



2017 Annual Report

# Glossary

**Vancity**

Make Good Money.™

## **Spirit Works founder launches aboriginal-focused not-for-profit**

Shain Jackson started **Spirit Works**, an Indigenous owned, operated and staffed art business more than a decade ago and recently decided to switch the company's banking to Vancity.

Now Shain is launching the Golden Eagle Rising Society, which brings together experts in the fields of law, advocacy, art, film-making, business, tourism and Indigenous affairs to work on a diverse range of initiatives to support First Nations communities.

**AA1000 principles:** Inclusivity, Materiality and Responsiveness. Inclusivity—taking into consideration information and insights gathered from engagement with members, communities and others we have an impact on or who have an impact on us, and including these groups in our response to sustainability. Materiality—determining the relevance and importance of an issue to our organization, to our members and their communities, and to society. Responsiveness—demonstrating responsiveness to issues through our decisions and actions, and through communications, including our annual reports and strategic plans.

**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.

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

**Affordable housing:** Financing that results in renovations or new developments, (excluding small-scale speculative projects), that maintain or create new affordable home ownership units. These projects require a reasonable plan to secure affordability and ownership over time (usually through subsidies of either land, second mortgages, affordability covenants, etc.). The projects can include a mix of affordable units, with a significant number of below market units (e.g.: secured by an affordability covenant) combined with market units. Typically, these

projects are done through programs delivered either directly by, or in partnership with not-for-profit housing groups and/or governments. Examples include: Rental Housing – financing or refinancing that delivers purpose-built rental housing (non-market or market), defined as construction or renovation developed specifically for the rental housing market, including multi-unit rental buildings. Projects that achieve rents that are accessible at Housing Income Limits (or better) for that community would be particularly impactful. This does not include luxury rental products. Co-op Housing – financing that results in creating, retaining, renovating or expanding non-profit housing co-op stock. Social Housing – financing that results in upgrades to existing or development of new non-market housing stock (especially those with public subsidies) to make it more livable and has a reasonable plan to mitigate any permanent displacement of tenants. Financing for affordable units that house vulnerable populations (e.g. single-room occupancy hotel units) should either be community-owned properties (i.e. a mission-driven organization or public agency), operated through a deep-seated partnership between a private owner and a community-based organization, or the project should address localized housing issues in a unique way.

**Allocations (e.g. 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 is 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 under management or administration:**

Off-balance sheet assets that represent the market value of discretionary and non-discretionary member and client investments, such as mutual funds, stocks, bonds, or cash and cash equivalents 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.

**Balance sheet:** Commonly used to describe the statement of financial position as included in the consolidated financial statements.

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

**Borrowings (wholesale):** Funds we can use (in addition to deposits) to finance operations and manage liquidity risk.

**Business lending (in impact) (asset category in TBLAA):** What's included is informed by Vancity's [Guidelines for impact lending](#) which are reviewed and updated annually by the Impact Lending Working Group (ILWG). Impact transactions, such as Community business loans, Community Capital loans, Community real estate loans, microloans and Alert Bay business loans,

are defined according to the type of business and/or sector. The ILWG meets to review, discuss and agree on impact deals. Our internal Guidelines are aligned with the **GABV Guidelines for Financing Micro, Small and Medium-sized Businesses**.

**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):** Comprised 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 the Financial Institutions Act. 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' for more details.

**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.

**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.

**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.

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

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

**Community impact loans:** 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 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. These loans support aboriginal communities; affordable housing; community-minded organizations; co-operative and credit union syndicates; social-purpose real estate; local, natural and organic food ventures; environmental and energy efficiency; and microfinance and poverty reduction. Detailed criteria for what constitutes a community impact loan are established internally and reviewed annually by the Impact Lending Working Group (ILWG).

**Community-minded organizations:** Organizations either have (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. Includes social enterprises or ventures, churches/temples/religious organizations (where real estate is not involved), co-operatives and credit unions, educational/care facilities, not-for-profit organizations, unions, B corporations and community contribution companies (C3s).

