

# Glossary

2013

**Vancity**  
Make Good Money.™

## **Victory Gardens at the root of Vancouver's urban growing**

**Victory Gardens** is a unique team of urban growers-for-hire who transform urban space for food production. As a co-operative, it encourages people of all ages, demographics and abilities to get in touch with their food source and community by becoming producers of their own organic food and rely less on packaged, processed and globally sourced food products.

As a community-focused financial institution and a co-operative itself, Vancity recognizes the impact of local and organic food production, self-employment and co-ops in the local community. Victory Gardens received a \$2,000 grant from Vancity to incorporate as a co-op, a \$40,000 Small Growers' Microloan to purchase another vehicle, software and merchandise for its online shop and a line of credit to facilitate daily business transactions.

Victory Gardens' Lisay Giroday says, "We want to be a one-stop shop to help people grow their own food."

**AA1000:** A series of principles-based standards to: a) identify, prioritize and respond to sustainability challenges, b) for assurance, and c) for stakeholder engagement.

**AA1000 principles:** Inclusivity, Materiality and Responsiveness. See page 4 of Vancity's [2012 Annual Report](#) for more information.

**Aboriginal:** Used to describe the indigenous people of Canada in the Constitution Act of 1982, and since that time it has been commonly used when referring to matters that affect First Nation (Indian), Inuit and Métis peoples. These are three distinct peoples with unique histories, languages, cultural practices and spiritual beliefs.

**Accountability data, information or statements:** Financial, economic, environmental, social and governance data and information that we voluntarily disclose in our annual reports. This is in addition to financial data and information we provide to meet regulated financial reporting requirements. We do this to provide members with a more complete picture of our performance.

**Active member:** See 'Member—active'.

**Accrued interest receivable:** The interest from loans and financial assets that is owed to Vancity at the end of the year.

**Affordable housing:** Housing that is considered to be 75 per cent or less than the cost of market rate housing.

**Allocations (from Shared Success/to members and the community):** Funds accrued in the financial statements for future distribution to members and communities; i.e. funds that are recognized in the financial statements before they are paid for or distributed.

**Allowance for credit losses:** An estimate of the portion of loans that are unlikely to be repaid. It consists of an individual allowance for each loan and a collective allowance for the loan portfolio as a whole.

**Allowance for credit losses as a percentage of total loans:** Calculated as allowance for credit losses divided by gross total loans. This is an asset quality ratio that measures the allowance available to absorb loan losses relative to total loans outstanding.

**Assets (financial, per the balance sheet):** Everything Vancity owns that is determined to have a future economic benefit.

**Assets—intangible:** Assets that lack physical substance. For Vancity these include computer software and ICBC (Insurance Corporation of BC) licences.

**Assets invested in impact:** Assets allocated to building healthy communities. For now, we're using community impact loans as an interim way to measure 'assets invested in impact'. We also track 'Treasury investments in impact'—see below.

**Assets—risk-weighted:** Assets that have been adjusted based on regulated risk ratings for various asset categories. For example, assets such as insured mortgages would be considered low risk, while commercial loans would be weighted as higher risk.

**Assets under management or administration:** Off-balance sheet assets that represent the market value of member and client investments, such as mutual funds, stocks or bonds, that Vancity manages or administers on their behalf.

**Assurance:** The provision of confidence or certainty by an independent assurance provider to a party or group of persons in relation to certain subject matters.

**Assurance provider—-independent:** A practitioner who provides assurance. Types of assurance providers vary from professional audit and quality assurance firms, sustainability assurance consultancies, civil society assurers and opinion/non-governmental organization leaders or advisory panels. Vancity uses a professional audit firm.

**BAR:** Banking Applications Renewal program, see below.

**Banking Applications Renewal program:** A multi-year program to renew our core banking system (the technology we use to accept deposits, lend money and provide services that support our members' financial transactions) and related business applications, including a new retail Loans Origination System (LOS).

**Borrowings (treasury):** Credit facilities offered by other financial institutions that provide ready-access to funding for operational needs.

