

**COMMUNITY INVESTMENT STRATEGY
AT NORTH SHORE CREDIT UNION**

By

Josh McKay
BA, Trinity Western University, 2000

PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
EXECUTIVE MASTER OF BUSINESS ADMINISTRATION

In the Executive MBA Program
of the
Faculty
of
Business Administration

© Josh McKay 2011
SIMON FRASER UNIVERSITY
Spring 2011

All rights reserved. However, in accordance with the *Copyright Act of Canada*, this work may be reproduced, without authorization, under the conditions for *Fair Dealing*. Therefore, limited reproduction of this work for the purposes of private study, research, criticism, review and news reporting is likely to be in accordance with the law, particularly if cited appropriately.

Approval

Name: **Josh McKay**

Degree: **Master of Business Administration**

Title of Project: **COMMUNITY INVESTMENT STRATEGY
AT NORTH SHORE CREDIT UNION**

Supervisory Committee:

Associate Professor, Colleen Collins
Senior Supervisor

Adjunct Professor, Dr. Mark Frein
Second Reader

Date Approved: _____

Abstract

The goal of this project is to examine and analyze North Shore Credit Union's (NSCU) approach to community investment (CI) in conjunction with its overall business strategy. As NSCU continues to evolve its brand position and enact change to its corporate structure in keeping with future expansion plans the CI criteria must change to fit with this new direction.

The current CI strategy will be reviewed along with an analysis of competitors and industry best practices to determine a new CI strategy for NSCU. An examination of available CI studies and benchmarking data indicates that NSCU's CI strategy needs to be updated to reflect and support the enhanced premium brand positioning and business strategy of the credit union.

Among the recommendations of this report is to re-align NSCU CI strategy to its evolving brand and business strategy in order to better target the mass affluent customer demographic. There is also an opportunity for NSCU to optimize their CI management systems, performance measurement and involvement in LBG Canada. Consideration of how to more systematically capture program management costs, the value of time and the value of in-kind contribution are also presented. NSCU should also look at ways to leverage additional resources from internal and external stakeholders for the benefit of community partners.

Dedication

I would like to dedicate my time in the EMBA program and this final project to my wife Candice. Without her support, encouragement and faith in me, this would not have been possible. I would also like to thank my classmates, in particular my team members, who consistently challenged me and helped foster a great learning environment. Finally, I would like to acknowledge the professors and administrators of the program who not only provided direction, motivation and guidance, but were also generous and accessible with their time.

Acknowledgements

I would like to acknowledge my father, Wayne McKay, whose lifetime of executive service in the credit union industry has helped pave my way and proved invaluable in this process. He has served as my mentor and provided invaluable guidance and insight into the subject matter of this project.

I would also like to thank the research group at LBG Canada for providing access to an abundance of information and data to assist with this project.

Finally, my classmate Aubrey Kelly also helped keep me on track, focussed and accountable through our weekly project meetings.

Table of Contents

Approval.....	ii
Abstract	iii
Dedication	iv
Acknowledgements	v
Table of Contents	vi
List of Figures	ix
List of Tables.....	x
Glossary.....	xi
1: Industry and Company Background.....	1
1.1 Industry Definition	1
1.2 Key Characteristics of the Financial Services Industry.....	2
1.3 The Credit Union System in BC.....	3
1.3.1 Membership and Governance.....	4
1.3.2 Patronage Refunds.....	5
1.3.3 About Central 1 Credit Union	6
1.4 Company Background.....	6
1.4.1 Mission Statement.....	6
1.4.2 Vision Statement	7
1.4.3 NSCU Values	7
1.4.4 NSCU Credo	8
1.4.5 NSCU Board Governance	8
1.5 Customer Strategy	9
1.6 Products.....	12
1.7 Geographic Considerations	13
1.8 Supply Chain.....	14
1.9 Competitor Analysis.....	14
1.9.1 Canadian Banks.....	15
1.9.2 B.C. Banks	16
1.9.3 Peer Group Credit Unions.....	17
1.9.4 Porter’s (Augmented) Five Forces	20
1.9.5 Challenges Faced by the Financial Services Industry	21
2: Corporate Community Investment	25
2.1 Industry Background.....	25
2.1.1 What Is Community Investing?.....	27
2.1.2 What Are The Components Of Community Investing?	28
2.1.3 What Are The Benefits Of Community Investing?.....	28
2.1.4 How Do You Measure The Success Of Community Investing?.....	29
2.1.5 How Much Does Community Investing Cost?.....	30

2.2	Community Investments in Financial Services	30
2.2.1	Social Finance	31
2.3	Competitive Analysis	32
2.4	Community Investments at NSCU	34
2.4.1	Brand Differentiator	34
2.4.2	Brand Strategy Summary	35
2.4.3	Transformational Brand Program.....	36
2.5	Sponsorship Framework.....	36
2.5.1	Sponsorship vs. Donation.....	37
2.5.2	Effectiveness of Community Investment	38
2.5.3	Ten Tips for Leveraging Community Investments	39
2.5.4	Different Levels of Funding	40
2.5.5	Who pays – Marketing or Corporate Affairs?.....	41
2.5.6	Eligibility.....	42
Table 14: Types of events/projects considered for community investment requests.		42
2.5.7	Types of requests not considered for sponsorship.....	43
2.5.8	Type of assistance available.....	43
2.6	Evaluating Requests	44
2.7	Community Events.....	44
2.7.1	Media Coverage / Employee Buy-in.....	45
2.8	Corporate Social Responsibility.....	45
2.9	Volunteer Program	49
3: Future Direction.....		51
3.1	Brand Alignment	51
3.2	Geographic Alignment	52
3.3	Technology Alignment.....	53
3.4	Employee Alignment.....	54
3.5	Marketing Alignment	55
3.6	Value Alignment	56
3.7	Conclusions and Recommendations.....	58
3.7.1	Portfolio Wide Assessment	60
3.7.2	Potential Activities for Involvement	60
3.7.3	Improve Premium Items.....	61
3.7.4	More Focussed Approach.....	61
3.7.5	Improve Brand Alignment	64
3.7.6	Improve Data Collection	65
3.7.7	Performance Measurement.....	65
3.7.8	External Reporting	66
3.7.9	Continue Participation in LBG Canada.....	67
3.7.10	Percentage of CI Portfolio Captured	68
3.7.11	Budget Allocation	68
3.7.12	Volunteering Strategy	68
3.7.13	Naming Rights	69
3.7.14	Signature Event	69
3.7.15	Celebrity Involvement.....	69
3.7.16	Existing Events.....	69
3.7.17	Other recommendations:	69

4: Appendix	71
Coho Society of the North Shore.....	72
North Vancouver Recreation Commission - Active for Life	72
North Shore Recycling Program - Blue Boxes.....	72
North Shore Rescue.....	73
Family Services of the North Shore Christmas Bureau.....	73
North Vancouver Chamber of Commerce.....	73
North Vancouver Outdoor School.....	74
Bibliography	94
Works Cited.....	94
Company Documents	95
Websites Consulted	95

List of Figures

Figure 1: Market Segmentation	-	Page 10
Figure 2: Evolving Opportunities	-	Page 11
Figure 3: Smoothing the Curve	-	Page 12
Figure 4: A Crowded Competitive Landscape	-	Page 15
Figure 5: Four Broad Strategies in Personal Financial Services	-	Page 19
Figure 6: Bank Customer Retention Strategies	-	Page 23
Figure 7: Investment by Motivation	-	Page 27
Figure 8: CI by LBG Focus Area	-	Page 33
Figure 9: NSCU Sponsorship Direction	-	Page 35
Figure 10: CI by Core Focus / Wellness Area	-	Page 44

List of Tables

Table 1: Number of Financial Institutions	-	Page 1
Table 2: Branches of Financial Institution by Province	-	Page 3
Table 3: Market Penetration of Credit Unions	-	Page 4
Table 4: NSCU Values	-	Page 7
Table 5: Market Share of Chartered Banks	-	Page 16
Table 6: Top Banks in B.C. 2010	-	Page 17
Table 7: Top Credit Unions in British Columbia	-	Page 18
Table 8: Interest Rate Spread of Chartered Banks by Country	-	Page 21
Table 9: What Sponsorships Can Achieve	-	Page 28
Table 10: Sponsorship Assets and Related Sponsorship Benefits	-	Page 29
Table 11: Focus Area by Dollar Amount	-	Page 36
Table 12: Levels of Funding	-	Page 41
Table 13: Types of Funding	-	Page 42
Table 14: Types of Events / Projects Considered For CI Requests	-	Page 43
Table 15: Alignment with Brand	-	Page 53
Table 16: Alignment with Place	-	Page 54
Table 17: Alignment with Technology	-	Page 55
Table 18: Alignment with Employees	-	Page 56
Table 19: Alignment with Marketing	-	Page 57
Table 20: Alignment with Values	-	Page 58
Table 21: Community Involvement Targets	-	Page 63

Glossary

Benchmarking	The use of defined standards to compare programs, processes and methods from which industry standards and best practice can be identified. Benchmarking allows for comparison and insights that organizations can use to evaluate themselves against their peers.
Business Basics	All daily business activities. These activities combine to form overall economic, social and environmental impact.
Cause Marketing	Refers to a type of marketing involving the cooperative efforts of a company and a non-profit organization for mutual benefit. This differs from corporate philanthropy as it is a marketing investment on the part of the company where there are clear expectations for receiving marketing value from the relationship.
Community Economic Development (CED)	<p>The process by which a community – often in partnership with public, private and/or non-profit sector organizations – develops and implements solutions to local economic problems and issues in a way that seeks to improve quality of life and economic resilience. In doing so, the project builds long-term, sustainable and productive capacity that integrates economic, social and environmental considerations.</p> <p>CED involves a combination of economic and social goals. These goals are often inter-related; for example, economic development and commercial activities are undertaken to achieve economic and social goals such as the relief of poverty or the empowerment of the community, while social goals, such as the advancement of education, are undertaken to develop individuals as well as the local economy.</p>
Community Engagement	A broadly-based term that encompasses all types of engagement with communities, including community investment, stakeholder consultations, customer-focused programs, public affairs etc. Typically, an organization will have a multi-pronged community engagement strategy.
Community Engaged/Service Learning	Experiential/intentional learning activities that are generally facilitated through community based partnerships aimed at engaging individuals or groups in linking experience, reflection, and action i.e. practicums, field placements, internships, youth placements/projects, etc.

Community Sponsorship	A contractual agreement to contribute to a not-for-profit organization/registered charity, which results in the investor having the right to promote itself in association with the recipient to achieve some form of commercial benefit.
Corporate Citizenship	Corporate citizenship is the business strategy that shapes the values underpinning a company’s mission and the choices made each day by its executives, managers and employees as they engage with society.
Corporate Community Involvement	Often used interchangeably with the term ‘community investment,’ corporate community involvement is a broadly-based term that encompasses all forms of community involvement, including community investment, employee volunteering & giving, involvement in local issues of concern, etc. Would typically refer only to voluntary activities, i.e. would not include corporate commitments resulting from land access, other negotiations, etc.
Corporate Donation	A voluntary gift (money, goods, a service or ideas) made to a non-profit or charity, without any expectation of a business return.
Corporate Social Responsibility (CSR)	How a company chooses to manage its people and business processes, given an understanding of its corporate impact on society and the physical environment. Corporate Social Responsibility is a continuum, in which companies choose to what degree they operate in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.
Corporate Sustainability	A business approach that aims to create long-term value by considering the capacity of the natural and social environment, as well as the economic and operational viability of the business.
Direct Service	Activities performed on behalf of a community based organization and generally defined through a position description requiring a specific time commitment i.e. coaching, mentoring, counseling, coordinating, repairing, fundraising, delivering meals etc.
Economic Development	Economic development refers to a sustainable increase in a community’s overall living standards. While often measured in terms of GDP, the sum of total value of goods produced in a particular year, economic development also implies an increase in per capita income, improved literacy rates, life expectancy and poverty rates.
Employee time during non-working hours and/or external volunteering (NWH)	Employees or external volunteers who volunteer outside of working hours and are not paid for their time. Time spent volunteering during non-working hours is not given cash value.


Employee time during working hours (DWH)	Volunteer time spent during working hours, for which the employee is paid. Employee time DWH Is typically valued at the company’s average hourly rate (not including executive salaries). Local averages used by Statistics Canada may also be used as a proxy.
Episodic Opportunities	Activities that are performed by individuals or groups that are short term, transactional and usually done in a day or less i.e. building playgrounds, clean-up projects, painting projects, United Way Day of Caring, etc.
External Resources Leveraged (ERL)	Contributions to a community project that can be directly linked to a company’s involvement in the project, but are not a cost to the sponsoring company. For example: matched funds from government, input from a corporate partner, or employee time volunteered during non-working hours.
General Program Management Costs	The portion of the cost of maintaining full and part-time community affairs staff, including salaries and benefits, operating costs (including overheads, research and evaluation, skill development, communication of program activities). Also include any costs relating to the promotion/communication of this program, and paying third parties to provide assistance in managing this program.
Group Opportunities	Activities that are organized by or for a group of individuals that can be either short or long term and focused on team building, social networking, and/or building communities of interest i.e. family volunteering, employee volunteerism, school/community partnerships, youth projects, etc.
Impact of Business on Society	Every aspect of business operations has a social impact. Understanding its social impact enables a company to define its own role as a corporate citizen. The extent to which it minimizes negative impact and maximizes positive impact becomes the framework of its citizenship and/or responsibility strategy.
Impact through the Value Chain	<p data-bbox="544 1444 1385 1514">A company’s impact on society includes the suppliers it chooses and how the customers use and dispose of its product.</p> <p data-bbox="544 1549 1385 1686">A company’s choice of suppliers can result in greater or lesser social impact. For example, a corporate purchaser might be negatively associated with a supplier without concern for its own environmental impact.</p> <p data-bbox="544 1717 1385 1841">The impact of a customer’s use of a product is also part of social impact. For example, promoting credit card use amongst people without financial literacy would generate negative social impact by a business.</p>

LBG Canada	LBG Canada is a growing group of companies committed to maximizing the value of their community investment – for community partners and for the business. Through their involvement, LBG Canada companies access the highest standard in community investment management, performance measurement and reporting.
LBG Motivations	<p>Every voluntary community investment, regardless of size, form or theme, will always be driven by one of three motivations. In LBG Canada terms, these motivations are philanthropic investment, social investment and commercial initiative.</p> <p>Philanthropic Investment – One-off or intermittent donations in response to charity appeals or in support of employee charitable activities.</p> <p>Social Investment – Longer-term, strategic involvement in community partnerships that address a specific range of social issues that are important to the company or to company stakeholders. These programs are often aligned with long-term corporate interests.</p> <p>Commercial Initiatives – Activities in the community that directly support a business objective, or promote or protect the commercial interest of the corporation. Examples include cause-related marketing, sponsorship of charitable events related to a business or marketing strategy, initiatives designed to spark recruitment, etc.</p>
Leadership Options	Activities that require a commitment to leading, supervising, and/or mentoring at an organizational level i.e. Board of Directors, Advisory Groups/Committees, Committee/Project Chairs, etc.
London Benchmarking Group (LBG)	Originally formed in the UK in 1994 and now used in nine international hubs, the London Benchmarking Group is a group of companies that use the LBG Model to assess and report on the value and achievements of their community involvement.
Management Costs	Costs associated with running the community investment function or managing contributions to the community. Includes: The cost of community investment staff (including salaries and overhead), research, travel, as well as costs relating to the promotion of community programs.
Matched Giving	<p>A company matches dollar for dollar, or a portion of each dollar, of each employee’s contribution. It is possible to put a cap on how much is matched per employee. Match giving can be in the following forms:</p> <p>a) Single gifts – if an employee gives \$20 to charity, the company does as well</p> <p>b) Fundraising – match the money raised by staff who organize events or collections for a charity</p>

c) Dollar for Doers – a company ‘pays’ employees for their volunteering time with a donation to their charity

Pro Bono / Specifically Skilled Options	Individual or group projects that require specific and generally specialized skills. These opportunities are outsourced as projects with defined deliverables, outcomes and project objectives and are focused on skills such as legal, financial, communication, human resources, information technology, etc. i.e. loaned representatives, secondments, project team, etc.
Payroll Giving	Enables employees to give regularly and on a tax free basis to non profit organizations selected by their company. Also known as workplace giving, it provides regular income to help charities budget and plan ahead more effectively. Employees who choose to participate make a regular donation directly from their pay.
Sponsorship or Commercial Sponsorship or Marketing Sponsorship	A cash and/or in-kind fee paid to a property in return for the exploitable commercial potential associated with that property. Commercial sponsorships have very defined return rights and are expected to deliver a quantifiable return on investment.
Stakeholder Engagement	Similar to community engagement, stakeholder engagement is an umbrella term that can refer to a wide variety of activities aimed at engaging external stakeholders across a wide range of business activities. Community investment often offers opportunities for companies to engage stakeholders, therefore could be part of a stakeholder engagement strategy.
Voluntary Contribution	An investment made by a company that is not relating to fulfillment of a contractual obligation.

Critical note: Never delete the section break below !!!!! This break enables the differential page numbering between the preliminary roman numeral section and the main body of your document, in Arabic numbering.

If you cannot see the section break line, turn on the “Show/Hide button  on your menu bar.

Do NOT delete this reminder until just before printing final document.

DO delete these paragraphs of instructional text from your final document.

1: Industry and Company Background

North Shore Credit Union (NSCU) is a financial institution that provides expert advice in banking, loans, investments and insurance. Headquartered in North Vancouver, BC, the Credit Union's 300 employees serve almost 40,000 members (both business and personal) through its network of 12 branches across Vancouver, Burnaby, the North Shore, Squamish, Whistler and Pemberton. NSCU actively contributes financial support to the communities in which it operates, focussing on physical, environmental and financial wellness. The Credit Union is currently going through a repositioning / re-branding and exploring ways it can leverage and realign its community investment portfolio to better fit is with its evolving business strategy.

1.1 Industry Definition

In order to understand the issues around community investment (CI) and corporate social responsibility (CSR) at North Shore Credit Union, a general understanding of the overall industry is beneficial. From a broad perspective the financial services industry can be defined as organizations that offer core services in money management such as banking, lending, investing, brokerage and insurance.

Table 1: Number Of Financial Institutions*

Chartered Banks	- schedule 1	22
	- schedule 2	25
	- schedule 3	28
Credit Unions/ Caisse Populaires		921
Finance Companies		200
Investment Dealers		180
Life Insurers		70
Trust Companies		35
Retail Mutual Funds Managers		30
Pension Fund Managers		140
Project/Casualty Insurance Co.		<u>130</u>
Total		1,781

*Approximate number as based on data from different years
(Canadian Bankers Association)

1.2 Key Characteristics of the Financial Services Industry

Following the financial crisis of 2008, Canada's banking system was lauded worldwide for its regulatory guidelines and stable systems and institutions that helped shelter Canada from the severity of economic damage felt in most other countries.

The Bank of Canada describes Canada's financial system as "consisting of financial institutions, such as banks and credit unions; the financial markets; and payments systems" (Bank of Canada). It is the channel through which savings become investments, and through which money and financial claims are transferred and settled. A stable financial system is therefore essential to the health of Canada's economy.

The Bank of Canada works with other agencies and market participants to promote the safe and efficient operation of the system's key elements. The Bank:

- provides liquidity to the system;
- gives policy advice to the federal government on the design and development of the financial system;
- oversees major clearing and settlement systems;
- provides banking services to these systems and their participants; and
- collaborates with other domestic and international bodies involved in financial stability issues.

Despite weathering the economic crisis successfully, the Canadian financial system is undergoing a period of evolution and transition. Stock exchanges will go through a major reorganization to survive US competition. National protection is being lifted partly due to NAFTA and commitments to WTO. The government has recently abolished the requirement that foreign banks have to create a Canadian affiliate to operate in Canada. They may now simply operate as branches of the mother company. No new bank mergers are being allowed as the government feels the banks already have too much economic clout. Pending federal legislation will permit credit unions to branch outside their traditional boundaries, the provinces in which they currently operate, and at least one credit union from BC is expected to open in Ontario. Of course this legislation is reciprocal and credit unions from Manitoba and other provinces could open in BC but migration to the lower mainland is expected to be slow due to high real estate prices/construction costs as well as the presence of major competition.

A significant differentiating factor between BC credit unions and other FIs occurred on November 27, 2008 when the Provincial legislature passed amendments to the *Financial Institutions Act* to provide unlimited deposit insurance protection on all deposits in British Columbia’s credit unions retroactive to Oct 22, 2008. This provided a competitive advantage over the chartered banks that can only offer deposit insurance up to \$100,000. All these changes indicate that whereas the Canadian financial system used to evolve quietly it is now in a process of rapid and substantial changes to cope with technological progress and increased globalization.

Canadians are “well banked” by industry standards, having good access to a wide variety of financial products. In fact, a recent survey indicates “the average Canadian has banking relationships with 2.5 different financial institutions (FIs)” (*Ipsos Reid*). These customers are highly price sensitive and will “rate shop” to find the best deal, or leave their FI because of poor service. This broad base of mass-market customers is not always the ideal customer.

Table 2: Branches Of Financial Institution By Province*

Province	Population	Banks	CU	Total	Pop per Branch
B.C.	4,530,960	783	370	1,153	3,930
Alberta	3,720,946	649	210	859	4,332
Sask.	1,045,622	247	306	553	1,890
Manitoba	1,235,412	206	210	416	2,969
Ontario	13,210,667	2,653	660	3,313	3,988
N.B.	751,755	161	118	279	2,694
N.S.	942,506	197	82	279	3,378
P.E.I.	142,266	28	15	43	3,308
N.W.F.	509,739	104	40	144	3,540
Quebec	7,907,375	1,089	1,262	2,351	3,363
Total	33,997,248	6,117	3,273	9,390	3,620

*As of October 31, 2010 for Banks and June 30, 2010 for Credit Unions. Includes only major Banks. When all Bank branches, ATB etc are included, there are approximately 11,273 branches of Financial Institutions in Canada or 3,016 Canadians for every branch.

