	5	5	6
Health care & social assistance	%	2	3	3
Manufacturing	%	2	2	3
Other	%	4	5	5
Other services	%	3	3	4
Professional, scientific & technical	%	1	1	1
Real estate, rental & leasing	%	78	76	71
Retail trade	%	1	1	2
Transportation & warehousing	%	1	1	1
Wholesale trade	%	1	1	2
Outside of British Columbia				
Construction	%	3	1	9
Real estate, rental & leasing	%	97	99	91

Past data for British Columbia (BC) have been re-stated to exclude loans originating from outside of BC. This data is reported under "Outside of British Columbia".

Due to rounding percentages may not add up to 100.

Member Data

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.

Definitions of terms used in various data tables in this section:

Member—a person who resides, works or carries on business in British Columbia and holds a minimum of \$5 in membership equity shares with Vancouver City Savings Credit Union and Squamish Savings.

Member—business: organizational members, including not-for-profit organizations, social enterprises and co-operatives.

Member—personal: individual members.

Net active membership growth—see page 29 of [Vancity's 2012 Annual Report](#)

		2012	2011	2010	2009	2008
Net active membership growth <input checked="" type="checkbox"/>	#	7,806	2,760	-1,090	-687	8,499

New indicator.

Active members are those who have at least one open account and a member-initiated or automated payment transaction within the last 12 months.

Member and client numbers

		2012	2011*	2011	2010	2009	2008
Total number of credit union members	#	492,101	479,528	418,937	417,211	414,377	407,120
Personal member accounts	%	93	93	91	91	91	93
Business member accounts	%	6	6	8	8	8	6
Not-for-profit member accounts	%	1	1	1	1	1	1

Data includes Vancity Credit Union and Squamish Savings members.

*New methodology to count members. See online 2011 Complete accountability statements, Number of members, page 4.

		2012	2011	2010	2009	2008
Vancity Investment Management (VCIM) total number of clients	#	567	535	518	505	499
Personal client accounts	%	85	85	85	85	85
Business client accounts	%	10	11	11	11	11
Not-for-profit client accounts	%	5	4	4	4	4

In 2012 there were 1,060 Citizens Bank personal customer accounts compared to 1,523 in 2011. This number will continue to decrease as Citizens Bank no longer operates in the personal banking marketplace. Its operations focus on foreign exchange and Visa* credit card services, and commercial real estate lending.

See citizensbank.ca/retail for more information

*Visa Inc./Vancity Licensed User

Breakdown of personal members by age

Statistics Canada census data for 2011 and what we know about credit union members from the annual Ipsos (formerly Synovate) Customer Service Index conducted in 2012 suggests that credit union members tend to be older than the general population. Seniors accounted for 18.6 per cent of the Canadian population aged 18 and over in 2011, in comparison to 26.5 per cent of credit union members. According to a demographics projections report for 2012, the percentage of seniors accounted for 14 per cent of Metro Vancouver's population compared to 18 per cent at Vancity. However, as not every child has or needs a bank account, we generally skew older than the population in our member make-up.

		BM	2012	2011	2010
Aged 24 and under	%	28	16	16	17
Aged 25-44	%	30	29	29	30
Aged 45-64	%	28	37	37	37
Aged 65 and over	%	14	18	17	16
Age not available	%		0	1	1

Benchmark (BM) source: Environics Analytics, Demographic Estimates and Projections report, 2012 -- 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.

Member service experience—see page 30 of [Vancity's 2012 Annual Report](#)

Member satisfaction survey scores

For an eighth consecutive year, Canadians ranked credit unions first in overall Customer Service Excellence among all financial institutions in the 2012 Ipsos Best Banking Awards. Credit unions also took sole honors in two other categories: Branch Service Excellence and Values My Business.

		BM	2012	2011	2010	2009	2008
Personal member likelihood to recommend score	%	--	73*	69	63	59	63
Average (mean) branch service experience score <input checked="" type="checkbox"/>	#	--	9.08**	9.03	8.97	8.89	8.89
Member service centre customer satisfaction score	%	73	80	78	75	77	73

*Data for 2012 is not directly comparable to past data due to changes in the survey methodology.

**An additional sampling stream was included in data for 2012. This had a minor effect on the score and so 2012 data may not be directly comparable to past data.

Data sources: Member experience tracking survey and Member Services Centre quality tracking survey.

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

Member concerns/complaints escalated to Board, Chief Executive Officer and Chief Operations Officer

In 2012 complaints mainly related to accounts, service and products. Two issues contributed to a higher number of concerns this year: the nomination/recommendation process for Board Director elections, and investment in Enbridge. There were no complaints related to harassment or discrimination.

		2012	2011	2010	2009
Total number of member concerns/complaints	#	145	102	154	213

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)

		2012
Personal members	%	39

Question was previously asked in the Loyalty study which is no longer available.

Data source: Brand health study..

Percentage of respondents answering "Don't know" for personal members in 2012 was one per cent.

Member privacy—see page 37 of [Vancity's 2012 Annual Report](#)

Breaches of privacy and losses of member or client data

		2012	2011	2010	2009	2008
Substantiated reports and privacy breaches	#	5	9	6	13	13

Data reflects the number of breaches reported to Vancity's Privacy Office from a branch, member or customer. Key reasons for breaches generally 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.

Personal banking products with social or environmental benefits

Description and value of products with social or environmental benefits, by type

The value of the majority of products with social and environmental benefits remained similar to 2011. The value of Springboard mortgages increased to \$4.3 million from \$2.5 million because we offered the Home Ownership Readiness course in 2012 (none in 2011), a prerequisite for a Springboard mortgage.

Product description/purpose	Target beneficiary	2012 (millions)	2011 (millions)
Personal banking deposit products – balance as at Dec 31st			
<i>Shared Growth deposit products:</i> Members' deposits in these products fund community impact loans.	Local communities.	\$7.3	\$6.9
<i>Shared World investment deposit products.</i> Members' deposits are invested in initiatives that address poverty around the world	Communities worldwide	\$1.8	\$1.6
<i>Resettlement Assistance Program deposit product:</i> A special account developed to enable government-assisted refugees the opportunity to open accounts in which to deposit initial grants and subsequent assistance payments from the Federal Government when they arrive in Canada	Individuals (low-income, new immigrants and refugees) with challenges accessing financial services	\$0.6	\$0.5
<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	\$1.3	\$1.1

Product description/purpose	Target beneficiary	2012 (millions)	2011 (millions)
<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	Low-income and marginalized individuals living in Vancouver's Downtown Eastside (see above)	\$0.1	\$0.1
Personal banking lending products – balance as at Dec 31st			
<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	\$0.5	\$0.4
<i>Advice and Business Loans for Entrepreneurs with a Disability (ABLED):</i> Custom loans and advice on starting a business	Entrepreneurs with a disability	\$0.02	\$0.04
<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)	\$0.7	\$0.6
<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)	\$1.0	\$1.4
<i>On-reserve housing loans:</i> Mortgage like loans which provide financing to First Nation community members who would like to purchase or renovate a home located on First Nation lands	Aboriginal communities	\$1.8	\$1.6
<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	\$4.3	\$2.5
Total value of personal loan and deposit products with social or environmental benefit		\$19.4	\$16.7
Value as a percentage of all personal loan and deposit products		0.1%	0.1%

Accessibility and financial literacy programs—see pages 35 to 37 of [Vancity's 2012 Annual Report](#)

The programs listed below are often delivered in partnership with community partners. In 2012 the total number of members served from various other financial literacy courses doubled, mainly from the introduction of financial literacy seminars on basic banking, investments, retirement, estate planning, etc., offered through our branches.