**Branch service score (average/mean):** The score is based on members' average rating of "overall branch service" on a scale of one to 10.

**Business loans:** See 'Loans—business'.

**Business model:** Describes how an organization creates value over time (economic, social, cultural, or other forms of value).

**Capital (financial, per the consolidated financial statements):** Composed primarily of retained earnings, equity shares and contributed surplus. For regulatory purposes, capital also includes 50 per cent of our portion of retained earnings in the Credit Union Deposit Insurance Corporation, Central 1 and Stabilization Central Credit Union, and specified deductions.

**Capital adequacy ratio:** Regulatory capital divided by risk-weighted assets. It is one measure that reflects the strength of a financial institution and is looked upon as a cushion for unexpected losses. Capital levels for BC credit unions are regulated pursuant to guidelines issued by the Financial Institutions Commission of British Columbia, based on standards issued by the Bank of International Settlements. Minimum capital adequacy ratio is eight per cent, along with a requirement that at least 35 per cent of capital base should consist of retained earnings.

**Carbon footprint:** The greenhouse gas emissions associated with an organization's operations.

See 'Greenhouse gas emissions' below for more details.

**Carbon offsets:** A reduction in greenhouse gas emissions created by one party that can be purchased and used to compensate for (offset) the greenhouse gas emissions of another party.

**Carbon neutral:** A term used to signify that an organization (or individual) has reduced the net carbon footprint of their operations (or activities) to zero, usually after purchasing carbon offsets in a quantity equal to their total emissions after reduction efforts.

**CEO:** Chief Executive Officer. Our CEO reports to the Board of Directors.

**Central 1:** Central 1 Credit Union is the central financial facility, payments settlement centre and trade association for credit unions in BC and Ontario.

**Collective loan loss allowance:** Although most of our loans are repaid by our customers, we know based on experience that some will not be repaid in full. And although those loans have not yet been identified as individually impaired, we still estimate a portion of our outstanding loan balances that we expect may not be repaid. This is referred to as the collective loan loss allowance and is calculated based on our historical loss experiences and other factors.

**Commercial loans:** See Loans—commercial.

**Community donations:** Grants made by Vancity to a registered charity, not-for-profit organization, or co-operative.

**Community allocations:** See Allocations (Shared Success, to members and the community).

**Community investment:** We use this term broadly. It includes targeted investments in communities—including lending, granting, sponsorships, community partnerships and employee volunteering—in support of organizations that demonstrate positive social, environmental, or cultural impact, or in support

of traditionally underserved individuals or communities.

**Community impact loans:** Approved/funded commercial, business and microloans that facilitate positive community impact—an improvement (or potential improvement) in the lives of people and/or the community and environment. These loans support affordable housing; social-purpose real estate; local, natural and organic food ventures; environmental and energy efficiency; social enterprise and social venture; and loans to not-for-profits. These loans meet the definition of a community impact transactions (see Community impact transactions below). Detailed criteria for what constitutes a community impact loan are established internally and reviewed annually.

**Community impact loans approved as a percentage of total business and commercial loans approved:** Approved dollars in community impact loans from our community business and community real estate portfolios plus microloans, divided by total dollars in approved business and commercial loans.

**Community impact transactions:** These are loan transactions with impact businesses and impact sectors. Impact businesses include: not-for-profit organizations, social enterprises or ventures, 'green' businesses, co-operatives and other credit unions, unions, educational and care facilities, churches and other religious facilities, aboriginal owned/controlled, first nation government owned/controlled, women owned/controlled, new immigrant owned/controlled, and microbusiness. This does not include investment real estate lending. Impact sectors include local and organic food, energy efficient or green buildings, affordable housing, social purpose real estate, aboriginal communities, clean technology, renewable energy, not-for-profit/social enterprise, arts and culture and heritage buildings.

**Community well-being:** Our definition will continue to evolve but we have identified three key dimensions of a healthy community: co-operative principles and practices flourish; all people have basic human rights and equal access

to the benefits of their society; and environmental sustainability is enhanced.