(Statscan, CBA & CUCC)

1.3 The Credit Union System in BC

The first bank (BMO) opened in Canada in 1817 whereas Credit Unions in Canada trace their roots to the first caisse populaire, formed by Alfonse Desjardins in Levis, Quebec in 1900. The original BC credit union (Common Good) was incorporated in 1939 so obviously the banks had a 120-year head start on the credit union movement. Over the past ten years, the BC credit union system purchased approximately 20 former bank branches in BC as

the major banks continued their policy of divestment of rural branches in Canada.

From a peak of 360 credit unions in BC in the 70's, consolidations have reduced the number to 45 in 2011. However, these 45 credit unions operate 370 branches and more than 530 ATMs in 140 communities across BC, including 42 communities where there is no other financial institution. Together, BC credit unions serve 1.7 million members and hold over \$48 billion in assets while employing about 8,000 people. These credit unions are democratically controlled through more than 350 locally-elected directors.

In recent years, about one third (1/3) of British Columbians who changed financial institutions switched their business to a credit union. (Central 1)

Table 3: Market Penetration Of Credit Unions*

Province	Members	Population	Market Penetration
B.C.	1,705,199	4,530,960	37.6%
Alberta	638,493	3,720,946	17.1%
Saskatchewan	523,216	1,045,622	50.0%
Manitoba	598,659	1,235,412	48.4%
Ontario	1,627,006	3,210,667	12.3%
N.B.	275,826	751,755	36.6%
N.S.	164,166	942,506	17.4%
P.E.I.	63,489	142,266	44.3%
N.W.F.	48,900	509,739	9.4%
Quebec	5,309,649	7,907,375	67.1%
Total	10,954,603	33,997,248	31.2%

*As of June 30, 2010
(Credit Union Central of Canada)

1.3.1 Membership and Governance

Users of credit union services are frequently called members because they have a vote in the election of directors and participate in the democratic purpose. They are also customers as purchasers of products and users of delivery channels in the same fashion as bank customers.

Credit unions are owned by their members, not shareholders like the banks, and their shares are not publically traded so the value does not vary. Credit unions may issue different types of shares, but the basic membership share entitles members to vote for the election of directors, participate in the democratic process and use products, services and delivery channels provided by the credit union. Bank customers are not, in the main, shareholders of the bank although they may indirectly own shares through their pension plans and mutual funds.

Credit union directors are elected by the members of the credit union. Each director must be a member and local resident, thereby insuring local democratic control. Bank directors tend to be drawn from industry and usually appointed based on their expertise or share-holdings. Senior executive of the banks usually sit on their own boards and receive significant stock options as part of their remuneration.

1.3.2 Patronage Refunds

The concept of patronage refunds / rebates was developed by the cooperative sector to reward members for the amount of business they conducted with their organization. This was particularly appropriate for coop grocery stores, feed mills and service station where purchases are easily tracked and operating margins well established. It is much more difficult for financial cooperatives where members utilize both sides of the balance sheet. Should interest paid by members on their mortgages be more important than fees or service charges or interest received on deposits? Credit unions that currently offer patronage refunds usually base them on a blend of these factors.

Another aspect of these refunds was that it provided the credit union with some leniency in tough years since the refund had to be declared by the directors and was not paid until the year end results were known. However this can lead to operating inefficiencies, over-charging and promises that might not be kept i.e. “our rate is 0.5% higher than our competitors but you’ll be receiving a patronage refund from us.” By statute patronage refunds have to be equal by class and this flies in the face of marketing to the affluent upscale clientele that NSCU is pursuing – which means that the organization could not differentiate by giving someone a 3% refund and another customer a 4% refund.

Unlike many credit unions NSCU does not provide dividends on shares or patronage refunds. It has adopted a pricing policy that results in members receiving highly competitive rates on deposits and paying conservative interest rates on loans and our basket of service charges is as good or better than our competition. NSCU believes this conveys an immediate benefit to members rather than forcing them to wait for their refund. This policy also provides greater transparency, with the understanding that it is preferable for members to understand their true cost. In addition, many members who receive relatively small refunds have indicated they would prefer that the company donate them to charity.

1.3.3 About Central 1 Credit Union

Central 1 is the central financial facility and trade association for the BC and Ontario credit union systems. Central 1 represents a consumer-oriented, full-service retail financial system that serves 2.9 million members and holds \$70 billion in assets and is owned primarily by its member credit unions, 45 in BC and 119 in Ontario.

With offices in Vancouver, Mississauga, and Toronto, Central 1 provides a wide range of services such as liquidity management, direct banking, and flexible payment service solutions.

(Central 1 Credit Union)

1.4 Company Background

NSCU is a full service financial institution operating within the lower mainland of British Columbia trade area; providing retail and commercial banking, loans, leasing, investments and insurance services through a branch network, subsidiaries, automated teller machines (ATMs), online, telephone and mobile banking delivery channels. Its target customer segments include the Mass Affluent (MA) and Emerging Wealthy (EM) markets.

Founded in 1941, NSCU is a member-owned, regional credit union with 12 branches in communities from Burnaby and downtown Vancouver to Whistler, Squamish, Pemberton and North/West Vancouver. A new branch on West Broadway in Vancouver is scheduled to open in April 2011. With \$2.0 billion in assets under administration, NSCU is the 7th largest credit union in B.C. and the 16th largest in Canada. NSCU employs nearly 300 people and has over 40,000 members (shareholders). Its subsidiaries include United Mortgage Group, North Shore Capital Corporation, North Shore Leasing Ltd. And Pacific Spirit Properties Ltd. NSCU has been honoured numerous times as one of the most technologically innovative financial institutions in North America and a leader in using technology to revolutionize the way financial solutions are delivered. (NSCU.com)

1.4.1 Mission Statement

“Together we build long-lasting relationships with our members, clients and communities by providing mutually beneficial financial solutions to help improve their overall financial well-being” (NSCU Annual Report 2010).

1.4.2 Vision Statement

NSCU's long-term vision continues to focus on the following goals:

- Increase member loyalty by deepening our relationships with existing members and customers.
- Enhance the credibility of our brand by having a clear majority of our members say, "NSCU is an expert provider of financial advice."
- Enable our employees to be even more productive and engaged in our business.
- Increase our financial strength through growth in member deposits and investments.

(NSCU Annual Report 2007)

1.4.3 NSCU Values

Table 4: NSCU Values

Ethical	We believe trust, respect, and integrity are the cornerstones of our business and key to all our relationships. We must be financially responsible and adhere to the highest standards in everything we do to ensure our continued success.
Member-Driven	We recognize the importance of listening closely to our internal and external members to better understand their unique requirements. Anticipating their needs and providing creative solutions are keys to our mutual success.
Community-Minded	We strive to be a socially responsible organization, recognizing we are all part of a community where our members and employees live, work and play. Participation in community events and organizations is a responsibility of membership in our society.
Caring	We believe we must have a caring attitude toward the welfare of our employees and members. We are flexible, recognizing the importance of family and community to our well-being, encouraging and supporting balance in our lives.
Exceptional Performers	We believe our environment must support continuous learning and innovation to exceed expectations. We must be better than our competition every day to attract, satisfy and retain our members and employees.
Team-Oriented	We believe the success of our team depends on our individual and collective efforts. We are equal participants working toward a common goal, accountable to one another and understanding of our roles and responsibilities. Our environment encourages fun, friendly competition, and support for one another.

(NSCU.com)

1.4.4 NSCU Credo

- Our first responsibility must always be to the members of our Credit Union.
- Our relationships must be based on mutual trust, respect, and integrity.
- We must listen to their input and respect their voice in our decisions.
- We must deliver products and services to meet their needs, providing personalized solutions promptly and accurately.
- Our members' investment in their Credit Union must be managed wisely.
- We must control our costs and ensure that we operate within our means to ensure our continued strength.
- We must provide employees with an environment that supports a healthy lifestyle, one that recognizes the value of family and supports balance in our lives.
- We value diversity and must treat each other with dignity and respect.
- We must provide employees the opportunity to succeed and encourage personal growth and development.
- We must encourage and support co-operation throughout our business, recognizing that the results of our collective efforts exceed the sum of our individual efforts.
- Employees must feel free to express their ideas and opinions openly and honestly. We must respect their input if we are to succeed.
- We are responsible to the communities in which we operate.
- We must demonstrate leadership as a socially responsible organization encouraging and supporting works that benefit society and the environment.
- We must provide resources to support the charities and organizations within our communities that make them a better place to live, work, and play.

(NSCU.com)

1.4.5 NSCU Board Governance

NSCU is governed by a nine person Board of Directors (BOD) representing all members. As a Board they provide direction on long-range objectives, determine policy, and monitor progress of the Credit Union. They hire and guide the Chief Executive Officer and help establish and evaluate strategic objectives.

North Shore Credit Union members own, operate and influence the direction of the credit union through the BOD. Members elect directors annually, and each member has one

vote regardless of the number of shares owned. The BOD then elects the table officers from within its own group and appoints BOD members to various committees. The BOD is accountable to the members while acting in the best interests of the credit union. Directors are normally elected for a three-year term and may be appointed to fill a vacancy for a shorter term.

BOD responsibilities include establishing corporate objectives, approving corporate strategies and plans, allocating resources through the budget process, approving financial statements and major financial decisions, appointing and evaluating the CEO, and reviewing the operations of NSCU. Each NSCU director receives an annual base honorarium.

(NSCU.com)

1.5 Customer Strategy

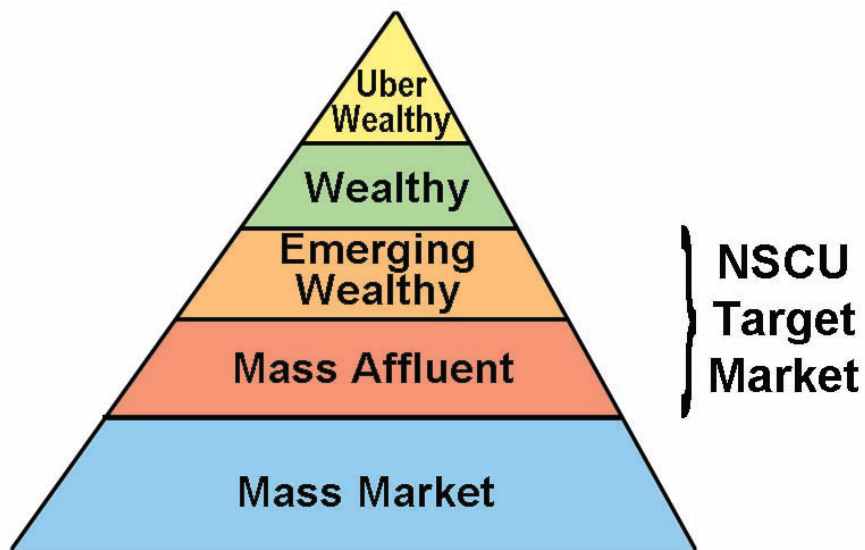
Given the highly competitive nature of the financial services industry and the inherent advantages enjoyed by the “Big Five” Banks due to their size and economies of scale, smaller financial organizations, like NSCU, tend to compete successfully in segments where customer service and/or knowledge of the local market is more important.

Internal analysis at North Shore Credit Union has revealed that the 20/80 rule applies, meaning the top 20% of the most profitable customers account for 80% of revenue. Credit Union customers are generally split into thirds based on their contribution to profits: -1/3 are value destroyers, 1/3 are neutral, and 1/3 add value. Based on the foregoing, it makes the most sense for NSCU to focus on attracting, retaining and serving this most profitable segment of available customers.

Since the mid 1990’s, NSCU has had a steady strategic focus on a higher-net-worth segment as opposed to the mass market. The primary segment NSCU has focused on is known as the mass affluent, a term commonly used in the financial services industry to refer to individuals with between \$100,000 and \$1,000,000 of liquid (investable) financial assets, although the exact definition varies between specific FIs. NSCU typically defines mass affluent as individuals with investable assets between \$250,000 and \$1,000,000. The mass affluent market segment is attractive in the financial services industry because it provides superior profitability characteristics even during economic downturns. According to the 2007 Corporate Report by the Council on Financial Competition:

While mass market banking growth slowed during 2006 in the face of rising interest rates and consumer debt levels, the mass affluent market remained remarkably resilient due to its stable, superior cash flows. Mass affluent customers represent an attractive source of deposits and loans and provide firms with an opportunity to “beat the yield curve” by cross-selling fee-based products and services. They also represent a potential longer-term windfall for financial institutions, as baby boomers around the world accumulate assets (often through inter-generational wealth transfers from estates) and assume more personal responsibility for retirement. (2007 Council on Financial Competition)

Figure 1: Market Segmentation



The council research went on to indicate that the key element of the value proposition to mass affluent potential customers is relationship management. Basically customers are looking for trusted financial advice to help them achieve their life goals and lifestyle requirements. They are sophisticated consumers who can respect customized, mutually beneficial products and strategies but do not respond to a cookie-cutter, hard sales approach. NSCU intends on reaching this target market by: redefining customer value propositions; bringing brand experience to life; cross-channel integration; convenience and usability.

The following figure illustrates the emerging mass affluent customer base identified by executive leadership at NSCU. There is an obvious need for a better banking alternative and a way to differentiate NSCU from all other financial institutions (including credit unions) and to meet that need by offering a well-constructed offering to the under-served mass affluent market. NSCU has undergone a general transition to a member relationship strategy from a product/price push using Member Relationship Management (MRM) technology. Other large credit unions, while espousing a “relationship” strategy, are still affecting a “product/price/push” strategy. The NSCU strategy has been consistent, which is considered both desirable and valuable. NSCU’s segmented approach allows the credit union to offer the best-value added advice as well as fast, flexible service. NSCU continues to refine its core products and services to attract the mass affluent effectively and efficiently while focusing on scalable, lifestyle management models to serve the diverse range of MA customers as the next evolution in customer relationship management.

Figure 2: Evolving Opportunities.

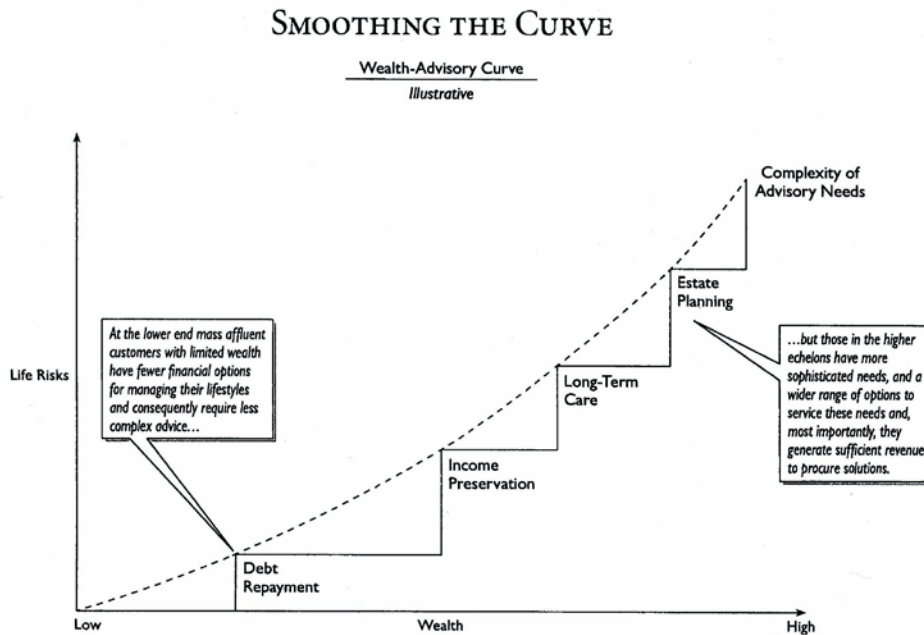


(Council on Financial Competition)

1.6 Products

The primary source of income derived in the financial services industry is called spread income, or the margin between interest paid on deposits and investments by FIs and the interest received on loans and mortgages etc. Secondary sources of revenue include: service fees, capital investments and commission on sales of complimentary products such as insurance. Among financial institutions there is very little practical difference between products offered by competitors other than branding and fee structures. In order to differentiate themselves, some financial institutions like Coast Capital Savings and ING have introduced low or no fee chequing accounts in order to capture more market share. Whenever a popular new product is introduced in the industry, it is often quickly imitated or adopted by other FIs. Rather than follow the low cost model, NSCU increases its profitability wedge by enhancing customers' willingness to pay by providing a full suite of advisory services segmented by customer needs and wealth. The following wealth-advisory curve illustrates the growing complexity of advisory needs as customer wealth increases.

Figure 3: Smoothing the Curve.



(Council on Financial Competition)

At its core NSCU provides a well constructed, four pillars offering of financial products and services, consisting of: banking; loans & credit; insurance; and investments. Given the high level of competition inherent in the financial services industry, it is crucial for NSCU to be able to

offer competitive industry products and services. For a relatively small credit union it is often difficult to keep pace with the banks product developments, often making NSCU a late adopter rather than a fast follower. However, NSCU seeks to mitigate these challenges and differentiate itself through its brand proposition as trusted financial advisors who offer a high level of professionalism, expertise and service. Customers receive mutually beneficial, individually tailored financial solutions that add value and simplify choices. By focusing on targeted customer segmentation, rather than a mass-market approach, and strong service delivery, NSCU has established a niche foothold in a regional market. NSCU also continues to make technological and capital investments to improve new product research and development.

1.7 Geographic Considerations

Given NSCU's small size compared to the goliaths of the banking industry, it is a unique distinction that NSCU has more branches (6) in North Vancouver than any other financial institution. NSCU also has branches in Burnaby and Downtown Vancouver as well as along the sea-to-sky corridor in Squamish, Whistler and Pemberton. NSCU is local, and engaged in an active West Coast lifestyle. Our members believe NSCU fits their lifestyle and meets their needs. Also, while NSCU does not have physical locations across the province, our members benefit from the network effects of the B.C. Credit Union System, which consists of over 555 Automated Teller Machines across the province, which members can utilize "ding free".

NSCU faces competition in all of its markets, be it from the big banks or other credit unions. With the planned expansion of NSCU's branch network, it will face increased competition from incumbent FIs.

There is also another potential "game-changer" on the horizon for the credit union system as Finance Minister Jim Flaherty made an announcement in March 2010, confirming the government's plans to introduce federal credit union legislation. "The main purpose of a federal credit union charter is to accommodate growth and expansion of the Canadian credit union system. It will enable those credit unions that so choose to reach beyond provincial boundaries and pursue business strategies that are not constrained by provincial incorporation" (CUCC). This legislation could lead to further mergers and acquisitions of an already rapidly consolidating industry; resulting in larger national credit unions swallowing up smaller, regional players. Already Coast Capital Credit Union, headquartered in Surrey, BC, has announced its intention to test the Ontario marketplace.

1.8 Supply Chain

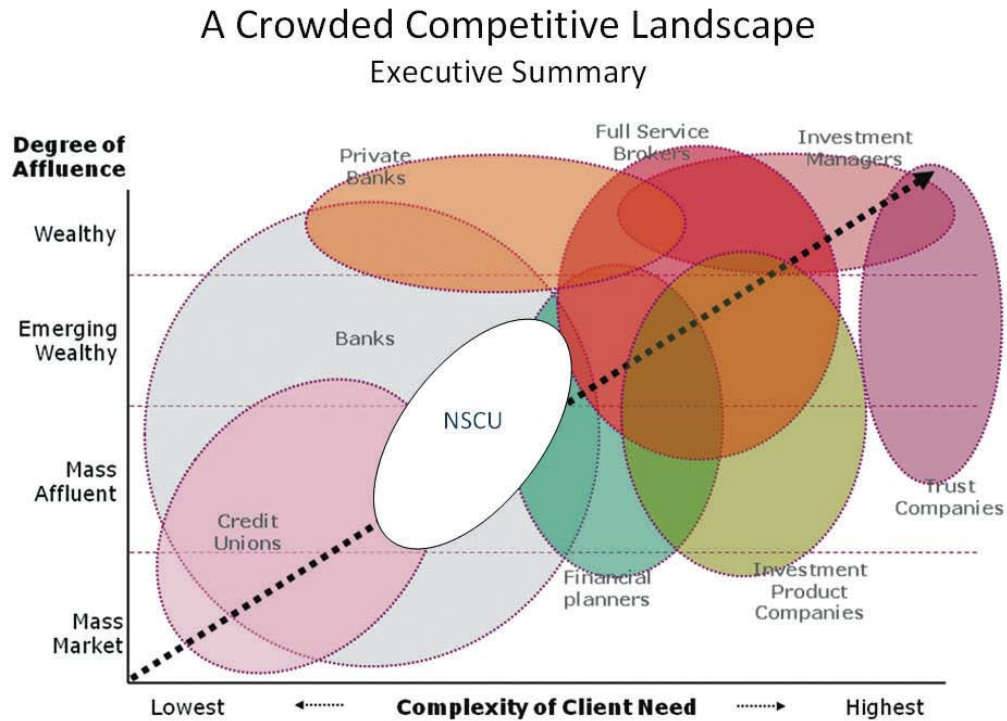
Like most businesses, the growing competition in the financial services industry places an emphasis on providing customers with better, innovative products and services in a quicker time frame and at a lower cost. With the structure of the supply chain, banks have an inherent advantaged due to their scale/size and financial clout. They have more funds available for research and development and they own more of their subsidiaries and so have better alignment and insight into the process and profitability points. In contrast, credit unions are significantly smaller capital-wise and need to work with more external companies to satisfy customer product demand. For example North Shore Credit Union relies heavily on external suppliers for various products, from CUETS (credit cards), Credential (wealth management), and Moneris (merchant services).

