



**BAY STREET COMMUNITY
BANKING CENTRE**
800 Bay St. Toronto,
M5S 3A9

BOLTON
334 Queen St.S. Bolton,
L7E 4Z9

BRAMALEA
1-375 Howden Blvd.
Brampton, L6S 4L6

DANFORTH
1577 Danforth Ave.
Toronto, M4C 1H7

LAKESHORE
3001 Lakeshore Blvd. W.
Etobicoke, M8V 1J8

MALTON
2829 Derry Rd. E.
Mississauga, L4T 1A5

RYERSON CAMPUS
Room L158 Jorgenson Hall
350 Victoria St.
Toronto, M5B 2K3

SCARBOROUGH
1173 Brimley Rd.
Scarborough, M1P 3G5

STREETSVILLE
113 Queen St. S.
Streetsville, L5M 1K7

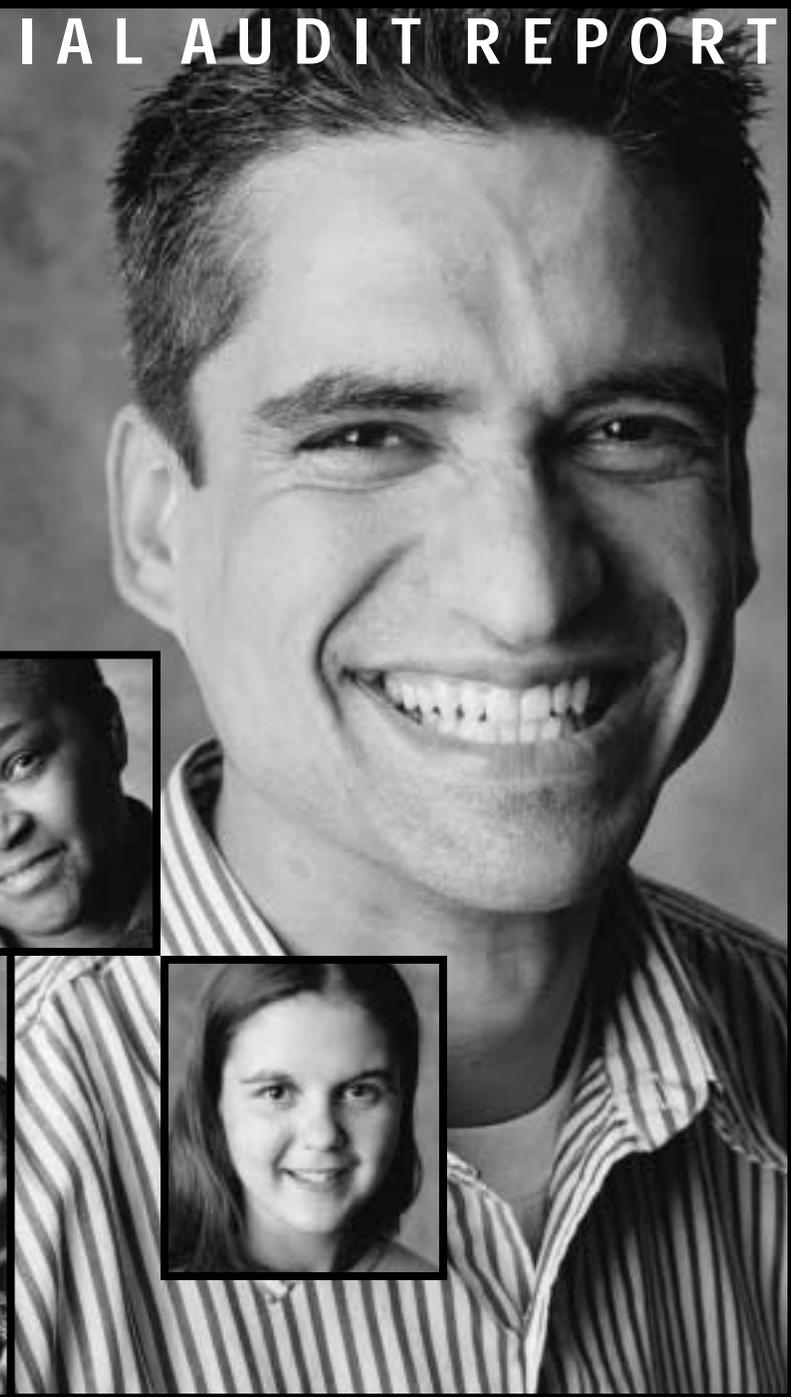
YORK CAMPUS
York Lanes Mall Unit 18,
4700 Keele St. North York,
M3J 1P3

416-252-5621
or toll-free
1-800-777-8507
or visit us at
www.metrocu.com



SOCIAL AUDIT REPORT

20002001





Metro Credit Union Is
'Me'

Howard Bogach, CEO



Metro Credit Union is committed to being the community financial institution our members want us to be. The Social Audit is one tool in which Metro can measure its performance against our member's expectations.

Social auditing is a relatively new concept when compared to financial auditing. Many of the standard protocols are still in development.

There is, however, no doubt that Metro Credit Union is on the leading edge in the development and evolution of these practices (particularly here in Canada). I am proud of the accomplishments that Metro Credit Union has made in this regard.

The Social Audit provides Metro Credit Union, its management and Board, with an opportunity to learn, plan and develop our skills, processes and standards of performance. It is also an opportunity for us to recognize and celebrate our successes.

As an interested reader I welcome your thoughts and observations on how you feel the process can improve and become even more meaningful. It is our hope that by conducting a regular Social Audit we will make Metro Credit Union a stronger and even more relevant organization to you, our stakeholders.

I hope that you enjoy reading the 2000/2001 report and look forward to hearing any feedback you may offer.

Sincerely,
Howard Bogach
Chief Executive Officer

Comments can be sent to: CEO@Metrocu.com or Metro Credit Union Social Audit, 165 Attwell Drive, Toronto Ontario, M9W 5Y5

Metro Credit Union is pleased to present its fifth Social Audit. The Social Audit, an ideal still in its infancy, is a method of evaluating the social and environmental impact a corporate entity has on its key stakeholders. The 2000/2001 Social Audit is a demonstration of Metro Credit Union's commitment to corporate accountability. While not perfect, Metro Credit Union is dedicated in its pursuit of being a responsible participant in the financial services industry, a beneficial contributor to the communities we serve, and an ethical employer.

The social audit has undergone considerable evolution since we undertook the first one in 1993. This 2000/2001 audit represents the next step in our process of continuous improvement. This document was made possible by the dedication and hard work of numerous people. We would particularly like to acknowledge the significant contribution made by the Social Audit Task Force (SATF) members: Kit Chapman, Lynne Nagata, Jack Murray, Sa'ad Saidullah, Jim Schneider, Roman Litwinchuk and Jan Medland. We would also like to thank the employees of Metro Credit Union who collect and compile the data necessary for the audit and Priscilla Boucher, Manager of Corporate Social Responsibility at VanCity Savings, for sharing her experiences.

Other contributions to the Social Audit include the fine work by our auditors (David Simpson and David Selley) from Interpraxis. The auditors have made a number of recommendations to help improve our process that the Board of Directors will review and build upon.

Going forward, it is our intention to continue re-evaluating and redesigning the audit process. To that end, the Board of Directors and the Task Force have agreed to review the current Social Audit to further align it with Metro Credit Union's strategic plan and day-to-day operations.

In conducting this review, Subject Matter Experts (SMEs) for the various categories will recommend:

- which indices or reported items should be continued in future audits;
- which indices or reported items should be discontinued because they are inconsistent or not relevant to Metro's values and policies; and
- which indices or reported items need further policy elaboration and direction from the Board of Directors before they can be meaningfully reported or integrated into our daily operations.