**Contact centre:** Our contact centre serves members via phone and email.

**Co-operative:** An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

**Co-operative principles:** Guidelines for co-operatives to put their values into practice. There are seven:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community

**Core banking system:** The technology we use to accept deposits, lend money and provide services that support our members' financial transactions.

**Corporate engagement:** This strategy employs shareholder power to influence corporate behaviour through direct corporate engagement (e.g., communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by environmental, social, and governance (ESG) guidelines.

**Credit repair:** The process of improving one's financial reputation among creditors while providing education on responsible credit use.

**Credit risk:** The risk of loss attributable to the possibility that borrowers will fail to honour their payment obligations, whether on or off balance sheet, after consideration has been given to the value of any security held in support of the payment obligations. Management of credit risk ensures the ability for the organization to remain

strong as it moves through various business cycles.

**Credit scoring:** A process to determine the creditworthiness of a person based on an analysis of a person's credit files, primarily sourced from credit report information from credit bureaus. Lenders use credit scoring to determine who qualifies for a loan, at what interest rate, and at what credit limits.

**Credit union:** A credit union is a financial co-operative that is created and democratically controlled by its members. Profits are shared among all owners, and members elect the board of directors in a democratic, one-person-one-vote system, regardless of the amount of money they've invested in the credit union.

**Deposits—member (per the balance sheet):** The money members hold in their bank accounts at Vancity, represented as a liability on our balance sheet.

**Deposits—agent:** Deposits that are originated through a network of member deposit brokers who source the funds on behalf of Vancity.

**Deposits—wholesale:** Larger-scale deposits that are originated through wholesale relationships developed primarily with government, municipal and school board members.

**Differentiated member experience:** The distinctive experience we provide our members that sets us apart from other financial institutions.

**Efficiency ratio:** Also known as operating efficiency, this is calculated as total operating expenses including community distributions, divided by total operating income excluding loan impairment expense. It measures how much we must spend to make one dollar. A lower efficiency ratio is desired because this means it costs less to generate each dollar of income.

**ELT:** Executive leadership team, see below.

**Eligible members:** See 'Member—eligible'.

**Emission factors:** representative values relating the quantity of an emission with an activity associated with the release of that emission. In a hydroelectric-based power system such as British Columbia's, the GHG emissions from electricity can vary significantly from year to year.

**Employee engagement:** The energy or passion employees have for their employer.

**Employee engagement score:** The percentage of employees with a score of 4.5 out of six on six key questions. The questions are: 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.

**Employee fraud—substantiated incidents:** Includes proven mismanagement of personal accounts, member account compromise, misrepresentation of facts and theft of cash.

**Equity—members:** See 'Members' equity'.

**ESG:** Environmental, Social, Governance.

**Ethical Policy or Ethical Principles for Business Relationships:** Guidelines that help us decide which organizations to do business with. It covers ethical business practices, environmental leadership, respect and fair treatment, and healthy and peaceful communities. We apply it to relationships with business and not-for-profit members, suppliers, Treasury relationships, strategic partners and grant recipients.

**Executive leadership team:** The Chief Executive Officer of Vancity and those who report directly to her—a team of eight at the end of 2013.

**Expenses—operating:** See Operating expenses

**Financial margin:** See 'Net interest income'.

**Financial inclusion:** Providing affordable access to basic financial services to disadvantaged, marginalized and low-income individuals.

**First Nation(s):** A term that came into common usage in the 1970s to replace the word "Indian." Although the term First Nations is widely used, no legal definition exists. Vancity uses First Nations to describe a person, and uses First Nation to replace the term "Indian Band" in the naming of governing councils and communities.

**Fiscal framework:** Guiding principles we use for financial management.

**FTE:** Full-time equivalents, see below.

**Full-time equivalents:** Total active full-time equivalents (FTE) based on the number of hours actually worked by all employees (permanent and non-permanent) in the fiscal year. It is calculated by dividing total hours worked by 1,820 working hours in a year. We use FTE to normalize some data.