Service description/purpose	Target beneficiary	2012 numbers served	2011 numbers served
<i>Accessibility program Visa accounts:</i> Credit is offered to individuals who partake in a visa literacy discussion and agree to certain conditions.	Low-income and marginalized members and communities	1,992 accounts	1,358 accounts

Service description/purpose	Target beneficiary	2012 numbers served	2011 numbers served
<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	2,953 participants	2,104 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	27,000 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 programs such as: Financial literacy offered through branches, Each One, Teach One, Money skills, Dollars and Sense and Home Ownership readiness.	Low-income individuals, recent immigrants, single parents, youth and Vancity members	More than 5,800	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	No workshops offered in 2012**	More than 120

* Due to decentralized tracking systems in 2012 for the Each One, Teach One program, some double-counting may occur.

**Financial stability training manuals and toolkits are available on our website. In 2012 there were 135 downloads of our toolkits.

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: One-year term deposit account that provides individuals with up to \$500 of credit.
- The Jumpstart® High Interest Savings account: One per cent of net revenues (or \$70,000, whichever is the greater) is used to support community-based programs which 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 2012 we set aside \$70,000 and are seeking a new community partner to engage with to support this work.
- Business Jumpstart account and a Registered disability savings account (new in 2012).
- 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).

[Financial literacy programs](#)

[Ways we invest in communities](#)

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

Community investment data

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.

Definitions of terms used in various data tables in this section:

Community project grants: Grants of up to \$10,000 that support local projects and programs initiated by community organizations; i.e., they're responsive grants. These grants align to our three guiding principles for healthy communities (see page 14 of [Vancity's 2012 Annual Report](#)).

Mission-based grants: These grants primarily support strategic partnerships with organizations whose mission supports one or more of our three guiding principles. They account for the majority of our granting dollars. They are distributed at our discretion and often involve partnerships that are multi-year in duration and which we support in other ways beyond granting alone.

Impact: an improvement (or potential improvement) in the lives of people, the community and/or the environment.

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

Assets invested in impact—see page 38 of [Vancity's 2012 Annual Report](#)

Assets invested in impact

<i>(millions of dollars)</i>		2012	2011
Value of assets invested in impact <input checked="" type="checkbox"/>	\$	1,553.4	1,081.5
Assets invested in impact as a percentage of total assets <input checked="" type="checkbox"/>	%	5.5	4.1

New indicator in 2012.

Impact investments as a percentage of Vancity portfolio is calculated as follows: [Impact investments](#) (sum of funded community impact loans since 2011; and sum of socially responsible investment assets under management or advised on and treasury investments in impact as at Dec 31, 2012) divided by [Vancity's portfolio](#) (total outstanding balances for Vancity's personal and business loans and deposits and the sum of total investment assets under management or advised on as at Dec 31, 2012).

Due to the way this is calculated, the numerator will grow at a faster pace than the denominator as approved community loans do not take into account what was paid back. We have simplified the measure for 2013 and beyond.

Treasury investments in impact—see page 38 of [Vancity's 2012 Annual Report](#)

In 2012 we increased our investments in social housing mortgage-backed securities (MBS) pools, where the underlying mortgage assets assist low-income individuals through social housing programs.

<i>(millions of dollars)</i>		2012	2011
Value of treasury investments invested in impact <input checked="" type="checkbox"/>	\$	34.5	6.7
Treasury investments invested as a percentage of total Treasury investments	%	1.6	0.3

New indicator in 2012.

Community impact loans— see pages 39 and 44 of [Vancity's 2012 Annual Report](#)

We define community impact loans as commercial, business (including not-for-profit organizations, social enterprise and co-operatives) and micro-loans that facilitate positive community impact. Detailed internal criteria exist to help us determine what to categorize as impact loans. These criteria will evolve over time as our understanding of impact increases. We have detailed internal criteria to help us determine what to categorize as impact loans. These criteria will evolve over time as our understanding of impact increases.

<i>(millions of dollars)</i>		2012	2011
Value of community impact loans approved <input checked="" type="checkbox"/>	\$	386.3	360.9
Community impact loans approved as a percentage of total commercial and business loans approved	%	34.3	34.1

Community impact loans approved are loans funded through four lines of business: Community Business, Community Capital and Community Real Estate and Community Investment (microloans). We added micro-loans to community impact loans in 2012, which comprised 0.2 per cent of the value of total impact loans.

Approved community impact loans (\$386 million) by guiding principle

		2012
Co-operative principles and practices	%	8
Environmental Sustainability	%	61
Social justice and financial inclusion	%	31

New indicator in 2012.

Approved community impact loans (\$386 million) by impact focus area

		2012
Aboriginal communities	%	5
Affordable housing	%	4
Energy and environment – commercial green buildings	%	59
Energy and environment - other	%	2
Local, natural and organic food	%	2
Microfinance and poverty reduction	%	<1
Community-minded organizations (non-profit organizations, co-operatives, social enterprises and mission-based for profits)	%	11
Social-purpose real estate	%	17
Other	%	<1

New indicator in 2012.

Commercial green building loans are loans usually greater than five million.

Community minded organizations have either (a) mission statements that express how the organization will generate social and/or environmental value through their business activities; and/or (b) are legally organized in a manner that benefits the broader community.

Loans are categorized by primary impact focus area and may have secondary impact focus areas.

Community impact loans: key outcomes

		2012
Units of affordable housing funded	#	619
Square feet of green buildings funded	ft ²	555,519
Community facilities funded	#	17

New indicator in 2012.

Units of affordable housing – Units projected to be constructed or preserved as a result of investments made whereby the cost (rental or ownership) does not exceed 75 per cent of the cost of market housing. Units include beds in shelter housing, rooms with shared kitchen and/or bathroom facilities, and full apartments.

Square feet green building - Number of square feet projected to be built or renovated as a result of investments made. Buildings must meet or exceed environmental impact and/or energy efficient building standards. Acceptable building standards include: LEED, BuiltGreen, Cascadia Living Buildings, Near Net Zero or Net Zero Ready, REAP building projects

Number of community facilities – Community development facilities projected to be built, renovated, or purchased as a result of investments made. Example: Childcare, Education, Healthcare, Religious.

Business banking products with social or environmental benefits

Product description/purpose	Target beneficiary	2012 (millions)	2011 (millions)
Business banking deposit products – balance as at Dec 31st			
<i>Not-for-profit (NfP) organization deposit products: Tailored products such as pooled accounts (e.g., groups of NfPs that join an association get a higher rate for deposits)</i>	Not-for-profit organizations, social enterprises, co-operatives, and First Nation government organizations	\$749.3	\$734.2
Business banking loan products – outstanding balance as at Dec 31st All the following loan products are included in community impact loans			
<i>Not-for-profit (NfP) organization loans and lines of credit: Tailored loans with an adjusted debt service coverage ratio* compared to businesses.</i>	As above	\$131.6	\$121.0
<i>Micro-loans: Including Be My Own Boss 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, businesses located on First Nation lands, and social enterprises</i>	Entrepreneurs, usually graduates from government sponsored self-employment programs, who are unable to access conventional banking	\$3.1	\$2.6
<i>Community Capital loans for: Working capital, asset purchase, renovations, green energy projects, succession planning/ownership transition with social impact</i>	Not-for-profit organizations, social enterprises, co-operatives, mission-based businesses and Aboriginal groups	\$18.8	\$19.3
Total value of business banking loan and deposit products with social or environmental benefits		\$902.8	\$877.1
Value as a percentage of all business banking loan and deposit products		12.9%	13.8%

* Debt service coverage ratio measures a company's ability to service its debt commitments from earnings and is calculated by earnings before interest, taxes, and depreciation/amortization divided by all principal and interest payments.