In addition, the SMEs have been asked to identify and recommend new measures that are meaningful when comparing Metro Credit Union's social performance to the broader society.

We will assess the recommendations brought forward through this process and implement agreed upon changes in the next social audit process. We look forward to beginning our work on the next social audit and hope that you will find it even more meaningful and relevant.

If responsibility is not to be, as the philosopher Immanuel Kant said, "an empty delusion", we must redouble our efforts in the coming year to improve and expand on the Social Audit. We must continue to learn from our experiences and those of others and build on the excellent foundation of those who came before. The journey continues...

William Burleigh,
Chair, Board of Directors, Metro Credit Union
Linda McCormick & John Richmond,
Co-Chairs, Social Audit Task Force

Founded in 1949, Metro Credit Union (MCU) is a full-service financial co-operative serving the Greater Toronto Area through a network of ten branches. The Credit Union provides banking services and other investment products, such as mutual funds, through representatives of Credential Securities Inc. and Credential Asset Management Inc. Metro Credit Union has a long-standing commitment to operating in a socially responsible manner.

2000/2001 Social Audit Task Force

The 2000/2001 Social Audit Task Force was appointed by the Board of Directors. The Task Force mandate included recommending the social auditor for Board approval; assisting with development of the social audit process; and issuing the public report.

The members of the Task Force are Board members Linda McCormick (Co-chair), Jack Murray and John Richmond (Co-chair); and member-volunteers Kit Chapman, Lynne Nagata, Jim Schneider and Sa'ad Saidullah. Management support was provided by Larry Gordon, Vice President, Development, Roman Litwinchuk, Vice President, Member Services and Jan Medland, Vice President, Human Resources.



2000/2001 Social Auditor

Interpraxis, a Toronto-based social and economic consulting firm specializing in ethics and corporate social responsibility, was hired by the Board, on the recommendation of the Task Force, to provide the Social Audit for the fiscal year April 1, 2000 to March 31, 2001. The external audit team included David Simpson, the Director of Interpraxis Consulting, and David Selley, FCA. Advisory support was provided by Susan Todd of Solstice Consulting.

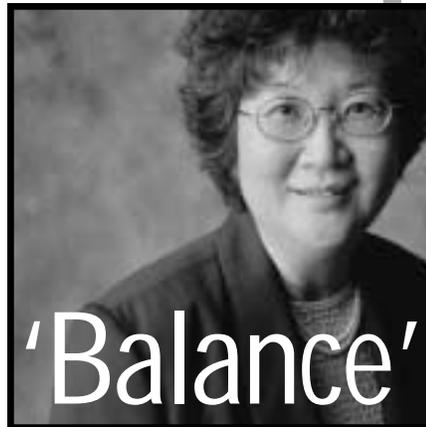
To the casual observer, social auditing burst upon the scene in the 1990's as high profile companies started publishing social audit reports. In reality, the concept was initially advanced in the 1940's.[†] The late 1960's and 1970's saw a fresh wave of interest in social and ethical accounting, auditing and reporting – "SEAAR" as it came to be called.

The work of the UK-based New Economic Foundation in the early 1990's was particularly useful in advancing the concept and practice. Today, European companies still practice SEAAR to a greater degree than North American ones. In Canada, social auditing resonated strongly for member-driven organizations like VanCity Savings and, of course, Metro Credit Union.

From the beginning there has been debate in SEAAR circles about whether the practice is primarily about accountability to the public or a sophisticated management tool for learning about and responding to stakeholder views.

The launch of AccountAbility 1000, the first international standard for SEAAR, in November 1999 showed that both objectives are valid – social auditing is about both learning and accountability.

The current standards and practices for corporate social responsibility, accounting, auditing and reporting are continuing to evolve and improve. The emerging international consensus on both processes and standards signal that the field is quickly coming of age.



Structure of This Report

The 2000/2001 Social Audit Report includes content from two sources — the social auditor and the Metro Credit Union Social Audit Task Force.

The Metro Credit Union Social Audit Task Force is responsible for introductions to each major section of the report. These introductions should provide the reader with a helpful context and share the views of the Task Force on issues related to future social audits. The pages following each introductory section are the text of the social audit, as compiled and written by the social auditor. These pages have the audited data, facts and figures.

To help the reader quickly differentiate Task Force commentary from the auditor's report, we have used two type styles. The sections by the Task Force are bolded and those prepared by the auditor are in regular type.

The social auditor has also reviewed the Task Force commentary in this report to ensure that it does not contradict or misinterpret the audited information.

[†]For further historical details please refer to the New Economics Foundation's "Social Audit Learning Pack", 1997 (www.neweconomics.org).

The current Metro Credit Union social audit does not conform to any specific set of widely accepted standards. Rather, it uses principles adopted in prior year audits and certain practices among social auditors. For guidance, Interpraxis also referred to the Assurance Standards published by the Canadian Institute of Chartered Accountants (CICA) that apply to audits of a wider range of information than the financial information more traditionally associated with public accountants. In particular, Interpraxis considered the risk assessment and evidence-gathering aspects of the CICA standards, placing emphasis on identifying 'suitable criteria'[†] which would yield useful information to the intended users.

In future engagements, we recommend that, as organizations such as MCU begin to present their social responsibility reports in accordance with more widely accepted standards, the social auditors likewise perform their audits, and prepare their Report, strictly in accordance with such standards for auditors.

The measurements contained in this report were selected by MCU and the SATF (Social Audit Task Force) in some cases in discussion with Interpraxis. Additional measures could be developed and are under consideration by MCU.

Interpraxis was appointed after the 2000/2001 year was completed. Accordingly, no audit work was performed in the audit period. Documentary evidence examined related to the audit period, but personal observations such as interviews, of necessity occurred after the audit period. For example, we observed the application of democratic principles at the 2001 annual meeting, rather than the 2000 meeting. We did not re-audit comparative data, but relied on work performed by the previous auditor. For simplicity, the text of the Report^{††} does not indicate the timing of our work unless it is particularly relevant to the issue at hand.

Interpraxis's approach was to conduct formal interviews with almost all senior management, several members of middle management and with other employees both at Head Office and at three selected branches/departments. During these interviews we discussed MCU's perceived commitment to social responsibility and the usefulness of the social audit. We asked more searching questions about the interviewee's specific area of responsibility and data provided, if any. We also conducted informal interviews and discussions with MCU members prior to the AGM. We received outstanding co-operation from all those interviewed. Many of the insights obtained, and recommendations for management, originated with these employees and members. The results of the interviews were used to determine the type and amount of evidence to be obtained concerning the accuracy and completeness of the data presented in the Report. The greater the risk of error, the more rigorous the required supporting evidence, and vice versa.

Evidence obtained in support of data varied considerably according to its characteristics. Evidence consisted of some or all of:

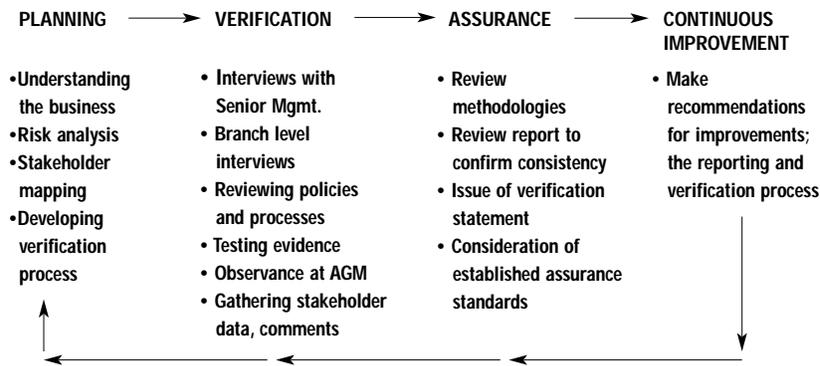
- enquiries of management;
- review of data and underlying reports for reasonableness;
- agreement of data to accounting and other MCU records maintained for purposes other than the social audit (e.g., accounting reports, member records, personnel files);
- observations of procedures (e.g., posting of notices at branches);
- published information (e.g., newsletters and website material);
- recalculations of numerical data; and
- when it was important to see harder evidence for particular matters, examination of specific documents such as cheque requests and invoices (e.g., energy bills and donation receipts) and externally produced reports and surveys.

