

Social Responsibility and Canada's Credit Unions

fresh approaches



stronger communities



the spirit of co-operation

Social Responsibility and Canada's Credit Unions

fresh approaches, stronger communities, the spirit of co-operation

A different kind of financial institution, making a difference! Canadian credit unions are unique in the ways that they conduct business and serve their members. We open accounts, complete transactions, accept deposits, offer business services, and much more. But what we celebrate as *the credit union difference* extends far beyond our financial services. As member-owned co-operatives, local credit unions have a long, distinguished history of reflecting the strength of their co-operative values in forging stronger communities. Locally this spirit drives community economic development, dedicated volunteerism, community sponsorships, scholarships, bursaries and a wide range of charitable giving. In each community this commitment to sustaining strong communities is at the core of the credit union difference.

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Social Responsibility

Social Responsibility is the principle of considering the interests and community welfare extending well beyond direct business practices. As financial co-operatives, owned and controlled by their member-customers, credit unions bring fresh approaches to social responsibility that are as individual and exceptional as the communities themselves.

"The field of community investment has become increasingly professionalized over the years. Businesses have moved beyond the 'chequebook philanthropy' model to a more engaged and integrated partnership approach that includes in-kind gifts, employee volunteerism and sponsorships." (Imagine Canada)

Making a Difference

ONE COMMUNITY AT A TIME

Our Strong Values

In 2006, Canada's credit unions contributed over \$34.7 million to their communities in the form of direct donations, financial services, sponsorships, scholarships and bursaries.

Care and caring are at the heart of the Canadian credit union movement. In today's business world many organizations have added some form of community outreach to their core activities. Yet, for credit unions, social responsibility and accountability go to the very core of our daily operations. In a world of globalization and the quest for broader markets, credit unions are local and anchored in our communities. While the average Canadian corporate charitable giving level has consistently hovered near 1 per cent of profits, many Canadian credit unions set higher targets which they consistently meet or exceed.

From modest roots that run deep into Canadian communities, for more than 100 years credit union membership has meant local control for ordinary people building financial futures for their families and friends. Organized locally, according to a co-operative model, credit unions have consistently provided urgently needed savings and lending services, at fair rates.

Today's credit unions are modern financial institutions playing a vibrant role in the Canadian economy. Using sound financial judgment, credit unions are cornerstones of community strength, growth and giving.

Giving – Through donations, services, scholarships and volunteerism, credit unions contributed over \$34.7 million to individuals and organizations in Canadian communities during 2006. That figure includes more than \$24.6 million in monetary donations and sponsorships.

Community Economic Development – Credit unions enhance their communities by supporting a variety of local economic initiatives and offering reduced or waived service charges to community groups.

Social Responsibility – Canada's credit unions consistently demonstrate their commitment to the co-operative spirit by practicing socially responsible management. With almost 1,800 locations and over five million members, there is scarcely a corner of the country that is untouched by this commitment to contribute to economic development, while improving the quality of life for members, employees, their families and their communities at large.



In 2001, Credit Union Central of Canada and Ipsos Reid conducted the first system-wide community involvement study of Canadian credit unions. Results of the *Credit Union Community Involvement Survey* have always been shared with members as well as made public to help communicate the role that credit unions play in helping develop the communities they serve. The 2006 survey was spearheaded by Credit Union Central of Manitoba in partnership with Probe Research and VisionCritical Communications.

Giving

Social giving strengthens and binds credit unions to their roots – sustainable, vibrant communities. After all, sharing is one of the strengths at the heart of the credit union movement. In 2006, the credit unions surveyed reported donations and sponsorships of \$24.6 million, an increase of 5 per cent over 2005, in support of thousands of local services, health care, sports activities, community initiatives, social services, and cultural events. Another \$1.1 million was given in the form of bursaries and scholarships.



The 2006 *Credit Union Community Involvement Survey* defines donations as “gifts” to a fund or organization, where nothing but goodwill is received in return. Sponsorships, on the other hand, usually involve a two-way arrangement in which the giver receives something in return – usually advertising, free publicity and increased public awareness.

Overall, reported annual donations and sponsorships from credit unions have remained well in excess of the target of 1 per cent of pre-tax profits set by the Imagine Canada A *CARING COMPANY*[™] program, which sets commitment guidelines for corporate philanthropy.

