



Strength in community.

Vancity 2020 Annual Report.

This report provides a summary of Vancity, and our strategy, performance and impacts during 2020. We publish supplementary documents, available at vancity.com/AnnualReport:

- Consolidated financial statements
- Accountability statements, including the Global Reporting Initiative (GRI) content index
- Greenhouse gas handbook and inventory report
- Glossary

Throughout this report, 'Vancity' or 'we' refers to Vancouver City Savings Credit Union and its active subsidiaries as listed in the organization chart on [page 28](#).

This report contains forward-looking statements or information, which reflects the current view of Vancity with respect to future events and financial performance. All forward-looking statements are based on the opinions and estimates of management as of the date they are made, represent management's best judgment based on facts and assumptions they consider reasonable, and are subject to risks and uncertainties that could cause actual results to differ materially.

UN Sustainable Development Goals (SDGs):

Look for SDG logos, [1](#) [3](#) [5](#) [8](#) [11](#) [12](#) [13](#) [17](#), to see how our work locally is helping to achieve these global goals to end poverty, protect the planet and ensure prosperity for all. For more information see [page 33](#).

We'd like to hear what you think about this report. Contact us at accountability@vancity.com, tweet us [@vancity](#), or connect with us on [facebook.com/vancity](https://www.facebook.com/vancity)

This document includes hyperlinks. In most browsers, using 'ctrl' + click will open external links in a new browser window. After clicking on a link, use 'alt' + left arrow to return to the previous view.

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Message from the Chair.

At Vancity, we know that using the tools of finance for members and their communities produces both growth and impact. In a tough year for Canada's co-operative movement, we shone a bright light on what co-operatives can achieve and why they remain so vital in our communities.

Our response to COVID-19's unexpected outbreak showed how a co-operative can mobilize its membership to help each other get through a major crisis together. In a world struggling to figure out how to respond, our values and our strong capital position provided a very clear path: enable members to focus on immediate needs and support the most vulnerable in our communities. The Board was inspired by the dedication and creativity of management and employees as they found ways to help thousands of members, dozens of community organizations, and many local businesses withstand the financial impact of the pandemic. Efforts such as offering zero per cent interest on credit card rates for six months stood out.

Being a financial co-operative has always meant working to address inequities and remove barriers to economic well-being. It was disturbing for the Board to watch how the pandemic was making existing inequities and barriers worse for women and, in particular, for women of colour. The term "shecession" was coined to describe the unequal impact of the economic consequences of the pandemic. Obstacles such as gaps in pay and retirement savings as well as unequal care requirements have been compounded to the point that many women are leaving the workforce altogether, setting back decades of employment gains. I am proud of the work Vancity has been doing to fight this trend, such as our ongoing support of women entrepreneurs and advocacy on key issues such as public childcare.

The last year also spotlighted the fact that racism continues to plague our society, sometimes visibly, and sometimes hidden in legacy structures we are all part of. Vancity opposes racism and stands for diversity and inclusion. Last year, we recognized the need to do more and took an important decision to become an actively anti-racist financial institution. Our first step is a hard look at ourselves as a credit union, to uncover systemic racism. This work continues with a plan to ensure that our credit union is actively rejecting racism.

We continued our Reconciliation work with Indigenous communities including striving to create a more welcome and inclusive experience for Indigenous members. We are also exploring how we can expand the ways we serve Indigenous communities.

Our member focus and co-operative principles also guide our response to the climate crisis. Individual actions may feel like small steps given the magnitude of the crisis. But as a co-operative we all know that many small steps taken together can make a huge difference. Vancity has a long record of working to address environmental issues. Our ambitious climate commitments, including our goal to make Vancity net-zero by 2040, reflect our sense of urgency and will guide us in empowering our members and communities to join a climate transition that builds a world both clean and fair.

In 2020, we faced our first leadership transition since 2007. After 13 years at the helm of Vancity, Tamara Vrooman took up a new post as President and CEO

of Vancouver's Airport Authority on July 1st. Tamara guided Vancity through a period of growth and transformation, resulting in an influential community-based credit union that is a model for social and environmental innovation in the financial sector.

The Board conducted a comprehensive talent search that attracted many highly qualified candidates from across Canada. At the end of a thorough process, the Board concluded that Vancity had the right person in Christine Bergeron, Chief Member Services Officer and interim CEO. We have confidence in Christine's experience, skills and strategic vision for Vancity and know she is the right leader for this important moment in our credit union's history.

I thank my fellow Board members, including our newest colleagues who joined last year, for working so collaboratively and effectively despite never having the opportunity to meet in person in a year. I also thank the executive and the staff of Vancity for carrying on the essential work of our credit during this lengthy COVID-19 pandemic.

Acting on our co-operative values, Vancity showed our members to be a financial force for resilience in the face of a global crisis. Coming together in the face of the challenges ahead, we can again be a financial force for long-overdue systemic change.

Jan O'Brien

Chair, Vancity Board of Directors

Message from the CEO.

It's easy to talk about being there for people and communities. It's much harder to actually do it.

Vancity has been taking action and putting people first for 75 years. In fact, it's what we were founded to do. But 2020 challenged us like no previous year and inspired us to respond in unprecedented ways. I am very proud of how Vancity met these challenges.

Just three months into 2020, we were tested by a pandemic that caused so many in our communities to face financial hardship and uncertainty on top of concerns for the health and well-being of loved ones. Vancity reacted by putting our profits and tools to the service of members. We helped members facing immediate financial uncertainty by offering loan and credit card payment deferrals, offering a reduction in credit card interest rates to zero for the first six months of the pandemic, and waiving fees for online and telephone banking, among other steps. We contributed \$2 million to the Vancouver Foundation's Community Response Fund (CRF), which delivered rapid essential relief

to organizations serving our communities and vulnerable people across B.C., and added \$600,000 in Community Investment grants after the CRF closed. We assisted local businesses through Support Local BC and by processing \$247 million in Canada Emergency Business Account (CEBA) loans for our business members. And we adjusted how we provide the essential financial services members need to prioritize everyone's safety.

The pandemic, and our decision to prioritize our members and communities on such a scale in response to it, impacted our financial performance in Q2 and early in Q3. But we were focused on ensuring we maintained solid financial footing and our performance improved considerably in the remainder of the year. By the end of the year, total assets plus assets under administration increased 8.0 per cent or \$2.3 billion over 2019, and ended 2020 at \$30.5 billion. Our membership increased by almost 7,000 members in 2020,

a growth rate of 1.3 per cent. And our triple bottom line assets under administration (TBLAA) increased by 13.7 per cent or \$1.1 billion over the previous year. We remain very focused on strong performance in the face of all the uncertainty around the near-term economic recovery.

Of course, Vancity's performance is also tied to how the world around us recovers from the pandemic. That simply going back to the economy we had before COVID-19 isn't good enough is clear from the fact that, while the pandemic hit everyone very hard, its economic effects were not shared equally. Women, newcomers, and Indigenous, Black and People of Colour (IBPOC) were all disproportionately impacted when job losses and business closures piled up. The sectors most impacted by the pandemic have higher rates of women business-ownership, and women shouldered a disproportionate share of rising childcare demands. These faultlines

“Just three months into 2020, we were tested by a pandemic that caused so many in our communities to face financial hardship and uncertainty on top of concerns for the health and well-being of loved ones.”



“Vancity has long been committed to removing barriers to well-being resulting from legacies of racism and systemic discrimination. And opposing racism in all its forms remains critical, as recent events keep reminding us.”

need to be addressed as part of a just and clean recovery and we will continue to use the tools of finance and our voice in creative ways to help bring this about.

The pandemic also did little to slow the other global crisis on our doorstep, the climate emergency. As 2020 progressed, it quickly became obvious that the recovery must be inclusive, put people and planet first, and build the clean and fair economy that Canadians need and want. We had already been working with both internal and external experts to identify where Vancity can have the biggest impact in addressing the climate crisis, and we focused this work more closely to aligning the recovery with a climate transition that helps everyone. The climate commitments we announced in January 2021 were the result of this multiyear process.

The main driver of our climate commitments is enabling our members to successfully transition to a clean and fair economy. To achieve this, we will employ both a variety of banking tools and our ability to advocate on behalf of our members to our government partners. Our mortgages, the most carbon-intensive part of our portfolio, will be a particular focus for us. These will also be

important steps towards fulfilling our pledges under the Collective Commitment to Climate Action, which we joined along with 37 other signatories to the UN's Principles for Responsible Banking (PRBs). In 2020, Vancity became North America's representative on the Board overseeing the implementation of the PRBs.

Building a clean and fair world goes beyond addressing the climate crisis. Vancity has long been committed to removing barriers to well-being resulting from legacies of racism and systemic discrimination. And opposing racism in all its forms remains critical, as recent events keep reminding us. But walking the talk begins at home, and in 2020 we determined to become a proactively anti-racist organization. As we outline on [page 13](#), we are already acting to ensure our employees can come together in an open and safe-from-judgment manner to talk about race and racism, that our frontline employees and members are protected in harmful situations, that we identify and address blind spots and systemic biases in our own processes and decisions, and that our leadership and staff reflect the diversity in the communities around us. Carrying through with this work is a high priority for us in the coming years.

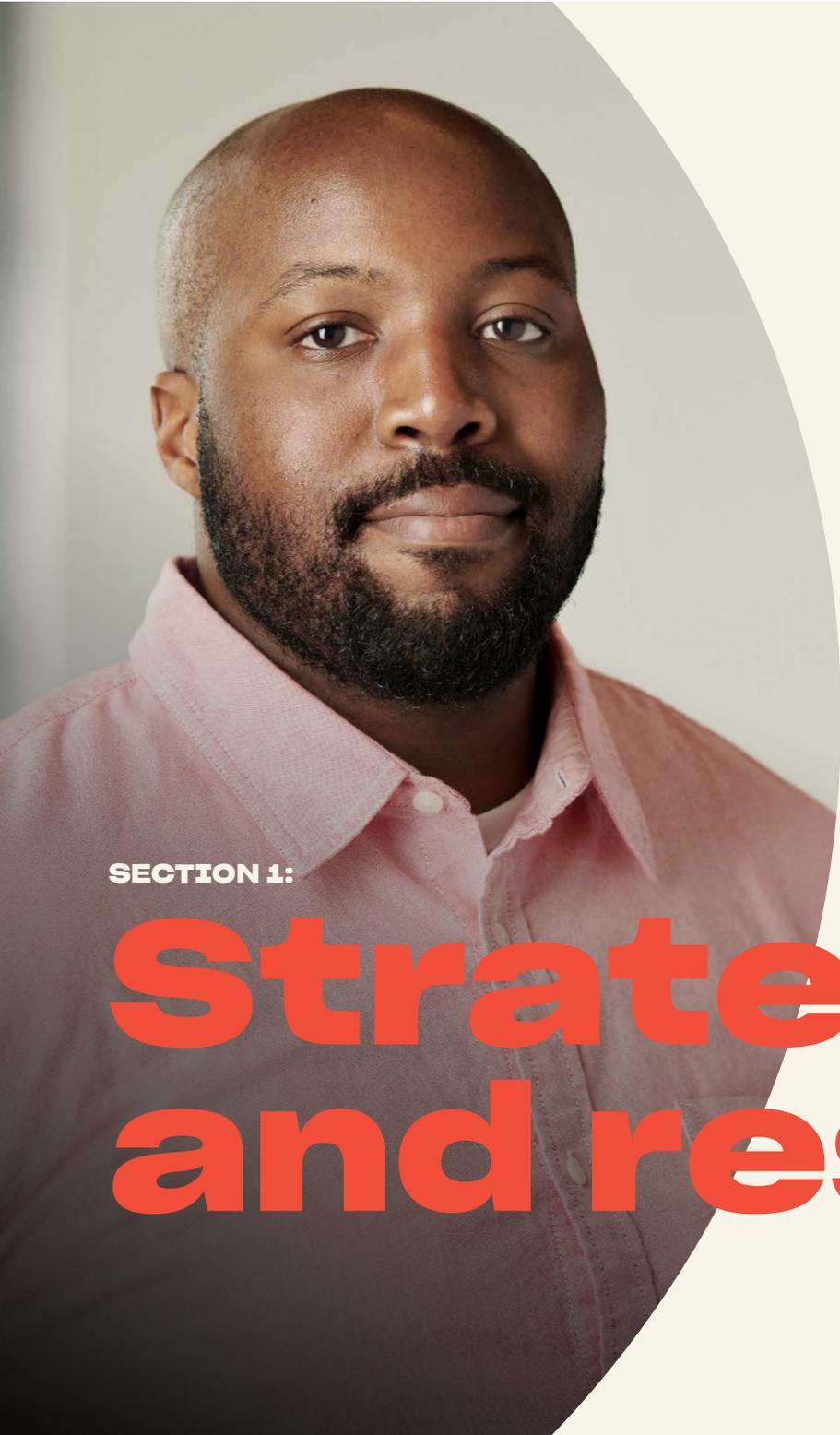
2020 required extraordinary energy, focus and compassion from every member of the Vancity team. And our employees stood up to the challenge, resulting in 56 per cent of our members rating their level of satisfaction with our service delivery at nine or ten out of ten, three percentage points better than in 2019. With so many of us isolated from family and friends while dealing with all the stresses brought on by COVID-19, it was important for me personally that we look after the well-being of our employees during this trying time. That's why we provided enhanced access to health advice and implemented a new mental-health well-being program. We are in the process of redesigning and improving the retirement benefits we provide, and have successfully negotiated a renewed collective agreement with our unionized employees and the union representing them (BCGEU). It makes me proud that in such a challenging year our employee engagement score was up to 69 per cent, an increase of seven percentage points over 2019.

Delivering on our goals for 2021 and the three-year strategy we developed in 2020 depends on the effort and dedication of our employees, and

on how Vancity as an organization enables our employees to do a great job. A lot more work is still ahead of us, but what I've seen since taking Vancity's helm in July makes me confident. If we continue to do right by our members, employees, and the world around us, Vancity will continue to grow, while also empowering all of us as members to come together to meet the challenges of the climate emergency and to help dismantle legacies of systemic racism and discrimination.



Christine Bergeron
President and CEO



SECTION 1:

Strategy and results.

Results reflect the work we've done with members and communities.

Business model.

Vision: to redefine wealth in a way that furthers the financial, social and environmental well-being of our members and their communities

Guiding principles:

- Co-operative principles and practices
- Social justice and financial inclusion
- Environmental sustainability

Vancity is a financial co-operative that operates on the unceded territories of the Coast Salish and Kwakwaka'wakw people. Our head office is situated on the traditional territory of the Musqueam, Squamish and Tsleil-Waututh Nations in Vancouver, British Columbia (B.C.). We are a member-owned, community-based, full-service financial institution with 54 branches in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay.

Our primary lines of business include retail and business banking (deposit-taking and lending), commercial mortgage lending, and investment advice and services. Our active subsidiaries (listed on [page 28](#)) include Vancity Community Investment Bank™, which operates primarily in the Toronto, Ontario region, which is situated on the traditional territory of the Mississaugas of the Credit, the Anishinabeg, the Haudenosaunee and the Wendat peoples. Deposits are insured by the Credit Union Deposit Insurance Corporation (CUDIC) of B.C., and for VCIB, by the Canada Deposit Insurance Corporation (CDIC).

Business model.



Operating context and strategic priorities.

Since our founding, Vancity has used the tools of finance and our community relationships to expand economic opportunity, improve the well-being of our members, and make our communities stronger. We continue working to remove barriers to well-being and opportunity, whether such barriers stem from legacies of discrimination and exclusion, systemic inequities or major crises.

When planning for 2020, we had recognized that we needed to be bolder, to move at a swift pace to modernize our business and to place an emphasis on climate justice. Our focus going into 2020 was to further embed our purpose in all we do, improve our members' experience, including digital products and services, and find efficiencies in internal functions. Then came the COVID-19 pandemic. It required us to mobilize our resources in new ways in support of our members. It also reinforced our mission to help communities thrive and prosper, especially in times of crisis. What we learned in that process helped shape our new plans.