Business and commercial loans to members

New funded business and commercial loans and lines of credit

The number and value of new funded loans and lines of credit from \$250,000 to under \$5 million had an average increase of 36 per cent, due to members' requirements for additional credit needs possibly as a result of improved economic conditions.

Value of loans funded by size:		2012	2011	2010	2009	2008
\$0 - \$24,999 value	\$	3	4	4	4	4
\$25,000 - \$99,999 value	\$	12	13	14	14	15
\$100,000 - \$249,999 value	\$	20	21	22	19	22
\$250,000 - \$499,999 value	\$	51	39	56	29	35
\$500,000 - \$999,999 value	\$	88	68	74	54	65
\$1,000,000 - \$4,999,999 value	\$	341	244	239	166	222
\$5,000,000 and greater value	\$	610	669	553	169	158
Total value of loans funded	\$	1,125	1,058	962	455	521
Average funded loan size	\$	1.0	0.9	0.7	0.4	0.4
Number of loans funded by size:						
\$0 - \$24,999 number	#	303	397	399	373	413
\$25,000 - \$99,999 number	#	269	293	313	316	342
\$100,000 - \$249,999 number	#	135	144	142	124	142
\$250,000 - \$499,999 number	#	143	109	160	83	100
\$500,000 - \$999,999 number	#	128	97	111	81	97
\$1,000,000 - \$4,999,999 number	#	151	126	120	79	115
\$5,000,000 and greater number	#	47	48	44	21	17
Total number of new loans funded	#	1,176	1,214	1,289	1,077	1,226

Data includes all new loans and lines of credit to businesses funded by our Community Business, Community Capital, Community Real Estate teams and branch network. The funding of construction loans is staggered and all dollars may not get disbursed in the year the loan is approved. The balance on some loans (cash-flow) fluctuate from month to month.

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

Shared Success—see page 41 of [Vancity's 2012 Annual Report](#)

Every year we give back 30 per cent of net earnings from operations to members and the community. The amount allocated was less in 2012 than in 2011 and 2010 as net earning from operations decreased. See pages 26-29 of Vancity's 2012 Annual Report for a full explanation of our financial performance.

Shared Success allocations to members and communities

<i>(millions of dollars)</i>		2012	2011	2010	2009	2008
Total Shared Success allocations to members and communities	\$	17.2	27.2	23.5	15.2	15.3
Shared Success allocations as a percentage of net earnings from operations	%	30.0	30.0	30.3	30.2	32.7

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

Community donations—see pages 41 and 45 of [Vancity's 2012 Annual Report](#)**Shared Success allocations to the community, by program**

<i>(thousands of dollars)</i>		2012	2011	2010	2009	2008
Vancity's community investment programs (mission-based grants)	\$	5,784	10,490	8,834	2,774	3,908
Vancity's community investment programs (responsive grants)	\$	1,261	2,100	1,620	1,189	815
Citizens Bank donations	\$	72	21	50	99	75
Credit card earnings allocated to Vancity's enviroFund™	\$	1,000	892	637	532	415
Annual donation to the Vancity Community Foundation	\$	350	350	350	390	287
Vancity donation to Greater Victoria merger (Legacy fund)	\$	194	194	194	2,460	—
Vancity's loan fund project	\$	---	—	—	488	170
Special projects/other	\$	519	461	845	386	490
Total community allocations	\$	9,180	14,508	12,530	8,318	6,160

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

Community donations as a percentage of previous three years pre-tax profits have declined since 2010 for various reasons. In 2010, we hit record high earnings which increased donations (and pre-tax profits) significantly but because the three previous years' pre-tax profits were lower, this resulted in a high ratio for 2010. In 2011, although community donations were higher than in 2010, the inclusion of record-high pre-tax profits from 2010 resulted in a lower ratio. In 2012 community donations declined with pre-tax profits remaining high for 2010 and 2011, which resulted in an even lower ratio.

The annual community donations as a percentage of annual pre-tax profits for credit union members of the London Benchmarking Group's 2012 Benchmarking report was 7.9% (3.8% in 2011).

		BM	2012	2011	2010
Community donations as a percentage of previous three-year pre-tax profits	%	1.0	10.4	18.5	23.4

Calculations are based on data extracted from the audited 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.

Community grants approved for distribution, by type

In 2011, our Shared Success community allocations (for distribution in 2012) reached a record high of \$14.5 million. In addition, an additional \$5.9 million in undistributed community allocations were carried forward. This, together with efforts made to distribute community allocations in a timely manner, explains the higher amounts distributed in 2012.

<i>(millions of dollars)</i>		2012	2011	2010	2009	2008
Mission-based grants	\$	15.5	3.0	4.1	2.1	2.8
Community project grants	\$	1.5	1.6	1.3	1.5	1.1
Total grants approved	\$	17.0	4.6	5.4	3.6	3.9

Community grants approved for distribution (\$17.0 million) by guiding principle

		2012
Co-operative principles and practices	%	3
Environmental Sustainability	%	13
Social justice and financial inclusion	%	84

New indicator.

Community grants approved for distribution (\$17.0 million) by impact focus area

		2012	2011	2010
Aboriginal communities	%	12	2	1
Affordable housing	%	20	34	15
Energy and environment	%	9	27	15
Financial literacy	%	4	3	8
Local, natural and organic food	%	11	5	15
Microfinance and poverty reduction	%	9	6	6
Community-minded organizations (non-profit organizations, co-operatives, social enterprises and mission-based for profits)	%	19	17	10
Social-purpose real estate	%	3	2	15
Other	%	13	3	14

Revised indicator. Community project grants are now reported with mission-based grants. Historic data is not directly comparable due to exclusion of community project grants. Mission-based grants include enviro Fund grants. Community project grants include branch and business unit grants, staff community building grants and bursaries.

Due to rounding percentages may not add up to 100.

Community minded organizations have either (a) mission statements that express how the organization will generate social and/or environmental value through their business activities; and/or (b) are legally organized in a manner that benefits the broader community.

Grants are categorized by primary impact focus area and may have secondary impact focus areas.

Community sponsorships

Over and above the Shared Success community allocation, we provided approximately \$400,000 in commercial sponsorships. These differ from our grants in that they have tangible value for us in terms of profile, brand exposure, tickets, speaking opportunities, media, the chance to join a panel/run a workshop and so on.

<i>(millions of dollars)</i>		2012	2010	2009
Total sponsorships	\$	0.4	0.5	0.5

New indicator in 2012.

Tracking systems are not in place for all sponsorships. Sponsorship dollars reported are those approved by the Community Investment Team and the CEO's office and excludes ones approved at the branches and other departments.

Perceptions of Vancity

Percentage who agree to the statement, “Both myself and my community will be better off if I bank with Vancity”

		2012	2011
Personal members	%	57	60
Public	%	18	15

Replaces indicator, “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”.

The margin of error for personal members was +/- 11.6 points and for Public was +/- 6 points.

Data source: Brand health study.

Percentage who identify Vancity as an organization who supports the environment

In the Brand healthy study, Vancity had the highest score in comparison to eight other large financial institutions when asked of the members and public.

