



Social Responsibility and

Canada's Credit Union's



Building Stronger Communities



Canada's Credit Unions Build **STRONGER** Communities

STRONG Credit Unions

Welcome to the financial institution that is trusted by millions of Canadians across the country. We count you in – as a customer, as a member and as an owner.

If you walk into one of our branches or use our online services, you might think we are just like other financial institutions. Credit unions offer a full range of financial services, including savings and chequing accounts, online financial services, loans, RRSPs, RRIFs, RESPs, mortgages and investment opportunities. We are proud of our financial expertise and friendly service. In addition, the credit union system includes affiliated organizations that offer trusteeship and financial intermediary services, insurance and wealth management services.

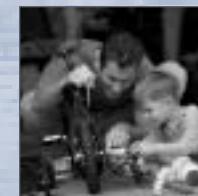
But here's the difference: a local credit union is a financial co-operative, owned by its members, who are also customers. It is owned and controlled by the people it serves.

And because we are owned locally, we are working with you to build our communities. The community involvement activities of Canada's credit unions include donations, sponsorships, economic development, scholarships and bursaries, fundraising, volunteering and contributions to special foundations set up by the credit union system.



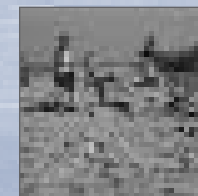
Our **STRONG** values

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Making a Difference

ONE COMMUNITY AT A TIME

Make **STRONG** Communities



Our **STRONG** Values

Social responsibility and caring for others are the core values of credit unions – Canada’s community-based financial services institutions.

Locally controlled and community-focused, credit unions are financial institutions that provide more than excellence in financial services. Our philanthropy is focused on the needs and aspirations of our communities, because that’s where our roots are.

Our communities are the lifeblood of our business, the source of our local prosperity. Our customers don’t just open an account with a credit union – they join a credit union. They are called members – part owners of a financial co-operative.

Canadians have been credit union members for over 100 years. In 1900, ordinary working people had little access to the commercially centred banks. Organized locally, according to a co-operative model, credit unions provided urgently needed savings and lending services, at fair rates.

Today, credit unions are modern financial institutions that play a strong and vibrant role in the Canadian economy. And we haven’t forgotten our community spirit! Using sound financial judgment, credit unions strengthen their communities by giving back.

A recent study that includes responses from 356 credit unions has quantified how their caring makes communities stronger.

STRENGTH through **Giving** – with money, services and time, credit union respondents contributed over \$24.6 million to charities, community groups and nonprofit organizations across Canada in 2004. That figure includes \$18.1 million in monetary donations and sponsorships.

STRENGTH through **Community Economic Development** – with focused and innovative financing and services, credit union respondents supported local businesses, community groups and economic initiatives.

STRENGTH through **Social Responsibility** – Canada’s credit unions make a difference by practicing socially responsible management. Many strive to meet social principles by developing young leaders, using progressive management practices, upholding socially responsible investment policies, launching innovative services and exercising democratic governance.

2004 Credit Union Community Involvement Survey

Much of this report’s information is derived from the 2004 *Credit Union Community Involvement Survey* and research project, which documents the donations, sponsorships and economic development activities of Canada’s credit unions. Conducted for Credit Union Central of Canada by Ipsos-Reid in the spring of 2005, the project includes data from a total of 356 credit unions: 205 credit unions surveyed in seven provinces, as well as aggregate data from another 151 credit unions in two provinces. More information about the 2004 survey is available on the Web site of Credit Union Central of Canada at www.cucentral.ca.

STRENGTH through Giving



Giving to the community—tangibly demonstrating concern for others—is a key principle of Canada’s credit unions, as we operate at the heart of community life. The strength and viability of our communities—and our members—assures the strength and future of our system.

In 2004, credit unions and affiliates surveyed reported monetary donations and sponsorships of \$18.1 million – to support tens of thousands of community organizations, local services, health care, youth programs, sports activities, festivals, community initiatives, social services, cultural events and education across Canada.

As reported in the 2004 *Credit Union Community Involvement Survey*, monetary support includes both donations and sponsorships. Donations are defined as “gifts” to a fund or organization, where nothing but goodwill is received in return. Sponsorships, on the other hand, usually involve a two-way arrangement in which the giver receives something in return – usually advertising via free publicity.