There are certain matters in this Report that cannot be fully verified. It is usually not possible to independently verify that everything that should have been recorded was recorded. For example, there is no means of verifying that all complaints received were entered into the complaints system or, if they were, that we have been provided with all the documents. This is not a reflection on MCU - it is a recognized element of auditing, even of financial statements in some cases. Neither can any audit necessarily uncover deliberate attempts to deceive such as falsified documents, although in this audit we received no indication whatsoever of any such problems.

The above general description of our social audit approach is intended to avoid indicating in each section the audit procedures performed. Specific reference to such procedures, or their absence, is made only when it is particularly relevant to the issue at hand.

Interpraxis is solely responsible for its portion of this Report. Interpraxis has read MCU's content, which is management's sole responsibility, to ensure that it is consistent with our content and, as far as we can tell, not misleading. As part of the engagement, Interpraxis will also issue a letter to management containing specific recommendations for action and improvement that arose during the course of our work.

[†] According to CICA's Standards for Assurance Engagements 'suitable criteria' must be relevant; reliable; neutral; understandable; and complete.
^{††} References to "Report" relate to the content of the Social Audit Report that is indicated as being prepared by Interpraxis.



Auditor's Opinion

Interpraxis has conducted a social audit of Metro Credit Union and the findings are summarized in this report. The audit involved verifying the information provided by Metro Credit Union to measure its performance in relationships with its constituents: members, employees, the community, co-operatives and government.

On the basis of procedures we have conducted, we are satisfied that the information provided by Metro Credit Union on its social performance for the fiscal year ended March 31, 2001 is accurate in all material respects, and fairly presented.

Interpraxis

August 8, 2001

Note from Social Auditor:

While comparative information for 1999/2000 has been presented wherever possible for the quantitative information in this report, it is difficult to present comparative information for descriptive information. Therefore, readers also are referred to the 1999/2000 Metro Credit Union Social Audit Report.

There is some additional information in this report that was not presented in 1999/2000. In a few cases, the information now is presented or measured differently and this will be apparent by the descriptions or explanations given.

Metro Credit Union: Foundation & Values

Vision Statement

Metro Credit Union will be the community financial institution our members want us to be.

Mission Statement

We support the co-operative way of business to provide economic and social benefits to our members.

We will:

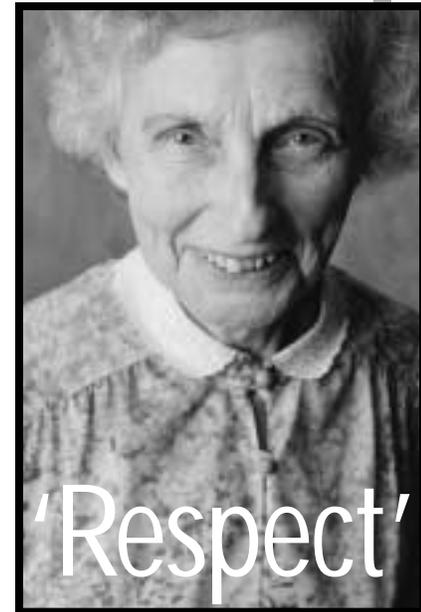
- grow by keeping our members' money safe and by providing them with useful services at reasonable prices;

- improve the economic position and quality of life of our members, our staff and community;

- respect employee rights, provide them with challenging work and promote their individual achievement;

- be a leader in the growth of the credit union system both in Ontario and Canada; and

- abide by the International Co-operative Association (ICA) Statement on the Co-operative Identity.



Statement on the Co-operative Identity

DEFINITION

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

VALUES

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

PRINCIPLES

The co-operative principles are the guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6th Principle: Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

The members of Metro Credit Union are both the owners and the customers of the enterprise. This social performance assessment considers both roles.

In terms of ownership, members exercise their governance rights through a democratic structure and process. As owners, members should be able to call upon their Credit Union in times of need for special consideration. As customers, members should expect their Credit Union to practice fair and progressive retail business practices.

Metro Credit Union directs considerable resources to programs and policies related to nurturing and supporting the member-ownership role and to developing a very positive customer experience.

To address Credit Union social performance in regard to members, the 2000/2001 Social Audit examined performance indicators under the broad categories of 1) Democracy, 2) Progressive Consumer Policies, and 3) Responsiveness to Members in Need.

1. Democracy

Robert Dahl, a leading international authority on democracy, states that democratic governance requires: 1) effective participation, 2) equality in voting, 3) opportunities to gain enlightened understanding of the issues, 4) the ability to exercise final control over the agenda, and 5) inclusion of all adults.

The indicators and data in this section attempt to provide information related to these democracy criteria. Metro Credit Union has policies and programs designed to encourage a healthy democracy. Members are encouraged to learn about Credit Union issues, vote in Board elections, volunteer to serve on various policy and program-oriented task forces, and speak up and

provide feedback on general and specific concerns. At the 2000 AGM, the Board led a discussion process to obtain feedback on how Metro Credit Union might improve its democracy. One result was the formation of a task force to improve the Board election process. At the same time, the Social Audit Task Force feels the Credit Union must still direct considerable attention to developing and assessing its democratic processes. The percentage of members who support the democratic governance process are minimal. The number of opportunities for members to volunteer and participate in the development of their Credit Union are very limited. The Credit Union puts considerable resources into member communications, but it is not known whether members are well informed by these initiatives. Fifty percent of Board members did not participate in the confidential surveys to assess diversity of democratic representation. Finally, another limitation is the lack of comparative data from other credit unions across the country. As Metro Credit Union continues to develop its social audit process, many of these limitations will have to be addressed.

1.1 Member Participation

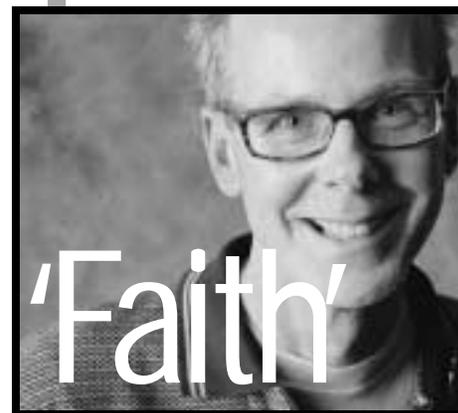
Metro Credit Union (MCU) is legally and philosophically a democratic organization and makes significant efforts to encourage the active participation of members. Membership includes individual consumers and households, in addition to businesses and community organizations.

	March 31, 2001	March 31, 2000
Total Members ¹	39,605	40,166 (restated) ³
Total Assets ²	\$424,099,224	\$396,293,498

¹ Includes only memberships with \$5.00 or more in member shares.

² From audited financial statements.

³ MCU has changed the methodology for calculating active members. The 2000 figure is restated in accordance with this new methodology.



MCU has taken the following steps to encourage active participation among its members.

1.1.1 Publicity for Members' Meetings

MCU held its Annual General Meeting (AGM) on June 14th, 2000. This meeting was publicized by:

- notice in the April 2000 Newsletter
- brochure insert in May 2000 member statements
- publishing official notice in NOW magazine (May 2000)
- posters of meeting notice at branches (Spring 2000)
- website article (March 2000)

After the AGM, articles were posted on the website and 16 percent of all space in the Fall 2001 newsletter was dedicated to the AGM (see member communication content 1.1.6). These articles publicized the AGM as an annual event, and informed readers about the results of the 2000 AGM.