**Consumer loans (in impact) (asset category in TBLAA):** Consumer loan/Visa products that support social & cultural inclusion, community building, financial inclusion/address issues of affordability, and/or environmental sustainability.

**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

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

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

**Economic inclusion:** Efforts aimed at bringing financial services to underserved communities including but not limited to financial literacy seminars, microfinance loans and poverty reduction.

**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.

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

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

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

**Employee fraud—substantiated incidents:**

Includes proven mismanagement of personal accounts, member account compromise, misrepresentation of facts and theft of cash.

**Employee well-being:** Employee well-being is made up of two factors including engagement and well-being. Engagement measures include employees' relationships at work, company pride, opportunities for growth and learning and inclusion in the workplace. Well-being measures include quality of life, sense of purpose, overall health, connectedness, resilience and financial stability. We define overall well-being in a weighted model, with 35% related to engagement measures and 65% to well-being measures.

**Energy efficiency/green buildings:** Upgrades and new building financing of buildings that meet or exceed environmental impact and/or energy efficient building standards (e.g. LEED). Financing upgrades that significantly improve energy-efficiency by at least an estimated 15% and/or install significant onsite renewable energy generation i.e. photovoltaics (PV – solar electric) or solar thermal, or other renewable energy source. Also, financing construction or new building purchase/mortgage for buildings that meet or exceed environmental impact and/or energy efficient building standards.

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

**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.

**Expenses—operating:** See 'Operating expenses'

**Financial capital:** Comprised 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.

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

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

**Full-time equivalents:** Total active full-time equivalents (FTE) based on the number of hours actually worked (excluding overtime) 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. Vancity Community Foundation, the Board of Directors and consultants are excluded from the FTE calculation.

**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.

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

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

**Green businesses:** Businesses that are producing products and services which reduce negative environmental impact or generate positive environmental benefits. It also includes businesses that may not have an explicitly 'green' mandate but which are engaged in significant greening of their operations. It does

not include businesses that recycle unless over 30% of the member's income can be documented as coming from recycling and there is no legal or license requirement that the business carry out said recycling.

**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 equivalent (tCO<sub>2</sub>e). See the Greenhouse gas handbook and inventory report for more details of what Vancity includes in its GHG emissions.

**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.

**Healthy community:** 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.

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

**Impact Real Estate:** See 'Affordable Housing'

**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).

**Indigenous:** Used to describe the first peoples of Canada including First Nation, Inuit and Métis peoples. This term is very similar to Aboriginal, however is seen as having a more positive connotation due to its association with the UN Declaration on the Rights of Indigenous Peoples. Use is more widespread following the release of the final report of the Truth and Reconciliation Commission of Canada and the change in the Federal Government in the fall of 2015.

**Indigenous communities** – includes individuals of Indigenous ancestry who self disclose; Indigenous entrepreneurs; Indigenous owned business; Not for Profits lead by an Indigenous Board of Directors; and First Nation or Metis Government organizations. May also include financing offered to business ventures located on First Nation lands where a First Nation member or organization has a minority ownership interest or financing that

demonstrably reflects and reinforces the Call to Action for business contained within the final report of the Truth and Reconciliation Commission of Canada.

**Integrated reports or reporting:** According to the International Integrated Reporting Council, 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 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.

**International Integrated Reporting Framework:** Developed under the auspices of the IIRC, the purpose of the Framework is to establish Guiding Principles and Content Elements that govern the overall content of an integrated report, and to explain the fundamental concepts that underpin them.

**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.

**Investor relationship (VCIM):** includes all investment accounts related to a single household (similar address or control of assets).

**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 2017, it was \$20.24/hour 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 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'

**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.

**Local, organic food:** Businesses and not-for-profit organizations with explicit missions to grow and promote a viable and sustainable local (within our operating region) and/or organic food system or where a significant portion (greater than 25%) of their business revenues support local and/or organic food.

**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.

**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:** An individual or business who banks at Vancouver City Savings Credit Union or Squamish Savings, (excluding Pigeon Park Savings), and holds Class B Membership shares. As of 2017, to be considered in our reported total membership number, people or businesses with a balance of less than five dollars in Class B Membership shares need to hold at least one additional member-activated financial account (excluding Shared Success Patronage accounts).