Overall, reported annual donations and sponsorships from credit unions have remained well in excess of the goal set by the IMAGINE™ campaign (1% of pre-tax profits), which sets guidelines for corporate philanthropy. This leadership is a reflection of the depth of concern of credit union members and employees – and directly benefits the communities where we operate. On average, the credit union system respondents contributed donations and sponsorships of \$69,996 each, higher than the average of \$52,650 in 2003. Amounts ranged from millions of dollars to just a few dollars, varying with the size and policies of the responding credit union or affiliate.

In terms of specific areas supported, “other” nonprofit organizations received the greatest monetary donations and sponsorships at about \$1.8 million, followed by health care causes (\$1.1 million), sports organizations (\$556,000) and arts & culture (\$512,000).

Monetary support for education was also high (\$477,000), as was economic development (\$382,000) and schools and colleges (\$354,000). Other organizations receiving donations and sponsorships included environmental and seniors’ causes, housing developments and international development.

Putting their money to work locally, most credit union respondents (98%) make donations to organizations within their trade areas. In addition, 52% make donations outside their trade areas, but within their province.

Because credit unions are owned locally, we give locally. With money, services and time, credit unions contributed over \$24.6 million to charities and communities in 2004.



Giving Time:

voluntarism **STRENGTHENS** communities

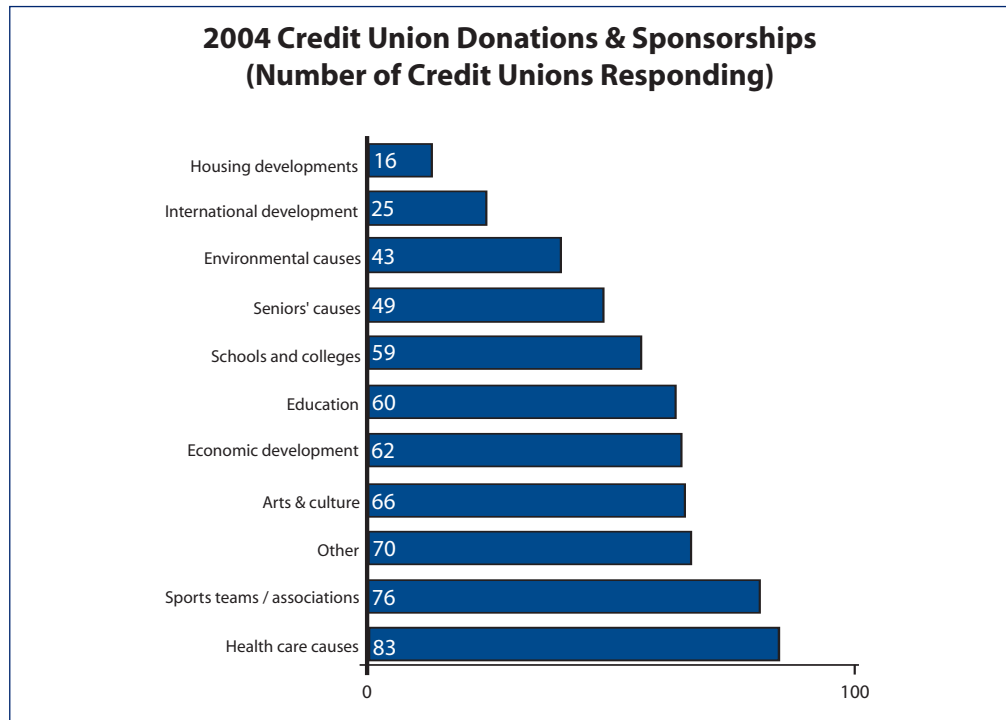
While direct monetary support is critical to charities and community organizations, they also need the time and skill of volunteers to meet their stakeholders' needs. Credit union system employees are leaders in voluntarism, reflecting our core value of caring for others.

As trained financial service professionals, Canada's 23,000 credit union employees add significant value to local organizations – often serving on boards or committees and helping to provide financial advice and management for everything ranging from soccer leagues and seniors' clubs to local hospitals and educational institutions.

Volunteer activities of staff are fully encouraged throughout the credit union system. In 2004, 46% of responding credit unions encouraged employees to meet their volunteer commitments as part of their paid work. The total number of hours respondents' employees contributed nationally (as part of their paid work) in 2004 was 46,457 for 149 responding credit unions. The types of organizations benefiting from this commitment were wide ranging in scope.