Responsible recovery from the pandemic and planning to meet the challenges of the climate crisis guided development of our 2021-2023 plan. We will focus on building community resilience by strengthening local economies and addressing systemic inequities to support a just climate transition. We plan to simultaneously grow our positive impact and our financial bottom line.

Our strategy is much more than doing the right thing. It is to achieve growth with impact by offering the tools of finance to our members and community so they in turn create the impact they need and want to experience.

Our 2021-2023 goals are for Vancity to be a:

Best financial partner: We are dedicated to delivering what our members need, when and where they need it, so our members turn to Vancity first, and use us more than other financial institutions.

Agent of positive change: We develop solutions to the COVID-19 pandemic recovery and the climate emergency that put people first so we can help create a clean and fair world that includes everyone.

Leading employer: We create an internal culture that values purpose and performance so we can attract and retain top employees who constantly learn, grow and thrive.

Financially strong institution: We deliver strong and well-managed financial performance for the long term so we can always offer leading services to members and always work to create a better world.

Targets and results.

Targets

◆ Targets directly influenced the amount of employee incentive pay. Management and above were eligible for an additional incentive based on the employee engagement score. There was a corresponding payout range for each target based on whether we met, exceeded or fell short of the target.

Results externally assured

- Result assured at a reasonable level
- ▲ Result assured at a limited level

For historical data and an explanation of our performance, please refer to the Business review. For details on methodology and definitions, refer to the accountability statements and the glossary available at annualreport.vancity.com.

Incentive pay	Assured by KPMG	Indicators	2020 Target	2020 Result	Progress	2021 Target	2023 Target	See pages
PEOPLE								
	●	Membership growth	1.8%	1.3%	Not met	1.2%	1.7%	9
◆	●	Member satisfaction (9s and 10s out of 10)	56%	56%	Met	56%	60%	9
	●	Employee engagement	65%	69%	Met	71%	77%	11
	▲	Percentage of employees who self-identify as Indigenous	2.1%	1.4%	Not met	-	-	11-12
PLANET								
	▲	Total operational GHG emissions ¹	≤ 4,500 tCO ₂ e	2,905 tCO ₂ e	Met	-	-	15
	▲	Employee carbon footprint, per employee (FTE) ¹	≤ 1.5 tCO ₂ e/FTE by 2030	1.2 tCO ₂ e/FTE	Met	-	-	15
	▲	Recertify our operational footprint as carbon neutral	Carbon neutral	Carbon neutral	Met	Carbon neutral	Carbon neutral	15
	▲	Waste per employee (FTE) ²	≤ 75 kg	44 kg	Met	-	-	15
	▲	Water use per employee (thousands/FTE) ³	≤10.7 L	8.6 L	Met	-	-	15
PROSPERITY								
	●	Return on members' equity (ROME) (business results)	5.9%	4.3%	Not met	5.4%	7.5%	20
	●	ROME (after Shared Success)	4.8%	3.2%	Not met	4.0%	5.7%	20
	●	Total assets	\$23.6B	\$24.9B	Met	-	-	21
	●	Total assets under management / administration	\$5.0B	\$5.6B	Met	-	-	21
	●	Triple bottom line assets under administration - total	\$8.0B	\$8.9B	Met	\$9.1B	\$12.0B	21
	●	TBLAA growth as a % of total growth	70%	47%	Not met	-	-	21
◆	●	Net income before tax and distribution	\$114.9M	\$65.3M	Not met	-	-	22
	●	Efficiency ratio	76.0%	80.5%	Not met	-	-	22
		Operating earnings	\$128.3M	\$119.2M	Not met	\$115.1M	\$164.6M	20
◆		Net lending growth	\$585M	\$436M	Not met	\$1,048M	\$1,171M	20
◆		Net Sustainable Wealth Management inflows growth	\$82M	\$59M	Not met	\$238M	\$802M	21
	▲	Living wage employer	Recertify	Recertified	Met	Recertify	Recertify	23

¹ In 2020, methodology was updated to include work from home telecommutes as zero emission trips in the calculation of total employee commuting emissions. See page 16 of the accountability statements for details.

² Calculated for Vancity Centre and our 54 branches. See page 18 of the accountability statements for details.

³ Metered water use is based on actual data from 40 locations and estimated data from 30 locations.



SECTION 2:

Business review.

Vancity helps to solve real problems facing our communities.

People.

Membership growth

As Vancity grows, our influence on financial inclusion, environmental sustainability and the economic resilience of our communities grows too.

In 2020, Vancity's membership grew by 6,978, or 1.3 per cent, below our target of 1.8 per cent, which we set at 1.5 times general population growth. Our membership growth was impacted by the unusual circumstances created by the COVID-19 pandemic. Our target is lower going forward as population growth is expected to slow due to the ongoing effects of the pandemic, including, for example, lower immigration rates.

Member well-being and service experience

Vancity is a member-focused organization. We take our cues from our members – what products and services they need, where we can improve our processes, and how we can be better at addressing the needs of communities.

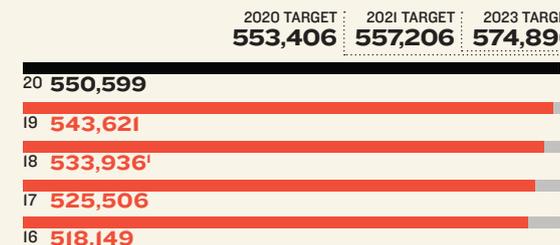
Satisfaction with overall service delivery increased to 56 per cent in 2020 from 53 per cent in 2019, meeting our target. It's important to note that this percentage represents members who rate us 9 or 10 out of 10, indicating that they are very satisfied with Vancity as a financial institution.

This is one of the performance measures we focus most on improving. In 2020, we continued to upgrade our processes and service delivery, introduced supports to help members through the

pandemic (see [page 24](#)), and improved the Vancity app and other digital services (see [page 10](#)).

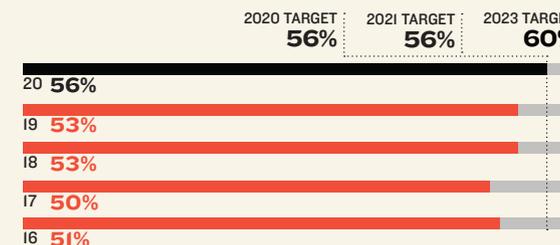
As a result of evolving member needs and decreased in-branch transactions in recent years, we closed six branches in 2020. We will open a new location in Wesbrook Village on UBC's Vancouver campus in 2021. We continue to monitor our members' changing behaviours as we work to expand our physical presence in new communities.

Number of members



¹ Prior year data is not directly comparable due to a change in methodology as of 2018.

Satisfaction with overall service delivery (9s and 10s out of 10)¹



¹ Data prior to 2020 has been restated to align with current year methodology.

PEOPLE

Technology

We've been strengthening our technological foundation to keep pace with member and employee expectations, and we continuously adapt our technology and processes to protect members.

In 2020, the pandemic required us to make rapid changes to serve members safely. We accelerated implementation of some planned technology improvements and introduced new ones we had not anticipated. We:

- Established a framework and provisioned technology that enabled employees to work from home or at an alternative branch within one week of the pandemic being declared
- Adapted our systems to support pandemic relief efforts (see [page 24](#))
- Introduced eSignatures for members as a secure way to remotely sign off on many types of transactions (and create less paper waste)
- Enhanced online banking password requirements to increase security and to protect members
- Updated our Visa* online cardholder platform with enhanced functionality and security

To make things run more smoothly for both members and employees, we:

- Launched online appointment booking and an online option for loan and mortgage requests, and made it easier to meet account managers virtually or by phone
- Deployed line management software to allow members to hold their place in line at a branch without needing to remain physically in the line

Other improvements in 2020 included:

- Reducing manual processing by using robotic process automation, saving costs and simplifying employees' day-to-day work
- Upgrading the business loans origination system to be more efficient and scalable, improving the member and employee experience with lending
- Refreshing the online Vancity Fair & Fast Loan™ with feedback directly from our members. Members can choose their first repayment date to align with their cash flow and avoid overdrawing on their account. It is also fully compliant with accessibility guidelines, offering better navigation.

Financial literacy and advice

Increased financial confidence can lead to improved member well-being and satisfaction with Vancity's service. We have been putting more resources towards providing members with investment and financial planning advice. We also launched the Vancity **CommUNITY online resource** and a **podcast** to help our community with financial advice during the pandemic.

Vancity employees and our community partners continued to deliver free financial literacy programs to help people learn about topics such as banking fundamentals, debt management, budgeting and strategies for saving and investing.

In 2020, we launched the Indigenous Financial Literacy Curriculum Project to update the "Each One, Teach One" program to incorporate Indigenous pedagogy and worldviews.

The number of people assisted with financial literacy decreased in 2020 mainly due to the effects of COVID-19 on the operations of the non-profit organizations that would typically book the financial literacy sessions. **SDG 1 8**

Access to basic financial services for everyone

Ever since we were founded, Vancity has been focused on providing people with access to financial services they may otherwise have been denied.

In 2020, women were disproportionately impacted by the pandemic. Access to capital has long been a barrier to growth for women entrepreneurs and the pandemic only complicated matters. In response, we launched the **Unity Women's Entrepreneurs Program**.

For how we helped people access financial services during the pandemic, see [page 24](#).

SDG 1 8 11

Number of people assisted with financial literacy



We established a framework and provisioned technology that enabled employees to work from home or at an alternative branch within one week of the pandemic being declared.

* Trademark of Visa Int., used under licence.

PEOPLE

To support our employees during the COVID-19 pandemic, we:

- Adapted our operating model to prioritize employee health while maintaining services for our members. This included giving our member-facing employees with health conditions the option to perform alternate duties from home
- Deployed a confidential virtual health app which allows employees and their immediate families to access secure and convenient medical consultations with nurse practitioners
- Provided a one-time \$200 allowance to employees to assist with setting up a workstation at home
- Created a resource centre for employees which included a helpline for concerns related to the pandemic, and guidance on working remotely and maintaining health and well-being
- Extended access to LinkedIn Learning¹ for all employees to provide opportunities to learn new skills while restricted to their homes
- Provided daily updates from the CEO to all employees to keep them informed of the evolving situation and what Vancity was doing in response
- Gave all non-executive employees a \$500 lump-sum award to recognize them for their extraordinary efforts in 2020

Employee well-being

Our overall employee engagement score rose seven percentage points to 69 per cent. By 2023, we aim to increase it to 77 per cent by improving the processes, tools, technology and decision-making we use to do our daily work, and enhancing our health and wellness offerings. These include a new mental health strategy and services: we established a full-time mental health consultant position, launched a digital well-being support app and piloted training for our people leaders on supporting their own and their teams' mental health.

We began a pilot program in 2020 to explore permanent remote work options for office-based employees as we recognize the benefits to employees and their families from reduced commuting, which also positively impacts carbon emissions.

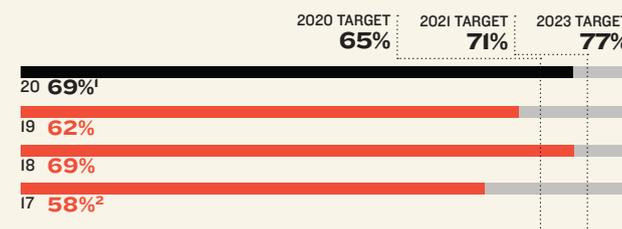
We negotiated a renewed collective agreement with the BCGEU, the union representing some of our employees.

In 2020, we also:

- Launched a new Employee Mortgage Benefit accessible to more employees
- Removed the six-month eligibility waiting period for personal, computer and transportation loans
- Added a critical illness insurance option to the employee benefits package
- Made online training and time management systems easier to use

SDG 3

Employee engagement



¹ Survey conducted by Kincentric. The participation rate was 83%.
² Survey was not conducted in 2016.

See page 3 of the [accountability statements](#) for more information on our People metrics.

People	Unit	2020	2019	2018	2017	2016
Voluntary turnover rate	%	6.0	8.7	6.3	7.2	7.4
Employees who self-declare they have a disability	%	10.3	9.9	9.9	9.8	9.5
Employees who self-identify as Indigenous	%	1.4	1.4	1.6	1.1	2.3
Senior managers who are women	%	54	51	53	51	49
Executive leadership team members who are women	%	63	56	71	60	71

¹ LinkedIn is a registered trademark of LinkedIn Corporation.

PEOPLE

Diversity and inclusion

Becoming an inclusive organization is a business imperative for Vancity. See [Becoming an anti-racist organization](#), [page 13](#).

In 2020, Vancity made a small, but impactful change to our banking system that allows us to address members using Mx as a salutation. This small update can make a big difference for those whose gender identity is non-binary.

As part of our commitment to representing the communities we serve, we have been focused on increasing the number of Indigenous employees at Vancity. We did not meet our 2020 target of 2.1 per cent in large part because we hired fewer people overall in 2020. Also, participation was quite low among newly hired employees in our voluntary survey to capture diversity information, and we are working to increase this so that our diversity data is more complete.

We have created a new Indigenous Talent Liaison role. This role focuses our efforts in bringing in new Indigenous employees and retaining our current Indigenous employees by removing barriers while supporting growth and development.

We support employees to participate in awareness raising and solidarity initiatives like [Orange Shirt Day](#) in support of residential school survivors.

For a diversity breakdown of our employees and Board, see the [accountability statements](#), pages 10–12 and 33–34.

We have been publishing gender-based salary comparisons for all employees at Vancity since 2010. See the [accountability statements](#), page 12.

We continue to work with community partners, industry and government to address systemic barriers. In 2020, we:

- Signed the [BlackNorth Initiative pledge](#), committing to end anti-Black systemic racism and create opportunities for underrepresented groups

- Joined more than 200 B.C. organizations and leaders to [denounce racist attacks](#), and later took part in a public Day of Action Against Racism
- Partnered with the federal government on the [Black Entrepreneurship Program](#), a first-of-its-kind \$221 million national program to ensure Black entrepreneurs have equitable access to loans and support to grow their businesses
- Supported Hogan's Alley Society's [Black Experience Project](#), which maps out the experience of Black people throughout Metro Vancouver to build a better understanding of their historical contributions, challenges and aspirations
- Supported [Ethos Lab](#), which powers accessible, anti-racist, technology-forward youth spaces created from the imagination of the Black community, and for all youth.

SDG **5** **8**

Vancity joined more than 200 B.C. organizations and leaders to denounce racist attacks.



VANCITY STORIES

Feeding community.

Tayybeh, a social enterprise that employs newcomer Syrian women chefs, delivered meals to vulnerable communities during the pandemic, including refugees, low-income individuals, seniors, and members of the Indigenous community.

[READ THE FULL STORY HERE](#) →

PEOPLE

Becoming an anti-racist organization.

THE CHALLENGE

Vancity has long been committed to the principles of diversity and inclusion. We have always opposed racism, and have worked to remove barriers to well-being in our community that result from the legacies of systemic discrimination, barriers that are often invisible to more privileged groups. But 2020's rise in racist attacks in B.C. and protests against systemic racism around the world made it clear that this isn't enough. Systemic racism and violence must stop, and organizations must help achieve that by becoming actively anti-racist, inside and out.

1.4%

Indigenous employees

26%

of senior management identify as Black or a Person of Colour

Zero

tolerance for discrimination, harassment and racism



OUR RESPONSE

This is why we've made a **public commitment to become an anti-racist organization**. This means challenging embedded inequities, starting with a hard look at ourselves as an institution. This means looking at our own systems, procedures, services and work environment, to see whether and how we might be unintentionally supporting barriers faced by Indigenous, Black and People of Colour (IBPOC), and to create mechanisms to address this.

In 2020, more than 830 employees participated in an anti-racism poll. It revealed that many employees have experienced or witnessed racism, are eager to learn, but also struggle with the language of race and racism. Many employees feel discomfort about making mistakes. And some employees were unaware of racism experienced or witnessed by co-workers.

Based on these findings, we organized three townhalls where employees came together for difficult conversations about racism, at the personal, procedural and structural levels. It helped establish a common language and understanding around talking about these issues in a meaningful way. After the townhalls, 78 per cent of employees surveyed agreed they're more open to having conversations about addressing racism at work.