1.1.2 Attendance at Members' Meetings

In order to vote for the Board of Directors, MCU bylaws require that all credit union members attend the AGM. MCU actively encourages attendance at the AGM with specific initiatives which include: holding the AGM in a centralized location in downtown Toronto; providing transportation to and from the AGM from areas outside the GTA; offering free child care services during the AGM; making display space available to community groups and business members; and providing members with a free dinner prior to the AGM.

These initiatives have helped make it one of the most well attended AGMs of any financial institution in Canada. Despite this, other credit unions have recorded a higher percentage of members voting in Board elections by enabling members to vote at branches and allowing mail-in ballots.

AGM Year	Attendance	% of Members	Votes Cast	% of Members
1999	923	2.3%	not available	not available
2000	839	2.1%	588	1.5%
2001	812	2.1%	578	1.5%

1.1.3 Publicity for Volunteer Activities

Involving members in the governance of the credit union helps strengthen bonds of trust and mutuality. It also creates and reinforces social cohesion within the co-operative community. In order for members to get involved in volunteer opportunities with MCU they must first be made aware of them. In the audit period under review, volunteer opportunities were publicized by:

- posting information in the branches; and
- publishing information in the September Newsletter about openings on the Social Audit Task Force.

1.1.4 Support for Volunteer / Board Activities

MCU incurred the following costs in 2000/2001 in support of the work carried out by the Board of Directors and the various volunteer task forces.

In addition to staff time directed to support these functions, which is not quantified at this time, direct expenditures were as follows:

	2000/2001		1999/2000	
	Total	Per Member	Total	Per Member
Board	\$77,869	\$1.96	\$85,000	\$2.02
Task Forces and Committees	\$2,192	\$0.06	\$2,000	\$0.05

1.1.5 Number of Volunteers

The actual numbers of volunteers at MCU in the fiscal year 1999/2000 were:

Number of Volunteers ¹	2000/2001	1999/2000	1998/1999
Member Participation Task Force	n/a ²	4	5
Mondex Task Force	n/a ²	4	3
Serving the Under-Served Task Force	n/a ²	3	5
Social Audit Task Force	4	4	4
Donations Committee	1	2	1
Board Evaluation Committee	3	3	n/a
Board Accountability Task Force	n/a ²	n/a	3
Total	8	20	21

¹ Excluding members of the Board of Directors who serve task forces.

² work was completed by task force and henceforth disbanded.

1.1.6 Member Education, Training and Information

MCU demonstrates a commitment to upholding co-operative principles to provide education, training and information for their members. MCU provides this to its members through statement inserts, brochures, the Newsletter and the MCU website.

MCU's Newsletter is sent out three times yearly to active members, and is widely considered the primary source for disseminating member information. Another means of communicating information to members is through such channels as: the MCU website, the Annual Report and the MCU Owner's Manual. For fiscal 2000, member communication content focused on the following areas:

Members Communications Content	% of space in Newsletter ¹	% of articles on MCU website ²	% of space in Annual Report ³	Owner's Manual (✓ = present)
AGM notices and follow-up	11.9%	6%	10%	✓
Automotive Advisory Services	4.2%	6%	0%	✓
Board / Task Force Communications	4.7%	0%	0%	
Co-operative and Democratic Principles	15.6%	12%	0%	✓
Community Involvement / Corporate Donations	8.6%	6%	10%	✓
Fair Pricing Policy	0.4%	0%	0%	✓
Marketing (Metro Products)	4.4%	18%	0%	✓
Member Education (eg. Financial Planning)	8.1%	6%	5%	✓
Member Feedback	5.3%	0%	5%	✓
Member Info (eg. Bay St. Move)	25.6%	41%	60%	✓
Socially Responsible Investing	5%	0%	0%	✓
Social Audit Information	2.4%	0%	5%	✓
Spare Change	0.6%	6%	5%	✓
Special Financial Assistance for Members	0%	0%	0%	
Strike & Lock-out Policy	0.6%	0%	0%	
Other (eg. Member's Shopping Spree)	2.8%	0%	0%	
Total	100%	101%	100%	

¹ Data compiled and calculated by Interpraxis. Based on three newsletters in period with total of 36 pages.

² Data compiled and calculated by Interpraxis. Based on articles on website from January 1, 2000 to March 31, 2001.

³ Data compiled and calculated by Interpraxis. Based on articles in 2001 Annual Summary.

Member Rights & Responsibilities

MCU has developed a statement for the member-owners of its financial co-operative. MCU posts a copy of the "Members' Rights and Responsibilities" statement in a prominent place within the branches to inform all members.

There is also a "Statement of Co-operative Principles" outlining the seven principles that define the essence of a co-op. All branches report that they also have these principles in their branches for members to consult. A summary of the branches' reporting that these documents have been posted are as follows:

BRANCH	STATEMENT OF MEMBERS' RIGHTS & RESPONSIBILITIES POSTED ¹ (changes since 1999 indicated)	STATEMENT OF CO-OP PRINCIPLES POSTED (changes since 1999 indicated)
Bolton	yes	yes (no - 1999)
Bramalea	yes (no - 1999)	yes (no - 1999)
College (now Bay St.)	yes	yes (no - 1999)
Danforth	yes	yes (no - 1999)
Lakeshore	yes	yes
Malton	yes	yes
Ryerson	yes	yes (no - 1999)
Scarborough	yes	yes (no - 1999)
Streetsville	yes	yes (no - 1999)
York Campus	yes	yes (no - 1999)

¹ Figures based on branch reports and observations made by Interpraxis at 3 branches.



Member Education Seminars

In addition to its print communication materials, MCU also arranges education seminars for its members at the various branches. A total of 12 seminars were arranged, but some of these were later cancelled due to low turnout. During the audit period seminars were held on the following topics:

- Ethical Investing
- RRSP Basics
- RRSP Advanced
- On-Line Trading

1.1.7 Member Feedback

MCU actively encourages participation and feedback from its members. Members have the following methods to deliver compliments, complaints and other concerns to MCU:

- "Member Action Forms", which are prominently available at the branches, may either be returned by post or deposited in a branch 'drop box'. (Member Action Forms allow members to submit their comments anonymously if they desire);
- Tele-Service Centre where staff receive members' calls, answer questions, solve problems and/or direct members to appropriate person(s) to handle their concern;
- E-mail feedback link on the home banking website and the Q & A section on the MCU website;
- Direct correspondence to MCU's Member Services Department;
- Direct correspondence to the Chief Executive Officer (CEO) as well as direct access by telephone (the CEO's phone number is published in MCU's Owner's Guide); and
- Direct correspondence to the Board of Directors.

All of the above systems and procedures for member feedback were reviewed for this audit. MCU demonstrates its desire to receive feedback from its member-owners by making a variety of communication channels available and actively publicizing them to members (refer to communications content in 1.1.6). While systems are in place to record, summarize, and measure member feedback, (see table below) it was not possible to measure their effectiveness.

TOPIC OF FEEDBACK	ACTION FORMS, TELE-SERVICE CENTRE, REFERRALS FROM WEBSITE & HOME-BANKING SITE TO CUSTOMER SERVICE		CEO/BOARD/MEMBER SERVICES	
	2000/2001	1999/2000	2000/2001	1999/2000
Automatic Teller Machine (ATM)	66	45	1	
Point of sale payment	9	85	-	
Bill payment	38	40	-	
On-line banking	31	29	-	
Cheque orders	26	19	-	
Broken promises	51	162	1	
Members misinformed by staff	29	27	-	
CUIIS Home or Auto Insurance	4	2	2	
Holds on accounts	18	4	-	
Statement renewal notices	56	55	-	
Postings to wrong account	71	40	-	
Service fees	54	20	3	
Pay	7	31	-	
Questions on 1-800 loan service	6	11	-	
Other	219	184	24	
Total feedback	685	754	31	55

The Tele-Service Centre, member action forms and website feedback are summarized together by MCU. Correspondence to the CEO and Board is also collected and summarized together.