Credit union leadership reflects the depth of commitment by members and employees to share the benefits of credit union membership with our communities. Among survey respondents, the average credit union contributed donations and sponsorships of \$96,046, an increase over the 2005 average of \$83,293.

Giving Time

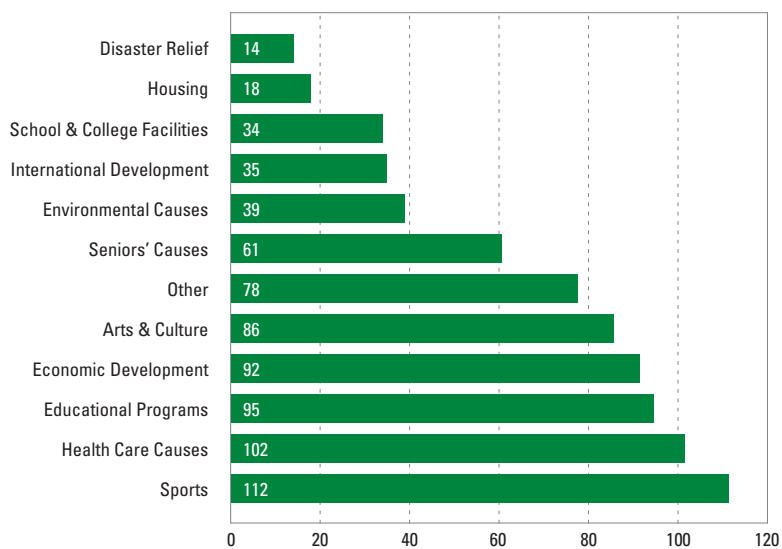
In 2004, Imagine Canada surveyed over 22,000 Canadians for The Canada Survey of Giving, Volunteering and Participating (CSGVP). While it found that Canadians donated nearly \$9 billion and volunteered two billion hours in 2004, the greatest proportion of this support came from a thin wedge of the population. The survey found that 82 per cent of the value of all donations comes from only

21 per cent of the population. Further, just 11 per cent of Canadians account for 77 per cent of all hours volunteered. The study found that workplace support is key to encouraging volunteerism. On average, volunteers who benefit from employer support also contribute about one-third more hours than other volunteers.

As leaders in community volunteerism, credit union employees have long been counted in this group, reflecting a deep commitment to building strong communities. In 2006, 59 per cent of Canadian credit unions stated that their employees participated in community activities and organizations as part of their paid work, up from 2005 (58 per cent) and 2004 (46 per cent). In addition, 84 per cent of credit union employees participated in community activities and/or organizations representing the credit union during their unpaid time off in 2006 (an increase from 78 per cent in 2005).

Canada's 23,000 credit union employees bring significant value to their volunteer service with local organizations – often serving on boards or committees and helping to provide financial and management expertise for everything ranging from sports leagues and seniors' clubs to local hospitals and charitable foundations.

2006 Credit Union Donations & Sponsorships (Number of Credit Unions Responding)



Outside of work time, credit union employees are enthusiastic supporters of their local communities. **Staff unpaid volunteerism is high, with 84 per cent of respondents saying that employees volunteer for community activities/organizations, representing the credit union without pay on their personal time.**

Volunteerism is so important that it has become an integral part of employee performance evaluations for 36 per cent of responding credit unions.



Strong and Generous

Fundraising

Credit unions not only give back to their communities with direct donations, they are connected and involved in fundraising for community causes. In 2006, 63 per cent of the credit unions participating in the *Community Involvement Survey* conducted fundraising activities for charitable organizations. These efforts generate donations by employees as well as credit union members and the public. Fundraising includes a wide variety of activities on behalf of local causes to broader national and international relief programs.

Credit Union Foundations

Over \$3.9 million was contributed to the 22 credit union foundations across the country in 2006. In turn, these foundations disbursed more than \$1.3 million to worthwhile causes. In total, these foundations were reported to control \$13.7 million in assets.

Imagine Canada

Imagine Canada is a national charity that looks into and out for Canada's charitable and non-profit sector with research and input into public policy. Imagine Canada's *A CARING COMPANY™* members are leaders in corporate citizenship. Each member commits to Imagine Canada's principles of good corporate citizenship, and demonstrates its commitment to corporate citizenship by pledging one per cent of pre-tax profits, by participating in at least one community investment project and by publishing a one-page report about its program each year. Among Canadian credit unions and system affiliates, 22 have formalized their commitment to investing in community philanthropy by becoming *A CARING COMPANY™* members.