We're also working with external consultants to thoroughly review our decision-making processes to identify any systemic bias. We'll use their findings and recommendations to address existing blind

spots in our processes. The Vancity Racial Equity employee resource group, composed of employees from diverse backgrounds and lived experiences, provides our executive leadership with direct input on shaping Vancity's anti-racism journey.

We've improved our policies and response framework to protect our frontline co-workers in harmful situations. We launched an anti-racism learning course to help employees recognize racism and subtle microaggressions, and to provide member-facing employees with the tools to handle situations in the moment. Our policy of zero-tolerance for any form of discrimination, harassment and racism towards our employees and members is posted in all of our community branches.

We're committed to reflecting the diversity of the communities we serve. We were among the first in Canada to join the **50-30 Challenge** to strengthen diversity in corporate leadership. Our leadership already exceeds the Challenge's gender parity target. We pledged to exceed its representation targets by the end of 2025 by having a senior leadership team and Board where at least 40 per cent identify as IBPOC, LGBTQAI2S+¹ and people living with disabilities.

Becoming an inclusive and anti-racist organization is an ongoing process. While we're proud of the progress we've made, we know there's a lot more work ahead. And we hope other large employers will follow our lead.

¹ LGBTQAI2S+ is an acronym for Lesbian, Gay, Bisexual, Transgender, Queer and/or Questioning, Asexual, Intersex, Two-Spirit, and the countless affirmative ways in which people choose to self-identify.

Planet.

Assessing our impacts

We've been applying the following tools to increase our understanding of Vancity's positive and negative impacts within the framework of the Paris Agreement and the UN Sustainable Development Goals, and to understand the impact areas we can best influence.

- [Embedding Project's Prioritization Radar assessment tool](#)
- [UNEP FI Portfolio Impact Analysis Tool for Banks](#)
- [Partnership for Carbon Accounting Financials \(PCAF\)](#)

For our full impact analysis, see [page 42](#).

Environmental impact

As a service-based financial institution, we do not manufacture any products, nor are we a large direct emitter of greenhouse gases (GHG). Our biggest environmental impacts are made through our lending, but it is still important to reduce the environmental footprint of our physical operations as much as possible.

Financed emissions

We are committed to achieving net-zero across our lending portfolio by 2040 – outpacing by 10 years the global target called for by the Intergovernmental Panel on Climate Change.

To do this, we first need to measure and establish a baseline for financed emissions. We've been actively participating on the [Partnership for Carbon Accounting Financials](#) North America working group to help shape the methodology for measuring financed emissions, and to share and improve practices among our peers. In 2020, we applied the PCAF methodology to Vancity's loans and investments.

While these preliminary results are highly estimated and rely on sector, building or vehicle averages, they provide meaningful insights. For example, we understand that financed emissions from our lending, as currently calculated, are over 36 times our operational emissions.

Our commercial real estate portfolio (loans used to purchase and refinance commercial real estate) is responsible for the most emissions, while motor vehicle loans generate the highest emissions per dollars loaned. Most emissions attributed to residential mortgages are generated by single detached homes and are related to natural gas use. A significant source of emissions generated from Vancity's general business loans are related to the construction and renovation of buildings, a sector with around 10 times the emissions of any other sector we support.

For the assets we manage on behalf of clients and members, the highest emissions are generated by

the industrial and materials sectors. For more on investment management, see [page 18](#).

These insights will help us as we plan how to reach net-zero and establish interim scenario-based targets. They point to opportunities for the greatest reductions, such as helping members affordably replace gas-powered heating and cooling systems with more energy-efficient solutions. A priority for 2021 is to work with community partners, governments and experts to improve the quality and availability of emissions data, and to establish a robust baseline. [SDG 12](#) [13](#) [17](#)

Financed emissions – initial analysis (tonnes CO₂e)

Asset class	Dollars invested (millions)	Total tCO ₂ e	tCO ₂ e/dollar invested	% Coverage	Data quality score ¹	Total \$ in asset class
Residential mortgages	12,892	31,162	2.4	98%	5	13,121
Business and commercial real estate mortgages	5,468	52,528	9.6	88%	5	6,236
Motor vehicle loans	20	3,527	179	100% ²	5	20
Business loans (general purpose)	227	18,097	80	92%	5	246
Consumer loans ²		Excluded – no methodology exists yet				312
Total – Loans	18,607	105,314	5.6	93%	5	19,935
Vancity Investment Management mutual fund sub-advisory for Inhance socially responsible funds	1,150	41,618	36	93%	3	1,234
Vancity Investment Management - private assets under management ³	314	12,262	39	97%	3	324
Total – Investments	1,464	53,880	36.8	94%	3	1,558

Estimated emissions calculated using the [PCAF Global Standard](#).

¹ The best data quality score is 1 and the worst is 5.

² Some consumer loans are used to purchase vehicles, but we do not have comprehensive tracking for all these loans.

³ Investments do not include bond or other non-equity holdings.

PLANET

Operational greenhouse gas emissions (tonnes CO₂e)

	Target	2020	2019	2018	2017	2016
Premises energy use	-	756	712	752	859	698
Paper use	-	216	283	414	533	516
Vehicle fleet	-	42	38	46	58	55
Business travel by air and vehicle	-	266	740	980	784	846
Employees making single occupancy vehicle trips ¹	-	1,625	2,211	2,366	2,333	2,295
Total greenhouse gas emissions ²	≤4,500	2,905	3,984	4,558	4,567	4,410
Employee carbon footprint, per employee (FTE)	<1.5 ³	1.2	1.7	1.9	2.0	1.9

¹ In 2020, methodology was updated to include work from home telecommutes as zero emission trips in the calculation of total employee commuting emissions.

See page 16 of the accountability statements for details.

² 2007 base year = 5,241 tonnes CO₂e

³ 2030 target

There was a significant decrease in our overall greenhouse gas (GHG) emissions in 2020. This was a result of more than 50 per cent of employees transitioning to working from home and a substantial reduction in employee air travel. There were also some increases in our GHG emissions as we responded to the need for operational changes due to COVID-19. These included increased heating and cooling required to improve air circulation at our branches and additional service needs from the maintenance group.

Carbon neutral in our own operations since 2008, in 2020 we purchased offsets from Offsetters for \$87,648 to offset our 2019 GHG emissions.

Net-zero

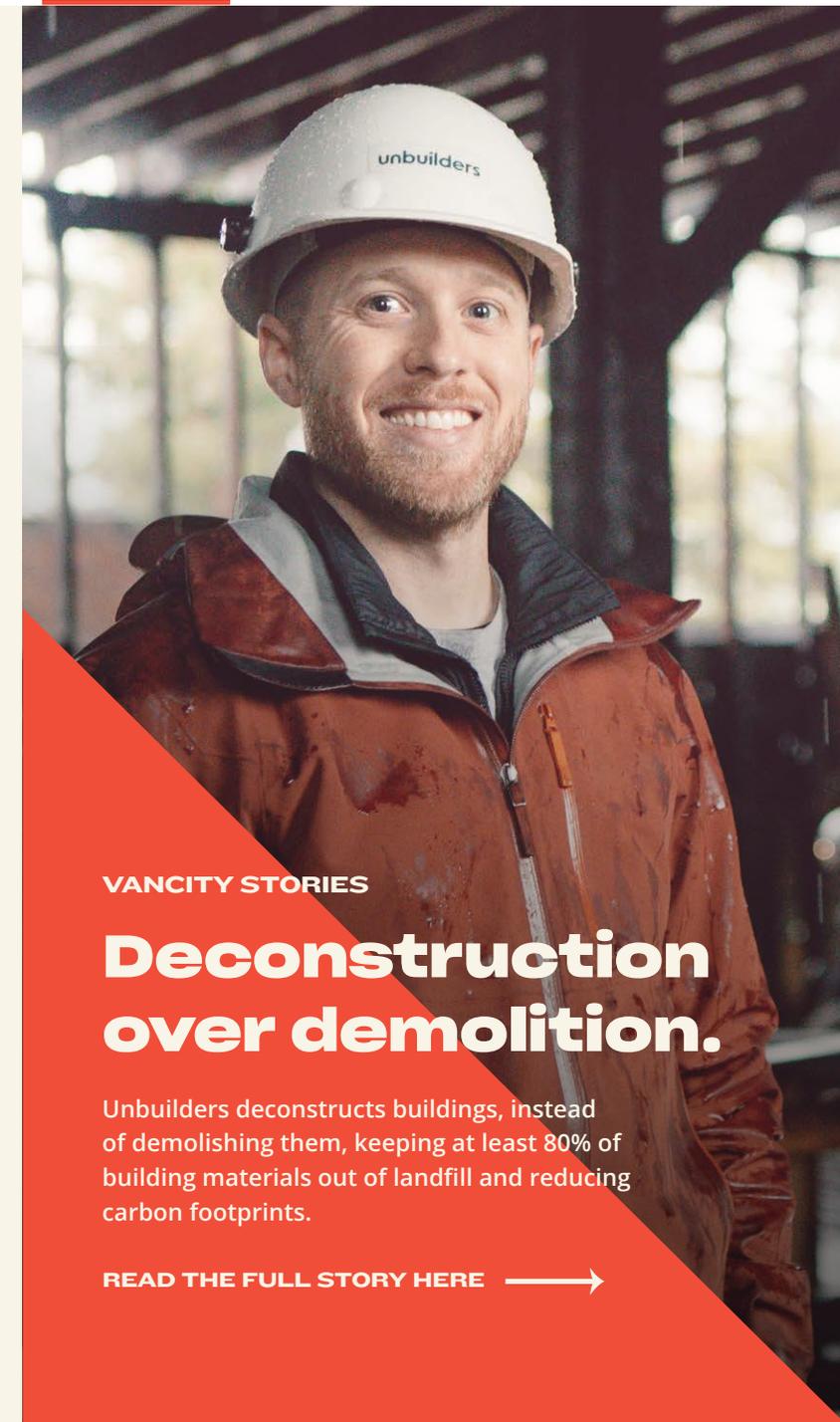
We are committed to achieving net-zero across our lending portfolio by 2040.

Waste and water

	Unit	Target	2020	2019	2018
Recycled	%	-	63	65	64
Compost	%	-	19	19	19
Waste to energy production	%	-	18	16	16
Waste to landfill	%	-	0	0	1
Total materials (actual and estimated)	t	-	103	187	203
Waste per employee (FTE) ¹	kg	≤75	44	79	83
Water use per employee (thousands/FTE)	L	≤10.7	8.6	11.0	12.8

¹ Includes data from Vancity Centre, offices at 369 Terminal, and branches where tracking systems are available.

Both waste produced and water used per employee decreased in 2020 mainly due to pandemic-related reductions in branch openings and many employees working from home. **SDG 12**



VANCITY STORIES

Deconstruction over demolition.

Unbuilders deconstructs buildings, instead of demolishing them, keeping at least 80% of building materials out of landfill and reducing carbon footprints.

READ THE FULL STORY HERE →

PLANET

Encouraging others to act

Providing financial tools that help our members choose lighter living is one part of our contribution to a just climate transition, a more sustainable low-carbon future, and climate-ready communities. Our Planet-Wise products are designed to help members take action in affordable ways:

Transportation: financing zero and low emission transportation including new or used pedal bikes, e-bikes, scooters, electric cars, hybrids, charging stations, conversion kits.

Renovation: financing home energy efficiency improvements and providing support to access assessments, evaluations and rebates.

Teardown: taking borrowers through the financial and environmental benefits of deconstruction, providing information on tax credits, and working with them to find the best financing option.

Business: financing for businesses and not-for-profit organizations to undertake building retrofits, purchase equipment, clean transportation and other energy-saving products and technologies.

CoPower Finance Inc.'s Green Bonds support community-scale clean energy and energy efficiency projects across the country.

Vancity has been contributing Visa profits to community groups working on environmental initiatives since 1990, when we first established the Vancity **enviroFund™** program. In 2020, we continued to contribute five per cent of Visa profits to projects supporting lighter living.

SDG **12** **13**

The nature of this crisis has meant that Vancity's values-based approach to finance is more important than ever.

Advocacy

Vancity works with other credit unions, community organizations and corporations. We engage with governments and we use our convening power to further the development of healthy communities.

Vancity has been active in informing the response from every level of government to the COVID-19 pandemic. The nature of this crisis has meant that Vancity's values-based approach to finance is more important than ever, and in 2020 we had meetings with Prime Minister Justin Trudeau, Premier John Horgan, key members of their cabinets, and senior ministry officials. In all our advocacy, we offer real-time insights and advice to inform clean and fair strategies for economic recovery.

Vancity was involved in the development the federal government's relief programs for small and medium businesses, including the Canada Emergency Benefit Account and the Business Credit Availability Program.

We worked closely with officials from the City of Vancouver and the provincial Ministry of Social Development and Poverty Reduction to develop new strategies and supports to enable the safe distribution of monthly social assistance cheques at our Pigeon Park Savings branch on Vancouver's Downtown Eastside.

We continue to meet regularly with our regulator, the B.C. Financial Services Authority, in order to ensure our regulatory framework supports our pandemic response measures. We have also consulted with officials from the Bank of Canada regarding new initiatives co-led with the Office of the Superintendent of Financial Institutions related to climate risk mitigation and disclosure.

And we collaborate with the larger credit union system through the Canadian Credit Union Association (CCUA), where we have participated in advocacy on issues including Open Banking and payments modernization. Vancity is also leading a working group through the CCUA looking at considerations and approaches to

climate risk measurement and disclosure for credit unions.

Vancity signed the **Collective Commitment to Climate Action (CCCA)** pledge to limit global warming to well below 2, striving for 1.5, degrees Celsius. The CCCA fast-tracks the commitments that all UN Principles for Responsible Banking signatories have already made to align our business strategies with the goals of the Paris Agreement on Climate Change.

Vancity Community Investment Management signed the **Finance Biodiversity Pledge**, which calls upon world leaders to reverse nature loss this decade and commit to collaborating, engaging, assessing their own biodiversity impact, setting targets and reporting on biodiversity matters by 2024.

A full list of the initiatives we endorse and the memberships in industry and advocacy organizations we hold can be found on [page 20 of the accountability statements](#). **SDG** **13** **17**

PLANET

Supporting local business and organizations

As part of our ongoing efforts to build healthy communities, we continue to support and collaborate with businesses and organizations that share our values. Our Guiding Principles – co-operative principles and practices, social justice and financial inclusion, and environmental sustainability – help us make decisions about who we work with. Our **Ethical Principles for Business Relationships** also help us determine an organization’s alignment with our values or whether they have the potential to become more aligned.

The individual members, businesses and not-for-profit organizations we serve support local employment, help to reduce environmental footprints and keep money close to where it was earned. In 2020, we sourced 58 per cent of the value of our purchases from locally based businesses – about \$74 million.

We approved **grants** for 247 not-for-profits and impact businesses totalling \$4.6 million in 2020. While our net income was negatively affected by COVID-19 related impacts, we continued the distribution of 30 per cent of our annual net income to our members and the community through our Shared Success program.

For more on how we supported our communities during the COVID-19 pandemic, see [page 24](#).

2020 was the first year of a new five-year agreement between Vancity and the Immigrant Services Society of B.C. to co-sponsor one refugee family per year.

Reconciliation with Indigenous people continues to be a key priority for Vancity. Through grants and sponsorships provided in 2020, we supported events and initiatives that help build Indigenous economic independence and business success by increasing business management knowledge and leadership capacity, and we support continued conversations about how to adapt services to meet the challenges of COVID-19.

Through our Indigenous Partnerships Program, we streamlined identification requirements of Indigenous members, to create a more welcome and inclusive experience. Similarly, we have undertaken work to understand and identify ways to improve the retail lending experience for Indigenous members. We continue to explore how Vancity might deliver financial services in various Indigenous communities throughout B.C.

Vancity’s **specialized sector solutions** support local food production, not-for-profit organizations, labour unions and Indigenous communities. **SDG 8**

See [page 15 of the accountability statements](#) for more information on our Planet metrics.

Planet	Unit	2020	2019	2018	2017	2016
Square feet of energy efficiency improvements funded	ft ²	216,169	482,493	1,437,007	475,691	254,934
Community grants approved (millions)	\$	4.6	10.4	12.4	7.9	9.3



The individual members, businesses and not-for-profit organizations we serve support local employment, help to reduce environmental footprints and keep money close to where it was earned.