Member complaints that were reviewed, appeared relatively routine and contained no significant indication of unethical behaviour on the part of MCU. Almost all complaints appear to have been responded to.

It is important to note that we have no means of ensuring that all feedback during the audit period is recorded or that the classifications are accurate. Indeed sources interviewed in preparation of this audit suggested that the figures do not reflect the actual amount of member feedback, particularly at the branch level. It is also worth noting that while, as one would expect, most feedback was negative, some member feedback was also highly complimentary.



1.1.8 Plain Language

A recent Statistics Canada report entitled **Literacy Skills for the Knowledge Society** suggests a continuing literacy problem in Canada. The findings of the report include the following:

- 22% of adult Canadians have serious problems dealing with printed materials
- A further 24-26% of Canadians can only deal with simple reading tasks

The implications for a credit union that encourages member participation, education and involvement are obvious. Clear, well-designed information is the key to effective marketing, information sharing and internal corporate communications. Clearly written documents result in fewer errors and fewer questions - saving both staff and processing time. This issue is particularly relevant in Toronto where a large proportion of the population's first language is other than English.

As part of its Social Audit, MCU has measured its efforts to provide effective communication to its members. A number of documents were selected by MCU to check using the Flesch-Kincaid Grade Level Score and the Flesch Reading Ease Score. The Flesch Kincaid Score rates text based on a US grade school level and the Flesch Reading Ease Score estimates readability based on average number of syllables per word and words per sentence. Scores range from 0 to 100. Standard for a general audience is 60. The higher number indicates easier reading. Scores above 80 are considered easy reading.

Year	Average Flesch-Kincaid Grade Level Score	Average Flesch Reading Ease Score
1999 / 2000 ¹	11.5	n/a
2000 / 2001 ²	10.7	42.4

¹ Based on 17 documents self-selected by MCU.

² Based on 18 documents self-selected by MCU - predominantly from the website.

1.2 Democratic Governance

Democratic governance is an important aspect in support of the democratic principles of the co-operative movement and is held in high regard at MCU. Increasingly, its efforts in this area are being recognized by others as witnessed by the **2001 CGI Credit Union Governance Award** presented to Metro by the Credit Union Central of Ontario during the audit period.

1.2.1 Board of Directors Election Publicity

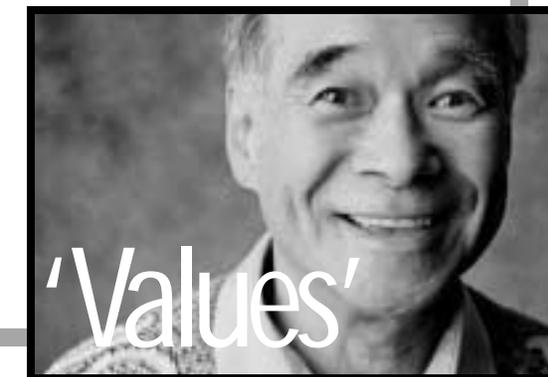
MCU announced the search for Board candidates in several venues over the period of April through June, 2000. Reported methods to recruit board members included:

- Bulletins posted in the branches from May to June.
- Articles in the Newsletter (2000, 2001) informing members of available positions on the Board, and encouraging members to run.
- Article entitled "Board Candidates Wanted" mailed out to 30,000 members (2000) and also made available in the branches and on the MCU website.
- Outreach to volunteers, former candidates, etc. was carried out by the Elections Committee which is charged to recruit board candidates.

Staff, volunteer time and money reported to have been spent in support of Board candidates' recruitment was as follows:

	Staff Time ¹	Directors' Time ¹	Costs	# of Candidates
1999 AGM	12 Hours	42 Hours	\$300 - \$400	11
2000 AGM	11 Hours	25 Hours	\$270	10
2001 AGM	4 Hours	51 Hours	\$704	8

¹ Intergraph has reviewed data supplied but has no means of verifying the accuracy of these reported hours.



1.2.2 Board Turn-over

In the audit year 2000/2001 there were four new board members elected representing a 25 percent turn-over rate in the Board. It is practice to regularly rotate Directors. MCU by-laws state that Directors may be elected for no more than three consecutive three-year terms.

1.2.3 Board Composition and Diversity

Increased competition and public scrutiny is forcing many corporations to examine the level of diversity among their boards and executive officers. Companies are learning that board diversity is an issue that can directly impact the bottom line. A board that represents both genders and a variety of ethnicities can provide the innovation, creativity, enhanced problem-solving ability and leadership necessary to succeed in today's competitive marketplace. Metro has been tracking the following key indicators for its social audit.

Gender	OF CANDIDATES FOR THE BOARD MEMBERSHIP				OF BOARD MEMBERS				OF BOARD EXECUTIVES			
	2000 / 2001		1999 / 2000		2000 / 2001		1999 / 2000		2000 / 2001		1999 / 2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Male	8	80%	10	91%	11	69%	9	64%	3	60%	3	60%
Female	2	20%	1	9%	5	31%	5	36%	2	40%	2	40%

For the social audit, the following diversity indicators were measured by a voluntary survey presented to Board candidates and to current Board members. Candidates were asked to provide information on their population group and ethnic or cultural origin according to categories used by Statistics Canada. Board members were asked to provide information on their gender, profession, population group and ethnic or cultural origin according to categories used by Statistics Canada. The Executive Committee of the Board of Directors is drawn from the membership of the Board,

MEMBERSHIP IN ONE OR MORE GROUPS AS SELF-SELECTED	BY CANDIDATES FOR BOARD MEMBERSHIP		BY BOARD MEMBERSHIP		BY BOARD EXECUTIVE	
	2000/2001	1999/2000	2000/2001	1999/2000	2000/2001	1999/2000
White (Caucasian)	4	6	8	11	2	4
All other examples of possible categories, as designated by Statistics Canada (1996 Census)	n/a	n/a	n/a	n/a	n/a	n/a
No response / survey not returned	6	5	8	3	3	1
Total	10	11	16	14	5	5



and has the power to carry on the general business of MCU between meetings. The five members of the executive committee received the same survey as other Board members.

- Four of the ten candidates for board positions responded to the survey.
- Five of five executive board members responded to the survey.
- Three of five executive members failed to complete the survey in its entirety.
- Eight of eleven non-executive board members responded to the survey.
- Two of the eight non-executive board members (who responded) failed to complete the survey in its entirety.

The results shown below and on the following page represent only those who chose to respond to these surveys.

Profession	BY BOARD MEMBERSHIP ¹		BY BOARD EXECUTIVE ¹	
	2000/2001	1999/2000	2000/2001	1999/2000
	#	#	#	#
Consultant	3	4	1	2
Independent businessperson	2		1	
Lawyer	1	1		1
Management, public or Non Governmental Organization (NGO)	2		2	
Management, co-op sector	2	3	1	1
Management, private sector	1		1	
Medical or healthcare professional	1			
Professional accountant		1		
Retired	2	2	1	1
Teacher or professor in public or private education (retired)	1	1		
No response	1	3		1

¹ There are more areas represented than the number of respondents because some board members were currently active in more than one area.

As is evident from the text and charts, the Board composition data is incomplete in that some Board members were either not present when the surveys were completed, had resigned from the Board prior to the survey, or chose not to complete a survey. In order to present a more complete overview, the following unaudited observational data is provided for those Board members who were serving immediately after the 1998, 1999 and 2000 Annual General Meetings.