1.9 Competitor Analysis

Operating in the ultra competitive financial services industry in the lower mainland, NSCU faces stiff competition from a large number of traditional and emerging rivals all battling for a greater piece of market share and enhanced share of wallet from its members. The greatest opposition comes from the biggest players, which form an oligopoly, namely the BIG 5 Banks: Royal Bank of Canada (RBC), Toronto-Dominion (TD), Bank of Nova Scotia (BNS), Canadian Imperial Bank of Canada (CIBC) and Bank of Montreal (BMO). These banks dwarf credit unions in size and scope because of their national charters, extensive networks, large capital reserves and economies of scale, which makes it very difficult for credit unions like NSCU to compete head-to-head on rate or price. Instead NSCU must try and differentiate through outstanding superior customer service and by building strong relationships in local trade areas. NSCU is also facing growing competition from other credit unions that no longer respect each other's regional boundaries. Factor in the emergence of virtual banks, like ING which has 1.8 million Canadian customers after only 15 years of operation with a limited array of products. With an increase in insurance and leasing companies and non-traditional new entrants such as Canadian Tire and Wal-Mart, it is obvious that the financial services industry is saturated with rivals.

The graphic below illustrates the competitive nature of the financial industry landscape and shows the market niche where NSCU is operating.

Figure 4: Competitive Landscape



(NSCU Vision 2010)

1.9.1 Canadian Banks

Now ranked #1 in the world, Canadian banks are prodigious competitors, having consolidated the four pillars of the Canadian financial services industry in the 80's and 90's through acquisitions of trust companies, investment houses, asset managers and smaller banks. Mergers amongst the top 5 banks seem more unlikely now that their financial performance has improved and given the Federal Government's decision to limit concentration. This decade, the banks have been focused on investing and acquiring outside the country.

Today is somewhat different from the glory days of the Canadian banking industry in the '90s, when the banks were just entering the capital-markets business, and the upside was so enormous they didn't need to differentiate, but now growth is harder to get and not all banks will be successful. A homogeneous strategy would have worked in the past, but a diversification and differentiation strategy will be better moving forward. With the banks spreading their business to different international markets (Scotiabank is focused on South America, while Toronto-

Dominion Bank and the Bank of Montreal are betting on the U.S. market), investors will increasingly see wildly different strategies and divergent earnings. For North Shore Credit Union, the major competitor amongst the banks is the Royal Bank because of their premium brand focused on wealth management and use of CRM technology. Their network of upscale branches across the country and internationally, and the professionalism of employees, particularly those in the wealth management make them the closest competitor to NCSU.

Table 5: Market Share Of Chartered Banks*

Personal Deposits	-	75.0%
Residential Mortgages	-	73.0%
Mutual Funds	-	38.5%
RRSPs	-	47.2%

*First 3 categories as of December 31, 2009; Last category as of December 31, 2007 (Canadian Bankers Association)

1.9.2 B.C. Banks

An intense dislike of eastern-based financial institutions coupled with a desire to provide a provincial government alternative to the private banks led to the introduction of namesake FIs. In Alberta, our next-door neighbours spawned the Alberta Treasury Branches (ATB) when Bill Aberhart was Premier and today ATB operate 197 branches throughout that province. Premier Bennett pushed for the christening of the Bank of British Columbia in 1966. It reached \$2.6 billion in assets with 41 branches and 1,410 employees before getting into financial difficulty. It was later sold to the HSBC in 1986 and was provided a significant subsidy of over \$300 million by the federal government, which spurned Vancity’s proposed merger offer.

Today, the Big 5 banks plus the National Bank, HSBC and Laurentian Bank operate over 800 branches in BC and employ nearly 25,000 people. These banks contribution to the provincial GDP has grown to more than \$4.8 billion in the best decade. Unfortunately, BC is also known as the bank robbery capital of Canada with more hold-ups than the other provinces combined. However the number of robberies has been decreasing in recent years due to new prevention programs.

Table 6: Top Banks in British Columbia 2010

Bank	Asset Size	Number of branches BC / Total	Total B.C. staff
1. Royal Bank of Canada (RBC)	\$655 bil	163 / 1,209	5,859
2. TD Bank Group	\$557 bil	145 / 1,128	4,584
3. Scotiabank	\$496 bil	133 / 1,029	2,593
4. Bank of Montreal	\$388 bil	118 / 908	2,460
5. CIBC	\$336 bil	162 / 1,100	4,067
6. National Bank of Canada	\$132 bil	3 / 442	233
7. HSBC Bank Canada	\$ 71 bil	67 / 145	3,932
8. Canadian Western Bank	\$ 12 bil	17 / 39	600

1.9.3 Peer Group Credit Unions

Stabilization Central Credit Union (SCCU), a provincial regulatory agency, benchmarks the credit unions across the province based on a number of factors including geographical locations and asset size. Following is a breakdown of the top ten credit unions in B.C. ranked by asset size. Credit Unions in BC are grouped into six Peer Groups based on geography (Northline, Okanagan, Kootenay, Vancouver Island) while those in the Lower Mainland are largely based on size. NSCU belongs to Peer Group #5 and includes: Vancity, Coast Capital, First West, Prospera and Westminster Savings.

Most of these credit unions are well-run models. North Shore Credit Union is looking to continue to refine and redefine its own model. Of the 100 largest credit unions in Canada, 26 are located in British Columbia with 3 of the top 5 stationed in the lower mainland. (CUCC)

Table 7: Top 10 Credit Unions in British Columbia (As of December 31st 2010)

Credit Union	Asset Size	# of Branches	#of Members	Comments / observations
1. Vancity	\$14.5 B	59	417,000	Largest in B.C., ethical, left-wing board, mass market strategy all things to all people.
2. Coast Capital	\$10.4 B	50	454,000	No-fee, Wal-Mart, no haggle, low price, going "coast to coast"
3. First West	\$5.0 B	39	135,500	Merger of Envision & Valley First, First Calgary dropped out.
4. Prospera	\$2.0 B	16	45,500	Cost control, Okanagan expansion, bottom line challenges being recognized
5. Interior Savings	\$2.0 B	21	77,000	Based in Okanagan, not direct competitor, but potential merger partner for NSCU
6. Westminster Savings	\$1.9 B	15	50,000	Focus on leasing in B.C. & Alberta, traditional marketing, "dirt" lenders.
7. North Shore Credit Union	\$1.9 B	11	38,000	Upscale, financial boutique services, unique branch design
8. Coastal Community	\$1.7 B	24	82,000	Based on Vancouver Island, not a direct competitor, governance issues
9. Island Savings	\$1.3 B	15	43,000	Based on Vancouver Island, not a direct competitor, unionized environment.
10. Gulf & Fraser Credit Union	\$1.0 B	12	25,000	Union roots, high deposit rates, membership and belonging important. Recently dismissed CEO.

Figure 5: Four Broad Strategies in Personal Financial Services

<i>Winning PFS Strategy</i>	<i>Representative Players</i>	Dimensions of Competitiveness					
		Operational Excellence for Low Cost	Customer Offer	Customer Niche	Size	Product Scope	International Presence
1.Global multi-line	- Royal Bank - CIBC	✓	✓	✓	✓	✓	✓
2.National multi-line	- National Bank - Laurentian Bank	✓	✓	✓	✓	✓	x
3.Product-focused	- ING - VISA -Altamira - MBNA	✓	✓	✓	x	X	x
4. Target niche providers	-Credit Unions - NSCU	X	✓	✓	x	X	x

(NSCU Vision 2010)

To conclude, each Financial Institution must choose a different strategy to focus on. Given its size, positioning, geographic locations and current strategy, NSCU has established itself as a target niche provider.

✓	Required
x	Not required

1.9.4 Porter's (Augmented) Five Forces

Threat of New Entrants – For the Financial Services industry the threat of new traditional entrants is relatively low. The industry is well saturated with competitors and there are high capital costs and government regulatory restrictions, although as these restrictions loosen there may be more interest in entering the market from offshore players. Non-traditional, virtual banks, which have low overhead because of a “clicks” instead of “bricks” strategy also pose a threat as do big box retailers with their enormous retail clout.

Power of Suppliers – The threat of supplier power is evident in the financial services market as suppliers such as Visa and Desjardins have become very large and can influence market pricing and decisions. However they operate under a very profitable model already, allowing the FI to endure the overhead costs and relationship management, so it is doubtful they would make a serious push. There are also enough options among suppliers that FIs could switch and essentially freeze one firm out, should they get too greedy or ambitious.

Power of Buyers – Financial customers are price sensitive, however financial institutions are adept at signalling and avoiding price wars because they know it will only lead to reduced margins for everyone. Therefore buyers don't have significant power as everyone needs a bank account, there is little difference between products at other FIs and there can be some perceived difficulty in switching accounts and preauthorized payments to another institution. There is an old adage in the industry that goes, “People hate their bank but love their branch”.

Availability of Substitutes – The availability of substitutes is high in the financial services industry as many non-traditional competitors like large retailers, virtual banks, and smaller wealth firms continue to enter the landscape. Big-box retailers like Canadian Tire, Wal-Mart, and President's Choice have all started financial business units in recent years, using their network of outlets to provide low-cost generic financial products and capture market share. Virtual banks like ING and Citizens also continue to evolve and attract customers along with boutique financial firms.

Competitive Rivalry – There is a high degree of competitive rivalry among financial institutions. The financial industry is a mature industry with many established firms with very little differentiation between products and services making growth focused on capturing share of wallet, retention and attraction. The amount of competition also keeps potential profits in check and economies of scale become important for reducing costs. The financial services landscape in Canada has changed significantly over the years with the demise of most of the trust / finance

companies and the emergence of credit unions as the main competition for the banks. While there is a huge difference in scope, scale and profitability of the two remaining competitors, it should be noted that there have been bank failures in Canada but no credit union member has ever lost a dime as a result of his credit union's financial difficulties. Without credit union competition, banks would be able to impose their will on consumers.

Government Regulations – As mentioned earlier, the Canadian Financial industry is highly regulated in comparison to global standards. This amount of regulation puts a number of restraints on firms in terms of lending practices, as well as capital and liquidity requirements. However, recent developments and proposed legislation seems to be opening up new opportunities and channels for more organic growth or for more foreign entrants into the game. From NSCU's perspective the recent government changes have been favourable although the national CU legislation could cause NSCU to consider merger partners or acquisitions or a name change in order to gain scale and scope.

1.9.5 Challenges Faced by the Financial Services Industry

With regard to branching strategy, there are essentially only two ways to grow your business: leverage the branches you already have or open branches in new locations. NSCU needs to do both. While not minimizing the importance of the retail branch, the use of other service delivery channels is on the rise, as evidenced by the ING experience.

Banks, like credit unions will need to differentiate. Relevant branding is difficult for some. Growth in a more cautious credit and lower-growth environment will be more challenging with intense competition.

The industry is predicting a period of liquidity, but with slow growth in lending, it will be very competitive, with diminishing spreads. NSCU should be able to use its relatively small size as an advantage, moving quickly to target a tiny sliver of market growth amongst only a marginally increasing pie.

Table 8: Interest Rate Spread of Chartered Banks by Country*

Canada	-	3.2%
U.S.A.	-	2.1%
United Kingdom	-	2.6%
France	-	4.0%
Australia	-	3.7%

*As of December 31, 2008 (Globe and Mail)

Scale is important, but not as important as a well-articulated brand position relevant within its market context. The credit union industry, generally, is branding to a new niche and/or consolidating. “Local” credit unions based on geography are increasingly anachronistic but still popular in smaller, rural markets (e.g. Sunshine Coast) where “the local community credit union” has not yet been challenged by other credit unions or financial boutiques, as market size is too small.

NSCU can lead in the development of a credit union to more consumer relevancy. New federal credit union enabling legislation is providing a compelling brand option for NSCU to consider. While NSCU has explored many mergers over the years, few have come to fruition, mainly due to similarities in size, scale and geography. However the opportunity to expand beyond the borders of BC and join forces with another like-minded FI affords a significant growth opportunity. While such a move might involve a name change and managing from a distance can be challenging, there are provinces like Ontario, with low credit union penetration and share of wallet, which would reap great benefits from the branded boutique model of NSCU.

Fee Fighters, a free online shopping engine that offers businesses a head-to-head comparison of credit card processors and their fees, was recently established in Canada. It is designed to help merchants compare rates/contract terms and other costs to find the best deals. Already a class action suit has been lodged based on a lack of transparency among major card companies. The credit card market is split between Visa and MasterCard among credit unions in Canada and NSCU will need to determine if it will be advantageous to switch suppliers.

“Transactional self-service is expected to become the norm in financial services with the mobile, online, phone becoming the delivery channels of choice” (Payment Business News). As branches shift toward advisory services, their size, location and ambiance will be the major considerations.

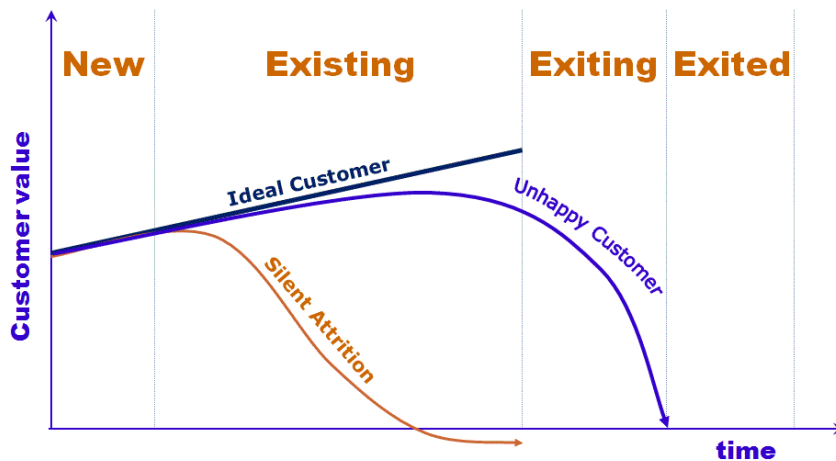
“Liquidity will become more fluid and volatile in future, requiring much more efficient and convertible systems” (Payment Business News). Already mortgage brokers are used extensively and some credit unions have their own brokers which can put brokers and branches in conflict. Others use deposit brokers to gather funds from upscale communities outside their traditional markets. This helps to build a balance sheet and reduce the corporate tax bite, but the money is “hot”, needing to be replaced or the organization appears to shrink, and building a relationship with the depositor is difficult because of the distance factor.

Information technology will deliver efficiency dividends including digitization, virtualization, and standardization, through cloud architecture, which will be adopted by others. NSCU converted to a new Temenos banking system last year and this has generated much interest among other credit unions seeking to replace their heritage architecture.

Numerous independent surveys consistently reveal credit union service as superior to that supplied by banks with regard to consumers and small business. However the banks have recognized their need for improvement and have closed the gap in recent years. Credit unions must not take their existing members for granted, especially the ones that create value.

Growth in financial services in saturated markets requires the acquisition of disaffected customers from other FIs and retention of existing customers. There are many factors that influence switching from one FI to another including: service quality; convenient locations; fair charges; access to surcharge-free ATMs; convenient hours; deposit rates; loan rates; product array etc. The opening account procedure or customer onboarding, is critical in retaining customers for the longer term and attracting more of their business. The best retention strategy for existing customers is to classify each type of customer and create appropriate initiatives to change their behaviour. However, if you are unable to change their behaviour, and these customers destroy value, then migration to another FI actually improves financial performance.

Figure 6: Bank Customer Retention Strategies



(Genroe)

In the US, where free chequing is a much more common service than in Canada, a recent research study conducted by Raddon Financial Group (CUNA News) revealed that 34% of consumers would switch if their FI eliminated free chequing. Coast Capital is one of the few FIs in Canada to offer free chequing and has attracted thousands of new accounts as a result. However there is a significant subsidy attached to this offering and the danger that account balances will be very small. The value of free chequing lies in the acquisition of a younger customer segment that can then be worked for additional, profitable services over a long period of time. If a FI cannot convert these small balances to higher SOW then the organization may suffer financial challenges. Free chequing was a factor in the demise of the Washington Mutual Savings Bank based in Seattle. It also points to the fact that, once introduced, free chequing is a very difficult service to withdraw without a customer revolt and attendant bad publicity. NSCU has no intentions of introducing free chequing in the foreseeable future. However, ING Direct will soon offer free chequing & this will, no doubt, impact some NSCU customers.

An indication of the fierce competition in Canadian retail financial services is the fact the Bank of Montreal and TD Bank are introducing automated coin counting machines in new and renovated branches across Canada. They are following the lead of the Commerce Bank in the U.S. which successfully increased deposits by adding penny arcades and coin counting machines to their branch lobbies back in 2000. The theory is that people hate loose change and many will be willing to switch banks if they had an easy way to get rid of it. The recently opened BMO at Lonsdale and Esplanade has a coin counting machine.

2: Corporate Community Investment

2.1 Industry Background

In an industry populated by staid bankers, stern bean counters and bottom-line enthusiasts, contributions to community endeavours are often viewed as dumping money into a deep well with little likelihood of bringing forth any gushing water. Moreover, early attempts to convince customers to forego a portion of their return for the greater common good, such as Vancity's Community Investment Deposit, met with considerable resistance. The only products that seemed to resonate with the public were ones like Vancity's Enviro Visa where the contribution to community was not readily apparent to the cardholder.

Nowadays, a commitment to the environment is regarded as an entry position and when choosing green products, consumers increasingly demand that the companies behind them be able to demonstrate their corporate sustainability efforts. In today's highly competitive marketplace, reputation is almost as important as price, value and customer service in building trust, and a positive corporate reputation can anchor customer loyalty. Giving in ways that align the donor's core business, cultural and corporate social responsibility is the new mantra for community investment.

More than 17 years ago, the head of the NatWest Bank in Britain walked into the office of the executive running the bank's community investment program and posed the following questions:

1. Why do we have to give the banks' money away?
2. How do we know we are giving it to the right people?
3. How do we know if it is helping the community?

The answers weren't readily available and the search culminated in the creation of the London Benchmarking Group (LBG) to measure all aspects of community investment. Since then LBG has become the global standard for companies committed to maximizing the impact of their community investment programs – for the community and for the business. Today, LBG Canada works with companies across the country to set the highest standard in community investment management, performance measurement and reporting in Canada.

Companies join LBG Canada for a variety of reasons, which range from a desire to improve communications, peer-to-peer learning and performance measurement. As companies start asking “what is the value of our community investment program?” they often narrow their focus on specific projects too quickly. The first step should always be to reflect upon whether the current portfolio of projects truly reflects the company’s corporate profile and expectations of community investment budget.

In LBG Canada terms, every investment occurs as a result of three motivations:

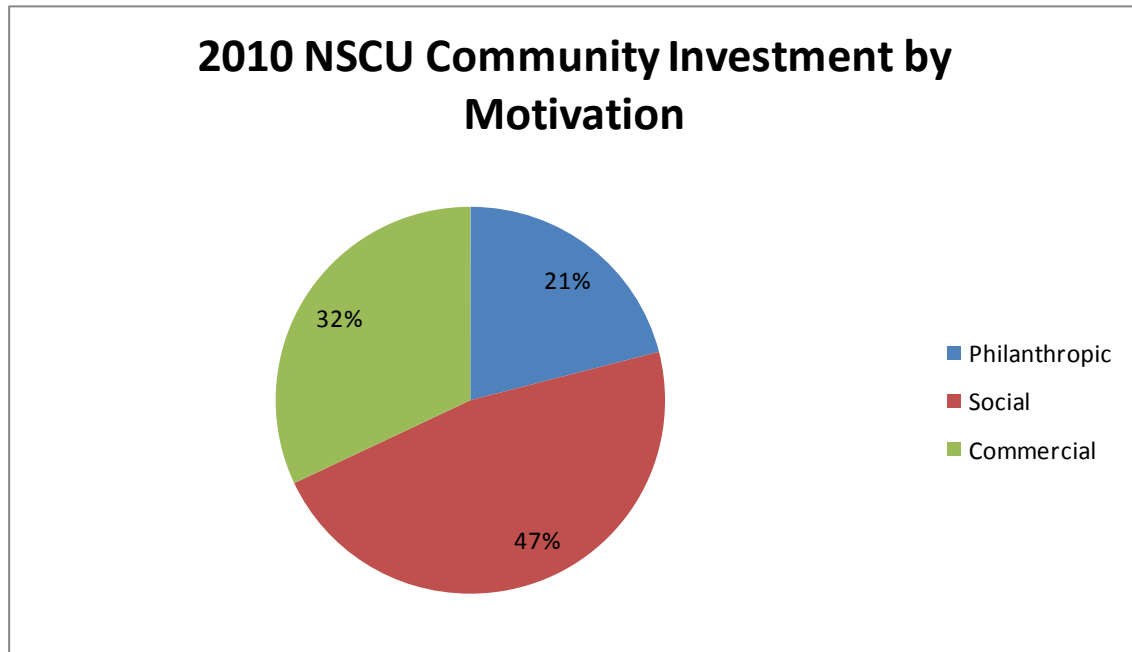
Commercial: Community activities that directly support business objectives are described as commercial. A commercially motivated community investment is designed to be noticed. For example, the goal might be to entice customers to engage in a transaction, to stabilize a relationship within a key community or to gain insight into stakeholder thinking, thereby contributing to product design.

When this motivation is the driving force, expectations for corporate return are top of mind. In order for this expectation to achieve business benefits to be met, it must be stated up front. The measurement system is designed from that statement onward. Overall success will rely upon the company’s ability to design an engaging community investment program.

Philanthropic: Philanthropic investments are more transactional in nature, but no less valuable. These might include disaster relief, responding to local concerns or matching the money and time of employees. The most difficult to measure from an impact perspective, philanthropically-motivated investments are no less important. They are an opportunity for a company to demonstrate partnership or concern, without making a long-term commitment or taking responsibility for delivering the program.