**GABV:** Global Alliance for Banking on Values, see below.

**GHG:** Greenhouse gas emissions, see below.

**Global Alliance for Banking on Values:** A network of the world's leading sustainable financial institutions sharing the commitment to achieving triple-bottom-line impact through responsible banking practices. At the end of 2012 the alliance comprised 22 banks, banking co-operatives and credit unions with more than \$60 billion in assets.

**Global Reporting Initiative:** A not-for-profit organization that produces one of the world's most prevalent standards for sustainability reporting.

**Global Systemically Important Financial Institutions:** Also called too-big-to-fail banks, a systemically important financial institution (SIFI) is a bank, insurance company, or other financial

institution whose failure might trigger a financial crisis. The list of SIFIs is published by the Financial Stability Board.

**GRI:** Global Reporting Initiative, see above.

**Greenhouse gas emissions:** At Vancity, these includes emissions from premises energy use, paper use, our vehicle fleet, employee business travel by vehicle or air, and employee commuting to and from work in a single-occupancy vehicle. Emissions are expressed in tonnes of carbon-dioxide (CO<sub>2</sub>) equivalent.

**Gross impaired loans:** When a loan is not expected to be fully repaid, the loan is "impaired" and the balance of the loan that is recorded in the financial statements is reduced (or "written down") to the amount of the loan that is expected to be recovered by Vancity. Gross impaired loans is the total balance of all loans that we expect will not be fully repaid, before taking into account any impairment (or write down). This measure indicates the total outstanding balance of all loans that are impaired.

**Gross impaired loans as a percentage of total loans:** This is the total balance of all loans where it is not expected that the full balance of the loans will be recovered (also known as impaired loans) divided by the total balance of all loans outstanding. This is a loan quality indicator that represents the proportion of our entire loan portfolio that we have determined to be impaired.

**Guiding principles:** Developed by the Board, the following guiding principles guide Vancity's management team and focus Vancity's work so we have the greatest positive impact on members and their communities:

- Co-operative principles and practices are flourishing in the community.
- Environmental sustainability for our members' lives and communities is enhanced.

- Social justice and financial inclusion are enhanced in our members' lives and communities.

**IIFRS:** International Financial Reporting Standards, see below.

**IIRC:** International Integrated Reporting Council, see below.

**Impairment:** When an asset on our balance sheet decreases in value and we no longer believe we can recover the full amount, the asset is considered to be “impaired” and its value on our balance sheet is reduced (or written down) to the amount that is expected to be recovered. For Vancity this is most relevant to loans that we no longer expect to be repaid in full, but is also applicable to other assets recorded in the financial statements.

**International Financial Reporting Standards:** Principles-based standards, interpretations and the framework adopted by the International Accounting Standards Board (IASB).

**International Integrated Reporting Council:** A global coalition of regulators, investors, companies, standard-setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about businesses' value creation should be the next step in the evolution of corporate reporting.

**Impact (positive):** An improvement (or potential improvement) in the lives of people and/or the community and environment.

**Impact loans:** See ‘Community impact loans’.

**Impact metrics:** Measures that speak to the difference we make in the lives of people and/or the community and environment, within the areas defined by our guiding principles (co-operative principles and practices, environmental sustainability, and social justice).

**Intangible assets:** See ‘Assets—intangible’.

**Integrated reports or reporting:** According to the IIRC, an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects—in the context of its external environment—lead to the creation of value over the short, medium and long term. Integrated reporting is a process that results in communication by an organization—most visibly a periodic integrated report—about value creation over time.

**International Organization for Standardization:** An international standard-setting body composed of representatives from various national standards organizations. The standards cover products, services and good practice.

**ISO:** International Organization for Standardization, see above.

**Leadership in Energy and Environmental Design (LEED) Green Building Rating System<sup>®</sup>:** A third-party certification program and internationally accepted benchmark for the design, construction and operation of high-performance green buildings.

**LEED<sup>®</sup>—Leadership in Energy and Environmental Design<sup>®</sup>,** see above.

**Liquidity:** How quickly and economically assets can be converted into cash.

**Liquidity ratio:** Total liquid assets divided by total deposits and debt liabilities. This represents assets that could be easily liquidated to pay short-term obligations. It is calculated using the definition in the BC Financial Institutions Act.