PLANET

Asset management and corporate engagement

Vancity, through Vancity Investment Management (VCIM) is a signatory to the United Nations Principles for Responsible Investment and follows the socially responsible investment (SRI) philosophy. This means it invests in companies that use progressive environmental, social and governance practices to manage their business, and avoids those that don't.

Through a sub-advisory group, VCIM provides portfolio management advisory services to IA Clarington Inhance SRI Fund family. It offers a set of fossil fuel-free pooled funds.

The sub-advisory group also leads **shareholder engagement activities** on behalf of both VCIM and the IA Clarington Inhance SRI Fund family. In 2020, VCIM engaged with 36 companies on 40 issues including:

- COVID-19 response
- Systemic racism
- Fossil fuel project financing
- Employee health and safety
- Climate risk
- Human rights
- Pesticide and chemical use
- Plastics packaging
- Access to medicine
- Gender pay equity

These engagements included filing shareholder resolutions with four banks, two insurance companies, one waste management company, one technology company, one pharmaceutical company, one retail pharmaceutical company and one international coffee retailer.

In 2020, more of our advisors acquired the Responsible Investment Specialist designation. We have also been raising awareness among members of the benefits of **SRI**.

We want to further improve our investment services and have advisors who reflect the communities we serve. Of Vancity's 130 wealth management employees, nearly 48 per cent are women, about double the industry average. Fifty-three per cent of our wealth management leadership roles are filled by women, and 47 per cent are IBPOC. **SDG 5 12 13**

Impact investing

Vancity has allocated \$70 million since 2016 to fund our Impact Investment Strategy which provides opportunities to invest in organizations that generate tangible social, environmental and economic benefits. One of our priorities is to invest in funds managed by women. To date, we have invested in 17 funds focused on having a positive impact in our communities. In 2020, we invested in four new funds focused on the sustainable food and agriculture sector, life sciences and clean technology.

Vancity Community Investment Bank (VCIB) is exclusively focused on working with organizations that drive social, economic and environmental change. It offers impact GICs and green bonds and invests in areas such as clean energy, affordable housing, organized labour and Indigenous entrepreneurship. For more information, see VCIB's **2020 Impact Report**.

Vancity has allocated \$70 million since 2016 to fund the Impact Investment Strategy which provides opportunities to invest in organizations that generate tangible social, environmental and economic benefits.

PLANET

Advancing an equitable climate transition.

THE CHALLENGE

The COVID-19 pandemic did little to slow the climate crisis. But the pandemic spotlighted, again, how major crises disproportionately affect those of us already facing systemic barriers and inequities – for example, people in lower-paying or more precarious jobs, people living in higher density housing, or people from groups still battling the legacies of systemic discrimination and exclusion. We must address the climate crisis as part of the post-pandemic recovery in a way that puts people first and ensures all of us can transition successfully to a new economy that is clean and fair.

Since 2008, carbon neutral in operations

By 2040, net-zero across all mortgages and loans

Five

climate commitments



OUR RESPONSE

Vancity has made **five climate commitments** to help realize the vision of a climate transition that leaves no one behind and aligns people, planet and prosperity.

Our biggest climate impact is in emissions from activities we finance, most significantly, our commercial and residential mortgages. We've committed to tackle these emissions, with the goal of making our **loan and mortgage portfolios net-zero by 2040**. This means making it affordable for members to reduce emissions in their homes and businesses – both through the products and services we provide and by advocating for policy changes.

The climate crisis is already driving many changes to how we live and work. But adjusting to these changes is still much more attainable for those of us with greater financial means. To help **finance an equitable climate transition**, we're working to understand the needs of, and develop solutions for, both people looking to transition to cleaner and more sustainable living and people most affected by the climate crisis.

Shareholders have the power to push companies to address climate risks and systemic inequities. And stocks that meet rigorous environmental, social and corporate governance (ESG)

criteria have proven to give investors an island of calm during stock market turbulence. That's why we're developing our own enhanced ESG screen to **ensure the integrity of the responsible investment options we offer** and will continue to use shareholder activism to push companies into stronger action on climate and inequality.

Shareholders and regulators increasingly expect financial institutions to disclose the climate risks and impacts of their business activities. Rigorous accounting and transparent disclosure also establish whether companies are making real changes that have systemic impact, rather than greenwashing. We'll continue to work with international partners to test and refine practices for **disclosing the positive and negative impacts of our actions**.

Empowering members and communities to successfully transition to a clean and fair economy means **being true to our values** in everything we do. That's why we'll continue to serve as a living lab for new ideas for reducing emissions and to find ways to help our employees to model cleaner and more sustainable living. And we'll continue to work to remove systemic barriers and inequities that the climate crisis will only make worse.

Prosperity.

Overall financial plan

2020 was one of the most challenging years in the history of Vancity. We got off to a great start with one of our strongest quarterly performance results in recent years. However, the effects of the COVID-19 pandemic were dramatic and swift. As it became clear that the pandemic's toll on our members, communities and employees was going to be significant, we put the strength of our credit union's financial position to work to provide support by adjusting our operations, creating new products to serve our members, and offering direct financial support in the form of zero per cent interest credit card deferrals, waiving of fees, loan deferrals and low-interest loans.

Our actions to support our members and communities, combined with the negative economic effects of the pandemic, had a

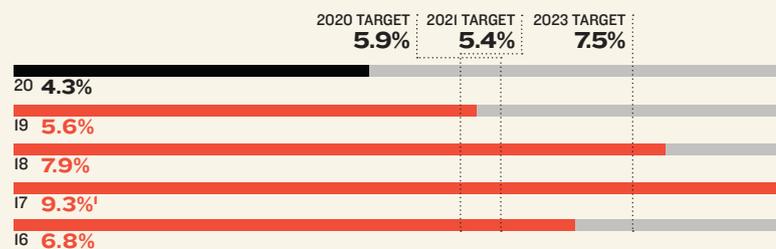
corresponding impact on our overall financial results in 2020. We incurred higher costs, set aside unprecedented provisions for credit losses, and saw our revenues compressed by lower margins and the impact of our support programs – finishing the year with a net income of \$46.3 million, a 24.1 per cent decrease from 2019.

Throughout the year, however, Vancity remained on solid financial footing with strong capital reserves, an expanding member base, and continued growth in our balance sheet – finishing the year with total assets and assets under administration above \$30 billion for the first time in our history, at \$30.5 billion. We have taken actions to reduce costs, accelerate growth and strengthen our profitability so that we can continue to invest in strengthening our credit union for our members.

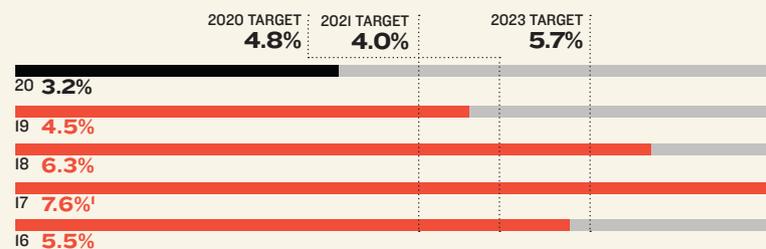
To calculate how much profit we generate with every dollar of members' equity, we use a measurement called ROME, or return on average members' equity. This measurement shows the returns or business results that Vancity generates after taxes. In 2020, ROME was 4.3 per cent, against a target of 5.9 per cent – the lower margin conditions and additional COVID-19 related operating costs described above caused us to not meet our target. Despite the reduction in ROME, we continued to give back 30 per cent of our net income to members and communities. After taking this distribution into account, ROME in 2020 was 3.2 per cent against a target of 4.8 per cent.

We expect our strong year-end balance sheet position and the actions we have taken will help us reach our higher targets over the next three years.

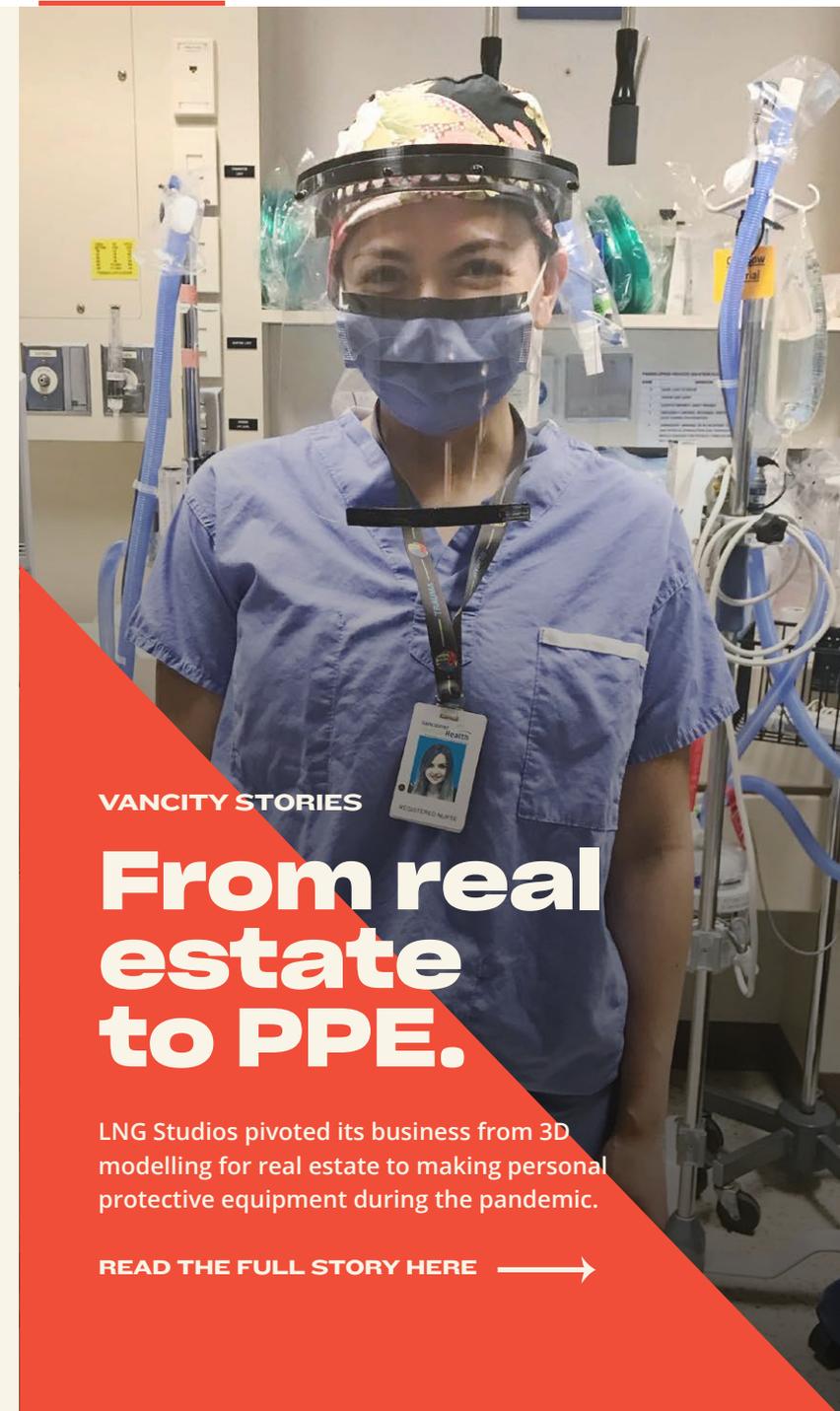
Return on average members' equity (ROME) – business results



Return on average members' equity (ROME) – after Shared Success



¹ The sale of Dockside Green properties resulted in a one-time gain included in our 2017 net income.



VANCITY STORIES

From real estate to PPE.

LNG Studios pivoted its business from 3D modelling for real estate to making personal protective equipment during the pandemic.

[READ THE FULL STORY HERE](#) →

PROSPERITY

Assets and liabilities (balance sheet)

In 2020, Vancity's total assets and assets under administration grew to \$30.5 billion from \$28.2 billion. At the end of the year, our total assets were \$24.9 billion and our assets under administration were \$5.6 billion. This represents growth of 7.6 and 9.8 per cent, respectively, over the previous year. While COVID-19 impacted our net income, our balance sheet reflects the continued economic strength of our communities with 95.4 per cent of our loans funded by deposits from our members during the economically uncertain 2020 year.

Balance sheet highlights (millions)	2020	2019	Growth
Residential mortgages	\$ 12,684	\$ 12,384	\$ 300
Consumer (personal) loans	588	682	(94)
Commercial mortgages and loans (loans to businesses and organizations)	6,742	6,522	220
	20,014	19,588	426
Accrued interest receivable	45	33	12
Allowance for credit losses	(119)	(83)	(36)
Total loans and advances to members	\$ 19,940	\$ 19,538	\$ 402
Member deposits	\$ 19,234	\$ 16,816	\$ 2,418
Agent and wholesale deposits	2,239	2,891	(652)
Shares	143	144	(1)
Accrued interest and dividends payable	129	157	(28)
Total deposits	\$ 21,745	\$ 20,008	\$ 1,737

Triple bottom line assets under administration (TBLAA)

Vancity uses our assets to improve social inclusion, economic well-being and environmental sustainability. The Global Alliance for Banking on Values defines TBLAA as assets that contribute to at least one dimension of social/cultural, economic or environmental well-being (see page 25 of the accountability statements for the full definition).

In 2020, our TBLAA assets grew to \$8.9 billion from \$7.8 billion in 2019, ahead of target. The most significant increases were attributed to residential mortgages and administered investments.

Growth in TBLAA as a percentage of total growth was 47.2 per cent, under our target of 70 per cent, due to the relative increase in member deposits during the pandemic.

Under the clean revenue metric developed by Corporate Knights, earnings we generated from TBLAA loans and treasury investments are expressed as a percentage of our operating income. In 2020, our clean revenue totalled \$212 million or 43 per cent. **SDG 11**

In 2020, Vancity's total assets and assets under administration grew to \$30.5 billion from \$28.2 billion.

Triple bottom line assets under administration (billions)



¹ Financial products provided as a response to the COVID-19 pandemic are not included in the 2020 figures. For more details, see page 24.

Total assets plus assets under administration (billions)



PROSPERITY

Net income and efficiency ratio

Our efficiency ratio measures how much we spend (including distributions to the community) to generate a dollar of revenue and is calculated by dividing Vancity's total operating expenses by our operating income. It is expressed as a percentage of revenue and a lower number is better. The ratio increased in 2020 to 80.5 per cent from 79.8 per cent in the previous year as a combined result of higher operating costs in support of employees, members and communities resulting from COVID-19 impacts and lower operating income from waived service fees and a lower interest rate environment.

(millions, unless otherwise stated)	2020 Target	2020	2019	2018	2017 ¹	2016
Net income before distribution and tax	-	\$65.3	\$93.5	\$116.5	\$146.6	\$95.9
Net income attributable to members	-	\$46.3	\$61.0	\$80.6	\$91.8	\$61.7
Shared Success allocation to members and communities (% of net income)	- 30%	\$13.9 30%	\$18.3 30%	\$24.2 30%	\$27.5 30%	\$18.5 30%
Efficiency ratio (lower is generally better)	76.0%	80.5%	79.8%	78.4%	74.1%	78.4%

Liquidity and capital

Vancity's liquidity ratio is expressed as a percentage of treasury assets – liquid investments that can be quickly and economically converted into cash – against total deposits and debt liabilities (borrowings). Our liquidity increased to 16.9 per cent in 2020, reflecting the impact COVID-19 had on slowing economic activity and increasing cash deposits overall.