Social: Results from social investments are on a different time horizon. They require more patience as they take longer for business and community results to blossom. Yet social investments offer the investor greater opportunity for direct association with the social impact achieved. Social investments require more effort by the investor as they often seek to engage stakeholders, e.g. to mobilize employees to give time or money in support of the corporate cause. The recognition that can follow is a sought-after result that contributes to overall business value.

Figure 7: Investment by Motivation



2.1.1 What Is Community Investing?

Community investment might be loosely described as a strategy to provide a broad range of services to communities where those services are in short supply, and by doing so, help to improve the standard of living within those communities while earning a return on the investment. In order to be considered a community investment, a contribution must uphold all of the following principles:

- the contribution is voluntary (i.e. not regulated or part of daily operations);
- there is a clear community benefit to either the community at-large or to a community partner;
- the contribution or benefit goes beyond the company’s customers, clients, suppliers, or employees;
- the contribution supports a not-for-profit or registered charitable organization, or contributes towards a scholarship or bursary;
- the contribution is a “cost to the company”. Contributions from employees, franchisees, suppliers, and external partners should be valued as “external resources leveraged;” and
- the contribution has a demonstrable value to the community/community partner in relation to cost/contribution. (LBG Benchmarking Report)

2.1.2 What Are The Components Of Community Investing?

In addition to the aforementioned three reasons or categories (commercial, philanthropic, social) there are other aspects to a CI program including, but not limited to, corporate social responsibility, community volunteerism, social finance and social capital. Just as a hammer (physical capital) or a college education (human capital) can improve productivity so too, can social capital improve the lives and productivity of individuals and groups.

2.1.3 What Are The Benefits Of Community Investing?

In addition to positioning your organization as a good corporate citizen and building brand value, the monetary rewards can be sizable. For those people residing in the community, the improved living conditions and employment opportunities help to build civic pride and a sense of belonging. Tables 9 & 10 provide an outline of the benefits of community sponsorships.

Table 9: What Sponsorships Can Achieve

What Sponsorship Can Achieve (BDS Sponsorship)	
For the Rights Holder <ul style="list-style-type: none">• Cash• In Kind Support• Extended Marketing Reach• Saving On Expenditure• Adding Value To The Visitor Experience• Brand Association & Brand Building• Project Enhancement	For the Sponsor <ul style="list-style-type: none">• Awareness• Enhancing brand/corporate image• Encouraging brand switching• Integration with the community• Customer/trade promotions• Employee incentives/benefits/recruitment• Product showcasing/sampling• Product launches/press and sales conferences• Differentiation from competitors

Table 10: Sponsorship Assets and Related Sponsorship Benefits

Sponsorship Assets And Related Sponsorship Benefits	
Asset	Related Benefit
Marks and logos →	Promotional rights
Audience→	Access
Publication materials→	Visibility
Signage→	Impressions
Web site of sponsored organization→	Extended reach
Sites/venues→	Access
Guaranteed media→	Impressions
VIP opportunities→	Incentives
Database→	Access
Events + programs→	Proprietary platform
Merchandise→	Impressions + promotional incentives

(BDS Sponsorship)

2.1.4 How Do You Measure The Success Of Community Investing?

Measuring the impact of community investment spending is important for building a business case, however isolating the impact of CI spending can be difficult. Nonetheless, companies must be able to measure the impact in order to justify spending, as Vodafoen UK Foundation head Sarah Shillito explains: “It’s corporate money, shareholder money and you need to be accountable for where it’s going” (Ethical Corporation). The recent economic crisis also reinforced the importance of being able to report to internal stakeholders the value of community investments as budgets were in jeopardy.

Various scorecards and yardsticks have been developed over the years to measure the value of community investment and most focus around measuring people’s awareness and attitudes towards various initiatives. “The public relations value of community investment can also be measured accurately. Royal Bank of Scotland head of community investment Stephen Moir says the bank has many tools for tracking brand performance. These can be used to measure the impact of community investment on perceptions in exactly the same way as they would measure the impact of a mortgage campaign” (Ethical Corporation).

One area that continues to evolve is the measurement of social return on investment. It is often difficult to quantify and measure the total social impact of a community investment. “This kind of analysis usually requires specialist research skills and many companies are bringing on board external parties to help them with their measurement...while there are some cases of extremely good evaluation, in most companies this tends to be restricted to a few flagship programmes. Companies are not yet at the stage of being to evaluate all of their activity in such a robust way” (Ethical Corporation). These types of community investment are not normally a short-term venture and it may take many years to earn and recognize the return on the investment. Therefore, investors should be certain they are in a position to wait to realize a return.

As governmental community funding continues to decrease and private sector businesses begin to pick up the slack by funding community investment, the tools and means of measuring the business and social impact of these investments will also continue to grow.

2.1.5 How Much Does Community Investing Cost?

There are several suggested formulas for community investments, usually based on net earnings or a percentage of assets but no set contribution limits. It stands to reason that, if an organization invested its entire earnings for the year in CI, there would be a reaction from shareholders. Some institutions are governed by a “triple bottom line” and split their profitability into social, environmental and financial contributions.

2.2 Community Investments in Financial Services

In the US there are over 500 community development financial institutions (CDFIs) whose prime purpose is to promote economic development in struggling areas that are underserved by traditional financial institutions. CDFI’s provide an array of services including mortgage financing for home buyers, commercial loans for small businesses and micro-enterprises, assistance with the construction and rehabilitation of community facilities/rental housing and banking services required by low-income households and businesses. CDFI’s also encourage regular savings habits, thrift and promote the value of solid credit scores.

CDFI’s include designated banks, credit union, loans funds, venture capital funds and micro-enterprises loan funds. There is no equivalent umbrella association in Canada so each FI is left to its own devices. The credit union which most closely matches the criteria is CCEC (Community Congress for Economic Change) on Vancouver’s east side but it is relatively small

and limited in its ability to provide these services. By contrast, Vancity, Canada's largest credit union, has a Senior Vice President of Social Finance.

Credit unions in BC donated \$17.8 million to charities and community activities in 2009, up 12% from 2008, representing more than 6% of the collective credit union earnings for the year, far exceeding the 1% benchmark recommended by the Canadian Centre for Philanthropy through the Imagine Caring program. The leading sectors that attracted credit union assistance in 2009 were educational programming, arts and culture and sports. Almost 90% of BC credit unions provide scholarships and bursaries for students and almost 80% indicate their employees take part in community activities.

2.2.1 Social Finance

While the term is still not understood very well, social finance, also known as impact investing has slowly come of age on the global stage. Ranging from next generation CSR programs to social cooperatives to venture philanthropy and social venture capital, it is recognized that this emerging asset class has the potential to mobilize capital and deploy it for social purposes. Access to risk capital is a critical hurdle since many of these social ventures do not meet the criteria required by traditional lending sources.

A number of factors are coalescing to support social financial initiatives:

- Growing interest among investors to generate both a financial return and have a positive impact on society.
- Foundations looking to enhance their impact by investing a larger portion of endowment assets in mission-related opportunities.
- Governments willing to look at innovative ways to catalyze private investment for social good.
- Existing hot-spots of social finance activity across Canada including the laneway homes project in Vancouver.

It should be noted that there are significant risks involved in social finance as demonstrated by Vancity's write down of \$32 million in 2009 on its environmentally friendly project "Dockside Green" located on the inner harbour in Victoria BC.

2.3 Competitive Analysis

As NSCU continues to refine its brand proposition focusing on the Mass Affluent market, it is continuing to look at ways to reach this target market and differentiate itself from other FIs. However, this can be difficult given the large number of FI's and the existing relationships.

As part of this project a comprehensive competitive analysis was conducted of other FIs local community involvement initiatives (Appendix 1). Examining the competition by focus area can provide insight into where FIs are concentrating their community investment focus and identify focus areas where NSCU may want to increase or decrease involvement. Are there opportunities within these focus areas where NSCU can increase involvement to reach its target market and better align with its core business strategy?

- **Arts & Culture Events**
 - Major supporters: BMO, Odlum Brown, RBC, TD, Vancity
 - Arts Club has tremendous support from FIs (8+ sponsors)
 - TD focuses on 'jazz'
 - Reasoning – wealthy are more culturally sophisticated and attend these events
- **Community**
 - Major supporters: RBC, Vancity, Westminster Savings
 - Vancity is exclusive FI of PNE
 - Reasoning – local affinity, community support – is this as important to the wealthier customer who pays high taxes to support general community initiatives
- **Education**
 - Major supporters: BMO, CIBC, Dundee Financial, Odlum Brown, RBC, TD
 - Junior Achievement supported by RBC, TD
 - Numerous scholarships provided, few educational programs offered
 - Appeal to target market – not direct, but “giving back” motive?
- **Environmental**
 - Major supporters: RBC, TD, Vancity
 - Relatively limited FI involvement
 - Potential involvement opportunity: Epic – The Sustainable Living Expo
- **Health**
 - Major supporters: BMO, CIBC, Coast Capital, Dundee, RBC, TD
 - BC Children's Hospital supported by BMO, CIBC, Coast Capital, Odlum Brown, TD – Overall focus on children's health

- **Social Services**
 - Major supporters: BMO, CIBC, Dundee, RBC, Scotiabank, TD, Westminster Savings
 - United Way supported by BMO, Odlum Brown, RBC, TD
 - Seen as charitable
- **Sports**
 - Major supporters: BMO (soccer, run), RBC (Olympics, hockey), Scotiabank (hockey, football, run), Westminster Savings
 - Family friendly, community based

Figure 8: CI by LBG Focus Area

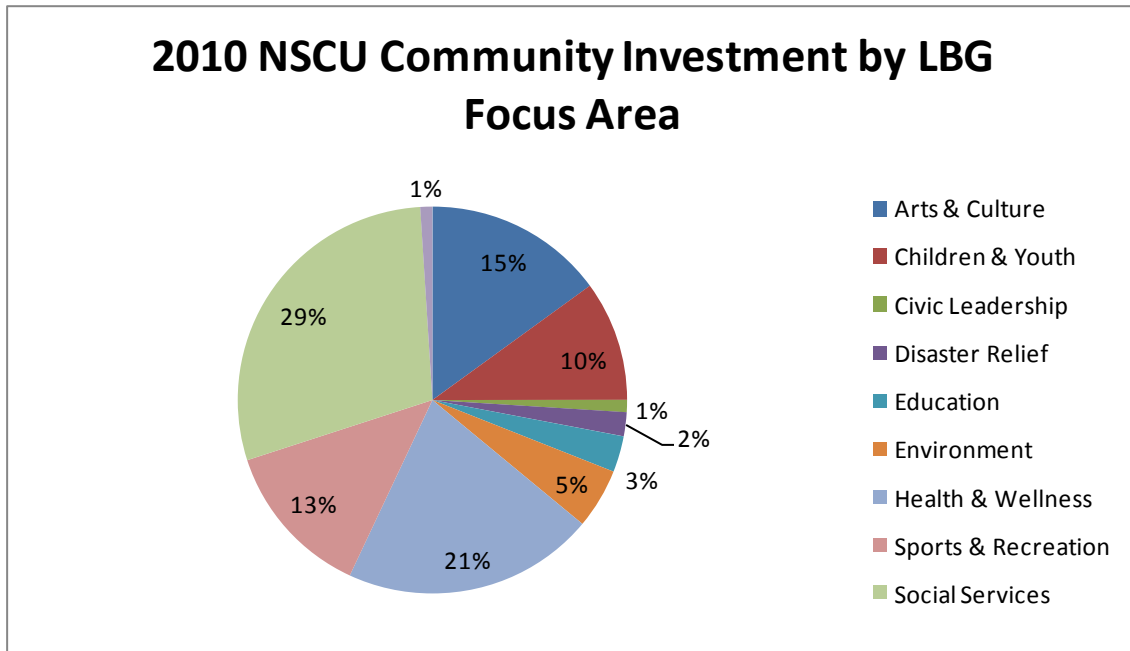


Table 11: Focus Area by Dollar Amount

Focus Area	%	Amount
Arts & Culture	15	\$58,389
Children & Youth	10	\$40,873
Civic Leadership	1	\$ 5,128
Disaster Relief	2	\$ 9,572
Education	3	\$11,199
Environment	5	\$20,511
Health & Wellness	21	\$82,169
Sports & Recreation	13	\$50,937
Social Services	29	\$111,152
Other	1	\$ 5,000
Total	100	\$394,930

2.4 Community Investments at NSCU

NSCU used to be a nice, friendly community credit union, selling products based on price and rate and using catchy marketing phrases to do it – no different from anyone else. Member feedback indicated NSCU was trusted more than the banks, but needed to change in order to provide the experience, relationships and knowledge that would ensure our members' financial success. So it was determined that NSCU would become a branded financial boutique, not focused on scale like the banks, but on great service and a memorable experience. (NSCU Annual Report 2010)

NSCU has been extremely profitable over the past decade, resulting in significant retained earnings, through margin growth. This has enabled heavy investment in its community through community investments and corporate social responsibility initiatives. In 2010, NSCU contributed \$397,000 towards Community Investment initiatives.

NSCU is now emerging from this tremendous growth period and looking for a realignment of their community investment initiatives as they continue to evolve their brand identity.

2.4.1 Brand Differentiator

NSCU's differentiator is the brand. NSCU leads with a wealth management and financial planning offer, which is not the norm, investing heavily in building strong advisory capability because our members indicated that's what is important to them. In 2010 NSCU had the highest penetration of wealth management services of any credit union in Canada. Recognized as a great place to work, NSCU attracts some of the best advisors in the business who deliver amazing service and strong returns to their members. In addition, its branches clearly convey comfort, professionalism and the privacy required to hold detailed financial discussions.

Having reviewed the industry dynamics and competitive forces facing NSCU, it is important to find alternative ways for NSCU to differentiate from the competition. One way to do this is through a cohesive and unique community investment and corporate social responsibility strategy.

Figure 9: NSCU Sponsorship Direction



2.4.2 Brand Strategy Summary

NSCU’s strategic focus is on serving the distinct needs of the Mass Affluent (MA) and Emerging Wealthy (EW) through a differentiated experience. It created unique “financial spa” i-branches where one can relax and feel pampered by certified professionals. The brand image is reflective of an active, West Coast lifestyle, and an advisory sales capability backed by accreditation, increased skills, knowledge, professionalism, and proactive, needs-based, contact.

NSCU continues to transition from a community credit union to boutique financial institution – promoting a differentiated experience. It intends to be perceived as the only financial institution primarily focused on the West Coast MA/EW in order to set us clearly apart from competitors – both big banks and other credit unions.

However, Mass Market customers will not be abandoned and rather than being exclusionary NSCU will be aspirational and invite them along for the journey. NSCU will become a hybrid among FIs, neither a small / large bank nor a community style credit union.

To have this “blue ocean” differentiation is as strategically relevant as it has been difficult to create. As NSCU repositions its corporate brand, it must fit with aggressive long-term growth plans, an expanding organizational footprint, and a renewed Strategic Plan that reflects the goals, pursuits, and values of our target audience – wealth, quality, relationships, trust, and exceptional personalized service within an arena of relaxed confidence.

2.4.3 Transformational Brand Program

A transformational brand program will be far more than a brand identity “look and feel”. The process will involve a deep, comprehensive, employee-engaged and research-supported 360° assessment, strategy and program. It will include key staff members of NSCU, who must implement and live the brand experience every day with members and consumers to drive positive change and ownership both internally and externally.

By gaining buy-in of the staff in the brand creation, combined with solid member and non-member research, we will set both a strategic direction for the brand and build a new brand identity that is differentiated and can be effectively executed across multiple channels within our culture. The power of the approach is the positive transformational impact the new brand will have across the entire organization. Our goal is a coordinated brand that aligns every aspect of the organization – inside and out – around a single compelling brand position.

Management wants to keep the momentum going and establish strategic community partnerships to help differentiate the brand and capture new market opportunity. NSCU operates at both the branch and corporate level in communities by following the core values that support the foundation of NSCU’s future direction.

2.5 Sponsorship Framework

Supporting the local communities in its trade areas is a big part of North Shore Credit Union’s mandate. Being involved with various community groups / events is a great way for NSCU to support the communities, while increasing our profile.

According to NSCU policy the criteria for involvement with a community group/event, the opportunity must:

- Build brand awareness of financial, physical and/or environmental wellness
- Enhance key prospect or member relationships for the purposes of business development
- Acquire members in expansion markets
- Connect with our local communities in a meaningful way

2.5.1 Sponsorship vs. Donation

Once an opportunity is determined to have strong merit according to the established NSCU criteria, it is classified into one of two categories: *sponsorship* or *donation*. The difference between the two classifications is that *sponsorships* provide a clear business benefit, matching brand and corporate goals. According to BDS Sponsorship, a leading sponsorship resource information centre, the definition of sponsorship is “a business relationship between a provider of funds, resources or services and an individual, event or organization which offers in return rights and association that may be used for commercial advantage in return for the sponsorship investment” (BDS Sponsorship).

At NSCU, sponsorships are usually funded and coordinated by the Marketing department, and these can include both short-term and long-term agreements. Some examples of current NSCU sponsorships and the criteria they fulfil are: The Test of Metal Mt. Bike Race (physical), North Shore Recycling Blue Box program (environmental), NV Chamber of Commerce (financial), Lynn Valley Days (community). “Sponsorship continues to evolve and take an ever-more important role in the overall marketing and positioning of companies and brands. Its greatest objective is to engage audiences and communicate more relevant messages personally to a more targeted audience” (Watt). Targeting the right audience is crucial for NSCU sponsorships which represent some of the biggest community investment dollars the company spends. In return for funding NSCU looks to receive corresponding benefits.

Alternatively, *donations* are given strictly for philanthropic purposes, done as a general charitable gift to organizations in need and are typically funded by Corporate Affairs. There is no expectation of marketing leverage or any other benefits to the company. However, sometimes there are leveraging benefits and there is the expectation that NSCU can publicize the donation through press releases and/or in other member communications. As Doug Smith, VP Corporate Affairs at North Shore Credit Union describes community donations program, “We fund community programs through donations not because we’re looking for credit or recognition, but because it’s the right thing to do”. Examples of current NSCU donations include: North Shore Disability Resource Centre (physical), North Van Senior’s Hybrid Green Bus (environmental), Jr. Achievement (financial) and the North Vancouver City Library (Community).

NSCU’s donation and sponsorship programs support the corporate commitment as an Imagine Canada company whereby NSCU donates a minimum of 1% of annual net operating income to create stronger, more vibrant communities. Typically NSCU goes beyond this 1% benchmark providing target donations of 2% annually. The majority of projects support financial,

physical and environmental wellness within the geographic areas NSCU serves. NSCU also provides funds to address emergency situations or special needs. Like all other funding programs, projects must be free of political, religious, racial or gender bias.

2.5.2 Effectiveness of Community Investment

A big part of what makes community investment initiatives effective is how various stakeholder groups like members, employees, directors and the general public view them. A recent CSR study by Gu and Morrison at the Australian School of Business attempted to isolate the factors that impact consumers' behaviour and attitudes towards CSR.

“The results suggest that different types of CSR initiatives (commitment, timing and fit) stimulate different levels of consumer CSR association by affecting their information cognition process, which is motivation, attribution and consequence expectation”(Gu and Morrison 2009 pg. 68)year page#). A brief explanation of this cognitive framework follows below:

Perceived Commitment: “Initiative commitment refers to a company's devotion to and relation with the social activities it initiated” (Gu and Morrison 2009 pg. 70). Commitment of company can be viewed as the giving of time, money, or other resources to a social cause. According to the “gift theory”, in most cases the larger the contribution of money or time of a firm the more positive the results on consumers' perceptions.

Perceived Timing: According to the study, timing does not refer to the length of time involved, but rather to the firms timing in relation to its community investment. For example, an oil company that is regularly proactively involved in environmental clean-up would be viewed much more favorably than another oil company that has started being involved in environmental clean-up following a recent oil spill of one of its tankers. In the second case, consumers are skeptical about the true motivation of the firm, and identify the giving as manipulative and self-serving.

Perceived Fit: “Fit is defined in a social marketing context as the perceived link between a cause and the firm's product line, brand image, position, and/or target market” (Lee and Park 2009 pg. 341). An example of an activity with a high fit for North Shore Credit Union would be financial literacy. Given that NSCU is viewed as an expert provider of financial services – the public will attribute a higher level of value in its association with financial literacy. “Initiative commitment being equal, high fit initiatives should outperform the low fit ones as evaluated by consumers” (Lee and Park 2009 pg. 341).

These factors work together to influence consumer perceptions at various levels including attribution, awareness of consequences and association. The research also indicates that if community investment is done poorly it can actually result in a negative impact. Although the research is a step in the right direction in developing an empirical framework for assessing the impact of CI / CSR initiatives, there is still a great need for continued academic study in the field. The research clearly indicates that social actions that are attributed to concern result in favourable outcomes and can lead to the association of the positive attitude around the social action with the organization. NSCU can learn from this research and incorporate the factors of commitment, timing and fit into the CI assessment framework outlined later in this report.

2.5.3 Ten Tips for Leveraging Community Investments

- 1) *Differentiate the brand:* Be involved with community investments that fit your corporate brand and help create a positive association for consumers.
- 2) *Reach the target market:* Participate in CI opportunities that are relevant to your core demographic market.
- 3) *Gain a competitive edge:* Often there is an opportunity to gain industry exclusivity in CI partnerships if you can beat your competition to the negotiating table.
- 4) *Become more efficient:* Use your CI dollars wisely to get more “bang for your buck”. Efficiencies can be gained in selection, execution and measurement.
- 5) *Utilize internal assets:* Be aware of internal capabilities in your firm which can be leveraged to create for value in your investment, for example in-house graphic designer can assist with creative development.
- 6) *Quality control:* Do preventative maintenance and ensure that your brand is being properly recognized and represented.
- 7) *Location, location, location:* Make sure your CI involvement is relevant to the trade areas where you operate. And at onsite events, try and negotiate the best strategic location for your onsite presence.
- 8) *Educate employees:* Communicate your CI involvement with your employees, as they are your biggest advocates.
- 9) *Be proactive:* Seek out new, intriguing CI initiatives rather than waiting for them to come to you.
- 10) *Be innovative:* Continue to be creative with ways you can improve your firms community investments.