**Living wage:** A living wage reflects the hourly rate of pay that enables a family with two parents working full time, with two children, to meet basic living needs. In 2013, it was \$19.62 in Metro Vancouver, inclusive of benefits.

**Living wage employer:** Living wage employers commit to meeting the general conditions set by the Living Wage Employer Program.

- All employees (full time, part time, and casual employees) must be paid the current living wage rate. Overall compensation provided to employees paid by incentive-based pay must equal or exceed the Living Wage; and
- Living wage employers must commit to insert a 'Living Wage clause' in all future contracts for services.

**Loans—business:** Loans and lines of credit to businesses (including not-for-profit organizations, social enterprises and co-operatives) and commercial loans less than \$6.5 million, generated by Vancity's Community Investment division; and small-business loans generated by Vancity's Community Member Services division (non real-estate secured loans less than \$150,000, and real-estate secured loans less than \$750,000).

**Loans—commercial:** Commercial real estate loans for both construction and fixed-rate loans. Loans include office, industrial, retail and multi-family residential properties located in BC, Alberta and Ontario.

**Loans—consumer:** Loans and lines of credits to personal members that are not secured by real estate (e.g., car loans).

**Loans—community impact:** See Community impact loans.

**Loan impairment expense:** When an asset on our balance sheet decreases in value and we no longer believe we can recover the full amount, the asset is considered to be "impaired" and its value on our balance sheet is reduced (or written down) to the amount that is expected to be recovered. The loan impairment expense is the amount of reduction.

**Loans—microloans:** Small loans that help build or support credit for individuals with a damaged credit history, and/or lending that provides self-employment for individuals transitioning from employment insurance.

**Loans—residential mortgages:** Loans to personal members secured by real estate.

**Low-margin environment:** Margin is the difference between what we earn on loans and what we pay on deposits. A low margin environment refers to both (a) declining income as new loans and securities are put on the balance sheet at lower rates of return, and (b) lower interest payments on deposits and other interest-bearing liabilities.

**Managed purchases:** 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 where Vancity has a place of business.

**Margin (financial):** The income we earn from loans (interest income) less the interest we pay on deposits (interest expense). This shows up as 'Net interest income' on the consolidated statement of operations.

**Margin compression:** Margin is the difference between what we earn on loans and what we pay on deposits. Margin compression is when the difference between the two becomes less as a result of lower rates of return on new loans and securities which have not been matched by an equivalent decrease in interest payments on deposits.

**Market risk:** We define this as the risk of loss from exposure to adverse changes in the value of financial instruments and other investments (including any investment in subsidiaries) or assets owned by Vancity, whether on or off balance sheet, as a result of changes in market factors such as interest rates, foreign exchange rates, equity or commodity prices and credit spreads.

**Material data, information or issues:** We consider something to be material if it relates to our significant economic, environmental and social impacts or if it would substantively

influence the assessments and decisions of our members or other key stakeholders.

**Member:** Anyone who banks with Vancouver City Savings Credit Union or Squamish Savings.

**Member—active:** A member who holds a minimum \$5 in membership equity shares with Vancity and have at least one member-initiated transaction or automated payment transaction within the last twelve months.

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

**Member—eligible (to vote in the Board of Director elections):** A member who is more than 19 years old, not delinquent in any obligations to Vancity, and has at least \$5 in a membership shares account for each member named on the account.

**Member-led innovation:** Developing a deep understanding of member and community needs to gather insights and identify opportunities that will allow us to go beyond the basics of offering good service and competitive rates, and to increase the positive impact we have on members and their communities.

**Member likelihood to recommend score:** The percentage of members responding a nine or 10 out of 10 to the question, “If a colleague, friend, or business acquaintance asked you to recommend a financial institution, how likely would you be to recommend Vancity (where 10 means extremely likely)?”

**Member—personal or retail:** Individual members (i.e. not organizational members).

**Members’ equity:** Capital and reserves attributable to members. It includes contributed surplus, retained earnings and accumulated other comprehensive income.