Donations-in-Kind

Of the credit unions participating in the *Community Involvement Survey*, 76 per cent made non-cash donations-in-kind in 2006. The value of these donations was \$1.9 million, with an average of \$10,268 per contributing credit union.

Scholarships and Bursaries

To aid education throughout Canada, the majority of respondents (79 per cent, or 212 credit unions) awarded scholarships and bursaries in 2006. According to the survey, the total amount distributed by credit unions for scholarships and bursaries continued to be over \$1 million in 2006 – benefiting more than 1,500 students. The average amount of scholarships/bursaries given per credit union was \$5,243.



As defined in the *Credit Union Community Involvement Survey*, “**scholarships**” are financial aid given to students, recognizing academic excellence and other achievements such as community service. “**Bursaries**” are financial aid awarded to students based on a combination of financial need and a specified minimum grade point average.

Credit Union Scholarships & Bursaries 2006

Total amount of scholarships/bursaries given	\$ 1,111,654
Average amount of scholarships/bursaries given per credit union*	\$ 5,243
Number of scholarships/bursaries given	1,503
Average number of scholarships/bursaries given per credit union*	7.10

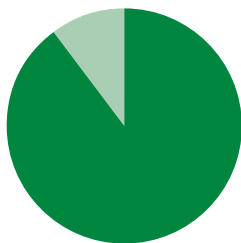
Source: 2006 Credit Union Community Involvement Survey
* Among credit unions giving scholarships and bursaries

Community Economic Development

Community development is a process involving local people striving towards priorities or goals established by themselves, for themselves, based on shared experiences and values. For credit unions and their communities, community economic development projects have a significant impact on both social and economic growth. The economic leadership that credit unions provide can assume many forms – from giving direct financial assistance to providing low-cost financial services, to volunteering the initiative and financial expertise needed to pull together community resources to achieve a worthwhile community objective.

Value of Discounted Financial Services to Community Organizations

Total Value: \$3,101,665



- Reduced or waived service charges – 89.8%
- Other special services – 10.2%

Credit union respondents to the *Credit Union Community Involvement Survey* contributed \$3.1 million in financial services to community organizations in 2006. Included in this figure are waived service charges, increased interest rates on deposits, and providing other financial services free of charge to community organizations. These contributions enable many nonprofit organizations to maintain operations that directly benefit the community and support economic development.

Waived or reduced service charges are the most popular form of financial service credit unions offer to community organizations. In 2006, this service was offered by 148 credit unions to 51,177 community organizations.

“Other” types of financial services to community organizations total \$318,325 and include services such as:

- Auditing books
- Free cheques/personalized cheques
- Increased interest on deposits/preferred term rates
- Preferred borrowing rates
- Office services.

Taking all forms of financial services into account, 87,107 community organizations were provided discounted services by local credit unions in 2006.

National Award Recognizes Local Contributions

Helping communities grow represents a major emphasis of credit unions across Canada. Since 1988, the *Credit Union Award for Community Economic Development* has honoured the outstanding efforts of credit unions on projects that emphasize community self-help and which deliver clear social and economic benefits. Fresh and effective community development projects initiated by Canada's credit unions are celebrated through a national recognition program.

Investing in Youth

The 2007 *Award for Community Economic Development* was won by FirstSask Credit Union of Saskatoon, Saskatchewan for a program that provides disadvantaged youth with tools and incentives to learn critical financial and life skills, while saving for future goals. By leveraging its contributions to attract additional financial and human resources, while also securing policy changes that remove barriers preventing low income youth from saving for their future, FirstSask Credit Union is putting a long-term vision into action by focussing on the potential of the community's youth – perhaps its most important and precious asset.

Building Strong Communities

Community economic development solutions championed by credit unions are as diverse as the communities they serve. Here are some past examples from the *Credit Union Award for Community Economic Development*:

- **Assiniboine Credit Union**, MB (2006 award recipient) addressed the housing crisis in Winnipeg's inner city with its Affordable Housing Program. An inspiring example of productive partnerships with nonprofit neighbourhood groups, government agencies and others, the program helps to ensure equitable housing programs throughout Winnipeg.
- **Community Savings**, AB (2005 award recipient) opened a unique branch at Canadian Forces Base (CFB) Suffield in July 2000. The location enabled Community Savings to provide financial services to an unserved market, while creating an economic multiplier effect for the community.
- **Vancity Credit Union**, BC (2004 recipient) created "social enterprise tools" that strengthen and grow organizations delivering social and environmental benefits in their community. The credit union has provided grants, repayable financing, technical assistance, research and leadership in developing partnerships.