2.5.4 Different Levels of Funding

With community investments there are different levels of funding and different expectations of around the business relationship. Part of the process is educating the community groups on these formalized expectations.

Table 12: Levels of Funding

<p>Partnership</p> <ul style="list-style-type: none">- Highest level of relationship- Commitment to long-term- Genuinely mutually beneficial- Relationship responsibility: Manager/Executive- May be marketing or business development – not typically philanthropic- Budget may be held in multiple areas (Marketing, Corporate Affairs, Special) <p>Examples: North Van Recreation Commission</p>
<p>Sponsorship</p> <ul style="list-style-type: none">- Second highest level of relationship- Commitment may be one-time only, but typically consider annual or long-term support- Expectation is of significant benefits- Amount is over \$1000; will always involve cash with in-kind secondary- Responsibility: Specialist- May be marketing, business development or philanthropic- Budget may be held in Marketing and/or Corporate Affairs <p>Examples: Seycove Auction</p>
<p>Support</p> <ul style="list-style-type: none">- Lowest level of relationship- No commitment other than one-time donation – in-kind or cash- Lower expectation of benefits (depending on amount)- Amount \$1,000 or less, may be in-kind only, combination of cash/in-kind, or cash- Relationship: Coordinator- May support business development or marketing – never philanthropic- Budget may be held in multiple areas (Marketing, Corporate Affairs, Retail) <p>Examples: Silent Auction donations, ads in programs</p>

(Good Practice – Participate)

2.5.5 Who pays – Marketing or Corporate Affairs?

Marketing pays for partnerships, sponsorships and support when the organization is for-profit and/or the business benefits are the primary reason for support. Corporate Affairs pays when the community relationship, business development/retention with a current member, or philanthropy is the motivator. It should also be noted that a committee comprised of representatives of NSCU’s Board of Directors and Senior Management must approve all Corporate Affairs donations.

The community investment distinction between Corporate Affairs and Marketing has a lot of “grey area” and produces some confusion both internally and externally around each department’s role and involvement. Below are some examples of the differences between the two departments.

Table 13: Types of Funding

<p>Marketing Example: North Vancouver Recreation Commission</p>	<p>The Rec Commission is perfectly aligned with NSCU’s wellness goals and a natural fit as a true partner. The primary reason for the association is promotion. NSCU is promoted through numerous ways, which strengthens NSCU’s community presence, and in turn NSCU provides support by way of volunteers, expenses, etc. It’s very much a win-win situation.</p>
<p>Corporate Affairs Example: Earth Day, West Vancouver</p>	<p>For NSCU the relationship with municipal governments is important to business development, hence Corporate Affairs pays for the sponsorship. How the arrangement is leveraged to benefit NSCU is Marketing’s role; and Marketing pays for the promotional activities that support the event.</p>
<p>Corporate Affairs Example Pemberton Childcare Centre</p>	<p>NSCU provided the new centre a straight cash donation as well as a discounted loan. No leveraging or promotion was expected therefore Marketing was not involved.</p>
<p>Joint Corporate Affairs / Marketing Example Flicka Gymnastics</p>	<p>Sometimes it makes sense to share the budget as was the case when the Flicka Gymnastics Club received \$1,000 as a general sponsorship (with a program ad). This was split between Marketing since it gave brand awareness to a key target audience, but was also a business retention strategy, since the Club had a significant term deposit coming up for renewal in a few months.</p>

2.5.6 Eligibility

In addition to offering a clear and compelling sponsorship benefits package, events or activities must meet the following criteria in order to be eligible for NSCU sponsorship:

- Serve one or more of the NSCU communities (bounded by Vancouver to the south, Burnaby to the east, Bowen Island to the west, and Pemberton to the north)
- Support one or more of the three NSCU areas of focus: financial, physical or mental, or environmental wellness
- Provide NSCU with opportunities to publicize and leverage sponsorship investment through publicity, on-site promotion, and advertising
- Have no negative associations or press coverage

Table 14: Types of events/projects considered for community investment requests.

NSCU Focus

Project Examples

Financial Wellness

To increase community members' knowledge of financial products, services, and resources that can help them meet their financial goals

- Chamber of Commerce special events
- Business, merchant, and professional association seminars, trade shows
- Community days

Physical/Mental Wellness

To support activities and programs which promote a healthy lifestyle, exercise and physical activity, and mental wellness.

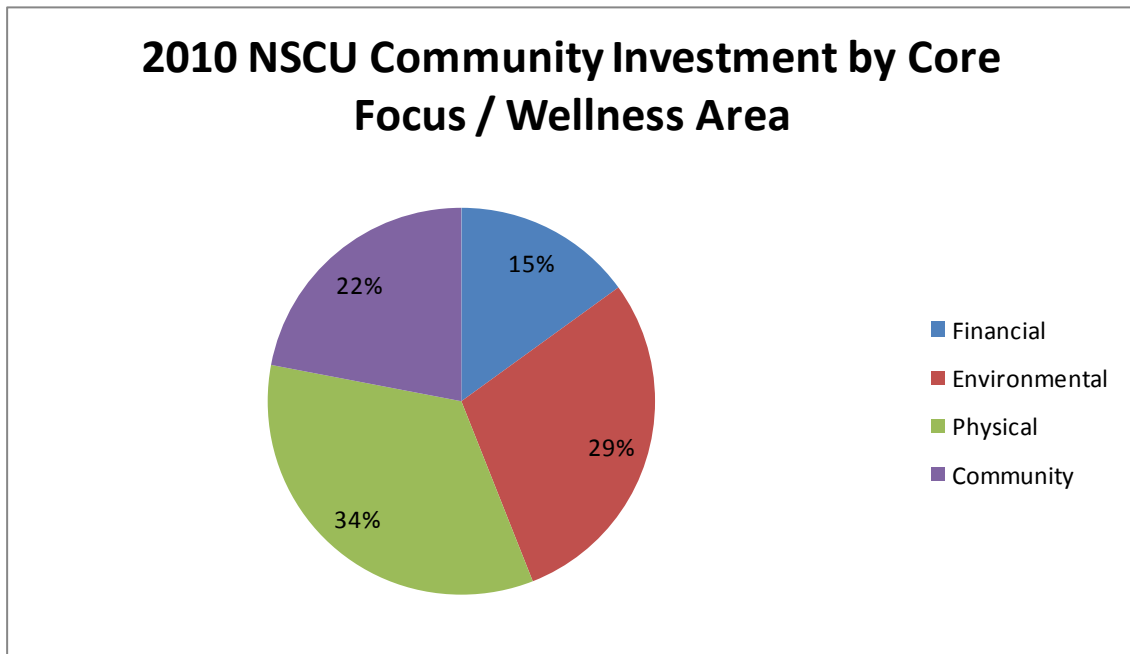
- Health and environmental fundraising walks and runs
- Charitable golf tournaments
- Fitness and sports programs
- Mountain bike races

Environmental Wellness

To help enhance and preserve our natural and urban environments

- Recycling programs
- Alternative transportation methods

Figure 10: CI by Core Focus / Wellness Area



2.5.7 Types of requests not considered for sponsorship

- Program or service development costs
- Capital expenses
- Operating costs
- Deficit reduction
- Retroactive expenses
- Wages
- Retiring debts
- Requests to benefit one individual
- Events that are targeted at specific religious, social, political, or economic points of view or are considered controversial in nature

2.5.8 Type of assistance available

In general, the NSCU Sponsorship Program provides financial support ranging from \$500 to \$15,000 for approved initiatives. NSCU also provides items which can be used as door prizes, giveaways, auction items, and incentives to leverage sponsorship investment. NSCU staff members frequently participate in sponsorship events and programs, providing much-needed volunteer assistance.

2.6 Evaluating Requests

NSCU receives hundreds of sponsorship requests each year, most of them offering a version of the standard package:

- Logo exposure and advertising or signage
- Sponsor mention on promotional materials
- Complimentary tickets

NSCU is looking for innovative and exciting projects that will allow us to explore opportunities described above and those that will really engage NSCU staff, members and the communities NSCU serves. All proposals under review should also include:

- Clear windows of opportunity and fresh ideas on how to promote NSCU to a target audience
- Demographics on target audience, if available
- Inventive recommendations on how to involve co-sponsors and suppliers

The more creative marketing opportunities identified, the more attractive the proposal becomes.

2.7 Community Events

While many of the larger financial institutions often focus their community investment support towards bigger name national charities and events; as a local credit union, NSCU is currently more focused on smaller grass roots events. Community days, family carnivals and small concerts are among the most common.

However, there is some internal debate within NSCU as to the value of these smaller community sponsorships and a growing faction who wants to see the credit union do fewer, higher dollar, higher profile events. While this is a typical debate amongst medium sized credit unions in how to allocate community investment dollars, the argument can be made that NSCU is differentiating itself from the competition by focusing on a smaller trade area partnerships.

By participating in grass roots community initiatives NSCU can potentially attract customers who are interested in an institution that gives back to the local communities. Larger FIs are often noticeable by their absence at some of these events and NSCU can capitalize on this exposure by communicating their involvement via traditional and social media channels.

As such, NSCU currently allocates every branch a discretionary budget that they are able to execute on community endeavours as they see fit, making the decision-making very localized. This gives individual branches more autonomy and alleviates some of the administrative pressure on the Marketing and Corporate Affairs departments. Whether it be Burnaby, Squamish or Whistler, the employees at the branch level live in those communities and understand local causes. NSCU has been working on a standardized “event-in-a-box” program for the past year, and while there are overarching guidelines, the program can be customized and executed at the local level. This standardized program enables local branch staff to execute an event according to NSCU brand standards.

2.7.1 Media Coverage / Employee Buy-in

A big part of corporate community investment is communicating about the initiatives a company is involved in. Obtaining media coverage of community events is a great way to increase exposure, recognition and value of involvement. An example of this at NSCU can be seen with the corporate involvement with B.C. Children’s Hospital Foundation.

About three years ago, Reg Marriner, VP of Retail Banking who was on the BC Children’s Hospital Foundation (BCCHF) fundraising committee sought to gauge employee appetite to be involved in a greater fundraising effort. The initiative was met with amazing support as almost 30 staff volunteered to be part of the initiative. Many of these staff, had personal experiences with BCCHF, ranging from having used the hospital for their own kids to being treated at the facility when they were younger. Staff were very excited and adamant this was something they wanted to do and they were excited that the credit union would support the fundraising effort. Since the initial launch the program has grown to include a variety of different fundraising initiatives including: Jean’s Day, Payroll deductions, and staff events raising approximately \$20,000 each of the past two years, a significant increase over the \$1,000 NSCU had previously raised the last few years without the corporate focus and staff buy-in.

2.8 Corporate Social Responsibility

About eight years ago, NSCU executives recognized a need to dramatically readjust its CSR strategy to fit with its corporate vision. In today’s corporate landscape, it’s not only the brand, product or service that matters most to consumers. They also want to know what kind of impact you have on the community and environment. The implementation of an effective CSR policy is paramount for differentiation and competitiveness. At North Shore Credit Union, the

corporate CSR policy was introduced in 2002. Part of the mandate is to provide real solutions and initiatives. With the public becoming more aware and suspicious of corporate green-washing, it is important that NSCU remain authentic and true to its values by not overstating or understating the overall impact of its CSR.

NSCU has an over-arching CSR framework that is used to measure all initiatives.

“From a banking perspective, we strive to be experts in the field of banking by being innovative, trustworthy and easy to do business with...from a social responsibility perspective, we have a long history of taking a leadership role in the communities where we operate” (NSCU CSR Report 2009).

Corporate Social Responsibility (CSR) is a commitment to operate in a financially, socially and environmentally sustainable manner, while acknowledging the interests of all stakeholders. NSCU CSR policy and plans have been approved and endorsed by the Board of Directors, including NSCU’s CSR mission statement:

Relying on our strength and influence as a Credit Union, we will impact positive social, environmental and economic change at a local level so that we act as a role model in every community that we serve. Believing that Corporate Social Responsibility (CSR) is absolutely the right thing to do, we will work to ensure that it guides our organization and becomes something for which we are proudly recognized.

This CSR philosophy focuses on our employees and their families, the communities in which we serve, our members, suppliers and vendors. Most importantly, we use CSR as our filter when making decisions that will affect our stakeholders.

It is important to remember that CSR is not a project, but a process. As such, CSR programs must be continuously assessed to analyze strengths, weaknesses and gaps; while being openly communicated and progress reported. We aim to enhance employee engagement through our programs, enlisting their support and expertise whenever possible.

In beginning a formal pursuit of a CSR strategy, NSCU recognized it was already doing a lot of things right, but definitely had room for improvement. In continuing this commitment to corporate social responsibility, a number of initiatives have been undertaken.

CSR Champs

CSR Champs keep co-workers up to date on new activities and collect ideas to ensure that NSCU continues moving forward in its CSR journey.

Paper Assessment

Using results from an Environmental Youth Alliance survey, NSCU benchmarked paper usage and defined projects to decrease paper and pollution. The goal is to reduce paper usage company-wide by 15% in Year 1 and another 15% in Year 2, for a total decrease of 30%.

Carbon Neutral

NSCU Partnered with an environmentally conscious print shop, Hemlock Printers - who achieved carbon neutral status in 2009, becoming the first printing company in Canada to gain this distinction.

North Shore Recycling Hybrid Car

NSCU is a proud supporter and financial sponsor of North Shore Recycling's hybrid car.

ATM Upgrades

Upgraded ATM deposit envelopes to a new recycled stock with a higher grade of recycled and post-consumer content which carries the Forest Stewardship Council logo, certifying the 100% post-consumer content of the paper.

Janitorial Supplies

Confirmed with janitorial suppliers to introduce cleaning products are ISO-compliant and non-toxic.

Staff Statement Suppression

NSCU ran an internal campaign encouraging staff to discontinue printed monthly statements. Since most staff are regular users of online banking, the monthly printed statement was unnecessary. The suppression request is now part of all new employee packages as well.

Green Meetings

Developed and implemented best practices on how to hold green meetings, and encouraged their use at every level of the organization.

Corporate Governance

The ways NSCU demonstrates best practices in governance include: Board and individual director evaluations; mandatory director education sessions; adoption of the “27 Standards for Sound Business and Financial Practices”; and, an annual Board planning session. As well, when positions on the Board come up for re-election, the Nominations & Elections Committee

completes a detailed gap analysis of the skills and experience required and proactively presents individuals to the membership whom they believe best represent those skills.

Employee Feedback

In addition to regular mini-surveys of specific topics, each year a comprehensive employee opinion survey is conducted which asks about everything from the work atmosphere to pay/benefits, the approach to performance management, training and development, and the values of the organization and those espoused by executive management.

Member Feedback

Quarterly telephone surveys are conducted to determine member satisfaction in a number of key areas, hold member focus groups to get feedback on specific topics, and receive ongoing input from members through our branches, call centre and Web site.

Imagine Canada

As an Imagine Canada Caring Company, NSCU commits to provide a minimum of 1% of pre-tax profits to charitable organizations. In 2010, we gave more the \$397,000 to over 50 deserving community organizations.

NSCU Legacy Fund

In 2007, NSCU made the largest single donation in its history, granting \$1 million to the North Vancouver Outdoor School, located in Squamish. The Fund, a one-time award, will go toward construction of the school's NSCU Environmental Learning Centre.

Earth Day

North Shore Credit Union is title sponsor of Earth Day celebrations in West Vancouver.

Other CSR initiatives:

- Received 2009 Honourable Mention Environmental Stewardship Award from The City of North Vancouver presented each year to recognize the outstanding work of City residents and businesses who promote community-based stewardship efforts.
- Partnered with the BC Lions Society for Children with Disabilities, and acclaimed Native artist Una-Ann Moyer to commission the creation of a beautiful sculpture for Eagles in the City fundraiser – the third chapter in the Lions Society's trilogy of public art projects.
- Presented BC Children's Hospital with a cheque for just over \$20,000 during the hospital's Miracle Weekend fundraiser – the result of a series of employee-led programs and events to raise

money. There was an impressive level of staff participation across all departments in this inaugural year of fundraising for BCCH, including 22 employees who volunteered to join the fundraising committee.

- NSCU hosts two Annual Charity Golf Tournament, one in North Vancouver, in support of North Shore Rescue. Since its inception, 14 years ago, this signature event has raised over \$450,000 to provide critical rescue equipment and overall support.

- The second tournament is the relatively new Sea-to-Sky Charity Golf Tournament, presented by North Shore Credit Union, The Whistler Grocery Store and Pemberton Market, which in only 3 years have already raised over \$30,000 for Whistler and Pemberton area charities.

- Recently named “Green Business of the Year” (Enterprise Magazine).

2.9 Volunteer Program

From a human resources perspective, community involvement can also help improve recruitment, retention and staff engagement. As many young employees today are not just looking for a paycheque, but also value a responsible employer that gives back to the community. A strong corporate social responsibility program rewards and celebrates employee volunteerism, provides financial contributions to the community and builds strong ethical practices.

NSCU is deeply committed and connected to the communities it serves and giving back to those communities is a central part of the corporate culture. Over the past five years, NSCU has donated approximately \$400,000 every year to community causes throughout its trade area.

Recognizing that the scarcest resource is people’s time, NSCU donates \$100 to each employee’s charity if they volunteer a minimum of 20 hours over the year through the *Dollars for Doers* program. Staff responded well to the volunteer program contributing more than 2400 hours in 2010. However, this does not fully capture the staff’s overall involvement as many employees who volunteered didn’t know about the program or didn’t want to be recognized so their hours weren’t counted.

The overall feeling from various internal surveys is that staff feel rewarded and supported when the company recognizes them at the annual staff event and contributes towards their charity. Capturing the total contribution of the volunteer program can be difficult and requires significant infrastructure and communication. As such, NSCU is revamping its previous “Volunteering Outside the Bank” program with a new program to promote a variety of other initiative enhancements including:

- *Community leadership awards:* An annual awards night to recognize and honour employees for outstanding community involvement / dedication.
- *Matched giving program:* Revisions to the existing *Dollars for Doers* program which will not only reward employees who give of their time, but also match employee financial contributions.
- *Volunteer Social Media site:* With NSCU branches spread out across the lower mainland and down the sea-to-sky corridor, NSCU looks to establish an employee Facebook site where staff can share information, post volunteer opportunities and communicate successes.

3: Future Direction

NSCU's current community investment criteria involves three main focus areas of Financial Wellness, Physical/Mental Wellness, and Environmental Wellness along with the additional category of Community Involvement. These focus areas were initially designed as way to categorize requests for community investment and help concentrate the credit union's involvement into only these four areas. However, what has become evident is that these categories are not that effective at narrowing focus. Inevitably almost all requests for community funding can fit, either naturally or with a little creativity by applicants.

3.1 Brand Alignment

NSCU has been a community-based credit union for 70 years and a keen participant in the cooperative system. It has built up a loyal following over the seven decades and is evolving its brand to more of a hybrid (neither a chartered bank nor a community credit union) organization in order to appeal to its mass affluent target demo. The challenge will be to keep existing members/customers on side with the changes and prepare for expansion beyond its traditional marketplace in North Vancouver.

Delivery on the brand image requires that every custom-facing corner of the credit union be consistently engaged. All branches of NSCU now have someone designated as Branch Marketing Champion who plays a key role in executing and upholding the NSCU brand by acting as the eyes and ears for the needs and wants of customers and staff.

Table 15: Alignment with Brand

BRAND EQUITY	MASS AFFLUENT TARGET
1. Traditional/Utilitarian	- One-size-fits-all approach does not work - Looking for true/unique brand that can be perceived as exclusive
2. Community Based	- Supportive of Community Efforts - Looking for broader, national programs
3. Geographic Limitations	- Require international access to accounts - Want relationship with sophisticated FI
4. Credit Union Structure	- Name confuses many members - Don't understand the nature of CU system
5. Evolving Hybrid	- Appealing as boutique as long as security/ service underpinnings are firm - Loyalty is multi-dimensional - Promos around sports, fitness, fashion, arts and culture fuel their lifestyle

3.2 Geographic Alignment

The place is the face of the brand, whether it be a branch, ATM, call centre, website, insurance office etc and the place must be consistent with intended brand initiatives. NSCU will soon operate a network of 13 branches (more than half outside the North Shore) as well as a full service delivery model. Unlike other credit unions, which are opening offices with a much smaller footprint, NSCU is maintaining its size and attractiveness. Its Park Royal branch is considered a Financial Spa and designed to attract upscale clientele. The Lonsdale flagship branch has outgrown its premises and head office administrative functions are now spread over three locations. NSCU plans to develop 70,000 feet of office space at the corner of 13th and Lonsdale with 100 residential units in an adjoining tower. This will allow the credit union to combine its branch and administrative functions under one roof and provide some affordable housing for members. The credit union has also developed an I-Branch model, which stands for innovative, imaginative, inspiring, informative and intimate. All of these models are designed so they can be exported and accepted by the various publics. NSCU recently won the most green business award.

Table 16: Alignment with Place

PLACE	MASS AFFLUENT USEAGE
1. Financial Spa	- Seek quality and value including authentic prestige - Not influenced by trends but appreciate ambiance
2. Traditional Bricks “N” Mortar	- Will use as transactional hub - Look elsewhere for financial advice
3. Internet Banking	- Work long hours, time starved - Majority online regularly
4. Phone Banking	- Middle class values & lead normal lives - Like latest technology (iphones)
5. Website	- Go there for information - Concerned for environment

3.3 Technology Alignment

In 2009 NSCU partnered with Temenos (a large scale European based technology supplier) and Microsoft to introduce a state-of-the-art computer system for the credit union. Temenos clients include major banks in Europe and this was their first foray into the North American market and a locally based credit union.