		2012
Personal members	%	79
Public	%	30

Replaces indicator, “Percentage of members who rate Vancity a nine or 10 out of 10 for being committed to improving the environment”.

The margin of error is not available.

Data source: Brand and health study.

Socially responsible investment options—see page 42 of the [Vancity's 2012 Annual Report](#)

Net new credit union member and Vancity Investment Management client investments in socially responsible investment (SRI) options

Net new SRI investments by members or clients fell by 15 per cent. This was likely due to continued global economic uncertainty and investors moving their equity investments into products with less exposure to stock market risk, such as such as Guaranteed Investment Certificates.

<i>(millions of dollars)</i>		2012	2011	2010	2009
Net new SRI investments by members or clients	\$	37.6	44.2	47.0	22.6
Net new SRI investments by members or clients as a percentage of all their investments	%	16.3	23.2	31.2	24.0

Includes net new investments made by members in socially responsible mutual funds administered by the credit union's investment advisors or specialists at Vancity branches through Credential Asset Management Inc. or Credential Securities Inc., and net new client investments in socially responsible assets managed or advised on by Vancity Investment Management.

Net new SRI investments equals gross SRI investments less redemptions.

In 2009, we sold our mutual fund business (Inhance Investment Management Inc.) to IA Clarington and data prior to 2009 is not comparable and therefore excluded.

Value and percentage of credit union member and Vancity Investment Management client investments in socially responsible options managed, advised on or administered by Vancity

<i>(millions of dollars)</i>		2012	2011	2010	2009
Total value of member or client investments in socially responsible assets managed, advised on or administered by Vancity	\$	771.4	713.9	680.0	563.0
Total value of member or client investments in socially responsible assets managed, advised on or administered by Vancity as a percentage of total assets	%	27.6	29.4	30.2	29.3

Includes investments made by members in socially responsible mutual funds administered by the credit union's investment advisors or specialists at Vancity branches through Credential Asset Management Inc. or Credential Securities Inc., and client investments in socially responsible assets managed or advised on by Vancity Investment Management.

In 2009, we sold our mutual fund business (Inhance Investment Management Inc.) to IA Clarington and data prior to 2009 is not comparable and therefore excluded.

Socially responsible asset management and corporate engagement—see pages 42 to 43 of [Vancity's 2012 Annual Report](#)

Vancity Investment Management (VCIM) provides discretionary investment management services to clients—individuals, unions, not-for-profits, foundations, trusts and other organizations. Through a strategic partnership with IA Clarington Investments, VCIM's sub-advisory group provides services to IA Clarington on the Inhance SRI Fund family, including environmental, social and governance investment analysis. IA Clarington Inhance SRI funds are available to members through our branch network, as well as nationally through IA Clarington's distribution network.

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

<i>(millions of dollars)</i>		2012	2011	2010	2009
Total assets managed or advised on by VCIM subject to environmental, social and governance (ESG) screens	\$	560.3	489.2	434.2	333.3
Percentage of all assets managed or advised on	%	91.3	91.2	90.8	86.2

Includes client investments in VCIM's screened assets, credit union member investments in the IA Clarington SRI Fund family, and additional investments in socially responsible options distributed through IA Clarington's other distribution channels outside of Vancity.

In 2009, we sold our mutual fund business (Inhance Investment Management Inc.) to IA Clarington and data prior to 2009 is not comparable and therefore excluded.

Corporate engagement

On behalf of VCIM and the IA Clarington Inhance SRI Fund family, VCIM's sub-advisory group leads corporate engagement and shareholder advocacy activities to champion change in the companies in which members and clients invest. The focus of engagement in 2012 included climate change, diversity, human rights and project risks.

		2012	2011	2010	2009
Number of companies in portfolio with which Vancity Investment Management's sub-advisory group interacted	#	22	19	21	21
Percentage of companies in portfolio with which Vancity Investment Management's sub-advisory group interacted	%	15	13	14	14

Suppliers—see page 43 of [Vancity's 2012 Annual Report](#)

Managed purchases in 2012 increased by approximately 24 per cent from 2011, primarily due to expenses related to Vancity's brand campaign, banking system, process improvements and software license fees.

		2012	2011	2010	2009	2008
Total value of managed purchases by region <i>(millions of dollars)</i>	\$	147.0	118.9	99.7	80.9	86.7
Locally-based	%	75	75	80	72	71
Rest of BC	%	< 1	<1	< 1	< 1	< 1
Rest of Canada	%	16	16	12	18	19
USA/other	%	9	9	8	10	10
Total number of suppliers by region	#	1,384	1,306	1,237	1,324	1,619
Locally-based	%	76	76	77	75	69
Rest of BC	%	2	2	1	2	2
Rest of Canada	%	13	15	14	17	22
USA/other	%	9	7	8	6	7

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.

Managed purchases are those goods and services procured by Vancity, for which decision-making and oversight are performed internally. These don't include spending related directly to payments made to the government; (municipal, provincial or federal) or costs associated with the lease of premises at which Vancity has a place of business.

Employee data

☞ 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.

Definitions of terms used in various data tables in this section:

Senior management—director positions and above.

Management—positions with at least one employee directly reporting to them.

Employee profile, diversity and equal opportunity

Employee profile

		BM	2012	2011	2010	2009	2008
Full-time equivalents (FTE)	#		2,239	2,157*	2,080	2,228	2,384
Head count (number of individuals)	#		2,544	2,459	2,397	2,384	2,704
Permanent full-time	%		78	78	78	78	79
Permanent part-time	%	19	17	17	17	16	15
Contract/temporary	%	6	5	5	5	6	6
Employees unionized	%	8	18	18	19	18	16

*Data for 2011 was restated due to more accurate data being available.

Contract consultants hired directly from lines of businesses are not tracked.

Benchmark (BM) source: BC HRMA Annual metrics report for BC credit unions, 2012 median scores.

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

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

Position status for all employees (headcount), by gender

		2012	2011	2010	2009	2008
Total permanent full-time	#	1,983	1,922	1,874	1,859	2,130
Male	#	732	696	n/a	n/a	n/a
Female	#	1,251	1,226	n/a	n/a	n/a
Total permanent part-time	#	439	423	405	388	409
Male	#	87	79	n/a	n/a	n/a
Female	#	352	344	n/a	n/a	n/a
Total contract/temporary	#	122	114	118	137	165
Male	#	36	34	n/a	n/a	n/a
Female	#	86	80	n/a	n/a	n/a

n/a = data not available.

Employee departures and turnover rates

In 2012 fewer (41 per cent) employees aged under 30 departed from Vancity compared to 2011. We did not have any specific initiatives to influence this.

		2012	2011	2010	2009	2008	2007
Number of departures							
Total departures	#	166	200	190	402	339	361
Male	#	61	84	71	146	133	144
Female	#	106	116	119	256	206	217
Aged under 30	#	44	74	56	82	98	127
Aged 30-39	#	47	59	59	124	106	94
Aged 40-50	#	31	32	49	124	82	76
Aged over 50	#	44	35	26	72	53	64
Voluntary departures	#	123	143	130	177	262	292

		BM	2012	2011	2010	2009	2008
Turnover rates							
Overall turnover rate	%	13	7	8	8	17	14
Male	%		8	11	10	19	16
Female	%		7	7	8	16	12
Aged under 30	%		9	14	12	16	18
Aged 30-39	%		7	8	8	17	13
Aged 40-50	%		5	5	7	18	11
Aged over 50	%		9	7	6	17	13
Voluntary turnover rate	%	10	5	6	6	8	10

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

Benchmark (BM) source: BC HRMA Annual metrics report for BC credit unions, 2012 median scores.