Board Composition	BOARD MEMBERS		
	July 2000	July 1999	July 1998
Population Group			
White (Caucasian)	15	16	20
All other examples of possible categories, as designated by Statistics Canada (1996 Census)	0	1	1
Gender			
Female	6	7	8
Male	9	10	13
Total Directors	15	17	21



1.2.5 Conflict of Interest

Metro's Conflict of Interest Policy is designed to ensure that decisions taken by Board Members are in the interest of the organization as a whole. One way a Board can minimize the possibility of real, potential or apparent conflicts is to have and uphold a conflict of interest policy.

The MCU definition of a direct conflict is any situation where:

(a) (the volunteer's) personal interests, and/or (b) the interests of a close friend, relative, business associate, corporation or partnership in which (the volunteer holds) a significant interest, or a person to whom (the volunteer owes) an obligation, which may prevent (the volunteer) from acting in the best interests of the Credit Union, on behalf of the Credit Union, impartially and without bias.

The MCU definition of an 'indirect conflict' is any situation where:

(a) a benefit may be derived by a close friend, relative, business associate, or corporation or partnership in which (the volunteer has) a significant interest; or (b) a benefit may accrue to (the volunteer) which advances or protects (his or her) interests although it may not be measurable in money.

The MCU conflict of interest policy applies to volunteers serving on the Board Committees and Task Forces. This policy includes specific guidance on actions that are prohibited such as:

- taking advantage of, or benefiting from, information that is obtained in the course of their official duties, and that is not generally available to other members at large, and;
- the acceptance of gifts and other benefits that could influence their judgment and may be seen by an impartial observer as a bribe, pay off or other improper payment.

The policy also specifies what action is required when direct or indirect conflicts of interest occur. Generally, conflicts must be declared and the members must remove themselves from participation in related discussions and decisions.

Board members are asked to declare conflicts at the beginning of each meeting and this is recorded in the minutes. In the audit period under review Board members have excluded themselves from attendance at discussions where there was a perceived conflict. No evidence was uncovered that this policy was infringed at the Board level.

MCU Task Forces, which are also covered under this policy, demonstrated less operational compliance with the policy. However, no evidence examined suggests any conflict of interest among volunteer members.

1.2.6 Board Education

Governance is enhanced if the organization assists its board members with information, education and training. MCU has several programs and policies that encourage its Board member volunteers to pursue training on issues related to the credit union and its effective governance.

- Board members can apply for support to attend conferences relevant to credit unions.
- Board members regularly evaluate themselves and each other to promote effectiveness.

All members of the Board of Directors are encouraged to enroll in the credit union system's Credit Union Director Achievement (CUDA) program. MCU pays the tuition for this program of fourteen courses, each several hours in duration. To complete the CUDA program, Directors must pass nine core courses and three electives. Courses range in topics from legal, financial and leadership to understanding risk, planning and evaluations. During the audit period, MCU paid out \$8,134 in support of Director's courses and conferences.

The following table reports the courses taken by the 16 directors for whom we have information at February, 2001.

Sponsored CUDA Board Education	2000/2001 ¹	1999/2000
Number of Board members	16*	16*
Number of Board members who have completed program	4	1
Number of courses completed in year	unavailable	8
Accumulated courses of Board members	115	114
Average number of completed courses	7	7

¹ Data gathered in February, 2001. *There were 16 board members serving when this data was gathered.

2. Progressive Consumer Policies

In the traditional retail sector, the interest of the enterprise is generally to maximize sales to customers and profit for the external shareholders. While the law provides a framework for basic consumer protection, customers are still largely required and expected to bear full responsibility for protecting their own interests.

The Credit Union presents a different dynamic between the enterprise and customer. The enterprise is customer-owned and customer-controlled for customer benefit. While it is under market pressure to operate efficiently, competitively and profitably, the Credit Union should be expected to institute and maintain consumer-friendly policies and programs because of its distinctive structure and mission.

In addition to a standard ethics policy and employee training on appropriate service and sales behaviour, Metro Credit Union has two other major consumer-oriented policies-related to pricing and privacy-which were a focus of this audit. Both are policy areas of increasing concern to consumers.

As the social audit process evolves, this is another area requiring further review and consideration. First, the topic of "consumer practices" can cover many areas of contact between the Credit Union and its member-customers. Second, performance measurement is difficult in some areas, particularly where the "performance" is part of a private conversation between sales/service employees and the member.

In the future, it would be appropriate to take a more comprehensive look at consumer-related practices. Specifically, the Credit Union may wish to set its own policies or follow voluntary industry standards or codes, and incorporate additional indicators in future social audits. Topics might include: advertising practices, sales practices, and plain language disclosure on products and pricing.

Metro Credit Union Fair Pricing Policy

Members should be able to trust the Credit Union to provide pricing in a fair and equitable manner.

- Members will receive the same pricing and treatment for comparable banking relationships.
- Prices and qualifications for bonuses and discounts will be publicized to all who may qualify.
- Pricing bonuses are automatically provided to qualifying members, without request or negotiation.
- There are no hidden or discretionary prices or bonuses.
- Affinity group pricing benefits are available, as long as those within a specific affinity group are treated according to the fair pricing principles.

2.1 Fair Pricing

MCU is committed to fairness in pricing as indicated by its Fair Pricing Policy. This policy stipulates that any two members meeting the same criteria will pay or receive the same price for services. This "haggle-free" policy is intended to ensure that all members receive the best available pricing and enjoy the same quality of service without the hassle of having to negotiate with staff.

2.1.1 Fair Pricing Awareness and Promotion

The Fair Pricing Policy has been promoted in the following ways:

- The MCU Owner's Guide, distributed to all new members, notifies them about the policy and briefly describes it. The policy is also noted in the Rights & Responsibilities Statement posted in the branches.
- As detailed in the communication content table (1.1.6) approximately 0.4% of the space in the Newsletter during the audit period dealt with the Fair Pricing Policy.

Interviews with MCU staff, managers and the senior management team have indicated a certain level of confusion as to what is meant by the fair pricing policy. It is our observation that the implementation of this policy is unduly complex and has been poorly understood by staff at all levels. This may suggest that members also do not necessarily have a good understanding of the policy.



2.1.2 Fair Pricing Audit

MCU's internal auditor's program included examining member files on a random sampling basis in four branches during the audit period for non-mortgage loans opened in the month selected. These files were reviewed for whether the fair pricing policy was properly applied. A similar process took place in the previous period.

In fiscal 2001, four cases[†] were found where members did not receive a discount that they were entitled to and three cases where a discount was received that the member was not entitled to. The former represents an error rate of 8.9% which, based on a simple extrapolation to the total population of 480 new non-mortgage loans opened in the internal audit period, suggests a total number of just over 40 members who did not receive the discounts they were entitled to.

Notwithstanding these results, it is important to note that it represents a significant improvement over the error rate in the previous period.

2.1.3 Fair Pricing Complaints

Of the complaints provided to Interpraxis by MCU only one was related to fair pricing. It resulted from an out-of-date poster advertising a rate that no longer applied.

2.2 Right to Privacy

Issues of privacy, security, and confidentiality are important for all organizations that access, utilize and maintain sensitive information about citizens. In the case of a financial institution, these issues are even more important as information includes highly sensitive financial and other personal information.

2.2.1 Privacy

MCU has guidelines for employees on the use of confidential information in both the employee guide and the code of ethics which all employees are required to sign as a condition of employment at the time of their engagement by the credit union.

[†] Management has assured the auditors that corrections will be made in these four cases.

^{††} MCU Employee Guide (August, 1998)

In part it states:

An employee shall not, except as required by law or as authorized in writing by senior management, disclose, publish or authorize anyone else to disclose or publish and shall not make use of confidential information unless such information shall have ceased to be confidential, as evidenced by general public knowledge.^{††}

Most employees interviewed were aware of the importance of confidentiality in their work but could not necessarily recall signing the code of ethics or a specific policy related to privacy. A review of personnel files found that almost all employees had signed-off on the code of ethics.