Under the new system, employees are able to provide customers with a more comprehensive view of their information and deliver better financial advice as the system identifies outsell and cross sell opportunities at the point of sale. Temenos will also improve operating efficiency for NSCU and provide long-term stability in IT. These benefits have not gone unnoticed as the three largest credit unions (Vancity, Servus, Coast Capital) in Canada have all signed to convert to Temenos in the next couple of years.

Table 17: Alignment with Technology

TECHNOLOGY PLATFORM

MASS AFFLUENT EXPECTATIONS

1. Global Architecture	- Expect 24/7 access from anywhere - Want flexible/reliable financial info
2. Core Banking System	- Tolerant to a degree - Expect basic banking services and integration of all financial records
3. Automated Self Service	- Time starved - Phone, mobile banking regarded as table stakes - Major users of Internet
4. Sequel Servers	- Don't object to cross sell and up-sell - Willing to pay for exceptional service - Desire easy navigation and processing of data
5. Product Suite	- Want help to improve their financial health - Expect FI to launch ever more rich products
6. T24 Regeneration	- Frequent conversions are expensive & difficult - Desire unparalleled, seamless experience

3.4 Employee Alignment

There is an old adage about getting everyone to sing from the same songbook, but companies frequently neglect to identify what page that is. NSCU recognizes that soft skills drive hard numbers and has been actively recruiting and training employees to create a workplace filled with passion, respect, kindness and fun.

Table 18: Alignment with Employees

PEOPLE

MASS AFFLUENT NEEDS

1. Financial Advisor	<ul style="list-style-type: none">- Lives are busy, complex and require many types of trusted advice/deep relationship- Want professional advice delivered with human touch
2. Personal Attention	<ul style="list-style-type: none">- Expect employees to be nimble and flexible and able to identify needs- Empowered staff are a given
3. Support Team	<ul style="list-style-type: none">- Require assurance of support across all product lines- Well versed in teamwork from their own business- Willing to pay more for exceptional service
4. Priority Service	<ul style="list-style-type: none">- Not content to stand in line- Expect apology/consideration for poor service
5. Proactive Provider	<ul style="list-style-type: none">- Want more than order takers and “doing what we have always done”- Desire employees who are passionate about service and their organization

3.5 Marketing Alignment

Over 70% of MAs think organizations spend too much time and money on advertising and should put more money into good causes and non-profits. More than 2/3 indicated they would switch brands if another similar quality product supported a good cause. With new technology, NSCU will be able to approach each customer as a “market of one” with products & services tailored to individual needs, thereby fulfilling its mandate “Know your customer”.

Table 19: Alignment with Marketing

MARKETING COMPONENT	MASS AFFLUENT BEHAVIOUR
1. Advertising & Promotions	<ul style="list-style-type: none">- Tend to be negative about advertising in general, but at least expect it to be entertaining- Increasingly tuning out mainstream media and using internet for streaming video and radio- Generally regard promotional giveaways as trinkets and trash
2. Communication	<ul style="list-style-type: none">- Little reliance on print due to busy lifestyle- Prefer electronic channels- Want advice they can trust
3. Community Events	<ul style="list-style-type: none">- Highly motivated to feel youthful and stay fit- Fashion, music and luxury cars consume significant % of their income- Want events to have charitable components
4. Products	<ul style="list-style-type: none">- Shift to sense of conservatism, and concern for the environment- Buying decisions based on principles and often made through connections with like-minded peers and trusted influencers- Diminishing desire to obsess over buying or owning items just to be trendy
5. Research	<ul style="list-style-type: none">- Shift from focus on materialism and status to finding more purpose in their lives during past decade- This marketing segment requires diligent planning, deep demographic & behaviour data, brand and offer differentiation

3.6 Value Alignment

The values in Table 20 and corresponding motivators illustrate the need for understanding of the target market and alignment of community investments. “When a company behaves in a manner that is perceived as socially responsible, consumers are likely to infer that it has certain desirable traits that resonate with their sense of self” (Lee & Park).

Table 20: Alignment of Values

VALUES	MASS AFFLUENT CHARACTERISTICS
1. Ethical	- Concern for the environment - Support fair business practices
2. Member Driven	- Like minded people - Trusted influencers / advocates
3. Community Minded	- Keen sense of social responsibility - Active participants in community causes
4. Caring	- Possess deeper and more value driven set of principles - Dislikes conflict
5. Exceptional Performers	- Highly educated - Hard workers, time starved
6. Team Oriented	- Accepting of price for value - Loyal consumers, provide referrals

SUMMARY

NSCU is undergoing a sea change in how it utilizes people, processes, marketing and technology to manage customer relationships. These dramatic changes have resulted from an organizational vision based on the experience of five-star hospitality and a desire to differentiate NSCU from all other financial institutions (including credit unions) and to provide a sophisticated market with exceptional service.

The alignment of the various elements has been ongoing since 2004 and has consumed enormous time and energy. There is still work to be done including re-naming, re-branding and re-positioning the credit union and developing a strategy to keep members on-side as NSCU navigates through some choppy waters. The topic of this paper is Community Investment Strategy, and CI, too, needs a makeover in keeping with the mandate.

NSCU has just announced its sponsorship of the inaugural “Jazz on the Mountain” event at Whistler during the Labour Day weekend. The three-day festival will showcase over 22 world-class performers and more than 32 shows ranging from headlines performances to casual concerts. The venue is appropriate since NSCU was the first full time financial institution at Whistler 25 years ago.

This event is symbolic for recognizing the historic past for the credit union while celebrating its future direction and continued commitment to its community.

3.7 Conclusions and Recommendations

NSCU has come a long way during its seven decades of service and has built up an enviable reputation among a strong following of satisfied members in the Lower Mainland and along the sea-to-sky corridor. It has recognized the need to carve out its own market niche and as it transitions from a traditional service model to courting the more affluent members of society, there will be challenges in maintaining the credit union philosophy of “one for all, all for one” while attracting more profitable segments. This will test the organizations communication metal.

NSCU has prepared well for the changes by bringing people, places, processes into alignment and pioneering a technology solution, which is being widely copied by other FIs. NSCU also recognizes that its current brand does not align well with the Mass Affluent target demographic and/or future inter-provincial branch openings or mergers/amalgamation with other FIs. Therefore brand revitalization will be necessary on all fronts as NSCU evolves its business model and considers changes to its community investment program.

As someone has said, timing is everything and this is indeed a good time for change. Bottom lines are rosy as the result of historically low interest rates on deposits but inflation is creeping up again and most FIs do not expect the good times to continue indefinitely. However “strike while the iron is hot” is another old adage that credit unions should live by as governments and regulators provide opportunities through amended legislation and free trade agreements.

NSCU, like most credit unions, has taken a shotgun approach to community investments in the past – blasting away in response to numerous requests from all types of community organizations/individuals – many of them thinking a \$100 membership entitles them to a \$10,000 sponsorship. This mindset is prevalent in society and NSCU has been gently moving to a more focused direction with its donations and contributions. Now it must put away its old gun and pick up a rifle to hone in on its designated target.

Awareness of the three questions (see 2.1) asked by the NatWest Bank president 17 years ago focussed attention on the research and assessments for this study and are worthy of recapitalization here:

1. *Why do we have to give the banks money away?*

NSCU is under no legal or moral compulsion to contribute to community endeavours-a position largely adopted by the big banks with respect to their operations in rural Canada. Indeed, aside from it being regarded as a good business practice , it is very difficult to quantify the return on

community investment despite the fact that ROI is a standard measurement yardstick for FIs and an indication of the organizations success.

NSCU could price services so profitability was limited but this can be a dangerous practice for long term stability. It can produce healthy earnings and pay the corporate tax on them (unlike their US compatriots, Canadian credit unions do pay tax but at a lower rate than banks) thereby benefiting all Canadians. The remainder flows into Retained Earnings on the balance sheet and this provides “free money” to buffer earnings in future and to provide a cushion against loan losses etc. NSCU could give the surplus to its executive as a bonus, since there are no stock options in credit unions, but that would benefit a select few. Staff could be given an incentive but already benefit from such a plan. Members could be provided with patronage refunds (discussed in earlier chapter. All of these and other creative “giving” strategies are possible but only benefit specific groups. Community Investment programs benefit all publics, particularly when the benefits can be viewed from your backyard and determined through input from the three publics-employees, members and the community at large.

2. How do we know we are giving to the right people?

NSCU does not give much to individuals, mainly to community groups and associations which are known to us and most likely members of the credit union. As such we are aware of their reputation, financial standing and stability and each request for community support must fit into the established criteria and meet the objectives of the organization. If the community initiative is originated by NSCU, then it must fit onto the framework developed by the credit union and fit the characteristics of our target audiences. With these “checks and balances” in place and limitation on amounts that can be advanced by category, NSCU has a good sense as to where the money goes and that it is being used for the intended purpose.

3. How do we know if it is helping the community?

NSCU and its decision makers live close to the community and the events supported by the credit union so visual inspection is usually possible and a good indicator of success. Similarly word-of-mouth feedback from staff and members is readily available. As NSCU moves beyond its traditional base of operations to, say Toronto, other assessment criteria will be necessary. Modern research techniques allow participants to click a couple of buttons on hand held devices and provide instantaneous feedback/opinions/suggestions on seminars, events etc. Broader research can also be gathered to determine the success of the various programs.

NSCU does not have a perfect alignment or framework for CI and takes an altruistic view of the media coverage and recognition it receives for its many good works. NSCU believes this is preferable to spending a lot of PR dollars to blow its own horn.

The following recommendations are based on significant research and analysis, much of which is contained in earlier chapters:

3.7.1 Portfolio Wide Assessment

As part of realigning the new corporate investment strategy to better match the evolving brand and corporate strategy, NSCU must follow with the steps below, including a complete review of all existing and potential partnerships.

1. Define new criteria
2. Review current portfolio
3. Develop an exit strategy where applicable.
4. Identify new opportunities
5. Transition to other partners
6. Maintain goodwill

3.7.2 Potential Activities for Involvement

NSCU must re-examine its key focus areas and consider transitioning to new partnerships / sponsorships that are more likely to reach the target market. NSCU's current focus areas of financial, environmental and physical wellness may also be too broad and not well enough aligned with the new brand strategy of a boutique financial spa. Below are some recommended areas of involvement. NSCU currently has a very successful *Wishbank* Children's financial literacy program, but given the strong fit with financial services, NSCU should explore other areas of involvement that will capitalize on this core competency. The bottom line is NSCU needs to begin to establish a CI niche which it can become known for. By staking out a primary CI position, NSCU will get more prominence and exposure.

NSCU will be focussing on getting involved in CI initiatives and activities that align with the MA/EW target market. The following is a list of some activities of choice for the MA and EW demographics. Most of participants in these activities are between the ages of 35 – 55 and many of these activities require a significant level of financial commitment to participate, indicating a high disposable income.

PHYSICAL

- Skiing / Snowboarding (MA)
- Road biking (MA)
- Running (MA)
- Tennis (MA)
- Sailing (EW)

ARTS AND CULTURE

- Wine (MA/EW)
- Arts (MA/EW)
- Symphony (MA/EW)
- Theatre (MA/EW)
- Jazz (MA/EW)

FINANCIAL

- Financial Literacy

3.7.3 Improve Premium Items

NSCU needs to align its premium items with its high-end brand. Free, cheap prizes deflate our premium brand. NSCU should also give some consideration to environmentally conscious products:

- Bamboo products
- Recycled materials
- Biodegradable bags

Increase purchases from local manufacturers to minimize the carbon footprint whenever possible. NSCU does a lot of promotional give-a-ways, it would be worthwhile to consider whether the use of promotional gear is being properly accounted for and reported.

3.7.4 More Focussed Approach

In the past NSCU has practiced a shotgun approach to community investing, distributing money to a wide variety of events with little consistency. Moving forward NSCU needs to implement a more focussed, approach targeting specific opportunities which attract the target (MA/EW) audience. Currently, NSCU uses the following scoring sheet which considers funding for CI initiatives. Along with the application basics such as: name, date, cost etc. of the sponsorship, the form outlines a series of questions designed to produce an acceptable or unacceptable score.

Question	Points	Points Total
Does this event touch a NSCU targeted area? IF NO, then decline sponsorship		If yes proceed. If no, decline
Does this sponsorship target our MA? (+\$70,000, 35-55 years old) (3 yes, 0 no)		3
Has NSCU sponsored this event in the past? (1 yes, 0 no)		1
Has this sponsorship been running for more than 2 years? (1 yes, 0 no)		1
Does this sponsorship fit within the following categories? - Financial Wellness - Environmental Wellness - Physical Wellness (15 points if yes, 0 if no)		15
Does this sponsorship fit within Community Involvement? (3 yes, 0 no)		3
Will this sponsorship increase business to a specific branch directly? (5 yes – branch presence onsite with guests invited in, 3 somewhat, 1 a little through promotion and advertising, 0 no)		5
Are there any other financial institutions participating in sponsorship? (2 no, 1 a few, 0 another organization is title sponsor) STOP – If another organization is Title sponsor, need to reconsider participating.		2
Are there benefits for participating in this sponsorship? - Tents/Booth/Onsite presence - Advertising - Website - Logo placement on signage - NSCU specific signage on site - Promotional items to give-away - Tickets for Executives to Attend		1 1 2 1 2 1 1
Is there promotion of this event? (5 yes lots, 3 some, 1 a little – flyers, 0 no)		5
Will our absence be noticeable if we are not present at this event? (5 yes very, 3 somewhat, 1 not really, 0 no)		5
Are we able to obtain measurable results if we participate in the sponsorship? (5 yes – database, 3 results from event only, 0 no)		5
Does this organization bank with NSCU? (1 yes, 0 no)		1

Is there a relationship with someone senior from NSCU? IF YES. There may be a reason to support based upon relationship.		Yes – STOP No
Is there a possibility to obtain Title Sponsorship of this event? (1 yes, 0 no)		1
Total Points Must have 39 points or 70% to be considered for sponsorship		56

However, NSCU should also adopt a post event / sponsorship assessment criteria to help record and determine the value of involvement which is key to reporting procedures. As part of this project, the following assessment criteria were developed as a guide. Due to proprietary information and privacy for the community groups involved, an actual assessment of a sponsorship is not included in this report.

Community Investment Assessment Framework

Project Name: _____ **Community Partner:** _____

Project Description	
Type of Organization	<i>Is this a non-profit, small business, educational institution?</i>
History of Partnership	<i>Does this organization have an account with NSCU? Have we worked with this group in the past?</i>
Geographic Location	<i>Which geographic region does this event target? Is there an opportunity to leverage a branch location?</i>

Project Goals	
Community Goals	Business Goals
<i>Insert metrics that will demonstrate achievement of the community goals. How much money is raised? How many people attend?</i>	<i>Does this project directly link to any business goals? Were there any leads obtained?</i>

Public Perception Factors	
Commitment	<i>Was our commitment well received by the public? Were are motives public-serving or private serving?</i>
Timing	<i>Was our involvement proactive or reactive, a designed response to external forces? Did our involvement garner good will from the general public or did it receive a negative backlash.</i>
Fit	<i>Did our involvement have a positive link to our brand, position and target market? Was it related to our core competencies?</i>

Motivation		Focus “Wellness” Area		Cost of Involvement	
Philanthropic		Financial		Cash Paid	
Social		Environmental		In-Kind Contributions	
Commercial		Physical		Program Management Costs	
<i>Other</i>		Community		Total Value of Contribution	

Additional Questions to consider:

- **Were there any volunteer opportunities**
- **Did we receive financial exclusivity?**
- **Did we receive any additional media coverage / PR?**
- **Did we take full advantage of all leveraging opportunities?**
- **Are there any significant learning for future involvement?**

3.7.5 Community Event Involvement

NSCU should minimize ‘community event’ involvement as it does not reflect the ‘premium brand experience’. Not necessarily eliminating branch budgets because these can sometimes be necessary vehicles for involvement. One example would be a community event like “Bankers on Lonsdale” where all the local FIs host an event together. In this case NSCU would be noticeably absent if we did not participate. NSCU should gradually reduce the amount of event presence at smaller community events. Instead NSCU should concentrate on larger value / higher impact opportunities. This will relieve some of the administration workload, freeing up internal resources and enabling a larger, marketing / public relations, splash around the investments. Consideration should be given to naming rights / venue sponsorships in our trade areas which align with our core values.

3.7.6 Improve Brand Alignment

The current NSCU brand does not align well with the Mass Affluent target demographic as indicated in Table 15. It also does not align with future inter-provincial branch openings or mergers/amalgamation with other FI’s. Therefore brand revitalization will be necessary on all fronts as NSCU evolves its business model. It should be noted that wealth management brands are among the toughest to manage and are still struggling to rebuild consumer trust, which was

tested during the economic downturn. Brands that are the most successful are the ones that have held trust and are finding new ways of building on that trust.

Organizations with a deep and consistent alignment between brand and brand purpose will realize the most tangible benefits from their community investments. More brands are establishing long term and sometimes-exclusive relationships with social enterprise as they try to find their own emotional corner of the World and own it. The deeper you go with it, the more differentiated and sustainable your brand will be.

Before much else transpires, NSCU needs to decide on its name and brand going forward. North Shore Credit Union will not resonate with the Toronto marketplace. It is always tempting to wait until something happens, like a merger, before changing ones name, because of the attendant costs (signage etc) but this is usually a forestalling strategy. NSCU would be well advised to settle on a new brand and image before the end of 2011 with a promotional launch in early 2012.

3.7.7 Improve Data Collection

Given that NSCU's Community Investment budget portfolio is divided almost evenly between Marketing and Corporate Affairs departments, this can pose some internal communications issues. It is crucial for the integrity of the CI program that internal systems, tracking mechanisms, processes are in place to accurately collect and record data throughout the year, not just at year end.

Having the proper metrics in place along the way will help to accurately track cash donations, employee time, in-kind and external resources leveraged. Capturing consistent data over time enables long-term performance measurement and better reporting. NSCU must continue to streamline its internal processes to ensure relevant data is collected in a timely manner. Working with LBG Canada over the past couple years has proved most beneficial as they have provided a number of proprietary data collection tools which have proved useful in capturing data. NSCU must fully adopt these tools across departments to create consisting and avoid duplication.

3.7.8 Performance Measurement

Another important area that NSCU needs to improve is the performance measurement of its Community Investment portfolio. Designing and deciding on the proper metrics around priority projects helps to determine progress and assists with developing effective relationships

with community partners. According to Community Investment Advisor Amanda Sheehan with Interior Savings, “I cannot stress enough how important the LBG Canada benchmarking process is to our organization. LBG Canada enables us to compare our efforts against our peers by using the same processes and parameters – a true ‘apple-to-apples’ approach. This comparison informs our goals and CI strategies.” NSCU can utilize the resources available through their participation with LBG Canada to help set clear goals and report back the results. The below table provides a sample of the type of performance measurement which NSCU does not currently practice, but needs to implement. For the sample below, NSCU could support these objectives through improved communication, increasing employee program budgets and more dedicated resources to increase overall staff buy-in.

Table 21: Community Involvement Targets

Objective: Increase employee volunteering involvement	Target	Progress (% complete)
% of employees participating in volunteering	75%	100%
Number of employee hours spent volunteering	3,000 hrs	60%
Number of organizations assisted through employee volunteering	40	80%

3.7.9 External Reporting

NSCU spends almost \$500,000 annually (\$400,000 on program funding and \$100,000 on program management). There needs to be a concerted effort to communicate the results to the public. This also demonstrates accountability for the credit union and simultaneously demonstrates the level of commitment to the community. Communicating our CI involvement is something we, as a company, currently do an average job at best. Some of the communications vehicles we currently utilize include our media releases, CSR report, website community calendar, social media (Twitter & Facebook), and newsletters. Better reporting starts with capturing more information and more quantifiable results.

Communicate Clearly: The key to any good communication is to be clear about what we want to convey. Articulation of community investment involvement, progress, and the difference it makes. We need to make sure that we highlight any tangible results and how they were accomplished it. Setting goals and reporting back with vigour will ensure we get the right information out. NSCU needs to stay focused on material and measureable results and make sure what it reports is accurate. It’s also always a good idea to simplify community investment reporting whenever possible.

Know Your Audience: Prioritize the audiences and anticipate their interest, customizing the communication to speak to them directly about the issues that matter most to them. By prioritizing our stakeholders, we can be better assured of reaching the right group, whether it is: employees, consumers, customers, suppliers, communities or special interest groups. We need to make it meaningful to the readers.

Focus on reporting three key areas: (LBG Canada)

- 1) Reporting on our Investment portfolio
- 2) Reporting on our Employee Volunteering
- 3) Reporting on our Community Impact

Choose the Right Medium: With so many different communication channels nowadays, it is important to select the appropriate one for the target audience. Media releases, website, newspaper ads, newsletter, along with social media should all be considered. In addition, position Community Investment with existing reporting frameworks such as Annual reports, Board reports and the CSR report.

3.7.10 Continue Participation in LBG Canada

In 2009, North Shore Credit Union signed on to participate with LBG Canada to help assess CI/CSR involvement. In the course of one-on-one coaching and measurement with LBG Canada over the past two years, NSCU has seen results from the annual benchmarking process.

The SIMPACT Strategy Group observes each LBG Canada company's community investment management systems and monitors each company's progress. Using the LBG Canada Data Collection Tool, LBG is able to gauge the planning and performance measurement framework, and each company's approach to maximizing the value of their LBG Canada involvement.

As a participant in the LBG study, it is up to NSCU to maximize the value of their involvement each year. In order to have a more complete picture of the overall value of NSCU's portfolio NSCU needs to conduct more project e direct costs as well as program management costs (salaries, communications, etc.).