Winning entries for the *Credit Union Award for Community Economic Development* show how credit unions participate in local economic development initiatives from conception to completion, through effective partnerships with community-based organizations. Entries honoured over the years included affordable housing and mortgage initiatives, small business microlending programs, financial assistance for less advantaged community members and supportive financing of nonprofit community organizations.

Social Responsibility

For credit unions, social responsibility means taking responsibility for the impact of business activities on customers, employees, shareholders, other community members and the environment. It is a core principle leading to voluntary steps to improve the quality of life for employees and their families as well as for the local community and society at large. In recent years, many of Canada's credit unions have led the way with responsible employment, governance, environmental and investment programs and policies. And throughout their history, credit unions have empowered Canada's consumers with innovative products and services, which have often been imitated by other financial institutions.



Building Future Leaders

Growing the talents of future young leaders is one of the most important goals of the national credit union system. Recognizing, retaining and responding to credit union youth will allow us to sustain our values in the next generation of strong, socially responsible leaders. The credit union system has established the *National Young Leaders Program*, a national award to encourage leadership development.

Candidates must be 35 years of age or younger, with five years employment in the Canadian credit union system and three years as a member of the senior management of a local credit union. Demonstrated leadership competencies are required, including management of a major credit union initiative and participation in community initiatives. One of the five finalists receives the National Young Leaders Award, which includes a \$10,000 scholarship to cover tuition and travel costs to attend a leadership development program at a university in Canada.

The selection committee examines the strength of each nominee's accomplishments, the quality of their written essay, their commitment to the co-operative spirit of the credit union system, and the nomination letter written by the CEO or General Manager of their credit union.

National Young Leaders Award

Beverly Somers, Human Resources Manager for OMISTA Credit Union, Moncton, NB was the 2007 winner of the *National Young Leaders Award*. Four other outstanding finalists were also commended: **Lisa Bolton**, Director of Small Business at Coast Capital Savings Credit Union, Surrey, BC, **George Greenwood**, General Manager of Beaubear Credit Union, Miramichi, NB, **Cory Munden**, General Manager of Codroy Valley Credit Union, Doyles, NL, and **Malcolm Stoffman**, Manager of Marketing and Business Development, Healthcare and Municipal Employees Credit Union, Hamilton, ON.

Employers of Choice

As member/owners of credit unions, virtually all employees have a key stake in the organizations that employ them. This gives them a profound influence both on the policies that affect them and their enthusiasm for their work. As a result, credit unions tend to be employers of choice, with progressive, forward-looking employment policies – reflecting co-operative values and principles.

Training and Development Opportunities

CUSOURCE® Credit Union Knowledge Network (*CUSOURCE* Knowledge Network) is the home of learning, knowledge sharing, career management and strategic people development for the credit union system. *CUSOURCE* Knowledge Network offers credit union employees and directors a combination of classroom, e-Learning and paper-based training options. It is also the hub for Credit Union Institute of Canada (*CUIC*®), which offers professional accreditation and designation programs in partnership with Dalhousie University.

Democratic Governance

Credit union governance also produces benefits for communities. Because credit unions are democratic institutions, owned by the members who are their customers, they must be fully accountable, open and transparent. In 2007, credit union directors will be able to earn the distinction of *Accredited Credit Union Director* through an innovative partnership between *CUSOURCE* Knowledge Network and Dalhousie University.

The *CUSOURCE* online catalogue is comprised of instructor-led, Web-based, and correspondence courses that have been mapped to unique competency profiles for individual credit union profiles.

Young Credit Union Leader Receives World Recognition

World Council of Credit Unions (WOCCU) honored 36 WOCCU Young Credit Union People (WYCUP) program participants from 11 countries in an awards ceremony during the World Credit Union Conference in Calgary in August. From this distinguished group of nominees, one Canadian, **Ryan Visscher** of **Envision Financial**, Canada, stood among the five selected as the 2007 WYCUP awardees. The award winners earned an all-expense-paid trip to the 2008 World Credit Union Conference. The WYCUP award program is designed to engage and promote the next generation of credit union professionals and volunteers in the international credit union movement. It encourages the sponsorship of individuals 35 or under who have made a significant contribution within their own credit union or credit union organization.