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

Number of new employee hires, overall and broken down by gender and age

		2012	2011
Total number of new hires	#	318	282
Male	#	129	128
Female	#	189	154
Aged under 30	#	191	137
Aged 30-39	#	74	81
Aged 40-50	#	33	43
Aged over 50	#	20	21

New hire rate, overall and broken down by gender and age

Of all employees aged under 30, 40 per cent were new hires. This was an increase of 14 per cent from 2011 due to an increase in new hires for member facing or front line employees, who tend to fall within this age category.

		BM	2012	2011
Overall new hire rate	%	11	13	12
Male	%		16	16
Female	%		12	9
Aged under 30	%		40	26
Aged 30-39	%		10	11
Aged 40-50	%		5	6
Aged over 50	%		4	4

Benchmark (BM) source: BC HRMA Annual metrics report for BC credit unions, 2012 median scores.

New hire rate: rate of new (permanent) employees joining the organization for the first time. Calculated by the total number of new employees hired for the year divided by the average number of employees for the year, multiplied by 100.

Employee diversity—see page 38 of [Vancity's 2012 Annual Report](#)

		2012	2011	2010	2009	2008
Men	%	34	33	32	32	32
Women	%	66	67	68	68	68
Aged under 30 years	%	20	20	21	22	24
Aged 30-39 years	%	30	30	31	31	31
Aged 40-50 years	%	29	29	29	29	29
Aged over 50 years	%	20	20	19	18	16
Non-management	%	83	83	84	84	84
Management	%	14	14	13	13	12
Senior management	%	3	3	3	3	4
Of Aboriginal descent*	%	1	1	1	1	1
Belong to a visible minority group*	%	41	40	39	38	40
With a disability*	%	2	2	2	2	2

*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.

Due to rounding percentages may not add up to 100.

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

		BM	2012	2011	2010	2009	2008
All employees	%	32	42	41	40	39	41
Non-management	%	32	44	42	43	44	44
Management	%	22	35	33	31	31	32
Senior management	%	11	22	24	20	20	19

Data source: Aon Hewitt employee engagement survey.

Benchmark (BM) source: Canadian Bankers Association, Banks as Employers report 2011.

Percentage of women, by position level

		BM	2012	2011	2010	2009	2008
All employees	%	74	66	67	68	68	68
Non-management	%	76	67	68	69	70	69
Management	%	68	65	65	65	65	68
Senior management	%	33	44	41	37	34	32

Benchmark (BM) source: BC HRMA Annual metrics report for BC credit unions, 2012 median scores.

Employee engagement and satisfaction—see page 32 of [Vancity's 2012 Annual Report](#)

Employee engagement score

The continuation of an upward trend demonstrates we're focusing on and making good progress on the right employee concerns.

		BM	2012	2011	2010	2009	2008
Employee engagement score <input checked="" type="checkbox"/>	%	78	76	71	61	53	56

Data source: employee engagement survey.

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

Employee engagement score: the energy or passion employees have for their employer. The overall engagement score represents the percentage of survey respondents whose average scores are greater than or equal to 4.5 (on a scale of six) for the following six questions: I would, without hesitation, highly recommend this organization to a friend seeking employment; given the opportunity, I tell others great things about working here; it would take a lot to get me to leave this organization; I hardly ever think about leaving this organization to work somewhere else; this organization motivates me to do more than is normally required to complete my work; and this organization really inspires me to do my best work.

Training and development

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

		BM	2012	2011	2010	2009	2008
Employees who agree	%	81	74	70	64	57	59

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

Percentage of employees who completed biannual training on policies and procedures concerning relevant aspects of human rights

		2012	2011
Employees who completed training	%	n/a	91

New indicator in 2012.

n/a = not available since training was not required in 2012

Percentage of employees completing their annual performance review

2012 was the first year using the new performance review tool and as such this has been a year of learning for managers and employees. The incomplete reviews may be due to a combination of: learning the new tool, vacations delaying the year-end review discussion or entry into the system, unexpected absences, staffing changes, and competing priorities. We're working on improving this number by providing managers with information on outstanding reviews for follow-up and providing additional resources as required to support managers. In 2013 we will continue to

build on what we have learned in 2012 and adjust communication and support materials as required to enable employee and manager understanding of the process and improve completion rates.

		2012
Employees completing their annual performance review	%	81

New indicator in 2012.

Code of Conduct

Percentage of employees who reviewed and signed Vancity's code of conduct

In 2012 the annual Code of Conduct declaration resulted in a return rate of approximately 90 per cent. The desired state is a 100 per cent return rate. Due to various leaves of absence and employee churn/turnover, some inherent challenges exist in achieving this outcome. We continue to work with people leaders to highlight the importance of ensuring that employees understand and abide by the Code.

		2012
Employees who signed Vancity's Code of Conduct	%	90

New indicator in 2012.

Employee grievances related to human rights and harassment

Of the six grievances closed in 2012, two were substantiated for harassment. Two grievances remain pending with one closed from the three pending grievances in 2011.

		2012	2011	2010	2009
Total number of filed grievances related to human rights and harassment	#	7	12	4	6
Total number of grievances reviewed or addressed (file pending)	#	1	3	0	0
Filed by men	#	0	0	0	0
Filed by women	#	1	3	0	0
Total number of grievances no longer subject to action or resolved	#	6	9	4	6
Filed by men	#	1	1	0	2
Filed by women	#	5	8	4	4

Grievances refer to legal actions, complaints registered with the organization or competent authorities through a formal process, or instances of non-compliance reported by union and non-unionized employees. Some grievances 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 2012 there were 11 robberies (there were 25 in 2011). No injuries resulted. Overall, the number of incidents remained low, and there was a slight increase in the lost day rate.

		2012	2011	2010	2009	2008
Total number of incidents accepted by WorkSafe BC	#	7	7	3	7	9
Falls/slips/trips, strains/sprains and cuts	#	6	4	3	7	9
Robbery-related stress/acts of violence	#	0	0	0	0	0
Other incidents	#	1	3	0	0	0
Injury rate (number of injuries per 100 people)	#	0.3	0.4	0.2	0.3	0.4
Lost day rate (number of lost days per 100 people)	#	17	11	5	8	12

There were no work-related fatalities or incidents of occupational diseases in 2012.

Data source: WorkSafe BC.

Injury rate is calculated by the number of claims (accepted by WorkSafe BC) x 200,000 (equivalent to 100 full-time employees working 40-hour weeks, 50 weeks per year), divided by the hours worked.

Lost day rate is calculated by the number of days lost (from WorkSafe BC claims) divided by number of hours worked x 200,000 (equivalent to 100 full-time employees working 40-hour weeks, 50 weeks per year),

Number of days lost due to employee illness

According to Statistics Canada's Work absence report for 2011, the number of days lost per year for the Finance and Insurance sector was nine days, much higher than the benchmark for credit unions. It noted several factors that tended to increase the number of days lost, such as: workplace size, job tenure, union rate, etc. Vancity's absenteeism rate remains higher than the current benchmark but has slowly declined since 2008. We continue to monitor our rate closely.