3.7.11 Percentage of CI Portfolio Captured

There is an opportunity to expand the understanding about what is being invested by NSCU if the value of time and in-kind is captured. For example, volunteering during working hours (DWH) programs exist, but not benchmarked.

As part of the benchmarking process it is important for North Shore Credit Union to accurately capture as much of the community investment spend as possible. NSCU should be working towards capturing 100% of the portfolio. In **2009 80%** of total CI portfolio was captured/recorded. In **2010 85%** of total CI portfolio was captured/recorded.

3.7.12 Budget Allocation

At NSCU the CI/CSR spend is distributed from a number of different budgets across the organization and it can be difficult to keep track of all the ways CI is being supported. NSCU should adopt a fixed formula for its contribution to community investments so the amount is not established on the whim of executives. However, the CI budget may fluctuate subject to good or bad financial results. This formula is likely to be some % of net profits for various types of CI/CSR in order to account for economic changes. In order to have a more consistent and uniform approach to CI/CSR, Marketing should be in charge of all related budgets. This will ensure a stronger alignment with the corporate brand through consistent selection and execution. Currently the CI/CSR budgets and decision making is split between Marketing & Corporate Affairs because of legacy issues and corporate structure. The current structure can be problematic in the areas of budget control and portfolio management, but re-structuring will meet with some political resistance. However, the issue needs to be addressed to consider potential solutions.

3.7.13 Volunteering Strategy

NSCU has a well established employee volunteer program, but there is an opportunity to go into more depth regarding capturing the impact of staff volunteerism. As a company that supports and encourages employee volunteering during non- working hours (NWH), NSCU should review its NWH processes and guidelines to determine whether employee contributions are being captured accurately. Identifying employee volunteering engagement stories to articulate can demonstrate the powerful impact in the community. NSCU should also look at expanding its strategy to include a wider range of volunteering during working hour's opportunities. NSCU executives are engaged in and supportive of the volunteering strategy and set an example.

3.7.14 Naming Rights

In addition to re-branding and new names on the facades of its branches, NSCU should consider acquiring naming rights to buildings etc that will provide significant public exposure in their trading areas. This could include venues like the arena in Whistler, the Olympic Room at the BC Sports Hall of Fame, ball fields in Pemberton etc. These “billboard” opportunities, along with a roving community cruiser, would draw attention to the new, improved NSCU and link it directly to the Mass Affluent demographic who are partial to sports and entertainment.

3.7.15 Signature Event

The banks are known for sponsoring national events like women’s figure skating where the media exposure, particularly television coverage, is pronounced. These are expensive undertakings and administratively demanding, but can put an organization “on the map” especially when linked to a well-known charity. NSCU should seek out such an event with local roots, instant recognition and the absence of current or poor sponsorship. The Terry Fox Run would be an excellent starting point in this search.

3.7.16 Celebrity Involvement

The Vancouver Canucks own the sports market in this area and Trevor Linden is regarded as the face of the franchise, and fits the demo for MA’s. As a spokesperson for NSCU, his image would carry significant weight in other markets as well. However, not so much in Ontario if a national merger partner is ever sought.

3.7.17 Existing Events

The annual NSCU golf tournament raises just under \$50,000 for North Shore Search and Rescue and staffers have done an excellent job in building the reputation of this event. It is currently played on one course but by using both Seymour and Northlands golf courses, which are close to one another, the event could double or triple its revenues while injecting another fun element into the occasion. Coast Capital realizes around \$180,000 per year for depression research by utilizing two courses.

3.7.18 Other recommendations:

- Publish results in a community report

- Seek individual participation of MAs
- Consolidate CI responsibilities in the marketing dept.
- Review current category allocations
- Provide educational seminars on financial planning to? Potential clients isn't exactly community involvement
- Conduct surveys to track reactions
- Encourage story telling from MA's
- Make media coverage a priority

NSCU is entering a new growth phase in its branding and business strategy, providing an opportunity to realign its community investment objectives as well. Undertaking a review of current CI involvement indicated an opportunity to get involved in CI initiatives that do a better job of reaching the core target market of the mass affluent customer demographic. NSCU must also focus on improving its CI processes and metrics in order to accurately capture and report the entire extent of its CI involvement. NSCU should also look at ways to leverage additional resources from internal and external stakeholders for the benefit of community partners.

4: Appendix

4.1.1 Considerations around Community Investments

The following is an internal NSCU list to further help NSCU decision-makers as part of evaluating sponsorship opportunities.

Business Plan

Is sponsorship an integral part of your business planning or an ad-hoc decision area?

Decision-Making

Do you have a clear decision-making process on sponsorship in your company?

Data

Do you have sufficient data and knowledge in-house to professionally assess sponsorship opportunities put to you?

Knowledge

How much effort do you make to keep abreast of the complete range of opportunities that are available for sponsorship?

Reactive/Proactive

Are the majority of your sponsorship programmes created or initiated by you, or do you select the best of the opportunities that are put before you?

Objectives

Have you set clear objectives on the use of sponsorship based on properly researched discussions?

Fit

Do you consider that what you currently sponsor is totally right for your company and its needs?

Staff

Do you have experienced staff in-house and especially those who are experienced enough to maximise the sponsorship opportunity?

Integration

Is your sponsorship activity fully integrated into your overall marketing programme?

Do you exploit your investment to the full and make it work through sales promotion, PR etc?

Research

Do you research your sponsorships at all/sufficiently?

Do you know what research information is currently available in sponsorship?

Do you know how your sponsorships are currently performing?

COMMUNITY PARTNERS – Source: NSCU.com

At North Shore Credit Union we're committed to being a part of the communities we serve.

We are always looking for ways to bring service and community to life. Each year, the initiatives we undertake reflect our desire to be the best financial services provider and the first choice for members in all our communities. We proudly support events and organizations that encourage an active and healthy West Coast lifestyle and/or contribute to the health and sustainability of our natural and urban environments.

Current NSCU Community Partners

Coho Society of the North Shore



The Coho Society is a volunteer, environmentally based organization committed to protecting and revitalizing North Shore salmon streams and rivers. The Society's planning and organizing for the year culminates with the annual Coho Festival, located at Ambleside Park and at other North Shore locations. The festival is a celebration of nature's annual miracle of salmon returning to North Shore rivers and streams.

Besides sending an important environmental message, the purpose of the festival and the Society's other endeavours is to raise funds for salmon education programs in North Shore schools and to support volunteer-managed fish hatcheries and local environmental groups involved in stream protection.

North Vancouver Recreation Commission - Active for Life



Active for Life This partnership brings physical wellness to the communities on the North Shore. As a partner with the North Vancouver Recreation Commission, NSCU is proud to sponsor Active for Life, a community-based health and wellness program. It is designed to increase participation in recreational activities and build community support for staying active.

North Shore Recycling Program - Blue Boxes



NSCU is proud to be recognized as a founding sponsor of the North Shore Recycling Program - the original Blue Box, Blue Bag and Yellow Bag programs designed to help reduce waste and increase natural resources conservation. Over \$200,000 in support to date has helped the NSRP to collect over 170,000 tons of recyclable materials, saving North Shore residents over \$11 million dollars in tipping fees alone!

North Shore Rescue



The North Shore Rescue Team is a volunteer group dedicated to providing emergency response and assistance to individuals visiting the wilderness areas around North and West Vancouver. In addition to a cash donation, NSCU has offered a special loan to enable the Rescue Team to purchase a new command truck. Local branches also support this group through fundraisers of their own - raffles, BBQs, and golf tournaments.

Our commitment to North Shore Rescue recently went a step further with the formation of the "Friends of the Rescue Team" committee. This group of business and community leaders has pledged to help enhance rescue awareness, wilderness safety and community support for the Rescue Team's fundraising efforts.

Family Services of the North Shore Christmas Bureau



For more than half a century, Family Services of the North Shore has been dedicated to enriching and strengthening family life for the benefit of the communities of the North Shore. NSCU is a key supporter of the Family Services of the North Shore Christmas Bureau, mailing Silent Ask envelopes in our member statements each November. Over 800 families benefit from this group's efforts, including more than 1150 children.

North Shore Athletics



North Shore Athletics is the premiere source for footwear and sports medicine on the North Shore. They aim to provide residents with a diverse and extensive mix, of training, exceptional knowledge, and the very best in customer service.

Opened January 15th, 2000, the staff at North Shore Athletics has worked hard to build lasting relationships with its customers, support worthy, charitable, community events, and most importantly, to promote athletics and healthy living on the North Shore through its clinics and Run the North Shore series of events.

North Vancouver Chamber of Commerce



The North Vancouver Chamber of Commerce is a not for profit organization comprised of businesses, professionals, residents and other community groups working together to ensure a healthy economic and socio-economic base to benefit the entire community. The Chamber of Commerce harnesses the tremendous potential of the private enterprise system and the community at large as a unified "Voice of Business" enabling its Membership to accomplish collectively what no one person can do individually

North Vancouver Outdoor School



This is a true gem among us and it has been nestled in the heart of the Sea to Sky Corridor for over four decades. The Outdoor School is a treasured overnight field school and educational resource for experiential environmental studies situated on 165 hectares (420 acres) of ecological reserve in the Cheakamus River Valley near Squamish, British Columbia. In nature's classroom participants can wander under 1,000-year-old cedars; gaze at hundreds of wintering bald eagles; watch a goat kid being born or marvel at thousands of spawning salmon. Learners are inspired to make more informed environmentally sustainable decisions through field study, outdoor recreation and other direct experiences in nature that instill a sense of respect and appreciation of the natural world.

In addition to providing unique experiences to learners at the Outdoor school, the beautiful campus hosts visitors from around the region and internationally for special events, retreats, conferences, seminars, and workshops. Most importantly, the private rental of the Outdoor School campus supports children's programs and on-site facility improvements. NSCU is proud to be partnered with the Outdoor School through the provision of a one million dollar grant for the construction of a new environmental learning facility.

BC Children's Hospital Foundation



BC Children's Hospital is the province's only pediatric acute care hospital, providing expert care for over 72,000 of the province's most seriously ill or injured kids each year. The Hospital provides services in areas such as neonatal intensive care, kidney and bone marrow transplants, open-heart surgery, neurosurgery and cancer treatment. It is a leading provider of diagnostic and laboratory services, and many complex tests, including universal newborn testing for potentially devastating diseases.

For the past 20 years, North Shore Credit Union has been a passionate supporter of BC Children's Hospital. NSCU's support includes many staff and member fund raising initiatives to help ensure all BC children have access to a consistent standard of paediatric care.

Financial Institution Sponsorship Analysis



- Separate application for donations vs.

sponsorship

- Preferred areas of sponsorship:
 - o Education
 - o Health
 - o Arts & Culture
 - o Community Development
 - o Sports
- Involvement:
 - o Ron Jamieson Scholarship and Internship Program
 - Provides paid summer internships for Aboriginal students
 - o Equity Through Education
 - Supports various educational scholarships within Canada
 - o Charitable Giving for Education
 - In 2008, pledged \$4.7m in new funding to educational institutions across Canada
 - The program assists students from regions traditionally under-represented at university, including Aboriginal and inner-city communities
 - o BC Children's Hospital Foundation
 - Donated \$2m to support construction of the new Emergency Department
 - o Abbotsford Regional Hospital & Cancer Centre
 - Pledged \$150,000 over five years to build a new state-of-the-art 300-bed acute care facility
 - o The Elinore and Lou Siminovitch Prize in Theatre
 - BMO sponsors Canada's largest annual theatre arts award
 - Award honors a director, playwright or designer in mid-career who has made a significant contribution to the theatre in Canada
 - <http://www.siminovitchprize.com/>
 - o BMO Financial Group 1st Art Invitational Student Art Competition
 - Started in 2003, the competition celebrates creativity of art school students from more than 100 post-secondary institutions across Canada
 - <http://www2.bmo.com/bmo/files/images/7/1/BMOfirstArt.html>
 - o National Ballet of Canada
 - BMO is presenting sponsor of seasonal shows
 - <http://www.nbs-enb.ca/>
 - o Shelter from the Storm
 - BMO supports Canadian Women's Foundation's national campaign dedicated to ending violence against women
 - www.shelterfromthestorm.ca
 - o Kids Help Phone

- Founding Sponsor in 1989 of Kids Help Phone
- Kids Help Phone is Canada's only toll-free 24-hour, bilingual and anonymous phone and web counseling, referral and info service for children and youth
- Presenting Sponsor of Kids Help Phone Student Ambassador Program
- In 2007, BMO pledged \$2m Kids Help Phone to support growth of resources
- Title sponsor of BMO Boo-la-thon in support of Kids Help Phone
- www.kidshelpphone.ca
- Fashion Cares
 - BMO supports Fashion Cares and the community in the fight against AIDS and HIV
 - www.fashioncares.com
- United Way
 - BMO is one of the largest corporate supporters of United Way and Centraide across Canada
 - BMO CEO Bill Downe currently serves as Chairman of Campaign Cabinet for United Way of Greater Toronto
 - www.unitedway.ca
- Canadian Council of Christians and Jews
 - Contributed \$330,000 over five years to enable program expansion
 - Founded in 1947, the organization seeks to break down barriers of ignorance and intolerance and build bridges of respect and understanding
 - www.cccj.ca
- YMCA
 - In 2007, BMO pledged \$100,000 over five years to YMCA of Greater Vancouver's Strong Foundations Strong Communities campaign
- Whitecaps
 - BMO has naming rights sponsor of BMO Field, Canada's National Soccer Stadium and home to Major League Soccer's Toronto FC
- BMO Soccer Spirit Awards
 - Launched in 2009, honors youth soccer players across the country who exhibit sportsmanship, integrity, dedication and passion for the sport
 - <http://www4.bmo.com/vgn/bmosoccer/en/spiritAwards.html>
- BMO Vancouver Marathon
 - Since 2006, BMO is the Title Sponsor of the BMO Vancouver Marathon
 - In 2009, 13,000 participated from 35 countries
 - <http://www.bmovanmarathon.ca/>



- Do not post sponsorship involvement and donation information online
- See 'BMO' for details

CANACCORD

- Involvement
 - o Big Brothers Golf Open
 - Presenting Sponsor of annual golf tournament held September each year
 - Shaughnessy Golf and Country Club
 - Funds raised go to Big Brothers of Greater Vancouver
- Sponsorship criteria and application process not posted online



- Preferred areas of sponsorship:
 - o Youth
 - o Education
 - o Health
- Involvement
 - o Miracle Day
 - On the first Wednesday in December, CIBC World Markets and CIBC Wood Gundy Investments Advisors and staff donate fees and commissions to children's charities
 - Since 1984, raised more than \$190m for children's charities
 - <http://www.cibc.com/ca/miracleday/index.html>
 - o Canadian Centre for Child Protection
 - \$1m donation in 2008
 - To help reduce victimization and exploitation of children across Canada
 - www.protectchildren.ca
 - o Breakfast for Learning - Canadian Living Foundation
 - Program supplies healthy breakfasts to underprivileged children
 - www.breakfastforlearning.ca
 - o Eva's Initiatives for Homeless Youth
 - Works with homeless and at-risk youth to get them off the streets
 - Helps 2,300 youth get off the street and rebuild their futures each year
 - www.evasinitiatives.com
 - o Invest in Kids Foundation
 - www.investinkids.ca
 - o Leave Out Violence (LOVE)

- Helps youth who have lived with violence end violence in their lives and become community leaders of violence prevention
 - <http://www.leaveoutviolence.org/en/>
- Children's Wish Foundation of Canada
 - Provides children living with high-risk, life-threatening illnesses the opportunity to realize their wish
 - <http://www.childrenswish.ca/>
- CIBC Youthvision Scholarship Program
 - \$10m committed to 260 recipients over the last 11 years
 - <http://www.cibc.com/ca/inside-cibc/community-matters/youthvision/youthvision-scholarship.html>
- National Aboriginal Achievement Foundation
 - CIBC contributes \$100,000 each year in bursaries and scholarships
 - Assists aboriginal students' financial needs
 - www.naaf.ca
- Canadian Breast Cancer Foundation CIBC Run for the Cure
 - Since 1986, event has raised \$170m for breast cancer research, education and awareness
- BC Children's hospital
 - CIBC raised \$415,000 during 2009 fundraising campaign
 - Corporate contributions over the years total \$1.2m



CIBC
Wood Gundy

- Preferred areas of sponsorship:
 - Charitable community initiatives
 - Arts
 - Amateur athletics
- Involvement
 - Miracle Day
 - On the first Wednesday in December, CIBC World Markets and CIBC Wood Gundy Investments Advisors and staff donate fees and commissions to children's charities
 - Since 1984, raised more than \$190m for children's charities
 - CIBC Run for the Cure
 - Funds raised for Canadian Breast Cancer Foundation
 - 170,000 Canadians in 53 communities across Canada participate
 - CIBC Wood Gundy Climb for the Cure
 - Employees, families and friends of CIBC Wood Gundy climb to summit of Mount Kilimanjaro in Africa
 - Since 2004, more than \$1m raised for Canadian Breast Cancer Foundation



- Preferred areas of sponsorship:
 - o Youth leadership
 - o Economic revitalization
 - o Access and inclusion
- Involvement
 - o Helping the Helper Program
 - Partnership with Centre for Non Profit Management
 - Series of accessible, affordable workshops where non-profit leaders can get the skills and knowledge they need to be successful
 - https://www.coastcapitalsavings.com/About_Coast_Capital_Savings/Helping_Communities/Community_Initiatives/Helping_the_Helper/
 - o Charity Golf Tournament
 - Annual Coast Capital Savings Charity Golf Tournament to help fund research for the diagnosis and treatment of depression.
 - In past six years, over \$600,000 has been raised for many important research organizations
 - https://www.coastcapitalsavings.com/About_Coast_Capital_Savings/Helping_Communities/Community_Initiatives/Charity_Golf_Tournament/
 - o BC Children's Hospital Campaign
 - In 2008, Coast Bears were sold for a minimum \$2 donation in branches, funds went to BC Children's Hospital
 - Staff participate in Jeans Day, Children's Bingo and a Slo-Pitch tournament to raise money for the cause
 - In April-May 2010, \$26,000 was raised
 - o Canadian Cancer Society Cops for Cancer Tour
 - Tour Sponsor
 - In 2009, \$165,000 was raised for the Cops for Cancer campaign
 - In total, the corporate campaign has raised more than \$1.65m over the years



DUNDEEWEALTH

- Preferred areas of sponsorship
 - o Youth
 - o Community Wealth
 - o Opportunity
- Involvement

- Stand Up For Kids
 - Annual fundraising event
 - Live comedy at Toronto's Winter Garden Theatre
 - 980+ people attend
 - \$100,000 for kids at Covenant House
 - JVS Toronto
 - Partnership to increase financial literacy in underprivileged communities
 - The Sandler / Dundee Wealth Scholarship
 - Provides financial support and industry experience to at-risk youth
 - Ride for Research in Support of Juvenile Diabetes Research Foundation
 - Employee participants have raised over \$35,000
 - To apply for sponsorship, applicants are asked to prepare a proposal
-



- Preferred areas of sponsorship
 - Arts
 - Sports
 - Health
 - Local community events
- Involvement
 - United Way
 - Join forces with community to improve quality of life for people living on the Lower Mainland
 - Participated in annual Lower Mainland Campaign for over 25 years
 - Minerva Foundation for BC Women
 - Creating economic opportunities in the workplace, promoting leadership development, encouraging educations, empowering females
 - UBC Scholarships
 - Provide scholarships to 3rd and 4th year Commerce students with an interest in finance
 - Odlum Brown VanOpen
 - Title sponsor of professional ranking tennis tournament
 - 140 professional players compete for prize money and world-ranking points
 - 2010 tournament takes place at Hollyburn Country Club July 31 – Aug 8
 - www.vanopen.com
 - Harmony Arts Festival
 - Presenting sponsor of local arts festival for last nine years
 - www.harmonyarts.ca
 - MusicFest Vancouver
 - Sponsor of festival for last ten years

- www.musicfestvancouver.ca
- BC Children's Hospital Foundation Jeans Day
 - School Sponsor of 20th Anniversary Jeans Day on April 29th, 2010
 - www.bcchf.ca/jeansday
- Vancouver Recital Society
 - 2010-2011 Season Sponsor – 18 concerts in 5 venues
 - www.vanrecital.com
- Vancouver Opera
 - 2009 Education Sponsor for *Music! Words! Opera!* Program
 - www.vancouveropera.ca
- Early Music Vancouver
 - Presenting Sponsor of Festival Bach Cantatas for Christmas
 - www.earlymusic.bc.ca



- Preferred areas of sponsorship :
 - Arts and Culture – focus on Visual Arts
 - Amateur Sports
- To apply for sponsorship, applicants are asked to prepare a proposal.
 - Vague, open-ended criteria and requirement
- Involvement
 - RBC After-School Grants Project
 - \$19m in grants to 198 community based after-school programs
 - <http://www.rbc.com/donations/after-school.html>
 - Junior Achievement
 - International organization dedicated to educating and inspiring youth people about business and economics
 - In 2009, donated \$450,000 to JA
 - Education Scholarships
 - Medical and Dental Student Scholarship, Royal Bank Financial Life Skills Scholarship, Scholarship for Undergraduates, Scholarship for New Canadians, Junior 'A' Scholarship Awards, Aboriginal Student Awards Programs
 - RBC Blue Water Project
 - 10-year \$50m commitment to support charitable organizations dedicated to finding solutions to the water crisis
 - RBC Children's Mental Health Project
 - Early intervention programs and public education to identify signs of mental health programs and learn how to take early action
 - In 2009, donated \$2.3m to 55 mental health organizations in Canada