Some credit unions value voluntarism so highly that it has become an integral part of their employees' performance evaluations. In 2004, 26% of respondents (53 credit unions) indicated that this was the case.

And outside of work time, our employees are even busier supporting their local communities. Staff unpaid voluntarism is high, with 71% of credit union system respondents indicating that employees volunteer for community activities/organizations, representing the credit union during their unpaid time off.



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STRONG and Generous:

fundraising, scholarships and foundations

Beyond direct giving, credit unions undertake fundraising for organizations and charitable causes. In 2004, 59% of credit unions reported administering fundraising for others, attracting \$7.5 million for worthy causes – including generous donations by employees as well as credit union members and the public. This amount is in addition to the \$18.1 million that the credit union system contributed in sponsorships and donations.

Fundraising efforts may include activities on behalf of local causes or broader disaster relief programs. As a system, credit unions have worked together and facilitated fundraising for disaster relief.

Also in 2004, 11 British Columbia credit unions participating in the *Community Involvement Survey* reported that they contributed \$2.6 million to their charitable foundations. In turn, those foundations disbursed funds to worthwhile causes.

And to aid education throughout Canada, the majority of respondents (62%) awarded scholarships and bursaries in 2004. According to the survey, the total amount distributed by credit unions for scholarships and bursaries was \$758,000 – for 833 scholarships. The average scholarship/bursary givings per credit union was \$5,255.

We are especially proud that more than 60 credit unions across the country have formalized their commitment to philanthropy by participating in the IMAGINE™ Caring Program. A CARING COMPANY™, as designated by IMAGINE, demonstrates good corporate citizenship by making a commitment to:

DONATE a minimum of 1% of pre-tax profits to charity

ENCOURAGE employee giving and volunteering

FOLLOW ethical and environmentally responsible business practices

SUPPORT at least one community investment project to make a difference in the community

PUBLISH a minimum of one page of information annually on corporate citizenship activities

In 2004, Vancouver City Savings Credit Union was recognized by the IMAGINE *New Spirit of Community Partnership Awards* for its participation in a conservation financing program.

Tsunami Relief

Not included in 2004 philanthropy figures is the credit union system's tremendous fundraising and volunteer effort to support tsunami relief. In addition to devastating lives and property, the December 26, 2004 disaster destroyed 800 thrift and credit co-operatives in East Asia. Across Canada, credit unions are contributing to the Co-operative Development Foundation's bid to raise \$1 million in 2005-2006 for relief and reconstruction work in Sri Lanka and Indonesia. Credit unions are also supporting rebuilding efforts by World Council of Credit Unions.



STRENGTH through Community Economic Development

Win-win exchanges between credit unions and their communities, community economic development projects make a strong impact by fuelling social and economic growth. For the credit union system, economic leadership assumes many forms from giving direct financial assistance to providing the initiative and financial expertise needed to pull together community resources to achieve a worthwhile community objective.

Economic development contributions

Credit union respondents to the *Credit Union Community Involvement Survey* made \$3.1 million in community economic development contributions in 2004. Included in this figure are service charges waived or reduced on interest-bearing accounts, bonus interest on term deposits, and providing low or no interest rate loans and lines of credit to community organizations. These contributions enable many nonprofit organizations to maintain operations that directly benefit the community and support development.

The most frequently cited contribution was the cost of reducing or waiving service charges on interest-bearing accounts. Among the credit union system respondents polled in seven provinces, 86 said they waived or reduced service charges for 24,361 organizations. The annual cost of this service was estimated at \$2.4 million. Together, “other” contributions such as bonus interest on term deposits and low or no interest rate loans/lines of credit for community organizations were estimated to cost credit union respondents \$686,000.

Recognizing leadership through community economic development awards

Since 1988, Canada’s credit unions have celebrated strong and creative initiatives in community economic development through a national recognition program – bringing attention to successful approaches to local development through financial services and community leadership. The *Credit Union Award for Community Economic Development* recognizes projects that emphasize community self-help, delivering demonstrable social and economic benefits. Winning entries show how credit unions participate in these initiatives from conception to completion, through effective partnerships with community-based organizations.