		BM	2012	2011	2010	2009	2008
Days for short-term disability leave	#		7,217	7,060	5,760	8,714	9,724
Days for sick/care days	#		9,347	9,469	9,289	10,079	8,959
Total days lost due to illness	#		16,564	16,529	15,049	18,793	18,683
Absenteeism rate	#	5	8	8	7	9	10

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

Benchmark (BM) source: BC HRMA Annual metrics report for BC credit unions, 2012 median scores.

Absenteeism rate is the number of work days missed (lost) by employees due to illness per permanent full-time equivalent. Days lost due to illness includes time taken by employees to care for a sick family member.

Employee pension plans

Defined Benefit Plan

		2012	2011	2010	2009	2008
Employee participation rate in Defined Benefit Plan	%	17	15	16	16	15
Vancity contributions: percentage of eligible employee earnings	%	11.1	11.2	10.8	10.2	9.4
Employee contributions: percentage of eligible employee earnings	%	7.2	7.2	7.1	5.5	5.5

Group Registered Retirement Savings Plan (RRSP)

		2012	2011	2010	2009
Employee participation rate in the Group RRSP	%	69	70	70	70
Vancity contributions: percentage of eligible employee earnings	%	6.1	5.3	6.5	6.1
Employee contributions: percentage of eligible employee earnings	%	0.5	0.5	0.6	0.6

Includes employees from the Squamish branches who opt for the personal pension plan.

Employee compensation—see page 33 of [Vancity's 2012 Annual Report](#)

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

As Vancity a certified Living Wage Employer, we do our best to ensure our employees are paid a living wage rate or higher. The living wage rate is adjusted annually. In Vancouver in 2012, it was \$19.14/hour, inclusive of benefits.

In our 2011 Annual Report we reported 98 per cent of eligible employees were paid a living wage. In 2012 we moved the remaining employees up the scale by adjusting their base pay to be living wage compliant. We are now 100 per cent internally compliant in paying eligible employees a living wage. Employers are allowed to have a small amount of trainees or student co-ops that are not eligible for the living wage. Our next focus is to work with relevant suppliers and contractors to support them in paying their employees a living wage.

Lower Mainland Living Wage standard

Lower Mainland hourly living wage	\$19.14*	The Lower Mainland living wage is the minimum hourly rate that would be paid to meet basic living needs (excluding any value of benefits). If benefits are included as part of total compensation then the living wage would be reduced to reflect "credit" for these benefits
Equivalent hourly living wage for Vancity (ie. excluding value of benefits)	\$15.41	\$15.41 is the adjusted living wage rate for permanent staff who receive benefits

*Source: livingwageforfamilies.ca

Vancity employee compensation

Vancity permanent employee hourly wage (entry level)	\$16.18	Vancity's hourly wage (entry level) for permanent employees is \$16.18 which is higher than the equivalent hourly living wage requirement of \$15.41. Including company benefits and vacation allowance, Vancity is paying above the living wage threshold of \$19.14
Vancity non-permanent employee hourly wage	\$18.06	Non-permanent employees do not receive employer benefits with the exception of a vacation allowance. With vacation allowance (6%) but no other benefits, employees are paid a minimum of \$18.06 to be on par with Lower Mainland living wage of \$19.14

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

We believe the reported pay discrepancy is 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. When we examined our data closely back in 2010 to determine whether inequities existed, we concluded that by role category, pay rates were essentially on par: women's pay ranged from 92-113 per cent of men's pay.

		2012	2011	2010	2009
Non-management	%	89	88	81	83
Management	%	92	94	94	100
Senior management	%	112	100	101	100

Local hiring

		2012	2011
Total senior managers hired	#	22	19
Percentage of senior managers hired from within the local community	%	100	100
Percentage of senior managers hired internally from Vancity	%	77	58

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.

Data for 2011 was re-stated to include Director positions and above to align with the definition of senior management for other measures. Includes internal and external hires for full-time positions which were permanent or contracts greater than a year,

Environmental data (operations)

Carbon neutral—see page 46 of [Vancity's 2012 Annual Report](#)

Carbon offsets—see page 46 of [Vancity's 2012 Annual Report](#)

To offset 2011 greenhouse emissions of 5253 tonnes (tCO₂ equivalents) we purchased:

- 3,766 tonnes through the Quick Farms project where biomass (wood waste) boilers were installed to replace burning coal and natural gas boilers used to heat a commercial greenhouse.
- 1,487 tonnes through the Great Bear Forest Carbon Project which generates emission reductions by protecting forest areas that were previously designated, sanctioned or approved for commercial logging.

Vancity's offset criteria

Original guidance came from the Carbon Advisory Group (with experts from the David Suzuki Foundation, The Pembina Institute and Ecotrust Canada), and from criteria outlined within the "Purchasing Carbon Offsets: A Guide for Canadian Consumers, Businesses, and Organizations" paper, published by the David Suzuki Foundation and The Pembina Institute, 2009. In 2012, in addition to the original guidance, we consulted with external and internal subject matter experts and updated our criteria by expanding it to include only offsets from projects that:

- Directly reduce energy consumption
- Create some kind of renewable energy
- Waste reduction
- Biological sequestration

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 make sure that the greenhouse gas emission reductions were actually 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 will need to have separate groups do the validation and verification
- Be additional (the reduction in emissions would not have occurred without the carbon finance)
- Be able to show unique ownership of the offset credits
- Comply with all relevant social and environmental regulations

And, we prefer projects that:

- Are Canadian based and local (with a preference to those based in British Columbia)
- Are designed so that they do not have negative environmental or social impacts
- Contribute to sustainable development in the community in which they are a part. Such as those that have additional social, community benefits such as those that directly support/engage communities, local/small business and/or projects with First Nation's ownership
- Demonstrate a leadership role
- Educate the public about climate change

Greenhouse gas (GHG) emissions—see pages 46 to 47 of [Vancity's 2012 Annual Report](#)

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.

GHG emissions by scope

		2012	2011	2010
Scope 1 (direct GHG emissions)	t	515	508	415
Scope 2 (indirect GHG emissions)	t	335	333	385
Scope 3 (other indirect GHG emissions)	t	4,446	4,412	3,983
Total GHG emissions <input checked="" type="checkbox"/>	t	5,296	5,253	4,783

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.

GHG emissions by source

Premises energy use: Overall, emissions decreased. Electricity use decreased due to energy efficient upgrades.

Natural gas usage increased, but due to Natural Resource Canada numbers that reflect the efficiency of systems in terms of GHG related to the amount of natural gas used across BC for office buildings, our emissions decreased.

Paper use: The amount of paper we used increased by 1 per cent while the percentage of recycled content fell by 11 percentage points, resulting in a 9.3 per cent increase in emissions.

Vehicle fleet: Emissions decreased due to the divestment of two fleet vehicles.

Employee business travel by vehicle: Emissions from vehicle travel decreased due to fewer kilometres driven.

Employee business travel by air: Kilometres travelled by air increased by 8 per cent, as did the number of flights taken. However, due to formalizing a policy to state that economy class should be used, emissions dropped by 11 per cent.

Employee commuting alone: Emissions increased due to a slight decrease in the number of employees using sustainable modes of transportation and those who are driving in single occupancy vehicles driving more kilometres on average.