- Heart and Stroke Foundation
 - Multi-year donation to engage South Asian community in heart health and conduct heart disease research
- RBC Canadian Painting Competition
 - Features Canadian visual artists early in their careers
 - In 2009, 600 artists participated
 - \$25,000 1st prize, \$15,000 honourable mentions (2)
- RBC Emerging Filmmakers Competition
 - Partnership with TIFF Talent Lab, part of 10-year commitment to TIFF
 - In 2009, 25 filmmakers participated in competition
- MusiCan
 - Canadian Academy of Recording Arts and Sciences' music education program
 - RBC makes financial contribution to support music programs
- Vancouver 2010 Olympic and Paralympics Torch Relay
 - Co-Presenting Partner with Coca-Cola
- RBC Olympians Program
 - RBC employs current and retired athletes, offering flexible work arrangements so that athletes can make time for training and competition
 - Since 2002, RBC Olympians Program has employed 100+ athletes
- Special Olympics
 - Founding sponsor of Special Olympics Canada
 - Provides 31,000 Canadian athletes with intellectual disabilities training and competitive sport opportunities
- RBC Local Hockey Leaders Program
 - Recognizes behind the scenes volunteers who support community hockey
- Canada's Junior A Hockey League (CJAHL) Scholarship Program
 - RBC has contributed \$195,000 to players' post-secondary educations since 1996
- RBC Canadian Open
 - Title Sponsor until 2012
- Canada Snowboard Federation
 - Official Sponsor of national team and Title Sponsor of grassroots RBC Riders program
- RBC Wicket Cricket Program
 - Designed to help schools and communities introduce cricket to physical education programs
 - By 2009, 1750 teachers in 1020 Canadian schools had registered for program
- United Way
 - RBC contributes over \$1m annually
 - www.unitedway.ca
- Frontiers Foundation
 - Not-for-profit Aboriginal voluntary service organization that promotes advancement of economically and socially disadvantaged communities
- Canadian Aboriginal Festival
 - Canada' largest festival offers unique opportunity to share and learn about cultures, languages and heritage of Aboriginal peoples



- Do not post sponsorship involvement and donation information online
 - See 'RBC' for details
-



- Preferred areas of sponsorship:
 - o Education
 - o Health
 - o Social Services
 - o Arts & Culture
- Application: http://www.scotiabank.com/cda/content/0,1608,CID11162_LIDen,00.html
- Note: Scotiabank's involvement in community events and sponsorships is concentrated in Eastern Canada – particularly in Toronto, Ontario
- Involvement
 - o Scotiabank Hockey Club
 - League partnerships as Official Bank of the NHL, NHLPA, NHL Alumni and CWHL
 - <http://scotiahockeyclub.scotiabank.com/>
 - o Scotiabank Kid Captain
 - Gives 7-14 year olds an opportunity to be a Kid Captain at select CFL team home games
 - www.scotiakidcaptain.com
 - o CFL
 - Scotiabank is the Official Bank of the CFL and the Grey Cup
 - o Scotiabank Vancouver Half-Marathon & 5K
 - In 2009, 5000+ participated and over \$200,000 was raised for health causes
 - <http://www.canadarunningseries.com/svhm/>
 - o Scotiabank AIDS Walk for Life
 - Host walks in Canadian communities to raise funds for local services and programs to assist those who are affected by HIV/AIDS
 - In 2009, 45 communities participated and \$2.8m was raised
 - <http://www.aidswalkforlife.ca/>
 - o Scotiabank Giller Prize & Guess the Giller
 - Sponsor of literary honor, "The Giller Prize"

- <http://www.scotiabankgillerprize.ca/>
- JUMP Math
 - Scotiabank supports JUMP Math and has enabled it to expand program to 2,500 new students across Canada
 - Founded in 1998, the program seeks to improve math skills in children
- YMCA Nanook House Project
 - Helps families in Vancouver with limited childcare resources
- Renascent Foundation's Family Focus
 - Scotiabank support campaign so that family members can have barrier-free access to programming and receive relevant treatment or support.



- Preferred areas of sponsorship:
 - Children's Health
 - Literacy and Education
 - The Environment
- Application:
 - http://www.td.com/corporateresponsibility/crr2008/community/canada/applying_for_funding/
- Involvement
 - TD Canada Trust Music Fellowships in Jazz
 - \$150,000 donation in 2008 to support musicians attending programs at the Banff Centre through 2011
 - Vancouver International Jazz Festival
 - TD is the Title Sponsor
 - http://www.coastaljazz.ca/td_vancouver_international_jazz_festival
 - Children's Miracle Network
 - TD is one of the largest contributors and has been a sponsor since 1994
 - Offer employee and customers an automatic monthly donation option. As of Nov 2009, 67,141 customers were donating to the fund
 - In 2008, raised \$5.2m for the network
 - TD ThinkFirst for Kids
 - National program helps children learn how to play safely and avoid injuries
 - Kids Have Stress Too!
 - TD is National Sponsor of the parent education program of the Psychology Foundation of Canada
 - Helps health-care professionals deliver stress management workshops to families
 - TD Canadian Children's Book Week
 - TD is the Title Sponsor of the event organized by the Canadian Children's Book Centre (CCBC)

- Each November, every grade one student in Canada receives a free Canadian storybook, fully funded by TD
- Junior Achievement
 - In 2008, TD made financial commitment of \$235,000 and 600 employees donated their time teaching the course across the country
- TD Canada Trust Scholarships for Community Leadership
 - Each year, TD awards 20 top achievers in their final year of high school
 - The scholarship includes: full tuition, \$5000/yr for living expenses, offer of summer employment at TD for up to 4 years. Total value \$70,000 / recipient
- Misc Scholarships
 - TD Bank Financial Group Bursaries
 - TD 4-H Agricultural Scholarships
 - Harry Jerome Scholarship Fund
- TD Friends of the Environment Foundation (TD FEF)
 - Since 1990, TD FEF has contributed \$46.7m in support of 17,000+ grassroots environmental projects across Canada
 - <http://www.fef.td.com/>
- Go Green Challenge
 - TD FEF launched a \$100,000 competition to encourage post-secondary students to develop proposals on changes that could be made in Canadian communities to improve urban sustainability
 - 87 teams from 40 schools applied. Four cash prizes of \$25,000 were awarded to winning proposals
- Habitat for Humanity
 - TD provides funding for building projects across Canada and hundreds of employees volunteer at construction sites
- United Way
 - In 2008, TD employee donations and fundraising totaled \$6m for United Way
- Youth Challenge Fund (YCF)
 - TD contributed \$250,000 to improve opportunities for young people in poorly served neighbourhoods.
- Paddle for the Kids
 - Fundraiser for the BC Children's Hospital
 - TD Lightning Dragon Boat team was top fundraising team, with \$14,300 raised



- Do not post sponsorship involvement and donation information online
 - See 'BMO' for details
-



- Preferred areas of sponsorship:
 - o
 - Involvement
 - o Pacific National Exhibition
 - Exclusive Partner Financial Institution
 - o U-Pass
 - Presenting Sponsor
 - o Bard on the Beach
 - Production Sponsor
 - o Vancouver Pride Festival
 - o Vancouver Queer Film Festival
 - o Planned Lifetime Advocacy Network
-



- Preferred areas of sponsorship:
 - o Education
 - o Health
 - o Social Services
 - o Youth Activities
 - o Culture
- Involvement
 - o Burnaby Family Swims
 - Free family swims at Eileen Dailly Leisure Pool on the first Sunday of every month, all year long.
 - o Hyde Creek Salmon Festival
 - Community Sponsor of Hyde Creek Watershed Society.
 - Annual salmon festival includes tours of the watershed, displays and demonstrations, a nature walk, refreshments and kids' activities.
 - www.hydecreek.org
 - o Sponsor Seniors Society and Seniors Services Society
 - WS provided grants for new passenger busses to provide access to programs and social interactions for seniors in Burnaby and New Westminster.
 - o Crescent Beach Community Services
 - WS has supported for five years
 - Organization helps persons with developmental disabilities to participate in a Social and Independence Program
 - o Habitat for Humanity

- WS gave \$10,000 grant to Habitat for Humanity of Greater Vancouver to help families in need gain affordable housing
- 2009 BC Disability Games
 - Lead sponsor of 2009 BC Disability Games
 - Supported 400 athletes and coaches to build community spirit in Maple Ridge and Pitt Meadows
- Youth in Action Awards
 - Annual WS awards ceremony to reward achievements of outstanding youth who have contributed to their community through their volunteer efforts.
 - In 2009, WS awarded \$20,000 to deserving youth
- Helping the Homeless
 - In 2009, \$36,000 in funding was donated to support three organizations with goals to breaking the cycle of homelessness, violence, abuse, and exploitation of women and youth at risk.
- Hats Off Day
 - Sponsor of 2009 event
 - Over 40,000 people attended the community events in the Burnaby Heights neighborhood
- Heart & Stroke Foundation of BC
 - Credit Union support helped raise over \$100,000 to raise awareness about the risks of heart disease and stroke

NSCU CSR POLICY – Appendix Website – www.nscu.com

Our CSR policy is the strategic filter through which all of our actions will pass. This is not a short-term project, nor is it a glossy veneer over our existing organization. It is a genuine, long term commitment to operate in a financially, environmentally and socially responsible manner and as such it will become an integral part of who we are and what we do.

At North Shore Credit Union, we believe it is our responsibility to provide the services for financial wellness that our members deserve, without negatively impacting on the social, environmental or financial wellness of others.

To achieve this, we will:

- ensure that as we support our members in the achievement of financial wellness, the services we provide do not have harmful social or environmental costs.
- engage our stakeholders in the development of our policies and programs.
- maintain transparency in all that we do.
- implement policies and programs that address our stakeholder groups: Members, Employees, Leadership, Community, Environment, Suppliers.

For Our Members, we will:

- provide clear information to our members on the direct and indirect social and environmental implications purchasing, investing and borrowing decisions.
- ensure transparent governance practices and reporting.
- facilitate member support for NSCU community activities.
- engage members in the ongoing development of our CSR policies, practices and programs

For Our Employees, we will:

- provide employees with a safe environment that supports a healthy lifestyle, one that recognises the value of family and supports balance in our lives
- give employees the freedom to express their ideas and opinions openly and honestly and then respect those ideas and opinions.
- engage our staff in program development
- ensure, through, that the relationship between NSCU and staff is that of shared responsibility and shared success.

As Leaders, we will:

- engage the executive management team and seek commitment to all areas of CSR.
- engage the Board of Directors and facilitate their active involvement.

- ensure frequent and pertinent communications with all stakeholders.
- maintain a broad leadership that understands CSR and integrates it into their decision making processes

In Our Communities, we will:

- engage the communities in which we live, jointly developing long-term, strategic, community programs and initiatives
- provide resources to support the charities and organizations within our communities that make them a better place to live, work, and play.

For Our Environment, we will:

- identify our direct and indirect environmental impacts and develop programs to manage them.
- benchmark against other, similar organizations and initiate reporting and knowledge sharing relationships.
- exceed basic compliance with all environmental legislation and regulation, and strive to continually improve our performance

With Our Suppliers, we will:

- ensure that we have open communication with our suppliers.
- evaluate suppliers against our published CSR standards.
- support suppliers who do not meet our criteria by providing information and guidance.
- where possible, give priority to local suppliers of goods and services.

How we will achieve this:

- raise awareness of our social and environmental responsibility among staff, members, leadership, suppliers and the wider community.
- adopt policies and programs that address specific areas of our social and environmental responsibilities.
- engage in appropriate local, regional, national and international programs that effectively promote the advancement of CSR.
- openly report on our CSR programs.

Volunteering "OUTSIDE the Bank!"

North Shore Credit Union proudly takes a leadership role in all the communities we serve. We believe there are many benefits to employee volunteering – to employees, our members and the community. We are proud to support our employees who volunteer in the communities in which they live and work. We do this by recognizing employee volunteerism in two ways:

1. Offering paid time off, during work hours, to volunteer
2. Offering recognition for volunteering during non-work hours through our Volunteering OUTSIDE the Bank program

Eligible organizations for inclusion in either program:

- Not-for-profit organizations
- Charitable organizations (registered and non-registered)
- Community youth sports
- Local schools
- NSCU-sponsored community events (to include these hours in Volunteering OUTSIDE the Bank, volunteering must be done on your own time.)
- Community associations/events

Activities include but are not limited to:

- Coordinating a volunteer event
- Serving as a Board member
- Serving on a committee
- Assisting in other aspects of the operation of the organization (e.g. doing mail outs, making phone calls, etc.)
- Coaching sports' teams
- Leading, or assisting

Volunteering with your strata council does not count towards your total volunteer hours.

"Volunteering" means actively being of service vs. being a participant (e.g. participating in a walk for a charitable event, attending a school event such as a sports day or acting as a chaperone on a field trip). If this kind of participation occurs during the employee's regularly scheduled working hours, and the manager is able to accommodate the request, employees may use vacation days, use banked overtime or take the time off without pay.

NEW FOR 2011: Paid time off to volunteer – one day (7.5 hours) per employee per year

Employees may take up to one paid day off per year to volunteer during work hours. Our employees (especially Millennials) told us this would be a meaningful benefit to them. As well, many "best employers" provide this type of benefit and it's important to us that we, as a best employer ourselves, are competitive in this regard.

IMPROVED IN 2011: Volunteering OUTSIDE the Bank

We've changed the program to make it more attractive for employees to participate, and to provide a larger donation to the charities they support. The threshold for participation is now 20 hours, and each participant can have up to \$300 donated to their charity of choice. We have also changed the prize structure because we were told by participants themselves that 40 hours paid time off for one person is excessive (given the altruistic nature of volunteering), and it's difficult for managers to schedule. Instead, to recognize more participants and make it easier for managers, we will give five prizes of one day off, or the winners can choose to have an additional \$100 go to

their charity.

Details and processes

Participating employees must complete and sign a volunteering log. NSCU produces a Stakeholders Report for the Board that includes all hours' employees volunteer on their own time. Please submit your volunteer log regardless of the total hours you have accumulated. Your hours will be included in the Stakeholders Report.

NSCU reserves the right to spot check charities if needed to ensure the organization meets our eligibility requirements.

HR requests a cheque from Finance and sends a letter to the charity detailing the program and acknowledging the volunteer. HR keeps a tally of the volunteered hours, the names of the charities and annually produces a report of the volunteers and which organizations have been supported.

I prefer to volunteer for personal reasons and don't want to be included in the draw for time off. Can I still submit my volunteer log?

Yes. All charities need money, so we encourage you to submit your volunteer log. If you would not like your name put in the draw for time off, please be sure to indicate that on the volunteer log.

Will I be recognized public for my volunteering?

Yes, unless you specifically tells us that you don't want to be publicly recognized. Please indicate that on your volunteer log.

How do I get started?

If you're already volunteering, keep doing it! If you're looking for ideas, consider volunteering at NSCU Events during non-work hours. If you would like to volunteer for other organizations, check out some of these web sites for additional ideas:

10 Reasons to Switch (<http://www.credit-union.com/>)

You're more important than the size of your wallet

The saying "money talks" has never been more true than today. But at BC's credit unions, your voice is heard above the noise. Most financial institutions exist to make a profit. While there's nothing wrong with that in principle, sometimes it can be frustrating in practice. The bigger your account, the more likely you are to receive privileged service. Credit unions, however, are member-owned. That means when you switch, you become a member with voting privileges who has a say in how things are run and where your money goes. Responsible money management is the priority, and since credit unions are cooperatives, every member gets the same preferential treatment.

Superior service from helpful staff

Respectful treatment extends to the people who work in BC's credit unions. This translates into better service. Ongoing training, supportive working conditions, community involvement and other incentives lead to an informed, loyal workforce. And members reap the rewards. They get friendly appreciation, knowledgeable assistance and, best of all, a warm welcome. A survey by the National Quality Institute rated credit unions third overall in providing good to excellent customer service. Banks placed seventeenth.

Leadership in banking trends

Credit unions have been in the vanguard of banking technology since introducing the first automated teller machines (ATMs) in 1976. We were also among the first Canadian financial institutions to make it possible to pay for purchases with a debit card. Bigger is better in some ways, but being smaller means being smarter—if you're going to offer a competitive advantage. That's why BC's credit unions quickly respond to banking trends with a continuing commitment to user-friendly automated resources. One of the most recent innovations is *MemberDirect*® mobile banking, which allows you to view account balances and transactions over a mobile phone simply by sending keyword commands through SMS text messaging. We are continually finding ways for technology to make your credit union experience even more convenient.

Flexible financial services

If you think that the word "yes" is no longer part of the English language, think again. Imagine walking into a financial institution to find an open door policy concerning the negotiation of loans and investments — no matter how large or small, and an eagerness to set you on the right track with sound financial advice, no matter what the size of your account balance is. Switch to a credit union and it can happen. From mortgages to small business loans, wealth management, financial advice to commercial banking, BC's credit unions provide the same range of products and services banks do. But our flexible terms and conditions make them more accessible.

Credit unions are financially responsible

Answering to members, credit unions must be prudent and make sustainable financial choices. Responsible money management encourages responsible growth, providing an enviable level of security for credit union members; in good times and bad. By law, the provincial network of credit unions must retain reserves to draw upon in the event of financial downturns. These reserves are drawn from revenue spawned by annual growth. And BC's credit unions have enjoyed explosive growth in recent years. In 1994 there were 108 credit unions in the province,

with combined assets of almost \$15 billion. As of 2008 there are now fewer credit unions (48) due to mergers, with over 370 branches, and assets now amount to over \$42 billion—almost tripled!

Building jobs and community

One reason credit unions exist is to help ensure community well-being. Founded on the tenets of democracy, it's no wonder that BC's credit unions are highly visible participants in regional economic development, sports, culture, education, health and the environment. Strong supporters of small business, BC credit unions pump about 60% of revenues directly into their local communities, creating more jobs and opportunities. Every year, BC's credit unions contribute funding to charitable and community-based organizations. Over the years, we've given tens of millions back to our communities across the province. As well, many of the over 8,000 people who work within the credit union system volunteer their time and talents to a wide range of community initiatives.

Strength in numbers

United we stand—with other credit unions across Canada. By joining forces, we are able to compete with large multinational financial institutions, and offer a comparable level of convenience in services, technology, support and resources. The BC system has the largest network within English-speaking Canada with over 370 branches. And with each new member who switches, we just keep getting stronger.

Membership pays

People who have switched are laughing all the way to the credit union. When you open an account at a credit union, you become a member. Most members typically receive an annual dividend on their shares in the credit union. Over the past five years, BC credit unions have returned an average of \$40 million to their members as dividends on shares, or as patronage refunds. Shared earnings are just another perk of membership.

Professional expertise you can depend on

Knowledge and clear thinking are fundamental to successful money management. At BC's credit unions, smiles are accompanied by financial smarts. Credit union professionals are highly skilled in their areas of expertise and eager to help you out with any financial questions or concerns you may have. Confused about financial terminology, loan options, investment opportunities or other banking issues? Just talk to your local credit union representative and we'll steer you in the right direction.

A promising future connected to a successful past

The first BC credit union opened in 1936. Now one-third of British Columbians experience the advantages credit unions offer, and expansion of services, branches and membership continues. The future looks pretty good from here!

Bibliography

Works Cited

- Council on Financial Competition. Emerging Trends in Retail Banking. Virginia: Corporate Executive Board, 2007.
- CUNA News Now. Study pinpoints what prompts a switch in FIs: Free checking. Washington: The Raddon Report, 2010.
- Entreprise Magazine. The Green Movement Amongst Credit Unions. Vancouver: Canada Wide Media Ltd, March 2011.
- Ethical Corporation. The changing face of community investment: Measuring community investment. London: Global Business Magazine, 2008.
- Globe and Mail. Economic Competitiveness Report. Toronto: Phillip Crawley, Publisher, 2008.
- Gu, Haodong & Pamela Morrison. An Examination of the Formation of Consumer CSR Associations: When Corporate Social Responsible Initiatives are Effective. Australia: The University of New South Wales, 2008.
- Ipsos Reid. Investment Reseach: Overview of the Canadian Investor. Toronto: The Investment Funds Institute of Canada, 2010.
- LBG Canada. Annual Benchmarking Report 2010. Calgary: SiMPACT Group, 2011.
- Lee, Eun Mi and Seong-Yeong Park. The Effect of the Perceived Fit between Consumer and CSR Activities on C-C Identification and Loyalty. Seoul, Korea: Society for Marketing Advances Proceedings, 2009.
- Payment Business News. Verizon Business identifies 10 key trends changing the face of the financial services industry. Markham, Ontario: Lloydmedia Inc, October 21, 2010.
- Watt, Kelvin. "The Future of Sponsorship Integrated with CSR/CSI Strategy" in The Journal of Sponsorship. South Africa, Henry Stewart Publications, May 2010.

Company Documents

North Shore Credit Union. Corporate Social Responsibility Report 2009. North Vancouver, 2010

North Shore Credit Union. Staying On Course: 2007 NSCU Annual Report. North Vancouver, 2008.

North Shore Credit Union. Here We Grow: 2009 NSCU Annual Report. North Vancouver, 2010.

North Shore Credit Union. Experience Growth: 2010 NSCU Annual Report. North Vancouver, 2011.

North Shore Credit Union. Vision 2010: A Corporate Strategy. North Vancouver, 2005.

Websites Consulted

Bank of Canada. 2011. <<http://www.bank-banque-canada.ca/en/index.html>>.

BDS Sponsorship. 2011. <<http://www.sponsorship.co.uk/>>.

Canadian Bankers Association. Ed. Nathalie Clark. 2011. <<http://www.cba.ca>>.

Central 1 Credit Union. 2011. <<http://www.central1.com/>>.

Credit Union Central of Canada. <<http://www.cucentral.ca>>.

Genroe. Bank Customer Retention Strategies. 2011. <<http://www.genroe.com/background-briefings/customer-retention/bank-customer-retention-strategies>>.

Good Practice Participate. 2011. <<http://www.goodpracticeparticipate.govt.nz/levels-of-participation/index.htm>>.

North Shore Credit Union. Ed. Abdulla Abdulla. 2010. <<https://www.nscu.com>>.

Statistics Canada. 2011. <<http://www.statcan.gc.ca>>.