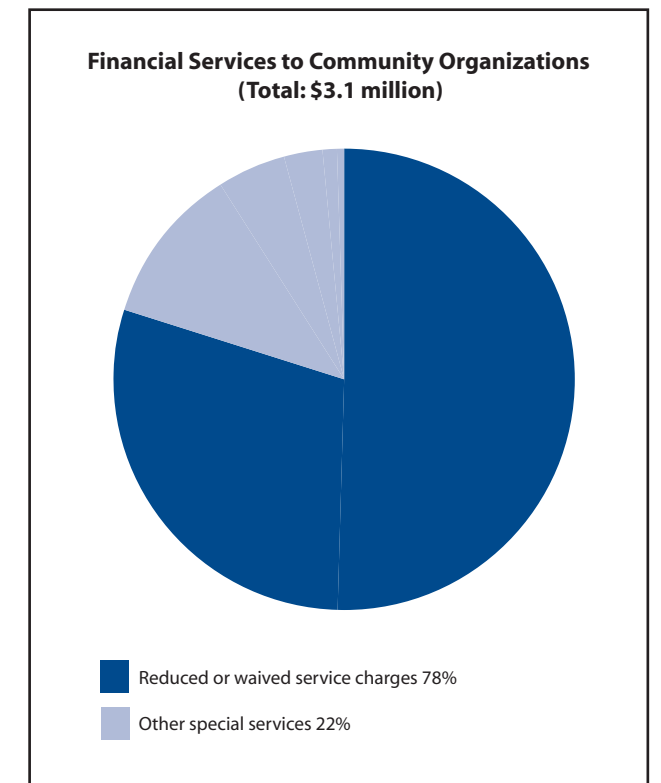
Entries honoured over the years included affordable housing and mortgage initiatives, small business microlending programs, financial assistance for less advantaged community members and supportive financing of nonprofit community organizations.

The 2005 award winner—Community Savings, Alberta – highlights the finest principles of community service that characterize the credit union system. Community Savings went the extra distance to meet an Alberta community’s needs and to shape a promising future for Canadian Forces Base (CFB) Suffield. The credit union opened a unique branch at CFB Suffield in July 2000 and the location enabled Community Savings to provide financial services to an unserved market, while creating an economic multiplier effect that still contributes to the prosperity and social wellbeing of the community.

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

- **Vancouver City Savings Credit Union** (2004 award recipient) created unique “social enterprise tools” that strengthen and grow organizations delivering social and environmental benefits in their community. The credit union has provided grants, repayable financing, technical assistance, research and leadership in developing partnerships.
- **Eagle River Credit Union** (2003 recipient) of Labrador was formed in response to the withdrawal by a major bank from the town of L’Anse au Loup. This small community with a fragile, resource-based economy took charge of its own destiny. Eagle River Credit Union has now grown into a full-service financial institution with assets of \$40 million, membership of 4,700 and five branches.

- **Saskatoon Credit Union** (2002 recipient) has committed millions of dollars in mortgages over five years to several affordable housing initiatives, which are often managed by local development partners. It also manages a micro-loan program for small businesses in conjunction with a government development agency.





STRENGTH through Social Responsibility

For credit unions, community involvement includes social responsibility – setting a strong example for other businesses and organizations by considering the broader impact of our conduct, purchasing decisions and products. In recent years, many of Canada’s credit unions have led the way with responsible employment, governance, environmental and investment

programs and policies. And throughout their history, credit unions have empowered Canada’s consumers with innovative products and services, which have often been imitated by other financial institutions.

Encouraging young leadership

Recognizing, retaining and responding to credit union youth is a strategic process for the credit union system, as it passes on its values to the next generation of strong, socially responsible leaders. In 2004 the credit union system established the *National Young Leaders Program*, a national award to encourage leadership development within the credit union system.

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

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

The 2005 winner of the *National Young Leaders Award* was Sandra Phillips, Manager, Marketing, Sales and Operations, Powell River Credit Union Financial Group, B.C. Sandra was awarded the scholarship.

Four other outstanding finalists were also commended: Lisa Haché, Human Resources/Training Manager, Your Credit Union, Ontario; Jacqueline Jardine, Assistant General Manager, NBTA Credit Union, New Brunswick; Darcy Mykytyshyn, Vice President, Corporate Affairs, Community Savings, Alberta; and Lisa Patterson, Manager, Human Resources, North Peace Savings and Credit Union, B.C.