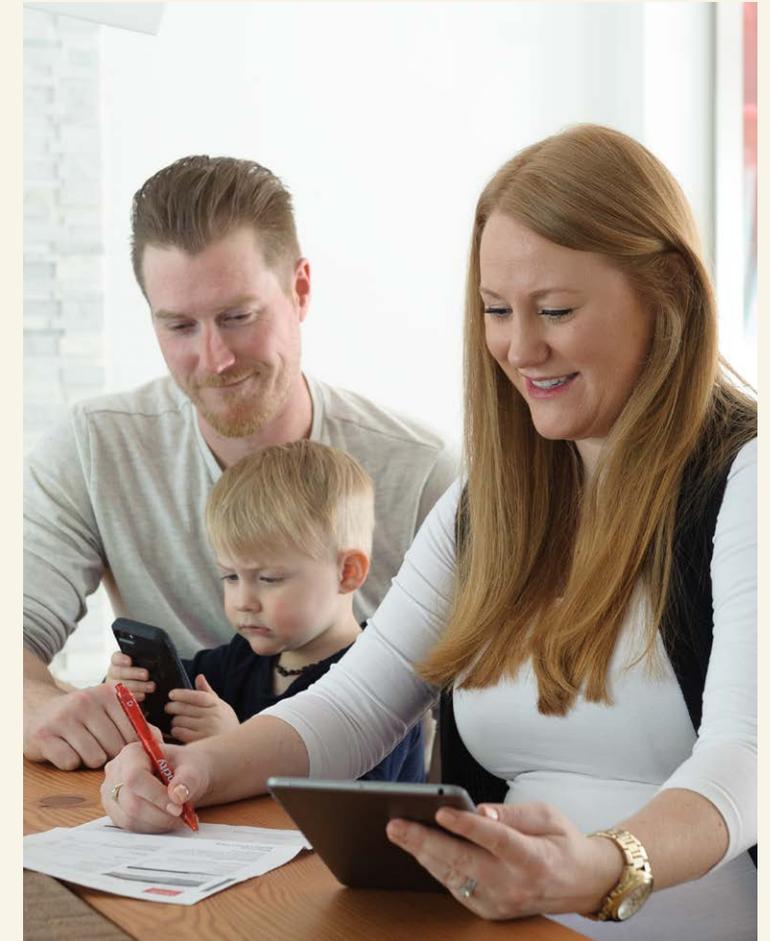
Our capital adequacy ratio was 14.7 per cent in 2020, consistent with the previous year and safely above our 13 per cent minimum limit. A strong capital ratio demonstrates the strength of our balance sheet and provides us with the capacity to support future growth.

	2020	2019	2018	2017	2016
Liquidity ratio	16.9%	13.1%	13.4%	12.9%	14.3%
Capital adequacy ratio	14.7%	14.7%	14.8%	14.1%	13.4%

See page 25 of the accountability statements for more information on our Prosperity metrics.

Prosperity (%)	2020	2019	2018	2017 ¹	2016
Allowance for credit losses as a percentage of total loans	0.6	0.4	0.4	0.4	0.4
Return on average assets	0.2	0.3	0.4	0.4	0.3
Net interest margin (net interest income as a percentage of average interest-earning assets)	1.9	1.9	2.0	2.0	1.9
Net interest income as a percentage of operating revenue	82.4	82.1	83.5	77.1	82.5
Percentage of member loans funded by member deposits	95.4	85.6	84.4	85.7	85.0

¹ The sale of Dockside Green properties resulted in a one-time gain included in our 2017 net income.



PROSPERITY

Affordable housing

Lack of access to affordable housing is severely affecting people’s quality of life and the health of our communities. For many years, Vancity has worked with organizations that help people living along the housing continuum: from emergency shelters through to transitional and subsidized housing, co-operatives, below-market rentals and property ownership.

Since 2011, our Pre-Development Loan Fund has provided \$23 million in loans for the community housing sector, which has helped deliver 54 affordable housing projects through 29 not-for-profit partners which now operate 3,890 affordable, purpose-built rental homes.

In October 2020, we temporarily relocated the Victoria Drive Community Branch for a three- to five-year period to provide a long-term land lease to **Catalyst Community Developments Society**, a non-profit real estate developer with the mission to deliver below-market rental homes and affordable community programming and administration spaces. It has begun construction of a mixed use **building** which will include below-market rental housing, a new Vancity branch and additional retail space.

In 2020, 3,008 units of affordable housing were constructed or renovated with financing from Vancity. **SDG 11**

Number of affordable housing units constructed or renovated with funding from Vancity¹



¹ Counts acquisitions and renovations of homes that already existed, as well as net new homes.

Paying a living wage

In 2020, Vancity recertified as a Living Wage Employer. The living wage in 2020 was a minimum of \$19.50 per hour in Metro Vancouver. We continue to make living wage adjustments in what we pay our own employees as well as work closely with key suppliers to have their employees providing direct services to Vancity paid a living wage. When the living wage rate decreases, we continue to pay the previous, higher rate (in 2020 we paid the higher 2018 rate of \$20.91). **SDG 8**

Supporting co-operatives

Vancity is a financial services co-operative, and we support the co-operative economy. We provide technical advice, referrals and financing to help form co-operative enterprises, and we support education on the co-op model. In 2020:

- Working with community partners, Vancity began a project to assist in the conversion of an existing business into a workers’ co-operative
- We supported the creation of a community of practice, providing mentorship opportunities for younger people to learn from

experienced co-op business developers and expanding and coordinating the resources available to assist communities to form co-op enterprises

- A peer-to-peer forum of co-op representatives was organized to share challenges and opportunities stemming from the pandemic
- Vancity employees and Board Directors participated in online seminars with the University of Bologna after the annual study tour of the co-operative economy of the Emilia-Romagna region in Italy was cancelled
- With the B.C. Co-operative Association and the Upper Columbia Co-operative Council, the *Cooperate Now* co-op enterprise “bootcamp” was also moved online **SDG 8**

\$23M in pre-development loans

Since 2011, our Pre-Development Loan Fund has provided \$23 million in loans for the community housing sector, which has helped deliver 54 affordable housing projects through 29 not-for-profit partners.

PROSPERITY

Supporting our members and communities through COVID-19.

THE CHALLENGE

When the COVID-19 pandemic hit in March 2020, many people faced serious financial uncertainty through no fault of their own. Making ends meet or making the next mortgage payment or rent cheque became immediate concerns for many members, as did the fate of the most vulnerable in our communities.



OUR RESPONSE

As a credit union, we've always been about members helping members, and this became particularly important when the pandemic crisis hit. This was our compass, guiding us to swift action when most other companies were unsure about their response.

Our first priority was to provide financial services in a way that was safe for both members and employees. We waived fees for online and telephone transactions until the end of September, set up phonelines for seniors and for small businesses, and added a virtual queuing service. We shifted branch employees to help respond to member needs by phone. We installed plexiglass and enhanced cleaning at branches, and temporarily closed branches where following provincial health protocols was impossible.

We helped members **divert more financial resources to their daily needs**. We lowered credit card interest rates to zero per cent and postponed credit card payments for six months, providing peace of mind to about 4,500 Visa account holders. We worked with almost 7,000 members to defer loan and mortgage payments for up to six months, deferring loans worth \$4.1 billion.

We helped members receive government supports more quickly. For example, we processed \$247 million in **Canada Emergency Business Account** (CEBA) loans to support our business members. When we learned through community partners that language barriers meant a lot of new Canadians were not accessing supports they were eligible for, we **translated application materials** into seven languages and produced videos on how to apply for government COVID-19 support programs.

We created the **Unity Term Deposit**, giving members a way to shield \$200 million in investments from stock market volatility while supporting small businesses and non-profits impacted by the pandemic or pivoting to help fight it, including a **program for women** entrepreneurs who were disproportionately impacted by the economic fallout of the pandemic.

To help build resilience in the communities around us, we partnered with:

- Support Local BC on a program encouraging purchases from local businesses, which generated over \$400,000 in sales
- Other B.C. organizations to create the **Community Response Fund**, which supported services and programs for vulnerable populations
- The Canadian Urban Institute on **studies** tracing the pandemic's impact on small main street businesses and developing recommendations for government responses

We shared what we learned from members regarding their needs, and how we responded, with the federal and provincial governments. We urged them to introduce supports and provided advice on shaping those supports. Our actions were models that helped push other financial institutions to do more.

We were able to do all this because, in the preceding years, we put some of our profits aside so that if our members needed our help during a financial crisis, we would be able to be there for them. Our actions enabled our members to help each other get through this crisis together and showed how our members, when working together, can be a powerful financial force for change.

Seven

different language-translations of resources for COVID-19 government support

\$4.1B

in deferred loans

\$200M

in Unity Term Deposits



SECTION 3:

Governance.

Board of Directors

Vancity's Board of Directors represents the membership and has a legal responsibility to protect Vancity's assets. Board members are responsible for ensuring good governance at Vancity. They act as stewards of our organization, provide critical oversight and help ensure that members' money is invested in ways that improve our communities.

The Board delegates the day-to-day management of Vancity to the President and Chief Executive Officer, who establishes the accountabilities of each member of the executive leadership team. Each Director serves on three or more committees and may be appointed to the Boards of our subsidiaries or affiliates.

Members of Vancity's Board of Directors are regularly in touch with our members and are active in the communities where they live and work. They represent the credit union at public events, meet with other credit unions and in some cases hold positions on other boards.

For more on the Board, including attendance records, professional development, remuneration and the Board diversity statement, see [Board of Directors](#).

Board of Directors' election

One of the seven co-operative principles is "democratic member control." One way Vancity members have a say in the future direction of our credit union is by electing Directors annually for a term that normally runs three years, up to a maximum of four consecutive terms.

The Board considers regulatory expectations and feedback from members to establish a transparent election process.

For the 2020 election, our Nominations and Election Committee included two Directors and four members-at-large and recommended five of six Board candidates. Members could vote for their choice of up to four candidates. The top three candidates were elected for three-year terms. The candidate who placed fourth was elected for a one-year period, to fill a vacancy left by a Board member who resigned before the end of their term.

A total of 31,070 members (6.4 per cent of eligible members) voted, 231 per cent more than in 2019, when 13,461 members voted (2.8 per cent of the membership at that time). That's the highest turnout in 30 years.

Risk management

Vancity's risk management framework enables the Board to define and approve an appropriate risk appetite, which outlines how much risk Vancity is willing to take in order to successfully achieve its strategic plan. We knowingly and willingly take on risk because we see the upside and use effective risk management techniques to provide an appropriate safety net.

In 2020, the areas of risk we focused most attention on included:

- Uncertainty surrounding the pandemic and economic recovery
- Cyber security, fraud, data privacy and anti-money laundering
- Credit risk, the potential for members being unable to repay loans
- Climate risks
- Employee well-being and mental health

For more on risk management, see [Climate risks on page 45](#).

GOVERNANCE

Board of Directors

									
Jan O'Brien Chair	Anita Braha Vice Chair¹	Bill Chan	Joel DeYoung	Lily Grewal	Khelsilem²	Patrick Nangle¹	Rita Parikh¹	Niki Sharma¹	Christie Stephenson¹
Elected 2009 4th term 2018–2021	Elected 2011 4th term 2020–2023	Elected 2018 1st term 2018–2021	Elected 2019 1st term 2019–2022	Elected 2014 3rd term 2020–2023	Elected 2020 Partial term 2020–2021	Appointed Dec 2020 Partial term 2020–2021	Elected 2016 2nd term 2019–2022	Elected 2016 2nd term 2019–2020	Elected 2020 1st term 2020–2023

Committee

Audit		Member	Chair	Member				Member		Member
Governance	Member		Member	Member			Member		Chair	Chair
Human Resource	Member				Member	Member	Member	Chair	Member	
Nominations and Election	Member				Chair					
Risk		Chair	Member		Member	Member	Member		Member	
Technology		Member		Chair		Member		Member		Member
CEO Search Committee ³	Member		Member					Chair	Chair	
External Appointments	Vancity Community Investment Bank; Citizens Trust; Central 1 Credit Union	Vancity Community Investment Bank; Citizens Trust; Stabilization Central Credit Union								

¹ Niki Sharma was Vice Chair of the Board until stepping down to take up new responsibilities as a member of the B.C. Legislature in December 2020. Following her departure:

- Patrick Nangle was appointed to the Board on an interim basis to fill the Board vacancy until the 2021 AGM; he was a recommended candidate who placed fourth in the 2019 Vancity Board of Directors election;
- Anita Braha was appointed Vice Chair;
- Christie Stephenson was appointed chair of the Governance Committee;
- Rita Parikh was appointed chair of the CEO Search Committee.

² Khelsilem was elected to the Board for a one-year period, into the vacancy left by Teresa Conway's resignation from the Board in May 2020.

³ Along with six committees, the Board established an ad hoc CEO Search Committee in 2020.

GOVERNANCE

Senior management and executive compensation

In 2020, senior leaders (members of the executive leadership team, Vice Presidents and Directors) received a base salary and cash incentives that recognized progress on organizational scorecard targets as well as individual accountabilities.

In addition, Vancity's President and CEO had a long-term incentive plan, established by the Board based on organizational priorities. The long-term incentive plan also contained a retention component by deferring the payout for three years. Vancity's CEO compensation package includes:

The decrease in total CEO compensation is due to the change in CEO halfway through the year. As a result, the outgoing CEO was not paid any short-term or long-term incentives. The interim CEO's short and long-term incentives were substantially lower due to prorating and a lower salary base.

When the Board reviews CEO compensation, the process includes assessing compensation levels at the 50th percentile of a comparator group of peer companies of comparable size, scope and complexity.

	2020	2019	2018	2017	2016
Base salary	\$ 485,662	\$ 487,446	\$ 476,720	\$ 458,385	\$ 449,397
Short-term incentive	86,561 ^{1,2}	214,077	229,654	248,792	226,047
Long-term incentive	148,750 ^{1,3}	348,629	333,704	320,869	314,578
Total	\$ 720,973 ¹	\$ 1,050,152	\$ 1,040,078	\$ 1,028,046	\$ 990,022

1 Reflects change in CEO mid-year and associated compensation effects.

2 Paid in 2021 for 2020 fiscal year performance.

3 Estimated annualized award for 2020 performance, based on fully meeting all targets in 2020-2022 long-term incentive plan; to be paid in 2023.

See page 30 of the accountability statements for more information on our Governance metrics.

Governance	Unit	2020	2019	2018	2017	2016
Board Directors who are women	%	56	78	89	89	89
Eligible members who voted in Board elections	%	6.4	2.8	3.2	4.1	4.4
Substantiated reports of privacy breaches	#	121	106	71	96	14
Substantiated incidents of employee fraud	#	4	3	4	4	2



Structure and executive leadership team

Members



Board of Directors



Executive leadership team



Christine Bergeron¹
President and CEO



Nezihe Aquino
Chief Risk Officer



Clayton Buckingham
Chief Financial Officer



Jonathan Fowlie
Chief External Relations Officer



Jay-Ann Gilfoy
CEO, Vancity Community Investment Bank



Paula Martin¹
Interim Chief Human Resources Officer



Dave Perri¹
Chief Member Services Officer



Kirsten Sutton²
Chief Technology and Information Officer

Executive leadership team as of April 2021

Kenton Low was Chief Marketing Officer until October. Petra Kuret was Senior Vice President, Business Transformation until November.

¹ From January to June, Tamara Vrooman was President and CEO, Christine Bergeron was Chief Member Services Officer and Dave Perri was acting Chief Human Resources Officer.

² Don Stuckert was Executive Lead, Digital Solutions & Business Technology from January to May.

Active subsidiaries

VANCITY COMMUNITY INVESTMENT BANK (VCIB)

VCIB is a federally chartered Schedule 1 bank under the Bank Act and is regulated by the Office of the Superintendent of Financial Institutions Canada. VCIB offers commercial banking services and products including deposits. VCIB's focus is on lending for social purpose real estate (affordable housing, co-op housing, co-working spaces, green and heritage buildings), financing climate-related projects, as well as meeting the deposit needs of not-for-profit organizations, foundations and social enterprises. It has offices in Toronto and Vancouver.

CITIZENS TRUST COMPANY

Trustee business supporting VCIB and Vancouver City Savings Credit Union. Ownership: 100 per cent by VCIB.

COPOWER INC.

Provides a sustainable platform and financing to clean energy and energy efficiency projects. Ownership: 100 per cent by VCIB.

VANCITY INVESTMENT MANAGEMENT LTD. (VCIM)

Provides discretionary investment management services to individuals, not-for-profit groups and other organizations. Established in 1995, VCIM was one of the first wealth management firms in Canada to focus on investments that deliver competitive returns while making a positive impact on the world.