**Member well-being:** Our definition will continue to evolve, but we see well-being as an individual’s overall quality of life. This

incorporates many factors such as financial literacy and security, employment, affordable housing, the built environment, physical and mental health, education, recreation and leisure time, and social belonging.

**Mission-based for profit:** A for-profit organization whose mission (purpose) focuses on social, environmental or cultural impact.

**Mutual fund:** A pool of money used to purchase common stocks, bonds or other financial instruments, which is managed by professional portfolio managers.

**Net earnings from operations:** Revenue less operating expenses. Earnings are reported after deducting normal operating expenses, but before taking gains or losses from the sale of securities, other losses and charge-offs, and additions to the reserve account for possible losses.

**Net earnings from operations before distribution and tax:** Revenue less operating expenses plus non-operating income.

**Net interest income:** The income we earn from loans (interest income) less the interest we pay on deposits (interest expense). Also called ‘Financial margin’.

**Net interest income as a percentage of operating revenue:** Net interest income divided by total operating income, excluding loan impairment expense. Operating revenue includes non-interest income such as fees, commissions, real estate development income and net gains on financial assets. This ratio represents the relative proportion of net interest income in relation to operating revenue.

**Net interest margin:** Net interest income divided by average interest-earning assets. It represents the average yield on the credit union’s interest-earning assets.

**Onboarding:** Also known as organizational socialization, onboarding refers to the mechanism through which new employees or

new members acquire the necessary knowledge, skills and behaviour to become effective organizational members and insiders.

**Operating expenses:** The costs to run our business, including employee salaries, branch operating costs and technology maintenance.

**Persons with disabilities:** A person who considers themselves to be, or believe that an employer might consider themselves to be, a person with a disability (e.g. long-term or recurring physical, mental, or learning impairment).

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

**Prototype branches:** Two branches—one in South Burnaby and one in Shaughnessy Station—redesigned to help us be more responsive to the community and support our business model of member-led innovation.

**Real economy:** The part of the economy that generates goods and services, rather than the financial economy, which is concerned exclusively with activities in financial markets.

**Redefining wealth:** Vancity's vision. It means putting the needs of the members we serve first to enhance their well-being and create positive community impact.

**Retail member, service or banking:** Retail refers to personal or individual banking (rather than commercial or business banking).

**Return on average assets:** Net earnings from operations divided by average assets. It measures how efficient we are at using our assets to generate earnings.

**Return on average members' equity:** Net earnings from operations divided by average members' equity, excluding member shares. It measures how much profit we generate with every unit of members' equity. (Members' equity is capital and reserves attributable to members. It includes contributed surplus, retained earnings and accumulated other comprehensive income.)

**Revenue:** Income earned by Vancity, primarily through interest income from loans and investments, and fee and commission income.

**Risk appetite:** the level of risk we are prepared to accept, in the pursuit of our vision.

**Risk-weighted assets:** See 'Assets—risk-weighted'.

**ROME:** Return on average members' equity, see above.

**Securitization:** The process of pooling certain types of assets (such as mortgages) and repackaging them to form liquid interest-bearing securities. The interest and principal payments from the assets are passed through to the purchasers of the securities, as is the credit risk associated with the assets.

**Selected communities:** Four communities targeted for the commitment are Surrey, Fraser Valley, Victoria, and the Youth. These committees were selected because of their underrepresentation at Vancity. Management has assessed that Vancity could use additional insights on these areas where they have a weaker market presence

**Senior management:** Director-level management and above, including the Executive Leadership Team.

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

**Shared Success Economic Recovery Fund:** A \$3.0 million fund set aside by the Board of Directors to help members facing financial hardship, either directly or by supporting organizations that benefit members.

**Social enterprise:** Organizations whose mission (purpose) focuses on social, environmental or cultural impact. They may be structured as not-for-profit organizations, co-operatives, mission-based for-profit organizations, Aboriginal-owned businesses or First Nations ventures. The enterprises could be delivering products or services that meet this mission, providing jobs for individuals facing barriers as their main mission, or generating revenues to support the financial sustainability of the not-for-profit or co-operative.