Also in 2005, Sherri Fogwill, Newfoundland & Labrador Credit Union, and Sandra Phillips, Powell River Credit Union Financial Group were named to an elite group of five international winners of the *Young Credit Union People* Program, a scholarship competition administered by World Council of Credit Unions, Inc. (WOCCU). Eight other young Canadian credit union leaders were included in WOCCU’s list of 26 finalists.

Responsible employment

Canada’s credit unions are major employers, collectively providing financial careers for about 23,000 full-time and part-time professionals. Staff can access CUSOURCE™ Credit Union Knowledge Network, the online home of learning, knowledge sharing, career management and professional development for the credit union system. The CUSOURCE Network is also the registration hub for Credit Union Institute of Canada (CUIC®), which offers accreditation and designation programs. Other offerings include commercial lending programs, leadership training, enterprise risk management workshops and a database of job competencies.

As virtually all employees are also members and owners of their credit union, they are key stakeholders, with a profound influence on the policies that affect them. As a result, credit unions tend to be employers of choice, and tend to have progressive, forward-looking employment policies – reflecting co-operative values and principles.

As employers, Canadian credit unions are applauded for progressive policies such as profit sharing, flexible benefit plans, flexible work schedules, supporting volunteer work, employee wellness plans and educational support. In 2004, three credit union organizations were included in the prestigious “50 Best Employers in Canada” list, sponsored by the *Globe and Mail Report on Business Magazine*.

In addition, the *50 Best Managed Companies in Canada* list, sponsored by Deloitte, the *National Post*, CIBC Commercial Banking and Queen’s School of Business, included four organizations from the credit union system.

Other awards recognizing credit unions include the *Top 10 Best Small and Medium Employers in Canada*, sponsored by Queen’s University School of Business, Centre for Enterprise Development and Hewitt Associates. Local and provincial award programs have also recognized credit unions for progressive management. Two credit union organizations were on the 2004 list of *Canada’s Top 100 Employers* compiled by *Macleans* magazine, with Vancouver City Savings Credit Union earning the highest ranking of the 100 organizations listed. For this award, companies were reviewed on their physical workplace; work and social atmosphere; health, financial and family benefits; vacation and time off; employee communication; performance management; training and skills development; and community involvement.

Democratic governance

Credit union governance is another area that produces socially responsible benefits for communities. Because credit unions are democratic institutions, owned by the members who are their customers, they must be fully accountable, open and transparent. Sound governance practices are imperative. Each credit union has its own board of directors. Unique among Canadian financial institutions, our boards are comprised of volunteer members – members from local communities who represent their fellow stakeholders, set policy and oversee management, operations and reporting.

About 4,300 Canadians participate as volunteers on credit union boards and committees.



STRONG leadership in socially responsible investing

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

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

Today, with assets under management of approximately \$2 billion and serving over 180,000 unitholders, THE ETHICAL FUNDS COMPANY™ distributes its family of 18 ETHICAL FUNDS® through qualified investment professionals, discount brokers, life insurers and other institutional partners across Canada, including Quebec.

In addition to evaluating investments according to their financial, social, and environmental performance and outlook, THE ETHICAL FUNDS COMPANY works with companies, industry, regulatory, and like-minded organizations to encourage corporate accountability, sustainability, and market integrity. Corporate performance is evaluated according to three Core Values: respect for the environment, respect for stakeholders and respect for human rights and human security. Companies whose primary activities involve tobacco, military production or nuclear energy are automatically excluded from all portfolios.

To encourage greater corporate responsibility, THE ETHICAL FUNDS COMPANY engages in shareholder action, including direct contact with corporations, filing shareholder resolutions and proxy voting. Much of this shareholder activism is in association with other concerned groups in Canada and around the world, increasing the public focus and positive impact of these efforts.

The family of ETHICAL FUNDS is available through Credential Asset Management Inc. or Credential Securities Inc. in participating credit unions across Canada. Please read the prospectus before investing.

New report a “how-to” for corporate social responsibility

A progressive group of credit union organizations that takes corporate social responsibility (CSR) seriously released a report in 2005 that profiles hundreds of best practice CSR efforts and innovations of over 20 financial institutions around the world. This study is a significant “how-to” resource for organizations interested in developing a CSR strategy or those that are adjusting their current strategies to reflect the latest best practices.

