

## Vancity's environmental leadership: Reflections on co-operative principles

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**Vancity**

Happy co-op week all! Thanks for joining us, and thank you to CCA for organizing & hosting this webinar.

## 7 co-operative principles:

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



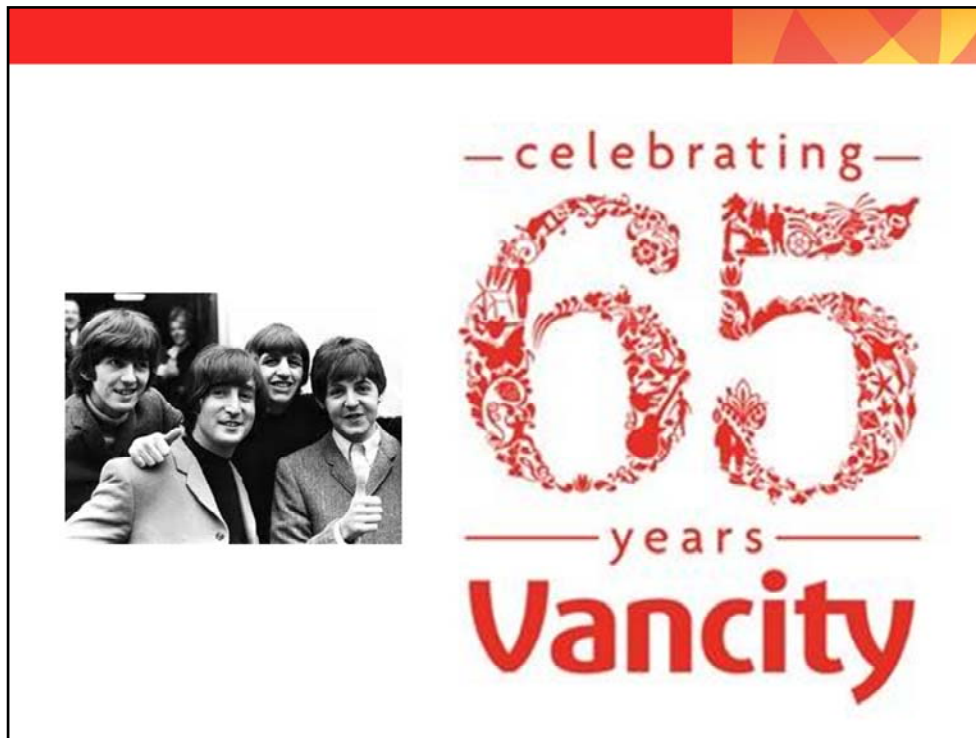
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Today I'll reflect on **4 key cooperative principles** in the context of **Vancity' environmental leadership and values.**

I'll share a few examples of past, present and emerging Vancity programs and initiatives, focusing on these 4 principles (in this order):

- Principle #7: "Concern for community,"
  - Principle #5: "Education, training, and Info,"
  - Principle #6: "Cooperation among co-ops,
- and
- Principle #3: "Member economic participation"

This is not to say that we have no regard for the other 3 principles. I'm just focusing on these 4 because of Vancity's alignment with them with regard to our environmental commitments and actions.



But, before I get into my presentation, let me introduce Vancity to those of you who don't know us...and say ... *"happy birthday to us!!"*

Vancity is 65<sup>th</sup> is years old --That's 65 years as a **financial co-op** --or credit union... *Here's a photo of our **founders*** (I'm kidding --it's a picture of The Beatles)....

Anyhow, 65 years ago a small *community* of people came together to share resources & help each other --cuz that's what co-ops do!

For Vancity, the key **resource** that we share is **money**. Our founders, recognized there was a gap in access to financial resources in Vancouver, & folks living outside the wealthy neighbourhoods couldn't get mortgages to buy a home. So the **fab-14** formed a credit union to pool their financial resources --so that members of this financial co-op would have access to credit and savings opportunities. I think their ROI in year one was just over a \$1...



Flash forward 65 years –We’ve got \$15 billion in assets & more than 400,000 members. We’re still teeny tiny compared to the big banks, but we’re a very large credit union –largest one in Canada aside from Caisse Populaire in Quebec. And for those of you outside British Columbia, we primarily operate in a small corner of BC (where most of our province’s population lives & works) ....But our reach is well beyond East Van these days.