**Social justice:** A society that gives individuals and groups fair treatment and a just share of the benefits of society. This concept demands people have equal rights and opportunities.

**Socially responsible investments:** 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 (VCIM) unless a client specifically requests that environmental, social or governance (ESG) screens not be applied.

**Sponsorship:** Donation of cash and/or in-kind resources that support an organization's event or idea in return for public recognition of Vancity and our members' support for the project.

**SRI:** Socially responsible investments, see above.

**Stakeholder:** Individuals or groups that affect and/or are affected by the organization or its activities.

**Stakeholder engagement:** The process by which an organization understands and involves its stakeholders and their concerns in its activities and decision-making.

**Strategic supplier:** See 'Supplier—strategic'.

**Structured innovation process:** Process to collect, review, assess, pilot, implement, and evaluate innovative ideas that will serve to increase our positive impact on personal and business members and their communities

**Substantiated incidents of employee fraud:** See Employee fraud—substantiated incidents.

**Supplier—strategic:** Suppliers with total annual spending of more than \$250,000 or who pose a high financial or reputational risk.

**Supplier—locally based:** We determine locally based suppliers 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 communities our branches operate in.

**Sustainability:** For Vancity, sustainability means ensuring we're a strong enduring organization by doing business in a way that contributes to the well-being of our members, communities and the environment.

**Sustainable**—Capable of being maintained at a steady level without exhausting resources or causing damage.

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

**Sustainable Wealth Management—team or function:** Our Sustainable Wealth Management team assists members to achieve their goals through the provision and fulfillment of holistic financial advice and services. Services include investment, insurance and financial planning

services, including socially responsible product options.

**SVP:** Senior Vice President. At Vancity, SVPs report directly to the Chief Executive Officer (CEO).

**Targets and commitments—key or supporting:**

A set of annual targets and commitments included in our Annual Report. These measure progress against our strategic objectives and help move us closer to our vision.

**Treasury function:** Treasury’s main purpose is to manage the interest rate, foreign exchange and liquidity risks of Vancity and its subsidiaries, including Citizens Bank. It develops strategies to protect member capital from market volatility, to maintain liquidity reserves and to raise wholesale funds, enabling lending to members.

**Treasury investments:** Funds invested in Central 1 or wholesale markets with the objective of balancing liquidity needs with stable returns to maintain financial and social well-being for the credit union and its members.

**Treasury investments in impact:** The book value of all liquidity investments in the form of CMHC (Canadian Canada Mortgage and Housing Corporation) mortgage-backed securities (MBS) pools connected to social housing, plus investments in Triodos that meet the definition of a community impact transactions (see ‘Community impact transaction’). These include transactions with social purpose real estate, social enterprises, and microbusiness.

**Treasury relationships:** Treasury relationships with wholesale depositors, bank counterparties and market participants that provide diversified access to funding to support member lending and growth.

**Values-based banking:** Values-based banking puts the needs of people and communities first. It places the tools of banking in service of economic, social and environmental development in a manner that is fair, transparent and accountable.

**Vancity:** Vancouver City Savings Credit Union and its active subsidiaries and partnerships, as listed in the annual report and consolidated financial statements.

**Vancity Centre:** Vancity’s head office building located at 183 Terminal Avenue, Vancouver BC. Approximately 600 employees work there.

**Vision (Vancity’s):** See ‘Redefining wealth’.

**Waste recycled or diverted from the landfill:**

Waste that is composted and/or recycled. Waste recycled includes glass, plastics, metal, paper, cardboard, fibrous materials, compost, all-fibre materials and any non-recyclables from general operations. These materials are retrieved by Urban Impact Recycling and are eventually sent to recycling mills to create new products. Due to issues with data accuracy, not all the items we recycle are included. For example, waste from construction and renovations is excluded.

**Well-being:** See ‘Member well-being’ and ‘Community well-being’.

**White paper:** A report that helps readers to understand an issue and make decisions or solve problems.