Notwithstanding the privacy guidelines for employees, Metro does not yet have a privacy policy outlining its responsibilities when collecting personal information, and the rights of members who provide Metro with personal information. Over this audit period MCU did not take any steps to inform its membership of the existence or requirements of the current internal privacy guidelines.

The Government of Canada recently passed a new law called the **Personal Information Protection and Electronic Documents Act** which came into effect on January 1st, 2001. The Act sets out ground rules for the management of personal information in the private sector, and seeks to balance an individual's right to the privacy of personal information with the need of organizations to collect, use or disclose personal information for legitimate business purposes.

The new law is being phased in over the next few years and does not yet apply to credit unions. In the audit period under review MCU did not yet appear to meet the standards set out in the legislation. However, officials at MCU report that plans are underway to meet these standards in advance of any federal or provincial legislation coming into effect.

2.2.2 Security and Privacy

In a letter relating to their March 31, 2001 audit of the annual financial statements, Deloitte & Touche LLP, MCU's external auditors, made recommendations relating to the security of backup files, and logical access controls (password protection, etc.) for member sensitive documents. These recommendations were derived from the annual audit, rather than a specific study of security. Management has reviewed these recommendations and taken all reasonable and practical measures to address them.

3. Responsiveness to Members in Need

Owners should expect that the enterprise they own will be responsive to their needs. In most cases, these needs are met through standard day-to-day services. On occasion, however, members may find themselves in need of special consideration or assistance due to an unfortunate situation or external circumstance. In these situations, it should be expected that members can turn to their own co-operative enterprise for assistance.

When members are confronted with financially adverse situations, how does the Credit Union respond? Metro Credit Union has a specific policy to assist members affected by strikes and lock-outs. These were the areas considered in this section of the social audit. These initiatives, however, are very specific, and do not necessarily reflect the full range of special needs that members might have. Future consideration should be given to identifying other appropriate areas for review.

Several other ways Metro Credit Union attempts to address people with special needs, both within and outside the membership, are described in Section III: The Community (pages 28 - 34).

Commitment to Members in Need

One of the defining criteria of a co-operative form of organization, is its commitment to help its members become more economically self-sufficient. The following are examples of ways MCU attempts to assist its membership.

3.1 Strike & Lock-Out Policy

MCU has a Strike & Lock-Out Policy to assist members to meet financial commitments in the event of a strike or lock-out. A member can request that loan payments or lines of credit be adjusted to assist them through this period. MCU states that it will publicize the policy with the applicable unions whenever it becomes aware of a strike or lock-out which may affect its members. Notices of this policy are posted in the branches and staff are informed about the policy.

[†] Presumably these policies are also communicated to members by staff but Interpraxis has no way to verify this.

MCU has made a dedicated effort to effectively communicate information on this policy to its members through brochures, posters and articles in the Newsletter.[†] For the most part, posters and brochures appear in the branches and staff members who were interviewed indicated an awareness of the policy. MCU staff also demonstrated an active effort to disseminate information about this policy to unions representing:

- Toronto District School Board employees; and
- York University Contract Faculty (CUPE 3903)

During the audit period approximately 34 members made use of this policy from five different branches. It was not possible for Interpraxis to verify this data for completeness.

3.2 Special Financial Assistance

MCU offers chequing account fee waivers for members who receive financial assistance through the Ontario Disability Support Program. While this policy is understood by staff, there was no attempt to publicize this policy to members during the audit period.[†] Branches reported the numbers of members receiving OSDP fee waivers to be as follows:

	2000/2001	1999/2000
Members receiving OSDP fee waivers	30	21

MCU also has a monthly installment program for members who wish to purchase membership shares over 12 months instead of making one lump-sum of \$25 each year. This program is meant to give members more flexibility and limit barriers to becoming an active member. As of February 2001, a reported total of 88 members have opted for this monthly share installment plan.

During the audit period no information on the above programs was published on the website or in the Newsletter.[†]

Metro Credit Union is operated by approximately 188 full and part-time employees. Given the time spent at work and their reliance on the Credit Union for income, employees have a more encompassing relationship with the Credit Union than other members-owners. (Note: all employees are also Credit Union members, with virtually all the rights of membership – the exception being that they are precluded by the Ontario Credit Unions and Caisses Populaires Act from running for the Board of Directors.)

One employee – the Chief Executive Officer (CEO) is hired directly by the Board. The CEO, in turn, hires the senior management team, who are responsible for hiring department and branch managers, and either directly or indirectly, all other employees. Together, the employees are responsible for delivering services to members, and carrying out all other functions and obligations of Metro Credit Union.

A review of Credit Union social performance, therefore, must address a number of issues related to employees and employment conditions. Like many other enterprises, the Credit Union has an extensive set of policies and programs related to employees and employment. Many fulfill regulatory or legal requirements and others relate more specifically to Metro Credit Union practices.

The social performance assessment focused mostly on areas of discretionary practices - that is, areas where Metro Credit Union has choices in how it relates to employees. The social performance indicators are covered under the broad categories of: 1) Compensation, 2) Work Environment, and 3) Employee Support.

4. Compensation

From an employee perspective, one of the most important elements in the relationship with the employer is the compensation program. How is the employee compensated for her/his time, energy and contribution to the operation? All parties would probably agree that the objective is to have a "fair and competitive" compensation program. Yet this is an area where opinions can vary greatly. Different employers, even within a common industry or market, may differ widely on their practices. Individual employees, even within a single enterprise, may have very different beliefs and expectations about appropriate compensation.

Given this context, the social performance assessment focused on salaries and benefits, pay equity and employment equity. The current assessment focuses mostly on internal data. In future audits, additional comparative industry data will be added wherever possible.

4.1 Salaries and Benefits

It is generally accepted in Canada that different levels of effort and skill justify different levels of compensation. While there is no general agreement on acceptable compensation ranges, there is recognition that extreme differences in compensation for different levels in an organization are difficult to justify and may be viewed as contributing to social and economic disparity in society.

A recent survey conducted by Towers Perrin in April 2000, estimated the difference in pay between CEOs and average workers in Canada to be 21-to-1 (not including stock options). The ratio between Metro's CEO and the average staff wage is approximately 4.4-to-1.

4.1.1 Remuneration

Following are several indicators of the range of remuneration at MCU:

RATIO OF AVERAGE TOTAL SALARIES AND BENEFITS USING NON-MGT. STAFF AS BASE	2000/2001	1999/2000
Part-Time / Casual Staff	0.5	n/a
Full -Time Staff	1	1
Management	1.5 times staff	1.6 times staff
Senior Management	2.5 times staff	2.8 times staff

4.1.2 Benefits

In addition to wages, MCU offers an attractive range of benefits to its employees. These are listed beside along with an indication of their availability to full-time and part-time staff, senior management, management and non-management levels. All of these benefits appear in the MCU Employee's Guide.