Our growth & success is **thanks** to our members --who continue to pool their financial resources with Vancity --& trust us to manage their money - -invest it, leverage it, lend it to other members...

...and make "good **money**" for them.

And **with** this “good money” –we aim to help create **healthy local communities** & a vibrant local economy ...which in turn, helps our members to thrive & prosper.

## #7: Concern for community



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So, that brings me to my *favourite* cooperative principle --# 7: **Concern for community** .... This principle really is the root of much of our focus...

We recognize that caring for our community includes doing our part to protect the air that we breath, the water upon which all life depends, and ...the natural resources that our communities need *in order* to thrive & prosper.

So, we've been committed to **enviro leadership** for many years. But, we're a financial co-op --not an environmental NGO, so we can't spend all our days hugging trees. ...So we find ways to align our enviro commitments with our core credit union goals and business activities. As a result, our environmental leadership enhances --rather than detracts-- from our financial success.

*How so?*

## # 7: Concern for community



- Energy-efficiency
- Waste reduction & diversion
- Water-efficiency
- Use of renewable energy

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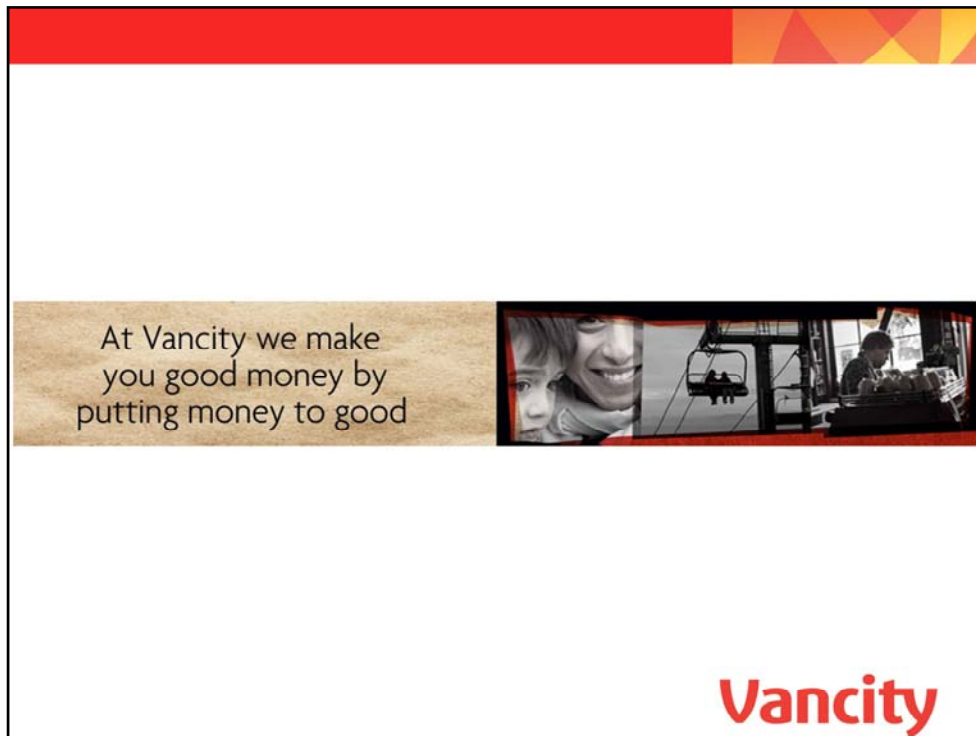
Here's an example: We're always working to improve **operating efficiency** on numerous fronts at Vancity.

**Energy-efficiency** is just one element of that.

We started tracking the financial benefits of our energy performance about a dozen years ago --and in terms of dollars saved, energy-efficiency has generated in excess of **\$3.6 million in operating savings** for us since that time. That's money that can be put to much better use than to pay utility bills.

We don't do anything particularly fancy to achieve our energy savings --Just good operations & maintenance, appropriate equipment investments & staff engagement. It's simple stuff like energy-efficient lighting, attention to equipment maintenance for our HVAC systems, getting staff to turn off their computers when not in use ...and if you hang out in our washrooms too long without moving around, the lights will turn off on you.

We also have **policies & initiatives** to conserve water, reduce waste, divert recyclables, and reduce the massive amount of paper we consume. Our purchasing policy dictates choice of 100% PC paper, and we take environmental impact into consideration in making purchase for our office furniture & furnishings. We don't ignore price, but environmental impact is part of our decision-making. ...and we measure results. For e.g. in 2009-2010, we diverted 79% of our waste from landfills.