GHG emissions by source		2012	2011	2010	2009	2008	2007 base year*
GHG emissions from premises energy use	t	1,334	1,461	1,408	1,594	1,530	1,495
GHG emissions from paper use	t	870	796	925	532	723	811
GHG emissions from vehicle fleet	t	47	58	34	26	35	34
GHG emissions from employee business travel by air and vehicle	t	760	866	588	709	897	895
GHG emissions from employees commuting alone (making single occupancy vehicle trips)	t	2,285	2,072	1,828	2,240	2,017	2,006
Total GHG emissions <input checked="" type="checkbox"/>	t	5,296	5,253	4,783	5,101	5,202	5,241

GHG emissions by type, per employee (FTE):		2012	2011	2010	2009	2008	2007 base year*
Premises energy use	t	0.6	0.7	0.7	0.7	0.6	0.7
Paper use	t	0.4	0.4	0.4	0.2	0.3	0.4
Vehicle fleet	t	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1	< 0.1
Employee business travel (by air & vehicle)	t	0.3	0.4	0.3	0.3	0.4	0.4
Employee commuting alone	t	1.0	1.0	0.9	1.0	0.9	0.9
Total tonnes of GHG per employee (FTE):	t	2.4	2.4	2.3	2.2	2.2	2.4

*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, 2011 and 2012 performance and the base year.

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.

Due to rounding, numbers may not add up to totals.

Premises energy use

Two office locations, previously non-metered, now metered resulted in a 55% decrease in energy use at non-metered locations and a 21% increase at metered locations. Electricity use also decreased due to energy efficiency projects.

Total premises energy use (electricity and natural gas)

Energy use (actual and estimated), by type:		2012	2011	2010	2009	2008
Electricity use (millions)	kWh	10.4	11.0	12.4	13.5	13.6
Natural gas use	GJ	20,050	22,641	20,591	22,853	23,433
Premises energy use (electricity and natural gas):						
Energy use (actual) at metered locations (millions)	kWh	13.1	10.8	10.8	12.2	11.9
Energy use (estimated) at non-metered locations (millions)	kWh	2.9	6.5	7.3	7.6	8.2
Total premises energy use (millions)	kWh	16.0	17.3	18.1	19.8	20.1
Total premises energy use per employee (FTE)	kWh	7,146	8,020	8,702	8,887	8,431

To align with the reporting of our greenhouse gas emission numbers, we have restated data for 2008-2011 to reflect the methodology used in our greenhouse gas model to calculate emissions from estimated electricity and natural gas at non-metered locations. The variance between the previous and current methodology is less than five per cent for total premises energy use.

kWh = kilowatt hours; GJ = gigajoules.

Metered energy use is based on data from 52 locations with electricity meters, 33 locations metered with gas and 14 locations with no gas usage (only electricity).

For branches, we estimated the energy use of non-metered retail locations by multiplying the average annual energy use per square foot from similar metered locations according to building type (free-standing, strip mall or mall) by the total square footage of the un-metered location and then prorating for the number of days the location was in operation. For office based locations, we estimated the energy use of each non-metered office location by multiplying the total square footage of the un-metered location by the Natural Resource Canada (NR Can) average energy use per unit area of an office building in BC for the reporting year.

Employee commuting

The percentage of employees who commuted to and from work using transit, by walking or cycling or as a passenger in a car was 49 per cent, 17 per cent higher than the percentage of Metro Vancouver residents who used these sustainable modes of transport, and exceeding our target of 15 per cent higher. However, more employees are commuting alone by car compared to 2010.

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

		BM	2012	2011	2010	2009	2008
*Employees using sustainable transportation modes <input checked="" type="checkbox"/>	%	32	49	50	56	48	49
Employees making Single Occupancy Vehicle (SOV) trips	%	67	44	43	37	45	44

Data source: Vancity's transportation survey.

Benchmark (BM) source: 2006 Census, Statistics Canada, for Vancouver Central Metropolitan Area (most recent data available).

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

Materials and waste—see page 47 of [Vancity's 2012 Annual Report](#)

Paper use

Paper use increased slightly, but the percentage of recycled content fell by 13 percentage points. We plan to increase the overall recycled content of the paper used by implementing a formal policy and improved tracking mechanism.

		2012	2011	2010	2009	2008
Total paper use	<i>t</i>	433	427	553	260	346
Percentage of paper use with recycled content	%	77	85	89	73	69
Paper use per employee (FTE)	<i>kg</i>	193	198*	266	117	145

*Data was restated due to an updated FTE number.

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 2012 we estimated nine per cent of paper use.

Waste generated, recycled and diverted from the landfill at Vancity Centre

The amount of glass, plastic and metal we recycled decreased by more than half compared to 2011 which may be due to less packaging with plastic. The amount of paper, cardboard, and other fibrous materials recycled increased 63 per cent, likely due to clean-ups in preparation for renovations on seven floors. Overall, total materials collected increased by nine per cent, and we recycled or diverted to the landfill 82 per cent of all materials compared to 75 per cent in the prior year. The amount of waste to landfill decreased by 3 tonnes, 20 per cent less.

		2012	2011	2010	2009	2008
Glass, plastic, and metal recycled	<i>t</i>	6	15	8	8	6
Percentage of total materials	%	9	24	16	11	6
Paper, cardboard, and other fibrous materials recycled	<i>t</i>	44	27	27	34	46
Percentage of total materials	%	66	44	56	44	44
Compost	<i>t</i>	5	4	4	n/a	n/a
Percentage of total materials	%	7	7	7	n/a	n/a
Waste to landfill	<i>t</i>	12	15	11	36	52
Percentage of total materials	%	18	25	21	45	50
Total materials collected <input checked="" type="checkbox"/>	<i>t</i>	67	61	49	78	104
Percentage of total materials recycled or diverted from the landfill <input checked="" type="checkbox"/>	%	82	75	79	55	50
Materials collected per employee (FTE)	<i>kg</i>	112	118	84	122	147

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

Estimated water use at unmetered locations is extrapolated from data from metered branch locations. The 10 per cent increase in total estimated water use in 2012 is likely due to the following factors: a three per cent increase in full-time equivalent employees; an increase in overall square footage across all locations; the temporary relocation of staff from a branch under renovation to another metered branch location; and landscape renovations.

		2012	2011	2010	2009	2008
Water use at metered locations (millions)	<i>l</i>	13	12	13	15	15
Estimated water use at unmetered locations (millions)	<i>l</i>	20	18	17	24	26
Total estimated water use (millions)	<i>l</i>	33	30	30	39	41
Total estimated water use per employee (thousands of litres per FTE)	<i>l</i>	15	14	14	17	17

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.

Governance, compliance and risk management data

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

Values

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

		2012	2011	2010	2009
Employees who agree	%	85	84	82	81

Data source: Aon Hewitt employee engagement survey.

Board of Directors—see page 10 of [Vancity's 2012 Annual Report](#)

Board diversity

According to Corporate Knights' 2012 Diversity Index report, 10.3 per cent of overall Canadian board members are female, and 28 per cent of Canadian boards have representation from visible minority groups. At Vancity, 63 per cent of our Board Directors are women and 11 per cent are individuals from visible minority groups. Further data compiled by Corporate Knights on directors at the companies that make up the S&P/TSX 60—large companies that represent more than two-thirds of Canada's stock market value—found just four individuals under the age of 40.

		2012	2011	2010	2009	2008
Directors aged under 30	%	0	0	0	0	0
Directors aged 30-50	%	22	22	22	22	18
Directors aged over 50	%	78	78	78	78	82
Directors who are women	%	56	67	67	78	73
Directors who belong to a visible minority group	%	11	11	0	0	0

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

Board Elections—see page 48 of [Vancity's 2012 Annual Report](#)

Members who did not vote noted this was because they were not interested (35 per cent), didn't have enough information (28 per cent) or enough time (19 per cent).