Progressive Employers

As employers, Canadian credit unions are recognized for progressive policies such as profit sharing, flexible benefit plans, flexible work schedules, supporting volunteer work, employee wellness plans and educational support. Three Canadian credit unions are on the 2007 list of *Canada's Top 100 Employers*. The list, compiled by Mediacorp Canada Inc., examined over 55,000 employers and invited about one-quarter of them to apply for a detailed review of eight criteria: (1) Physical Workplace; (2) Work Atmosphere & Social; (3) Health, Financial & Family Benefits; (4) Vacation & Time Off; (5) Employee Communications; (6) Performance Management; (7) Training & Skills Development; and (8) Community Involvement. Employers are compared to other organizations in their field to determine which offers the most progressive and forward-thinking programs. The three credit unions on the final list are:

- Assiniboine Credit Union Limited, MB
- Conexus Credit Union, SK
- Vancity Credit Union, BC

Management Excellence

Canada's 50 Best Managed Companies is the country's leading business awards program, recognizing excellence in Canadian-owned and managed companies with revenues over \$10 million. Four credit union organizations have been recognized among the recently released list of best managed companies: **Servus Credit Union**, **Coast Capital Savings Credit Union** and **Concentra Financial**, a credit union service organization. **First Calgary Savings and Credit Union** is also a Platinum Club member — one of 44 elite companies that have maintained their Best Managed status for six consecutive years. To even qualify, organizations must demonstrate superior results for the past three years and have revenues of more than \$10 million a year and be 50 per cent closely held by Canadians or be Canadian-owned public companies with no more than half of their shares publicly traded.

Socially Responsible Investing

Socially responsible investing integrates personal values, as well as environmental and social factors, with investment decisions. Underpinning this approach is the view that investors care where their money goes, and that they want to make a profit on their investments – but not at any cost.

Credit unions have been pioneers in socially responsible investing. In 1986, the **Ethical Growth Fund®** was launched by a credit union in British Columbia. At the time, it was the only socially responsible mutual fund in Canada. Available just to the local market, the fund attracted \$10 million in its first year.

The Ethical Funds Company®

Since 1992, **The Ethical Funds Company** has been Canada's leading manager of socially responsible mutual funds. With more than \$2.6 billion in assets, the company provides professional money management while investing according to financial, social and environmental performance. Their family of 15 **Ethical Funds®** is distributed through qualified investment professionals, discount brokers, life insurers and other institutional partners across Canada, including Quebec.

Shareholder Action and Corporate Dialogue

In addition to evaluating investments according to their financial performance and outlook, **The Ethical Funds Company** uses its Corporate Sustainability Scorecard to assess companies based on its Environment, Social, and Governance (ESG) performance. The company also encourages corporate accountability, sustainability, and market integrity through its Shareholder Action Program, engaging in dialogue with management to help make good companies better.



Credit Union Firsts...

The Canadian credit union system enjoys an enviable reputation as an innovator in the financial services industry. Shown below are just some of the “firsts” that have illuminated our history and enhanced our services to Canadians. All are “First in Canada”, unless otherwise qualified.

1900s

FIRST (and only) Ownership and Membership to All Customers
FIRST Personal Loans Based on Borrower’s Character

1930s

FIRST Life Insurance on Loans and Share Savings for All Members
FIRST Payroll Deduction Service for Deposits and Loan Payments

1950s

FIRST Open Mortgages

1960s

FIRST Financial Institution to Lend to Women in Their Own Names
FIRST Variable Rate Mortgage
FIRST Short-Term (under 5 years) Renewable Mortgage
FIRST to offer Daily Interest Savings

1970s

FIRST Personal Line of Credit
FIRST Full-Service ATM Network
FIRST Weekly/Bi-weekly Payment Mortgage
FIRST Online, Real-Time Universal Inter-Branch Computer System

1980s

FIRST Home Equity Line of Credit
FIRST “Plain English” Loan Agreement
FIRST Debit Card Service
FIRST Point-Of-Sale Debit Payment Service
FIRST Socially Responsible Mutual Fund (Ethical Growth Fund®)
FIRST Telephone Banking Service
FIRST Registered Educational Savings Plan

1990s

FIRST Line of Credit Reverse Mortgage
FIRST Equity-Linked G.I.C.
FIRST International Debit Transaction in the World
FIRST PC-Based Home Banking
FIRST Fully-Functional Internet Home Banking
FIRST Full ISO Certification of any North American Financial Institution
FIRST Branchless Bank (Citizens Bank)

2000s

FIRST Disabled Person Financial Service Package
FIRST Cheque Imaging Service
FIRST Securitized Agricultural Mortgage
FIRST Online Greeter for a Financial Institution

Enhancing Responsibility Through Innovation

To continue to meet community needs as local financial institutions, credit unions must constantly innovate to ensure excellence in financial services and in service delivery to members and stakeholders.