Vancity's leadership in this area relates both to our ongoing commitment to improving our environmental performance AND **integrating** this commitment into our operating and management practices. We don't have a little volunteer green team --we've got a great Facilities department with folks who take this stuff seriously in their day to day jobs, and staff in our Purchasing department & IT departments & our Finance department who know they have a role to play here too.

All too often, businesses say, "*we can't be concerned with the environment, we've got to focus on making money.*" Well, Vancity maintains a very strong environmental performance mandate, and along the way we've achieved great financial success. This past year marked our best financial results in the 65-year history of our credit union.

We're far from perfect, but we take our environmental leadership seriously & it doesn't get in the way of us making "**good money.**"



## 1<sup>st</sup> Carbon neutral



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In 2007, Vancity became the 1<sup>st</sup> North American based financial institution to become carbon neutral. It was relatively easy for us because we'd already been measuring & managing our environmental performance. –So translating the relevant metrics into GHG equivalents is much easier than starting to measure from scratch ....And our environmental management practices gave us a great jump start on shrinking our carbon footprint.

Now to get to **carbon "neutral"** requires spending a little money on carbon offsets ....**And** we have staff who work to maintain our GHG inventory & and track our performance.

*Why did we do it?* Because we believe climate change is the most pressing environmental problem of our time. Our world is on a path to devastation of communities. And while those of us living in rich countries account for the lion's share of global GHG emissions –it's people living in poorer parts of the world who will suffer the most. **Vancity had an opportunity to show leadership –and we did.**

Being 1<sup>st</sup> to be carbon neutral generated some great benefits to Vancity –not the least of which was all the positive media coverage we received. The benefits of having our CEO & Board Chair shown on national TV shaking hands with Canada's environmental icon, David Suzuki, is considerable. David also walked around and shook hands with staff at our head office –congratulating us on Vancity's environmental leadership. So, beyond the brand lift and good PR, it was a great lift for staff at Vancity too.



## Concern for community ...concerned community



- **79%** of our members are “extremely concerned: about climate change
- **82%** our employees believe Vancity’s climate change work is “extremely important”

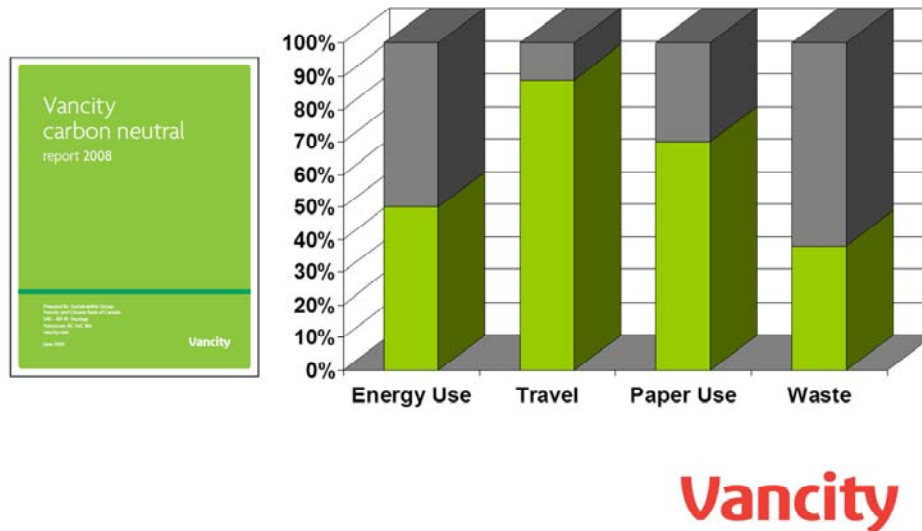
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That’s our *internal* community. When it comes to our members –I don’t think our environmental performance is top of mind for most of them. – But we continue to ask our members if our environmental leadership is important to them –and many tell us it is.

Recent surveys also reminded us that our environmental leadership has become synonymous with our **brand**. Members *and* non-members in our community tell us that they respect & admire Vancity for our environmental leadership.