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

**Member/client investment that we manage or administer on their behalf (asset category TBLAA):** We include all relevant funds listed by the Responsible Investment Association, including the IA Clarington Inhance SRI Fund family. In addition, we include the IA Clarington bond fund, Vancity segregated fund, and all assets managed and screened by Vancity Investment Management (VCIM). See ‘Socially responsible investments’

**Member—eligible (to vote in the Board of Director elections):** A member who is 19 years of age or older, not delinquent in any obligations to Vancity, and has at least five dollars in a membership shares account for each member named on the account.

**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 – new:** An individual or business who opens a core banking account during the year; or, an individual who joins a joint banking account during the year.

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

**Microfinance (microbusiness) and poverty reduction:** Small loans that provide access to credit that a member may otherwise be unable to gain, or that support credit build or repair for individuals with a damaged or non-existent credit history, and/or lending that provides self-employment for individuals transitioning away from employment insurance.

**Microloans:** See loans ‘microloans’

**Net income attributable to members:** Revenue less operating expenses. Income is 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 income 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.

**Off-balance sheet assets:** See ‘Assets under management or administration’

**On-balance sheet assets:** See 'Assets (financial, per the statement of financial position)'

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

**Organizational scorecard:** The key annual Vancity-wide targets used internally to track quarterly progress.

**Owned premises (with impact) (asset category in TBLAA):** Buildings (including fixtures and fittings) that we own that provide access, are energy efficient properties/green buildings, and/or include affordable housing units.

**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 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.

**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.

**Real economy assets:** Total Assets, excluding Interest from derivative Instruments, Interest bearing deposits with financial institutions, and all Financial Assets (FLTPL/AFS) including 'impact' investments. See 'Real Economy'

**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.

**Renewable energy:** Products, projects or services that reduce the use of natural resources including water and energy, reduce or eliminate pollution and wastes, or that generate renewable energy. Renewable energy sources include solar, wind, ocean, geothermal, hydro energy, and biomass.

**Residential mortgages (in impact) (asset category in TBLAA):** Mortgages and other home financing that supports social & cultural inclusion and community building, financial inclusion/address issues of affordability, and/or environmental sustainability, informed by the *GABV Guidelines for Residential Home Financing*. The majority of residential mortgages in impact is financing for homes in location efficient areas, defined by Statistics Canada as areas where at least 40% of residents commute by transit, bicycle or walking.

**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.

**Revenue from real economy:** Interest Income related to real economy assets (which is defined as Total interest income excluding income related to swaps/derivatives/options, interest bearing deposits with financial institutions and from financial instruments, and all Financial Assets (FLTPL/AFS) including 'impact')

investments and SWM, less 'loan impairment expense', plus 'other income related to real economy' (which is defined as other income excluding Net Gains and Losses on Financial Instruments and interest rate derivatives).

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

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

**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.

**Social enterprises:** Organizations that are mission-based – i.e., their mission (i.e., the purpose of the business) is first and foremost in their operations – and there is strong community benefit in their structure. They may be structured as not-for-profits, co-operatives, mission-based for-profits, Aboriginal owned businesses or First Nation ventures. Their mission could be focused on social, environmental, economic or cultural impact. 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 in order 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:** SRI is the inclusion of environmental, social and governance (ESG) considerations into the management and selection of investments.

**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'

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

**Supplier—locally based:** We determine locally based suppliers by using the "remit to" postal code shown on supplier invoices and the following criteria: the supplier has a local representative, a local store and/or local warehouse within the communities our branches operate in.

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

**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).

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

**Well-being:** See 'Member well-being and Healthy community'

**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 (impact investments) (asset category in TBLAA):** The book value of all liquidity investments in the form of CMHC (Canada Mortgage and Housing Corporation) mortgage-backed securities (MBS) pools connected to social housing, investments in green bonds, plus equity investments that meet the definition of a community impact transaction (see 'Community impact loans'). These include transactions with social purpose real estate, social enterprises, and microbusiness.

**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.

**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.