Credit unions keep the spirit of co-operation alive by practicing the principle of “co-operation among co-operatives.” They share innovations and breakthroughs in service delivery to benefit credit union members throughout the country.

Credit Union Innovation Award

To highlight and encourage fresh approaches that place the credit union at the forefront of service and organizational excellence, the *National Credit Union Innovation Award* was established in 2003. Winning entries must demonstrate a positive contribution that enhances a credit union member’s experience.

Confronting an Inconvenient Truth

The *National Credit Union Innovation Award* was presented in 2007 to **Vancity Credit Union** of Vancouver. Vancity Credit Union was recognized for its Carbon Neutral Program, which will invest in Canadian initiatives to address climate change. The program integrates product innovation through the Clean Air Auto Loan, Cash-Back energy efficiency program, Climate Change Mortgage and Circadian Mutual Funds. It extends into the community with the innovative Green Building Grant, the Carbon Offset program and many “green” community investments. As an organization Vancity has set 2010 as the target to be carbon neutral with an aggressive focus on reducing CO₂ emissions. Leading by example, former Vancity CEO Dave Mowat became the first Zero CO₂ CEO when he went carbon neutral in 2005 – reducing his CO₂ emissions by 25 per cent and offsetting his remaining CO₂ emissions by investing in Pembina Wind Energy Certificates.

contact information

For information about local community involvement initiatives, contact your local credit union or caisse populaire.

Credit Union Central of Canada

Toronto Office, ON (416) 232-1262; 1-800-649-0222

Ottawa Office, ON (613) 238-6747

Web site: www.cucentral.ca

This site provides links to provincial Centrals and other co-operative organizations, as well as a “locator” service to help you find your local credit union branch and Automated Teller Machines.

Credit Union Central of British Columbia

Vancouver, BC (604) 734-2511

Web site: www.cucbc.com

Credit Union Central Alberta Limited

Calgary, AB (403) 258-5900

Web site: www.albertacreditunions.com

SaskCentral

Regina, SK (306) 566-1200

Web site: www.saskcentral.com

Credit Union Central of Manitoba

Winnipeg, MB (204) 985-4700

Web site: www.creditunion.mb.ca

Credit Union Central of Ontario

Mississauga, ON (905) 238-9400

Web site: www.ontariocreditunions.com

Credit Union Central of New Brunswick

Riverview, NB (506) 857-8184

Web site: www.creditunion.nb.ca

Credit Union Central of Prince Edward Island

Charlottetown, PE (902) 566-3350

Web site: www.peicreditunions.com

Credit Union Central of Nova Scotia

Halifax, NS (902) 453-0680

Web site: www.ns-credit-unions.com

Credit Union Central of Newfoundland & Labrador

Gander, NL 1-800-663-2802

L'Alliance des caisses populaires de l'Ontario limitée

North Bay, ON (705) 474-5634

Web site: www.caissealliance.com

Concentra Financial Services Association

Saskatoon, SK (306) 956-5100; 1-800-788-6311

Web site: www.concentrafinancial.ca

The Co-operators Group Limited

Guelph, ON (519) 824-4400; 1-800-265-2612

Web site: www.cooperators.ca

The CUMIS Group Limited

Burlington, ON (905) 632-1221; 1-800-263-9120

Web site: www.cumis.com

CUSOURCE® Credit Union Knowledge Network

National Office, Toronto, ON (416) 232-1262; 1-800-267-2842

Web site: www.cusource.ca

The Ethical Funds Company

Vancouver, BC 1-877-ethical (1-877-384-4225)

Web site: www.ethicalfunds.com

Credential Financial Inc.

Vancouver, BC (604) 714-3800

Web site: www.credential.com

**Making a
Difference**

ONE COMMUNITY AT A TIME



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