Entitled *Sustainability Finance: A Study of Best Practices, Standards and Trends in Corporate Social Responsibility*, the report also sums up a number of CSR trends identified by 50 CSR finance thought leaders. The result is a ready resource for developing a CSR strategy – from product ideas, to management systems, to sources of innovation, consumer trends and elements of a business case.

Enhancing responsibility through innovation

To maintain their position as strong local financial institutions, credit unions must constantly innovate to ensure excellence in financial services and in service delivery to members and stakeholders. Credit unions live by the principle of “co-operation among co-operatives” by sharing innovations and breakthroughs in service delivery to benefit members throughout the country.

To highlight and encourage innovative activity and to benchmark best practices, the *National Credit Union Innovation Award* was established in 2003. The award supports and honours innovations in technology, process, cost savings and member services. Winning entries must demonstrate a positive contribution that enhances a credit union member’s experience.

The *National Credit Union Innovation Award* was presented in 2005 to Alterna Savings, Ontario. Alterna Savings has a long track record of corporate social responsibility and community support. As a social auditing pioneer and the instigator of many innovative programs, Alterna believes that a key responsibility in this area is product development. The credit union’s COMMUNITY BUILDER MORTGAGE® program helps non-profit organizations achieve their fundraising goals through 5-year community mortgages, where 0.5% of a client’s mortgage amount is given to the nonprofit organization as an honourarium. This innovative product provides a new way for groups to raise money, while contributing positively to Alterna Savings’ business and expanding its membership base.

Past *Innovation Award* winners include Nelson & District Credit Union, B.C. (2004), which launched a Youth Liaison Project, and Mennonite Savings & Credit Union, Ontario (2003) for a commercial credit monitoring and portfolio management solution that reduced administration costs.

Credit Union Firsts...

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

1900s

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

1930s

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

1950s

FIRST Open Mortgages

1960s

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

1970s

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

1980s

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

1990s

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

2000s

FIRST Disabled Person Financial Service Package
FIRST Cheque Imaging Service
FIRST Securitized Agricultural Mortgage
FIRST Free Chequing Account from a Full-Service Financial Institution

Contact Information

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

Credit Union Central of Canada
Toronto Office, ON (416) 232-1262; 1-800-649-0222
Ottawa Office, ON (613) 238-6747
Web site: www.cucentral.ca

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

Credit Union Central of British Columbia
Vancouver, BC (604) 734-2511
Web site: www.cucbc.com

Credit Union Central Alberta Limited
Calgary, AB (403) 258-5900
Web site: www.albertacreditunions.com

Credit Union Central of Saskatchewan
Regina, SK (306) 566-1200
Web sites: www.saskcu.com, www.saskcentral.com

Credit Union Central of Manitoba
Winnipeg, MB (204) 985-4700
Web site: www.creditunion.mb.ca

Credit Union Central of Ontario
Mississauga, ON (905) 238-9400
Web site: www.ontariocreditunions.com

Credit Union Central of New Brunswick
Riverview, NB (506) 857-8184
Web site: www.creditunion.nb.ca

Credit Union Central of Prince Edward Island
Charlottetown, PE (902) 566-3350
Web site: www.creditunions.pe.ca

Credit Union Central of Nova Scotia
Halifax, NS (902) 453-0680
Web site: www.ns-credit-unions.com

Credit Union Central of Newfoundland & Labrador
Gander, NL 1-800-663-2802 Facsimile: (709) 737-2937

L'Alliance des caisses populaires de l'Ontario limitée
North Bay, ON (705) 474-5634
Web site: www.caissealliance.com

Concentra Financial Services Association
Saskatoon, SK (306) 956-5100; 1-800-788-6311
Web site: www.concentrafinancial.ca

The Co-operators Group Limited
Guelph, ON (519) 824-4400
Web site: www.cooperators.ca

The CUMIS Group Limited
Burlington, ON (905) 632-1221; 1-800-263-9120
Web site: www.cumis.com

Credential Financial Inc. & The Ethical Funds Company
Vancouver, BC (604) 714-3800
Web site: www.credential.com, www.ethicalfunds.com

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