SCU INSURANCE SERVICES LTD.

Provider of auto insurance, homeowners insurance and driver licensing needs.

VANCITY CAPITAL CORPORATION

Provides growth capital to small- and medium-sized businesses, not-for-profit organizations and co-operatives.

VANCITY LIFE INSURANCE SERVICES LTD.

Provides life insurance agency services.

About this report.

We produced our first social report in 1997 and we continue to seek out and encourage best practices in reporting.

We follow the AA1000 AccountAbility Principles throughout our operations and reporting. These principles focus on stakeholder engagement to inform strategy and decision-making:

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

Impact – taking accountability for the effects our behaviour, performance and outcomes have on the economy, the environment, society, stakeholders or Vancity

Our annual report is aligned with the International Integrated Reporting Framework and is also prepared, including the accountability statements, in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards, Core Option.

We include specific material topics in our annual reporting, placing greater emphasis on the most material. Under the AA1000 AccountAbility Principles, material topics “substantively influence and impact the assessments, decisions, actions and performance of an organization and/or its stakeholders in the short, medium and/or long term.”

We choose the content for our annual reporting based on our business plans, the impacts we have and the value we create, and what our members and other stakeholders tell us they want to know. **SDG**  

“It is the Board’s responsibility to ensure the integrity of this integrated report. It is our opinion that it is presented in accordance with the International Integrated Reporting Framework.”

Jan O'Brien, Board Chair, on behalf of the Vancity Board of Directors

SECTION 4:

Additional information.

ABOUT THIS REPORT

As a financial co-operative, members are our main stakeholder – they are both our customers and our investors or providers of financial capital. We regularly engage with them in developing our products and services and in our strategic planning process. Every two years we ask members about their priorities for Vancity to focus on. This feedback helps inform our practices, plans and what we include in our annual reporting. The chart below shows what members said our top 10 focus areas should be and how this has evolved since 2016.

16%
of members surveyed in 2020 identified access to basic financial services and credit for everyone as a priority for Vancity to focus on.

Access to basic financial services and credit for everyone



Financial literacy



Living wage



Affordable housing



Indigenous communities



Our business plans and discussions with Board Directors and the executive leadership team also informed the choice of topics. We considered what our industry peers disclose as well as feedback on our previous reporting from members, employees and experts. These stakeholders told us our reporting covers topics they want to know about.

The Audit Committee of the Board of Directors reviews the annual report plan and performance metrics, and ensures an effective process is in place to identify material issues. The Board approves this integrated annual report and the accountability statements prior to their release. **SDG 12 17**

External audit

One firm provides assurance over key accountability information and principles as well as audits the financials. External assurance provides confidence that key information is complete, accurate and balanced. It also drives improvements and integration in our management and reporting practices.

Diversity/social and cultural inclusion



Climate change/reducing greenhouse gases



Debt (personal and household)



Poverty and homelessness



Independent locally owned businesses



Vancity award highlights in 2020.



World's Best Banks

Forbes rated Vancity as the best in Canada based on an independent survey of more than 40,000 consumers from 23 countries.



Corporate Knights

Best 50 Corporate Citizens in Canada 2020

Capital Finance International

Capital Finance International

Most Innovative Women Entrepreneurs Program – Canada 2020



Georgia Straight's Best of Vancouver readers' choice awards

Best Local Employer, Best Credit Union



KPMG LLP's independent assurance report.

To the members of Vancouver City Savings Credit Union

Our conclusions:

- a) In our opinion, the description of Vancity's adherence to the principles of inclusivity, materiality, impact and responsiveness in the AA1000 AccountAbility Principles (2018) for the year ended December 31, 2020 is fairly stated in all material respects.
- b) In our opinion, the Report presents fairly, in all material respects that Vancity's progress on targets and results for the year ended December 31, 2020 in accordance with criteria internally developed by management.
- c) Based on the procedures performed, nothing has come to our attention that causes us to believe that Vancity's progress on targets and results for the year ended December 31, 2020, have not been prepared and presented, in all material respects, in accordance with criteria internally developed by management and with ISO 14064 – Part 1.

Where to find the assured information in the Annual Report:

"About this report" on [page 29](#)

Targets and results marked with a "●" on [page 8](#)

Targets and results marked with a "▲" on [page 8](#)

About KPMG LLP's assurance report

What did KPMG LLP's work involve – scope of work

We were engaged by the management of Vancouver City Savings Credit Union (Vancity) to undertake an assurance engagement on certain aspects of Vancity's Annual Report, in respect to the year ended December 31, 2020 (the Report), as described below.

Subject matter and applicable criteria

The scope of our assurance engagement, as agreed with management, comprises the following information (collectively the 'Subject Matter'):

- a) Reasonable assurance on Vancity's description in the section "About this report" on [page 29](#) of the Report of its adherence to the following principles set out in the AA1000 AccountAbility Principles (2018) (AA1000AP):
 - *Inclusivity*: people (stakeholders) should have a say in the decisions that impact them;
 - *Materiality*: decision makers should identify and be clear about the accountability topics that matter;
 - *Impact*: organizations should monitor, measure and be accountable for how their actions affect their broader ecosystems;
 - *Responsiveness*: organizations should act transparently on material accountability topics and their related impacts;

- b) Reasonable assurance on the fair presentation of Vancity's progress on targets and results, indicated with symbol "●" on [page 8](#) of the Report prepared in accordance with criteria internally developed by management;
- c) Limited assurance on the fair presentation of Vancity's progress on targets and results, indicated with symbol "▲" on [page 8](#) of the Report, prepared in accordance with criteria internally developed by management and ISO 14064-part 1.

The Subject Matter selected for assurance has been determined by management on the basis of Vancity's assessment of the material issues contributing to Vancity's accountability performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of accountability performance metrics. As such, Vancity applies the AccountAbility Principles, ISO 14064-part 1, and internally developed reporting criteria described in the 2020 Annual Report glossary, the consolidated accountability statements, and the 2020 GHG handbook and inventory report available at vancity.com/AnnualReport.

Vancity's responsibilities

Management is responsible for establishing and maintaining appropriate performance management and internal control systems to achieve adherence to the AA1000AP and for the preparation and presentation of Vancity's progress on their targets and results,

in accordance with internally developed reporting criteria and ISO 14064-part 1, current as at the date of our report. Management is responsible for determining the appropriateness of the use of the applicable criteria.

Management is also responsible for determining Vancity's objectives in respect of accountability performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported Subject Matter is derived.

Management has chosen to prepare the Report in accordance with the Global Reporting Initiative Sustainability Reporting Standards, Core Option and the International Integrated Reporting Framework. Information on management's internal reporting criteria can be found in the section "About this report" on [page 29](#) of the Report.

Our responsibilities

Our responsibility in relation to the Subject Matter is to perform an assurance engagement and to express conclusions based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. ISAE 3000 and ISAE 3410 require that we plan and perform this engagement to obtain the stated level of assurance, in accordance with the applicable criteria.

KPMG LLP'S INDEPENDENT ASSURANCE REPORT**What is limited vs. reasonable assurance?**

We were engaged to perform an assurance engagement at either a reasonable or limited level according to the Subject Matter being assured. The extent of evidence gathering procedures performed in a limited assurance engagement is substantially less in scope than that for a reasonable assurance engagement and therefore a lower level of assurance is obtained. Limited assurance procedures consist primarily of inquiries and applying analytical procedures to the Subject Matter, as appropriate. In addition to inquiries and analytical procedures, reasonable assurance procedures could include testing the design and operation of internal controls, obtaining third party or supporting evidence, and performing recalculations.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report.

Assurance approach – our procedures

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in order to form our assurance conclusions as set out above. The nature, timing and extent of procedures depended on our professional judgement including an assessment of the risks of material misstatement, whether due to fraud or error, as well as, the level of assurance being provided and included:

- Interviews with senior management, including the Executive Leadership Team and the Board of Directors, and relevant employees to gain an understanding of the process for determining the material issues for Vancity's key stakeholder groups, the development of Vancity's accountability strategy, and the implementation of accountability policies across the business;
- Obtaining supporting evidence relating to representations made by interviewees and reviewing key organizational documents concerning accountability at Vancity including strategy documents, formalized policies and procedures, and Board reporting;
- Reviewing the results of member and employee research insights on accountability reporting and material issues;

- Inquiries with relevant employees at the corporate and branch levels to understand the data collection and reporting processes for the targets and results;
- Performing walkthroughs to test the design, and where applicable the operating effectiveness, of internal controls relating to the collection and reporting of data measuring Vancity's progress on the targets and results;
- Comparing the reported data for the targets and results, including greenhouse gas emissions and carbon offsets, to underlying data sources, including third-party evidence;
- Evaluation of key assumptions and, where appropriate, re-performance of calculations; and,
- Reviewing the targets and results presented in the Report to determine whether reported progress is consistent with our overall knowledge of, and experience with, the social, environmental and economic performance of Vancity.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the characteristics of significant elements of the Subject Matter and the availability and relative precision of methods used for determining both qualitative and quantitative information. The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in management's internally developed criteria, may change over time. It is important to read Vancity's reporting methodology in the 2020 Annual Report glossary, the 2020 accountability statements, and the 2020 GHG handbook and inventory report available at vancity.com/AnnualReport.

Independence and competence

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted with a multidisciplinary team, which included professionals with suitable experience in both assurance and in the applicable Subject Matter, including AA1000AP, stakeholder engagement, environmental, social and financial performance, and GHG accounting.


Chartered Professional Accountants

May 6, 2021

Vancouver, Canada

Sustainable Development Goals.

The United Nations adopted 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all by 2030.

Vancity is working towards the SDGs in the following ways. See also Impact analysis on [page 42](#) and [VCIM's shareholder engagement reports](#).

SDGs	Vancity is supporting the SDGs by:	Annual report pages	Accountability statements pages
 SDG 1 No Poverty	Access: Increasing the number of products and services designed to provide access to basic financial services, affordable housing, credit and credit repair to 35,000 members per year by 2030	10	7, 8
 SDG 3 Good Health and Well-Being	COVID-19 response for employees: Providing the necessary support to our employees during the pandemic to ensure health and safety	11	14
 SDG 5 Gender Equality	Diversity: Building a diverse workforce and leadership receiving equal pay for work of equal value, and increasingly reflecting composition of the communities in which we work Gender pay gap: Engaging with Canadian companies around disclosure	12, 13, 18	11, 12, 24
 SDG 8 Decent Work and Economic Growth	Financial literacy: Continuing to promote financial literacy to improve the knowledge, skills and confidence of members Business: Supporting the establishment and growth of micro-, small- and medium-sized enterprises through access to financial services and training Indigenous communities: Working with First Nations government and Indigenous not-for-profit organizations to help build stronger communities Living wage: Remaining a Living Wage Employer and advocating for other employers in our service area to join us in the Living Wage for Families Campaign and the international Living Wage movement <i>See also:</i> Goals 1 and 5	10, 12, 17, 23	6, 8, 11, 12, 22, 28, 29
 SDG 11 Sustainable Cities and Communities	Housing: Helping solve housing challenges to increase the number of affordable units available in our service area Triple bottom line assets: Increasing the percentage of members' assets invested in impact <i>See also:</i> Goal 1	10, 21, 23	7, 8, 22, 25, 28
 SDG 12 Responsible Consumption and Production	Transparency: Continuing to disclose our significant economic, social and environmental impacts in our annual reporting Lighter living: Reducing our operational environmental footprint by empowering employees to make environmentally sustainable decisions Carbon footprint: Reducing our average employee operational carbon footprint by 25% by 2030 to 1.5 tonnes (from 2016's average of 2 tonnes CO ₂ e per FTE per year of GHG) Procurement: Assessing new and existing suppliers against our Ethical Principles for Business Relationships Corporate engagement and shareholder advocacy: Championing change in the companies in which our members and clients invest	14, 15, 16, 18, 29, 30	15, 16, 17
 SDG 13 Climate Action	Climate justice: Advocating on climate justice issues Net-zero: Committing to track and monitor the greenhouse gas emissions of our portfolio of loans and achieving net-zero by 2040	14, 16, 18, 19	20, 24, 25
 SDG 17 Partnerships for the Goals	Co-ops for 2030 campaign: Contributing to achieving the SDGs and reporting on our progress Partnerships: Working with the Global Alliance for Banking on Values, co-signatories to the Principles for Responsible Banking, Program for Carbon Accounting Financials, and others	14, 16, 29, 30	20, 25



Principles for Responsible Banking (PRB) reporting and self-assessment.

Vancity is one of the signatories to the Principles for Responsible Banking, outlined by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2019. The Principles commit financial institutions to strategically align their business with the goals of the Paris Agreement on climate change and the Sustainable Development Goals (SDGs). This is our first progress report. We expect to meet all the PRB requirements by 2023.

Reporting and self-assessment requirements	High-level summary of response	More information
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Vancity is a financial co-operative. Our head office is situated on the traditional territory of the Musqueam, Squamish and Tsleil-Waututh Nations in Vancouver, British Columbia (B.C.), Canada. We are a member-owned, community-based, full-service financial institution.</p> <p>Our primary lines of business include retail and business banking (deposit-taking and lending), commercial mortgage lending, and investment advice and services.</p> <p>Our active subsidiaries include Vancity Community Investment Bank, which operates primarily in the Toronto, Ontario region.</p>	<p>Business model, pp. 6-7 Active subsidiaries, p. 28 Impact analysis, p. 42 Business and commercial loan portfolio by North American Industry Classification System; Accountability statements, p. 33</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Our five climate commitments are aligned with the Paris Agreement and support several SDGs. They are designed to support a climate transition that leave no one behind and aligns people, planet and prosperity.</p> <p>To operationalize these commitments, our 2021-2023 business plan is also designed to meet the challenges of the climate emergency and to help dismantle legacies of systemic racism and discrimination.</p>	<p>CEO message, p. 4 Operating context and strategic priorities, p. 7 Advocacy, p. 16 Advancing an equitable climate transition, p. 19 Sustainable Development Goals, p. 33 Rethink.vancity.com</p>

PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT

Reporting and self-assessment requirements	High-level summary of response	More information
<p>Principle 2: Impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a. Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b. Scale of exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c. Context and relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates.</p> <p>d. Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d.)</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts 	<p>We used the following tools to increase our understanding of Vancity's positive and negative impacts within the framework of the Paris Agreement and the Sustainable Development Goals, and to understand the impact areas we can best influence: Embedding Project's Prioritization Radar assessment tool; UNEP FI Portfolio Impact Analysis Tool for Banks; Partnership for Carbon Accounting Financials (PCAF).</p> <p>We have disclosed a preliminary estimate of our financed emissions across several asset classes using the Global PCAF methodology.</p> <p>Informed by our impact analysis, we began to articulate our position with respect to our most relevant issues, clarifying our goal to work towards a climate transition that puts people at its centre and leaves no one behind.</p> <p>To better understand the other impact associations and community needs, and to help us confirm at least one other priority area, we need to undertake further work. This may include engaging with thought-leaders, peers and community partners, and our members; conducting research and generating data; and generally digging deeper to more fully understand our performance, and the opportunities to maximize positive and reduce negative impacts on people and the planet.</p>	<p>Financed emissions, p. 14</p> <p>Impact analysis, p. 42</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p> <p>We have partially fulfilled the requirements by conducting our initial impact analysis and confirming climate as one area of most significant impact. We plan to explore our impacts further and engage with stakeholders in the process.</p>		

**PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT**

Reporting and self-assessment requirements	High-level summary of response	More information
<p>2.2 Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact” resulting from the bank’s activities and provision of products and services.</p> <p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>We have set a goal of net-zero across our mortgages and loans by 2040, ten years ahead of the Paris Agreement targets.</p> <p>To support our net-zero goal and the UN’s Collective Commitment to Climate Action (CCCA), we are focused on improving the accuracy of financed emissions data and exploring best practices and approaches for target setting and decarbonizing mortgages and loans.</p> <p>Drawing from this work, we will establish a baseline for financed emissions (loans and mortgages), set interim climate target(s), and develop a transition plan. Our target setting process will align with the CCCA’s <i>Guidelines for Climate Target Setting for Banks</i>.</p> <p>We will establish a second priority impact area and associated target(s) based on the results of our impact analysis (see 2.1 above).</p>	<p>Financed emissions, p. 14</p> <p>Impact analysis, p. 42</p> <p>Net-zero commitment</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p> <p>We have partially fulfilled the requirements by identifying climate as one area where we have significant impact, and making public our goal to be net-zero by 2040. We are working on establishing interim climate targets and identifying a second significant area of impact.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show</i> that your bank has defined actions and milestones to meet the set targets.</p> <p><i>Show</i> that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>To support implementation and monitoring of climate targets, we have created the position of Director, Climate Strategy and Performance.</p> <p>We plan to monitor progress through our established internal performance management systems, including reporting to the Board. We will disclose progress publicly in our annual reporting.</p>	<p>Net-zero commitment</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p> <p>We have partially fulfilled the requirements by implementing the Global PCAF methodology to measure and track financed emissions, and by hiring additional resources to establish our climate targets.</p>		



PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT

Reporting and self-assessment requirements	High-level summary of response	More information
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately:</p> <p><i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><i>Report</i> on your bank’s progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in (where feasible and appropriate, banks should include quantitative disclosures).</p>	<p>Not yet started.</p>	<p>Financed emissions, p. 14</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p> <p>Not yet started.</p>		
<p>Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>In 2020, we changed our banking system to allow us to address members whose gender identity is non-binary by using Mx as a salutation if they wish us to.</p> <p>We are committed to become an actively anti-racist organization. We are thoroughly reviewing our decision-making processes to identify any systemic bias.</p> <p>Our goal is to provide members advice that is in their best long-term interests, including managing debt and using credit responsibly.</p> <p>We apply our Ethical Principles for Business Relationships when deciding with whom to do business (e.g., opening business accounts, lending, suppliers, etc.). We welcome the opportunity to work with organizations that value: accountable and sustainable business; leadership that engages in co-operative principles and practices; economic and social inclusion for all people; strong and resilient communities; and environmental and sustainability leadership.</p>	<p>Diversity and inclusion, p. 12</p> <p>Becoming an anti-racist organization, p. 13</p> <p>Responsible marketing and selling; Accountability statements, p. 5</p> <p>Member feedback mechanisms; Accountability statements, p. 4</p> <p>Ethical Principles for Business Relationships; Accountability statements, p. 23</p> <p>Ethical Principles for Business Relationships</p>



PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT

Reporting and self-assessment requirements	High-level summary of response	More information
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed and, where possible, the impacts achieved.</p>	<p>The main driver of our climate commitments is enabling our members to successfully transition to a clean and fair economy. To achieve this, we employ both a variety of banking tools and our ability to advocate on behalf of our members to our government partners.</p> <p>Our Planet-Wise suite of products and services was designed to help members take climate action in affordable ways. They address sustainable transportation, renovations, teardowns, and financing and advice for business and not for profits.</p> <p>We have been raising awareness of the benefits of Socially Responsible Investment.</p> <p>Vancity Community Investment Bank is exclusively focused on working with organizations that drive social, economic and environmental change.</p> <p>We are focused on increasing the lending we do that has a positive community impact (TBLAA). Our TBLAA assets grew to \$8.9 billion.</p> <p>Vancity supports developers provide affordable housing through a pre-development loans and lending for below-market residential housing.</p> <p>We provide technical advice, referrals and financing to help form co-operative enterprises, and we support education on the co-op model.</p>	<p>Message from the CEO, p. 4</p> <p>Feeding community, p. 12</p> <p>Deconstruction over demolition, p. 15</p> <p>Encouraging others to act, p. 16</p> <p>Advocacy, p. 16</p> <p>Supporting local business and organizations, p. 17</p> <p>Asset management and corporate engagement, p. 18</p> <p>Impact investing, p. 18</p> <p>Advancing an equitable climate transition, p. 19</p> <p>From real estate to PPE, p. 20</p> <p>Triple bottom line assets under administration (TBLAA), p. 21</p> <p>Affordable housing, p. 23</p> <p>Supporting co-operatives, p. 23</p> <p>SRI</p> <p>Impact lending</p>

PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT

Reporting and self-assessment requirements	High-level summary of response	More information
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</p>		
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>As a financial co-operative, members are our main stakeholder – they are both our customers and our investors or providers of financial capital. We regularly engage with members in developing our products and services and in our strategic planning process.</p> <p>We follow the AA1000 AccountAbility Principles throughout our operations. These principles focus on stakeholder engagement to inform strategy and decision-making.</p> <p>We worked with members, the Vancouver Foundation, Support Local BC, various levels of government, and many others to help our communities weather the economic impacts of the COVID-19 pandemic.</p> <p>We undertake shareholder engagement activities.</p> <p>As well as being Canada’s largest living wage employer, we’ve been calling on other organizations to join the living wage movement. We also work closely with key suppliers and contractors to support them in paying their employees a living wage.</p> <p>We worked with the Embedding Project and the Partnership for Carbon Accounting Financials on our impact analysis.</p>	<p>Message from the CEO, p. 4</p> <p>Diversity and inclusion, p. 12</p> <p>Becoming and anti-racist organization, p. 13</p> <p>Advocacy, p. 16</p> <p>Asset management and corporate engagement, p. 18</p> <p>Paying a living wage, p. 23</p> <p>Supporting our members and communities through COVID-19, p. 24</p> <p>About this report, p. 29</p> <p>Impact analysis, p. 42</p> <p>Climate risks: Task Force on Climate-related Financial Disclosures (TCFD) report, p. 45</p> <p>Public policy and advocacy; Accountability statements, p. 20</p> <p>Member participation in elections and other engagement; Accountability statements, p. 30</p>

PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT

Reporting and self-assessment requirements	High-level summary of response	More information
<p>Principle 5: Governance and Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>		
<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Vancity's Board of Directors acts as steward of our organization, provides critical oversight and helps ensure that members' money is invested in ways that improve our communities.</p> <p>The Board delegates the day-to-day management of Vancity to the President and Chief Executive Officer, who establishes the accountabilities of each member of the executive leadership team.</p>	<p>Board of Directors, pp. 25 and 26</p> <p>Structure and executive leadership team, p. 28</p> <p>About this report, p. 29</p> <p>Climate risks: Task Force on Climate-related Financial Disclosures (TCFD) report; Governance, p. 45</p> <p>Governance and leadership</p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Regular leader communications, including quarterly all-employee update meetings, stress our climate commitments, and our 2021-2023 goals, which include creation of a clean and fair world that leaves no one behind.</p> <p>We launched an anti-racism learning course to help employees recognize racism and subtle microaggressions, and to provide member-facing employees with tools to support members.</p> <p>All employees are also expected to complete annual training on policies and procedures concerning aspects of human rights and on our Code of Conduct.</p> <p>Behaviours are 50 per cent of employees' annual performance evaluation; these behaviours include a focus on values.</p> <p>About a dozen employees are participating in global working groups designed to help implement various aspects of the Principles for Responsible Banking. They meet quarterly to share learnings on implementing the Principles.</p>	<p>Diversity and inclusion, p. 12</p> <p>Becoming and anti-racist organization, p. 13</p> <p>Performance management; Accountability statements, p. 12</p> <p>Rethink.vancity.com</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including a) target setting and actions to achieve targets set; b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>Our executive leadership team monitors progress towards implementing the PRB and other key sustainability initiatives such as PCAF, and provides regular updates to the Board.</p>	<p>Board of Directors, pp. 25 and 26</p> <p>Structure and executive leadership team, p. 28</p>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

We have partially fulfilled the requirements by having an existing governance structure that oversees strategic planning, target setting and performance management. We will adapt this as required to implement the Principles.



PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT

Reporting and self-assessment requirements	High-level summary of response	More information
<p>Principle 6: Transparency and Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>6.1 Progress on Implementing the Principles for Responsible Banking</p> <p><i>Show</i> that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p><i>Show</i> that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p><i>Show</i> that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Vancity committed to the PRB in November 2019. This, our first report, is due and is being published in May 2021. We will update this reporting as part of our annual reporting cycle each May.</p> <p>We have also begun to report in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in order to understand and manage our climate risks.</p> <p>In 2020, we set five climate commitments, including a goal to be net-zero by 2040. As a signatory to the UNEP FI's Collective Commitment to Climate Action, we have committed to establishing interim, scenario-based climate targets for lending, and to sharing our approach to decarbonization.</p> <p>In addition to the progress noted above under Principles 1–5, since becoming a PRB signatory, we continued to set targets for hiring more Indigenous employees, reducing our operational environmental footprint (GHG, waste, water), remaining carbon neutral in our operations, and increasing our triple bottom line assets under administration.</p> <p>We also continue our work to increase financial literacy and access to basic financial services for everyone.</p>	<p>Targets and results, p. 8</p> <p>Financial literacy and advice p. 10</p> <p>Access to basic financial services for everyone, p. 10</p> <p>Climate risks: Task Force on Climate-related Financial Disclosures (TCFD) report; Governance, p. 45</p> <p>Rethink.vancity.com</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.</p> <p>We have substantially fulfilled the requirements as illustrated in this, our 2020 annual report. We plan to continue implementation and supporting the Principles further in 2021.</p>		

Impact analysis.

We've been applying the following tools to increase our understanding of Vancity's positive and negative impacts within the framework of the Paris Agreement and the Sustainable Development Goals, and to understand the impact areas we can best influence.

- Embedding Project's **Prioritization Radar assessment tool**
- UNEP FI Portfolio Impact Analysis Tool for Banks: **Portfolio Impact Tool**
- Partnership for Carbon Accounting Financials (see [page 14](#))

Embedding Project's Prioritization Radar

The Prioritization Radar assessment tool is designed to help organizations evaluate the business relevance of a comprehensive set of emerging environmental, social and governance (ESG) issues, and understand where the organization is best positioned to exert its influence in creating positive systems change.

What we did

Over several facilitated workshops, various cross-functional teams evaluated a set of ESG topics and sub-issues. These topics were informed by the UN's Sustainable Development Goals and several other leading frameworks, including the Doughnut of Planetary Boundaries and Social Foundations. We focused on the sub-issues that are (or could be) relevant to our business model, and rated them based on the following criteria:

- The issue has a significant (potential) strategic impact on Vancity
- Vancity has significant (potential) impacts associated with this issue either (a) as a result of its direct operations, or (b) within its value chain
- Vancity is well situated to support systems change

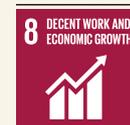
Results

The topics of most relevance to Vancity, and with potential for broader systems influence, are:

Climate



Local economic resilience



Community well-being



Materials and waste



Community rights and freedom



Informed by this, we began to articulate our position with respect to our most relevant issues, and to clarify our goal to work towards a climate transition that puts people at its centre and leaves no one behind. For more information on our climate commitments, see [Rethink.vancity.com](https://rethink.vancity.com).

UNEP FI Portfolio Impact Analysis Tool for Banks

The **UNEP FI Portfolio Impact Analysis Tool** is an iterative input-output workflow that helps financial institutions determine their most significant impact areas. As with the Prioritization Radar, it is aligned with the Sustainable Development Goals. The analysis enables banks to set targets where it matters to drive their contribution to society's goals.

Results

STEP 1: Scope – We focused the analysis on Vancity's core business areas: consumer and business banking in Canada, primarily B.C. Results shown are based on data that was available during 2020.

Breakdown of business lines by per cent of gross income generated

Retail banking		Other (out of scope)
Consumer banking	Commercial and Business banking	
57%	38%	5%

We will explore expanding our impact analysis to include Vancity's own investments and assets under management where relevant data is available, and where it complements existing or planned work in those areas to measure and manage Vancity's impacts.

STEP 2: Scale of exposure – Our consumer portfolio accounts for 66 per cent of our loan book, and our business banking portfolio accounts for 34 per cent. Below is a summary of consumer products and the business sectors we provide financing to.



IMPACT ANALYSIS

Breakdown of business loan book by sector (balance sheet value) and consumer products (% of members accessing)

Business banking: Lending to small- and medium-sized enterprises (% of portfolio by sector)		Consumer products (% of members accessing)	
Real estate activities	50%	Savings accounts (includes registered retirement savings accounts)	80%
Other monetary intermediation (e.g., financial advisors, investment companies)	14%	Current accounts	66%
Building construction and renovation (all building types)	8%	Consumer credit and overdraft (includes credit cards)	55%
Other construction (e.g., specialty trades, civil engineering)	<4%	Residential mortgages and housing-related credit	7%
Food and beverage services	3%	Vehicle-related lending, and microfinance	<1%
Activities of other membership organizations (e.g., not-for-profits, religious organizations)	3%		
Other (sectors representing 2% of the portfolio or less) ¹	18%		

¹ Other includes human health activities, sports activities, social work, short-term accommodation services, residential care. We were able to map around 90 per cent of our business loan portfolio using the Portfolio Impact Tool, which requires us to translate North American Industry Codes (NAICs) into International Sector Industry Classifications (ISICs).

To identify social, environmental and economic impacts associated with each of the products or sectors specified in the table above, we applied the Impact Map built in the Portfolio Impact Tool. This systematically maps impact associations for each of the sectors and products shown in the table above. It further highlights sectors and activities that are key to the different impact areas. There are 22 potential impact areas, which are aligned to the UN's 17 Sustainable Development Goals.

Consumer banking

The impact areas most associated with consumer banking products at Vancity are inclusive, healthy communities and employment, followed by housing, resources efficiency, climate and waste.

Our consumer banking products have positive associations with employment and inclusive, healthy communities. Not surprisingly, mortgages and credit related to homes have positive association with housing and health, while vehicle loans have a positive

association with mobility. Both home and vehicle-related loans have negative associations with climate and resource efficiency (e.g., energy, water and materials use).

While relatively few members access motor vehicle loan and microcredit products (less than one per cent access these products), their potential impact is significant. From efforts to measure financed emissions, we know that motor vehicle loans generate the most greenhouse gases per dollar loaned. Our microcredit products, which are designed to help individuals with limited credit history, such as recent immigrants to Canada, access and build credit, increase their self-reliance, and have positive associations with justice and economic convergence/reducing inequalities. In general, credit products, including microcredit, can have negative associations with building inclusive healthy communities if they are not designed to be fair and accessible, especially to those traditionally excluded from banking services, for example, lower income individuals and Indigenous communities.

Credit products and account services facilitate consumer spending, but we lack the data to understand the spending patterns of our members. However, we can say with some degree of certainty that there is a key negative association between consumer credit and waste.

Business banking

The key impact areas associated with the greatest proportion of our business loan portfolio (primarily small- and medium-sized enterprises, or SMEs) are climate (57 per cent) and resources efficiency (49 per cent). Housing, employment and waste are associated with more than five per cent of our portfolio.



IMPACT ANALYSIS

More than 60 per cent of our portfolio supports the real estate and construction sectors. These sectors provide greater access to housing in our communities, when affordable to residents. They also support the economy, and they have negative environmental impacts associated with energy and water use, emissions, and waste.

The organizations we lend to all contribute to employment – positively and negatively, depending on working conditions – and most contribute positively to inclusive, healthy communities. We typically lend to SMEs, including social enterprises, not-for-profits and co-operatives. SMEs account for 98 per cent of companies in B.C. and are responsible for 53 per cent of private sector employment in the province. We understand that some of the sectors we support (such as food and beverage services, accommodations services, health and social work) are associated with poorer job quality and/or fewer career prospects, and that certain jobs are more vulnerable to change as a result of technologies and/or climate change.

STEP 3: Context and relevance – To help determine which of these impact areas are our most significant ones, we need to take our operating context into account, in particular community needs. We operate in Canada, and primarily within the province of B.C. Applying the Country Needs resource in the Portfolio Impact Tool, we determined that the most relevant challenges and priorities in Canada/B.C. are:

- Climate (based on greenhouse gas emissions)
- Resources efficiency (based on energy, water and materials consumption)
- Waste (based on solid waste generated and recycling rates)
- Food (specifically the prevalence of obesity)
- Housing (specifically the housing cost overburden for low-income owners and renters)

We plan to do more work to fully understand and monitor needs across the 22 areas identified in the UNEP FI's Impact Radar, including mapping needs at a more granular level (e.g., across B.C.) and separately mapping needs for Indigenous communities.