		BM	2012	2011	2010	2009	2008
Total votes cast	#		49,531	51,689	43,931	70,195	90,858
Percentage of eligible members who voted	%	1.6	4.5	4.8	4.0	6.6	7.0

Benchmark (BM) source: Central 1 Credit Union, 2010 AGM Study.

Board Directors' attendance

In 2012 there were 46 regular and 35 special meetings of the Board of Directors and its committees for a total of 81 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.

See [Detailed Board Director meeting attendance records](#)

Confidential and anonymous reporting system

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 2012, of the two reports, one report was substantiated involving a conflict of interest.

		2012	2011	2010	2009
Number of reports made through confidential and anonymous reporting system	#	2	5	2	1

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 2008 to 2012
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

Smith class action lawsuit

In 2012 the court approved a settlement of the 'Smith class action' lawsuit, which, in certain circumstances, compensates eligible members and former members who incurred overdraft fees between January 1, 1988 and February 4, 1997. We view this overdraft administration fee as a service charge that did not contravene laws related to interest charges. But it is a gray area of the law and one which we decided to settle in the interest of our members. We did not admit liability. We have set aside a fund of \$2.5 million to pay claims, fees and other costs in 2013. We will donate any funds remaining to the Vancity Community Foundation for financial literacy initiatives. Members potentially impacted have been contacted.

Internal fraud

Number of internal fraud incidents investigated

In 2012 incidents resulted in four employees being let go.

		2012	2011	2010	2009	2008
Substantiated incidents	#	4	4	5	6	7

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

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.

Executive pay—see pages 48 to 49 of [Vancity's 2012 Annual Report](#)

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

In 2012 total compensation for our President and Chief Executive Officer (CEO) was 27 times higher than for our 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.

		2012	2011	2010
Ratio of Vancity's President & Chief Executive Officer compensation to our lowest paid permanent employee	#	27	28	28

We restated 2010 and 2011 data to compare CEO compensation to our lowest paid permanent employee vs. average entry-level compensation.

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

Ethical Policy—see page 50 of [Vancity's 2012 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 2012 the review concluded Vancity was aligned with its own Ethical Policy.

Ethical Policy screens

In 2012 of the 74 screens completed, three existing or potential organizations were determined as not aligned with our policy. Common reasons why organizations don't pass our screens include: Indirect involvement in gambling industry; direct involvement in weapons manufacture; significant exposure to business ethics controversies; and business practices with social impacts of concern.

		2012	2011	2010	2009
Total formal Ethical Policy screens for strategic relationships	#	74	74	57	79
Number of screens inconsistent with the Policy	#	3	9	3	11
Relationships that have undergone an appeal or are awaiting an appeal	#	2	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 73 per cent of existing strategic suppliers and relationships in accordance with the Policy, which fell short of our goal to screen 100 per cent. There was an increase in the number of requests for screens in 2012, so we prioritized the screens based on the level of risk with top priority given to potential new relationships. In the event a relationship was not screened within the timeline stated in our Policy, we prioritized them for screening in the first half of the 2013 to ensure that strategic relationships continue to be screened regularly and managed for risk.

		2012	2011
Strategic relationships screened in accordance with the Policy	%	73	82

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 key concerns. By the end of the year, we were aware of two existing relationships that were inconsistent with the Policy, down from seven in 2011. We terminated three relationships, and one expired. We re-screened two, and found them to be consistent. This left two relationships that were inconsistent with our Ethical Policy. One will go through an internal appeals process in 2013, and the other has an action plan in place to address our key concerns.

		2012	2011
Total known existing relationships that are inconsistent with the Policy	#	2	7*
Relationships with action plans to address key concerns	#	1	2

*Data was re-stated because one relationship was not in-scope for Ethical Policy screening but was screened at the request of the executive accountable for the relationship (this relationship involved no revenue or expenditure for Vancity).

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*.

Scope of our work

- ▶ **Subject matter 1:** We have carried out a 'reasonable' assurance engagement over the fair presentation that Vancouver City Savings Credit Union and its subsidiaries' ("Vancity") has implemented processes and disclosures that adhere with the AA1000 Accountability Principles Standard (2008) ["AA1000APS (2008)"] which include the principles of Inclusivity, Materiality and Responsiveness ("AA1000 Principles"), and to express an opinion thereon.
- ▶ **Subject matter 2:** We have carried out a 'reasonable' assurance engagement over the fair presentation of Vancity's greenhouse gas emissions for the year ended December 31, 2012 and Carbon Neutral Assertion for the year ended December 31, 2011 as presented in the 2012 Annual Report (the "Report") and to express an opinion thereon. The Carbon Neutral Assertion refers to the neutralization of greenhouse gas emissions through the purchase of offsets.
- ▶ **Subject matter 3:** We have carried out a 'limited' assurance engagement over the fair presentation of the Progress of the targets and commitments as presented in the Report for the following groups of targets and commitments and to express a conclusion thereon:
 - Key organizational targets presented on page 16-17: impact (all), integrity (all) and confidence (net active membership growth only).
 - Supporting targets and commitments presented on pages 23-25: members and employees, social, and environmental.(together, the "Targets and Commitments")

Level of assurance (limited vs. reasonable)

- ▶ A limited assurance engagement is comprised primarily of enquiries and analytical procedures and the work is substantially less than that undertaken for a reasonable assurance engagement which could include obtaining third party evidence and examination, on a test basis, of supporting information. In a limited assurance engagement the level of assurance is lower than would be obtained in a reasonable assurance engagement.

Criteria

- ▶ **Subject matter 1:** AA1000 Principles

- ▶ **Subject matter 2:** Criteria internally developed by Management and ISO 14064 – Part 1
- ▶ **Subject matters 3:** 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 Progress of the Targets and Commitments, 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.
- ▶ 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 and 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. However, management chooses to apply the AA1000 principles and is responsible for adhering to them. Management also chooses to report in accordance with the Global Reporting Initiative reporting guidelines (version 3.1).

Work we performed

Our assurance procedures for concluding on the subject matters included, but were not limited to:

- ▶ Interviewing selected personnel, including the Executive Leadership Team and board members, to identify the key sustainability issues related to the application of the AA1000 Principles
- ▶ 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 Targets and Commitments and understanding processes specified for the collection and reporting of the 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 2012 greenhouse gas emissions and 2011 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 Targets and Commitments 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 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 AA1000 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 AA1000 Materiality principle.

Responsiveness

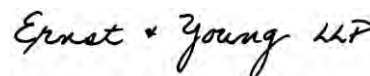
- ▶ In our opinion, the Report demonstrates responsiveness to stakeholder issues and feedback through descriptions of Vancity's decisions, actions, performance and communication in accordance with the AA1000 Responsiveness principle.

Subject matter 2

In our opinion, the Report presents fairly, in all material respects, the greenhouse gas emissions for the year ended December 31, 2012 and the Carbon Neutral Assertion for the year ended December 31, 2011 in accordance with ISO 14064 - Part 1 and the criteria internally developed by management.

Subject matter 3

Nothing has come to our attention that causes us to believe that the Progress of the targets and commitments for the period January 1, 2012 to December 31, 2012 are not presented fairly, in all material respects in accordance with the criteria internally developed by management.



Chartered Accountants

Vancouver, Canada
March 28, 2013



Statement GRI Application Level Check

GRI hereby states that **Vancity** has presented its report “The Vancity Effect 2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 April 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Vancity has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 22 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.