For some members & staff, our concern for community & our environmental leadership is the *reason* why they’re part of the Vancity community. It is for me ...and... **I think this is part of our co-op difference.**

## #5: Education & training & info



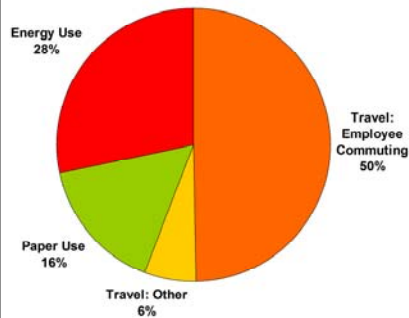
Let's talk about co-op principle #5: Education, training & information:

Beyond our own management practices, as part of our environmental leadership we share information about these practises.

Check out our website –where we disclose information on GHG management practices. ...And we published an **Accountability report** in which we share our environmental and social goals and targets—and report on our progress towards them. Our 2008-2009 Accountability report is available for download at our website ...or you can save paper and read it on-line!

In 2010, Vancity stepped up as a business leader –by becoming one of the first businesses in the world to **INTEGRATE** our social & environmental report into our annual financial report. I think this is a really significant step because it sends a message that our enviro & social performance stands a long side our financial performance goals and outcomes. You can check out our 2010 integrated report on our website too.

## #5: Education & training & info



### the 3 steps to carbon neutrality:



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That's some e.g. of **information** sharing, part of **co-op principle #5**.

We also provide **educational information** on environmental practices. We offer tips on how to “green your business” and “*how-to*” steps for companies to become carbon neutral. You can download our GHG management protocol and use that as a guide for doing it in your own business, or go to our Green Business Program resource webpages for other guidance. We offer these free resources because we recognize that most of our 40,000 business members are quite small businesses –in fact, 92% of *all* the businesses in BC are SMEs (small to medium size enterprises) –and unlike Vancity, most of these businesses lack staff with the knowledge and expertise to know what to do to improve their environmental performance, and they lack the resources to pay consultants to help them. So we're happy to share our knowledge.

I spend time in community facilitating workshops on “how to green your business” as part of educational services offered by our member, Small Business BC. And, from time to time, I teach a mini-workshop on sustainability in business as part of a training series we offer to our micro-finance business members.

## #5: Education & training & info



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We fund various educational publications, such as “Sustainability at Home” --a toolkit for ways to reduce your environmental footprint at home, and “Doing Business in a New Climate” –a step-by-step guide book for businesses to measure & reduce their GHG footprint. Both these publications are available through David Suzuki Foundation.

In a partnership with the Real Estate Foundation, every year, we support projects and publications that help educate people about environmentally progressive ways to approach or built environment.

We also seeded the start-up of **ClimateSmart Business** –which is a training program and software tool to guide smaller sized businesses in learning to measure and manage their GHG footprint. I provide pro bono services as a trainer, and each year Vancity offers scholarships for businesses to participate in ClimateSmart training.

To date, in partnership with ClimateSmart, I've trained more **than 150 people from local businesses** to measure and manage their carbon footprint. That represents **22,000 tonnes of CO<sub>2</sub>e** under management -- and a whole lot of inspiring local small businesses that are doing some pretty kool things to shrink their carbon footprint.

We've earmarked scholarships for up to 46 more business reps to participate in ClimateSmart training this year, as I'll start another round of training in early December.

## Vancity – MEC partnership



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The Cooperative Housing Federation was one of our early participants in ClimateSmart training ....and...

Last year Vancity and **MEC partnered** to support ClimateSmart training for co-ops & credit unions.

This was an outcome of recommendations by our CCA Environmental Committee –and an initiative to support **cooperation among co-ops** with regard to environmental leadership and action

(Recall, that *cooperation among co-ops* is co-op principle #6:

I had the privilege of facilitating those Co-op ClimateSmart training sessions here in BC ...And it while it was great to have a variety of co-ops in the room, I found it particularly heartening to have some other **credit unions** participate in our training program (as well as very keen reps from CUMIS –who works with credit unions on the insurance side).

## #6: Cooperation among co-ops



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Some folks might consider credit unions **competitors** –and wonder why we’d work together --but we had a wonderfully collegial environment, and I was really impressed by some of the ideas the other credit unions generated for shrinking their environmental footprint.

In particular, we discussed some of the challenges of paper-reduction. As you’ve probably experienced, bankers consume mountains of paper with all our documents relating to mortgages, loans, visa cards, insurance forms, and bank account opening. What you might *not* realize is that some of this paper consumption is beyond the individual control of each credit union –as we’re constrained by legal requirements, and credit union rules and regulations.