Conclusion and next steps

Priority areas – This work validates climate as our priority area of focus (and connected to this, resource efficiency). The Canadian government recently committed to achieving net-zero emissions by 2050, and climate is increasingly becoming a key area of focus for policy makers, regulators, and civil society organizations. We are working towards a climate transition that puts people at its centre and leaves no one behind.

In 2019, we expanded our measurement efforts beyond operations to include financed emissions.

To better understand the other impact associations and community needs highlighted above, and to help us determine at least one other priority area, we need to undertake further work. This may include engaging with thought-leaders, peers and community partners, and our members; conducting research and generating data; and generally digging deeper to more fully understand the opportunities to maximize positive and reduce negative impacts on people and the planet.

Climate risks: Task Force on Climate-related Financial Disclosures (TCFD) report.

As a pioneer of values-based banking, Vancity has long recognized the need for urgent action on climate change and we are committed to the transition to a net-zero economy. This commitment is now embedded in our **commitments to climate action** and our 2021–2023 Business Plan. This work is guided by a triple focus:

- Working with members and communities to reduce emissions, including our own financed emissions
- Working with members, communities, governments, and other stakeholders to drive a just climate transition that leaves no one behind
- Mitigating risks and realizing business opportunities entailed in our work to achieve emissions reductions and drive a just transition

The COVID-19 pandemic has revealed what a global systemic shock looks like and it is a reminder of how climate change may affect the world. We've seen again that, come a major crisis, those already on the wrong side of economic inequality are often those who shoulder most of the burden. The economic impacts of the pandemic, though devastating, afford the opportunity to address this by rethinking how we want to emerge. The recovery we need is one that tackles both inequality and climate change, putting human needs at its centre.

This second report aligned to the Task Force on Climate-related Financial Disclosures (TCFD) covers our approach to managing climate-related risks and opportunities. Like others in the financial sector and the business community more broadly, we are in preliminary stages of this work. As a result, we are working with an array of Canadian and global partners to better understand how our business indirectly affects the climate and to get a deeper understanding of our climate risk exposure.

We are also working with global partners through the **United Nations Environment Program's Finance Initiative (UNEP FI)**, the **Global Alliance for Banking on Values (GABV)** and the **Partnership for Climate Accounting Financials (PCAF)**. Through UNEP FI, we signed the **UN's Principles for Responsible Banking**, undertaking concrete and time-bound action and reporting commitments, and have since become **North America's representative on the board overseeing the implementation of the Principles**. We were also the first Canadian financial institution to join the **UN's Collective Commitment to Climate Action**, undertaking more stringent action and reporting requirements to limit global warming to well below 2, striving for 1.5, degrees Celsius and advancing the UN's sustainable development goals.

Through the GABV, we are signatories to its Climate Change Commitment, **committing to align our carbon footprint to the Paris Agreement**. Through PCAF, we piloted the application of its methodology to our loans and investments, including residential and commercial mortgages.

Governance

Board oversight

Elected by and accountable to our members, Vancity's Board of Directors is responsible for setting strategic direction and overseeing a strong risk culture. This includes defining and approving our risk appetite and risk management frameworks.

The Board-level Risk Committee meets quarterly and oversees our current and future risk exposures, including climate-related risks. The Board's Climate Justice Working Group assisted in the development, through 2019 and 2020, of Vancity's five **commitments to climate action**, which were approved by the Board in December 2020.

The Board and the Audit Committee approve Vancity's Internal Capital Adequacy Assessment Process (ICAAP). Vancity's ICAAP includes modelling on credit risk impacted by climate-related events (such as flooding and fire). Any material risk identified through this modelling means we will set aside capital reserves in the event these risks materialize.

Management practices

Vancity's CEO and executive leadership team are responsible for delivering on the strategic direction set by the Board, and for fostering an effective risk culture, integrating financial, social and environmental factors into the business decision-making process.

Reporting to the CEO, Vancity's Chief Risk Officer leads the Enterprise Risk Management division and chairs the management-level Risk Management Committee (RMC), which provides oversight and leadership on key issues such as climate change. Climate is one of the 10 risk dimensions the organization monitors, with specific metrics and thresholds revised annually. Reporting into the RMC, an Operational Risk Management Committee meets monthly and has, as a standing item, a discussion on climate risks: what they are, where they exist, and what mitigations are being taken or recommended.

Also reporting to the CEO, Vancity's Chief External Relations Officer holds the accountability of overseeing and leading Vancity's climate change-related commitments under the international agreements and partnerships Vancity is part of.

CLIMATE RISKS

Vancity Investment Management (VCIM) incorporates a four-part climate risk strategy of divestment, decarbonization, reinvestment and engagement to investment decisions. VCIM has divested from companies that are primarily involved in the production, processing and distribution of fossil fuels.

Vancity Community Investment Bank (VCIB) exclusively works with organizations that drive social, environmental and economic change. VCIB's clean energy practice helps low-carbon projects get off the ground and scale by providing financing for mid-size projects across the country and creating investment opportunities through bond offerings.

Members of Vancity's executive leadership team also work, within their respective departments, to identify, assess and act upon opportunities to drive positive climate impacts among our members, in the community, and within Vancity.

Strategy

Climate-related risks and opportunities

Since the Paris Agreement, the world's largest banks still invested nearly \$2 trillion into the fossil fuel sector. Even though Vancity does not invest capital or assets directly in oil, gas or coal companies, nor provide investment banking services to facilitate access to capital for those companies, climate change poses risks and opportunities to Vancity and our stakeholders.

Vancity's five **commitments to climate action** will be our guide. We are in the process of developing specific action plans outlining how we will carry out these commitments, reduce the risks entailed in climate transition, and realize the opportunities to advance this transition further.

On our lending side, through the PCAF methodology, we've begun to understand the climate impacts of our lending activity and found that our commercial real estate lending, though much smaller in the portfolio compared to residential mortgages, represents significantly higher CO₂ emissions per million dollars lent. This data will allow us to determine where to focus our future efforts to reduce the emissions of our lending activity. We have committed to bring our lending portfolio to net-zero by 2040.

On the investing side, we are guided by our ethical principles which include environmental and sustainability leadership. We see a significant opportunity to put our members' investing power to use in driving a just climate transition by moving to offer only responsible investment options that can demonstrate the integrity of their ESG screening and stewardship process.

We have begun to examine how we can improve Vancity's indirect impact on the environment through our lending. In 2020, we refreshed our Planet-Wise suite of lighter living financial products to help our members take action towards addressing climate change. An example is our Planet-Wise Transportation Loan to finance zero and low emissions transportation.

There are physical risks posed by increasingly frequent and severe weather-related events such as flooding, or rising sea levels. These include the risk of damage to or devaluation of member-owned mortgaged properties, or to the infrastructure sustaining Vancity's operations. Beyond that, the risk to coastal cities like Vancouver extends to city infrastructure like power and transportation as well as physical damage to other businesses in the area.

This is why working with governments to address the systemic risks is so important. To that end, Vancity is working with the City of Vancouver on the False Creek Coastal Adaptation plan. The objective is to prepare the region for increasing sea levels. Vancity has a vested interest in this work as our head office is in the False Creek area and would be directly impacted.

We also see opportunities to invest in new markets and develop innovative products or services that assist with the transition to a low-carbon future. For example, in 2019, Vancity Community Investment Bank purchased CoPower Inc., a company investing in clean energy projects.

CLIMATE RISKS

Risk Management

Processes for identifying, assessing and managing climate-related risks

Vancity takes a proactive approach to risk management, combining regular risk-identification, analysis, monitoring, reporting and treatment, as outlined in our Enterprise Risk Management Framework.

This process applies to climate-related risks, both physical and transitional, as climate is a principal dimension within our Risk Appetite Framework. All dimensions are reviewed and discussed by our Board of Directors on a quarterly basis.

Vancity also has an Operational Risk Management Committee (ORMC) which is responsible for identifying operational risks, opportunities and solutions and bringing those to the attention of senior leadership's Risk Management Committee. Part of the ORMC's mandate is to regularly review climate-related risks and they are a standing topic at each of the monthly ORMC meetings.

Vancity has also engaged a consultant to help us assess the risks to our physical infrastructure (branches, offices, off-site backup locations, etc.). The risks include those brought about by a changing climate and more severe weather events.

We are also furthering our work to understand our concentration of credit exposure to carbon-related assets, and we plan to have more to report on that soon.

Metrics and Targets

We currently use the following metrics to assess our climate-risk exposure and measure our environmental performance.

Metric	Description	Target	Page references for performance data
Mortgages in high-risk flood zones (retail, business and commercial)	High risk flood zones are properties with >75% of geographic surface area located in a flood plain. This is a leading indicator of financial (credit) risks to both Vancity and to members, who may need to cover damages out of pocket if a property is not fully insured.	We have set range tolerances for each mortgage type and report these to the Board quarterly.	n/a
Emissions from lending portfolio	Calculated using the Partnership for Carbon Accounting Financials (PCAF) global methodology	Net-zero by 2040	p. 14
Total operational GHG emissions	Total GHG emissions from all operational sources, other than portfolio (tonnes) Includes premises energy use, paper use, vehicle fleet, employee business travel (air, vehicle) and commuting via single occupancy vehicle.	≤4,500 tCO ₂ e in 2021	p. 15 See page 16 of the accountability statements for Scope 1 (direct), Scope 2 (indirect) and Scope 3 (other indirect) emissions.
Employee carbon footprint	tCO ₂ e per FTE/year	1.5 tCO ₂ e by 2030 (a 25% reduction from 2016)	p. 15

Report of the independent auditors on the summarized consolidated financial statements.

Opinion

The summarized consolidated financial statements of Vancouver City Savings Credit Union (the Credit Union), which comprise:

- the summarized consolidated statement of financial position as at December 31, 2020
- the summarized consolidated statement of income for the year then ended
- and related note

are derived from the audited consolidated financial statements of Vancouver City Savings Credit Union as at and for the year ended December 31, 2020.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

Summarized consolidated financial statements

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading summarized consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the Credit Union's audited consolidated financial statements and the auditors' report thereon.

The summarized consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Management's responsibility for the summarized consolidated financial statements

Management is responsible for the preparation of the summarized consolidated financial statements in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summarized consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.



Chartered Professional Accountants

May 6, 2021

Vancouver, Canada

Summarized consolidated financial statements.

Summarized consolidated statement of financial position

For the year ended December 31 (thousands)

Assets	2020	2019
Cash and securities	\$ 4,671,284	\$ 3,333,384
Loans	19,939,956	19,538,376
Other assets	306,647	285,608
Total assets	\$ 24,917,887	\$ 23,157,368
Liabilities and members' equity		
Deposits and equity shares	\$ 21,744,711	\$ 20,008,340
Borrowings	1,354,672	1,419,489
Other liabilities	358,464	333,155
Members' equity	1,460,040	1,396,384
Total liabilities and members' equity	\$ 24,917,887	\$ 23,157,368

Summarized consolidated statement of income

For the year ended December 31 (thousands)

	2020	2019
Net interest income	\$ 441,678	\$ 434,846
Impairment expense on financial instruments	(45,957)	(22,712)
Other income	94,326	94,823
Total operating income	490,047	506,957
Salary and employee benefits	270,949	262,831
Other operating expenses	153,804	150,581
Total operating expenses	424,753	413,412
Net earnings from operations before distribution and tax	65,294	93,545
Distribution to community and members	15,686	20,424
Income tax expense	3,302	12,122
Net income attributable to members	\$ 46,306	\$ 60,999

Note 1 Basis of preparation

The summarized consolidated financial statements are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2020.

Those audited consolidated financial statements were approved by the Board of Directors on March 2, 2021. Members may obtain a free set of complete Vancity Consolidated Financial Statements with accompanying notes by visiting vancity.com/AnnualReport or by calling the Member Services Centre at 604-877-7000, 250-519-7000 or toll-free 1-888-Vancity (826-2489).

The summarized consolidated financial statements were prepared by management in accordance with Section 128 (4) of the Financial Institutions Act, RSBC 1996, c.141.

Community branches.

Abbotsford

Abbotsford community branch (34)
32675 South Fraser Way

Alert Bay

Cormorant Island community branch (71)
30 Maple Road

Burnaby

Brentwood community branch (43)
P2301 4525 Lougheed Hwy

Burnaby Heights community branch (6)
4302 Hastings Street

South Burnaby community branch (17)
5064 Kingsway

South Slope community branch (56)
7384 Market Crossing

Chilliwack

Chilliwack community branch (31)
45617 Luckakuck Way

Coquitlam

Maillardville community branch (51)
101 – 969 Brunette Avenue

North Road community branch (16)
105 – 531 North Road

Pinetree community branch (18)
20 – 2991 Lougheed Highway

Delta

North Delta community branch (19)
7211 120th Street

Tsawwassen community branch (58)
Unit D – 1215 56th Street

Langley

Langley community branch (23)
100 – 20055 Willowbrook Drive

Walnut Grove community branch (54)
E103 – 20159 88th Avenue

Maple Ridge

Maple Ridge community branch (29)
22824 Lougheed Highway

Mission

Mission community branch (36)
150 – 32555 London Avenue

New Westminster

New Westminster community branch (61)
511 Sixth Street

North Vancouver

Lynn Creek community branch (46)
1370 Main Street

Lynn Valley community branch (57)
101 – 1233 Lynn Valley Road

North Vancouver community branch (21)
1290 Marine Drive

Pitt Meadows

Pitt Meadows community branch (50)
750 – 19800 Lougheed Highway

Port Coquitlam

Shaughnessy Station community branch (33)
7100 – 2850 Shaughnessy Street

Port Moody

Port Moody community branch (52)
5 – 121 Brew Street

Richmond

Blundell Centre community branch (88)
130 – 6020 Blundell Road

Richmond community branch (26)
5900 No. 3 Road

Squamish

Chieftain Centre community branch (81)
1325 Pemberton Avenue

Surrey

Cedar Hills community branch (44)
12820 96th Avenue

Guildford community branch (30)
108 – 15175 101st Avenue

Morgan Creek community branch (70)
H120 – 15795 Croydon Drive

Newton community branch (27)
7555 King George Boulevard

Semiahmoo community branch (25)
104 – 1790 152nd Street

Surrey City Centre community branch (32)
10293 King George Boulevard

Vancouver

4th Avenue community branch (11)
2233 West 4th Avenue

Chinatown community branch (28)
608 Main Street

Collingwood community branch (13)
3305 Kingsway

Commercial Drive community branch (12)
1675 Commercial Drive

Downtown community branch (10)
898 West Pender Street

Fairview community branch (8)
501 West 10th Avenue

Fraser Street community branch (7)
6288 Fraser Street

Hastings community branch (3)
2510 East Hastings Street

Kerrisdale community branch (15)
2380 West 41st Avenue

Kitsilano community branch (4)
3395 West Broadway

Main Street community branch (9)
4205 Main Street

Marpole community branch (14)
8615 Granville Street

Oakridge community branch (41)
5594 Cambie Street

Vancity Centre community branch (1)
183 Terminal Avenue

Victoria Drive community branch (2)
5672 Victoria Drive

West End community branch (47)
1798 Robson Street

Victoria

Langford community branch (69)
100 – 800 Kelly Road

Mount Tolmie community branch (68)
100 – 1590 Cedar Hill Cross Road

Victoria community branch (42)
3075 Douglas Street

Victoria City Centre community branch (67)
752 Fort Street

West Vancouver

West Vancouver community branch (5)
1402 Marine Drive

As of April 2021

For hours, see [Find Branch/ATM](#). For opening, closing and relocation of branches and ATMs, see the [accountability statements, page 21](#).

Community branch numbers are noted in brackets. In addition, Pigeon Park Savings in Vancouver opened in a partnership between Vancity and PHS Community Services in 2004 and provides approximately 5,000 members living on low incomes access to basic financial services.

Vancity

View our annual report at annualreport.vancity.com to download the full report and for more information about our performance.

We'd like to hear what you think about this report. Send comments and questions to accountability@vancity.com, tweet us, or connect with us on facebook.com/vancity

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