One of the credit unions in our ClimateSmart cohort suggested that credit unions **work together** –to request regulatory & process changes that would enable paper reductions (and thereby help us **all** reduce some more of our GHG emissions).

Here’s where collective results can **far** out-weigh the environmental outcomes that an individual co-op or credit union could achieve.

This principle: *Cooperation among co-ops* --is one that I think we might want to explore further in regard to environmental leadership & action (if not other areas). And, more broadly, I think co-operation among values-aligned businesses & social enterprises (not just co-op entities) is an approach that can help generate far greater positive environmental benefits for our communities & our economy.



## # 3: Member economic participation



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And now, let's have some fun with **Principle #3: Member economic participation**. I'm taking a bit of license with this principle in terms of its definition.

As a credit union, our members are our owners –and they share in our financial success. I think for many years at Vancity, our focus was to be good little bankers – and work hard to realize great financial benefits for our members.

...But we're a **co-op** and we're concerned about our community –so we've been carving off 30% of our net profits to give back to our members and our community each year. (That's \$23 million in "shared success" from our 2010 profits alone!)

That's a whole lot of money that we direct to grants for not-for-profits & charities. We support stream restoration and salmon habitat protection; we help fund the local farmers market association, and a pilot project to get local businesses to exchange their waste instead of dumping it. We helped bring a greenway for hikers and bikers to area that lack that community amenity. Through our grants, we support hundreds of projects each year that generate big and small environmental (*and social and economic*) benefits for our community.

–And we're still doing that... But our leadership challenged us to move beyond the philanthropic model, to **leverage a far greater financial resource** for our community impact: our **\$15 billion in assets**.

We've been doing *this* for a while, too, but we're getting really serious about doing **more of it and doing it better**.

## Community investment



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We call it **community investment**. --It's using Vancity's core competency as bankers --and directing it to "impact" lending and investment --And by "impact" we mean **positive social and environmental impact**.

This is *very* exciting to me.

We have the opportunity to generate good financial results (And, let's be real, no one will put their money into Vancity accounts unless we make them some money) ....but we can make money by helping create healthy communities and a thriving local green economy.

To help us bring us realize this vision, we've got several "Proof of Concept" teams within Vancity that are generating ideas, helping assess opportunities, supporting a shift in lending portfolios, and pursuing innovative solutions for financing that will realize positive social and environmental impact.

The 2 proof of concept areas that relate most directly to our environmental leadership are one that focuses on the **Local, natural and organic food sector**, and (the team I lead) which has a multi-sector focus on **Environment and Energy**.

## Community investment



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I won't get into a protracted description of our work in these areas, but here's a few examples:

- We're developing new financing offerings that we hope will encourage homeowners, high rises, and businesses owners to make energy-saving capital expenditures in THEIR buildings, so that they can realize financial benefits (just as Vancity does for our energy-efficient buildings).
- We're using **creative financing tools** to enable great little local businesses, like Greasecycle, to do their thing –collecting waste cooking oil from restaurants so that it can be converted to biodiesel.
- We're collaborating with local government and bringing our financing tools to support “greenest city” action plans,
- And we're examining ways to leverage the value of carbon offsets for more innovative financing solutions.

Our **Local Food** Proof of Concept team's work includes:

- Educating our bankers to better understand how to service and support this sector.
- Launching a “Small Growers Fund” to help local family and co-op run farms, and
- And partnering with a local NFP on a new micro-lending program to offer small loans to urban agriculture-related micro-enterprises.



On the investment side,

- We're Vancity is working to educate our members about **sustainable wealth management** opportunities –so that members can choose to invest their longer term savings in **socially responsible investment funds (SRIs)**,
- And, we've launched a small investment fund, called **Resilient**, that offers patient capital and equity investment solutions for local social enterprises and mission-based businesses that need that kind of financial support.

It's exciting & it's challenging –but, it's a **natural continuum in our environmental** (and social) **leadership**.

And it's a great **fit with our co-op values**.



If you'd like to read a few of our community impact stories, please check them out under "impact" on the "My Community" section of our Vancity website:

**<https://www.vancity.com/MyCommunity/Impact/Stories/>**

**Thanks** for this opportunity to share our Vancity story.