Benefit	Staff Part-Time	Staff Full-Time	Management Full-Time	Senior Mgmt. Full-Time
Mortgage discount	√	√	√	√
Line of Credit or Loan discount	√	√	√	√
Home equity line of credit discount	√	√	√	√
Free financial services except safety deposit box rental, manual bill payment, ATM Interac (except for location that have an ATM)	√	√	√	√
Staff rate on foreign exchange	√	√	√	√
1/4% bonus on Term Deposit rates	√	√	√	√
75% top-up on maternity and parental leaves	√	√	√	√
Earned deferred leave	√	√	√	√
Employee Assistance Program	√	√	√	√
Business Related training and education benefit	√	√	√	√
Senior Management vacation: 1 to 9 years = 4 weeks Earns 1 additional day for every year after 9 yrs. Maximum of 6 weeks.	×	×	×	√
Full-time Management and Staff vacation: 1 to 5 years = 3 weeks 6 to 15 years = 4 weeks Earns 1 additional day for every year after 15 yrs. Maximum of 6 weeks.	×	√	√	×
Part-time Staff vacation paid as a % of salary	√	×	×	×
Flexible perquisite - 5% of gross salary (not applicable to CEO)	×	×	×	√
Bonuses including	√ Calculated and paid in proportion to hrs. worked.	√ May be paid in lieu of raise for staff at maximum salary.	√ May be paid in lieu of raise for staff at maximum salary.	√ 5 - 20% of salary with no profit.
Employee Profit Share	√ Calculated and paid in proportion to hrs. worked.	√	√	×
Semi-private hospital room	√ Employee pays portion of premium.	√	√	√
Medical plan including prescriptions, vision and dental	√ Employee pays portion of premium.	√	√	√
Benefits extended to common-law and same gender	√ Employee pays portion of premium.	√	√	√
Group Life insurance at 3 times annual salary	√ Employee pays portion of premium.	√	√	√
Dependent Life Insurance - spouse \$10,000 - child \$5,000	√ Employee pays portion of premium.	√	√	√
Travel accident insurance	√ Employee pays portion of premium.	√	√	√
Pension Plan contributions mandatory at age 35 - Employee contributes 5% of gross salary - Metro contributes 7.5%	√ After 2 years services for those who work a minimum of 30 hrs bi-weekly.	√	√	√
2 Floating days	×	√	√	√
Non cumulative paid sick leave	√ 5 days	√ 10 days	√ 10 days	√ 10 days
Attendance bonus exclusive of floating days	√ \$60	√ \$125	√ \$125	√ \$125
Smoking cessation program (up to \$100, payable after employee quits smoking for 6 months)	√	√	√	√
Bereavement days	√ 2 days	√ 3 days	√ 3 days	√ 3 days
Long Term Disability (LTD) insurance (employee paid)*	√	√	√	√
Optional additional life insurance available for purchase (employee paid)	√	√	√	√
Optional additional dependents' insurance available for purchase (employee paid)	√	√	√	√

* If the Credit Union paid the LTD premium, any benefit the employee would receive would be taxable and taxes would be deducted when the benefit is paid. Because employees pay their own LTD premium, the benefit is non-taxable and employees receive the full benefit without tax deductions. When the Credit Union switched to employee-paid LTD, everyone's salary was increased an equivalent amount so the cost in the first year was covered by the Credit Union.



4.1.3 Profit Sharing

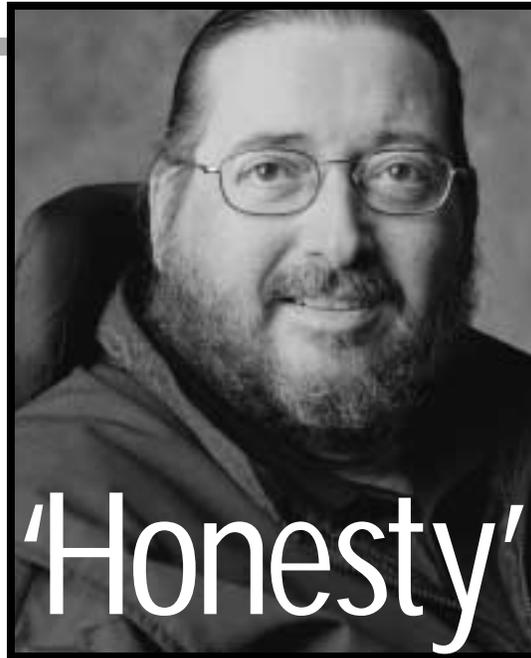
Metro Credit Union has profit sharing for all employees, excluding the senior management team who participate in a separate performance bonus program. Both full-time and part-time employees become eligible for profit-sharing by exceeding a benchmark grade on their annual performance evaluations. The amount of profit share per employee is based on the total profit achieved by MCU. A predetermined scale defines the share of profit each employee can receive based on set profit targets decided annually by the Board. The policy is meant to reinforce a sense of social and co-operative responsibility among MCU staff for contributing to the on-going success of the credit union.

Sixty-seven percent of the profit share amount is awarded based on achieving profit targets. The other thirty-three percent of the profit share is awarded if the individual achieves certain social performance targets. For this audit period social objectives were set at the branch/department level and were reviewed as part of each employees' performance review.

A sample of social objectives at branches and departments include:

- participating in the Terry Fox Run
- volunteering with the Food Bank
- assisting with local breakfast programs for young children
- supporting a women's shelter (Interim Place)
- participating in Christmas toy drive
- taking part in Multiple Sclerosis walk
- helping local school with Camp Enterprise
- preparing Christmas breakfast for seniors
- participating in United Way book sale
- collecting funds for North York Children's Aid Society

In 2000/2001, all eligible employees received profit-sharing. This profit-sharing program, based on the 1999/2000 fiscal year results, gave each full-time employee \$1,250. This amount was pro-rated for part-time employees. The total distributed for profit sharing for 2000/2001 was \$158,368.



4.1.4 Pay Equity

Pay equity is generally defined as equal pay for work of equal or comparable value. According to Ontario's Pay Equity Commission, female workers receive on average 26% less in wages than male workers. Ontario's **Pay Equity Act** is intended to redress the wage gap between women and men in the workplace.

MCU has analyzed each employee position based on its requirements in terms of education, experience and physical and mental skills. Pay ranges have been assigned to each position with levels that allow for improved performance of the functions of each position. Employees filling these positions are evaluated on their performance given the requirements of the job. Employees' salaries should be within the range allowed for their position.

A review of the pay equity system shows that salaries of all employees are within the ranges defined by their job positions, or higher. Some employees were above their established ranges, largely because of salary increases that preceded the implementation of the equity program.

4.2 Employment Equity

Employment equity involves a systematic effort to achieve equality in the workplace. It attempts to ensure that no person is denied access to employment opportunities for reasons unrelated to ability, and in fulfillment of that goal, to correct the conditions of disadvantage in employment experienced by women, aboriginal peoples, persons with disabilities and members of visible minorities.

While MCU is not subject to the Federal Government's **Employment Equity Act** and has no formal policy on employee equity, the Social Audit Task Force has decided to collect some preliminary data on gender with which to evaluate MCU's commitment to employment equity. A summary of employment equity reports published by the "big five" banks is included below for comparative purposes.

Employment Equity Profile	"Big Five" Canadian Banks ¹	Metro Credit Union ²
Designated Groups		
Women	67.5%	73.8%
Aboriginals	1.3%	Data not gathered
People with Disabilities	2.3%	Data not gathered
Visible Minorities	17.2%	Data not gathered

¹ Composite data gathered from 1999 publicly filed reports based on full-time employees.
 Banks include the following: Bank of Montreal, Bank of Nova Scotia, CIBC, Royal Bank, and Toronto-Dominion.
² MCU figures generated based on data from 2000.

Another indicator of an organization's commitment to employment equity is to view the positions held at different levels by particular groups. Again, MCU currently only collects data on gender. The results are below:

Position	Positions Held by Males (%)	Positions Held by Females (%)
Senior Management Team	64%	36%
Department/Branch Managers	48%	52%
Full-Time Staff	18%	82%



5. Work Environment

Most employees spend a minimum of 35 hours each week in the workplace. The physical work environment can play a critical role in workplace efficiency, employment satisfaction and overall quality of life.

Performance measurement in this area focused on: 1) the work of the Health and Safety Committee, 2) physical safety and psychological support related to robberies, 3) amount of employee illness, and 4) ergonomics, or how well the physical workplace is designed.

5.1 Workplace Health and Safety

The provision of a healthy and safe working environment is a necessary feature of Metro's commitment to social responsibility. Metro pledges in its Employee's Guide, to make every effort to provide safe working conditions for its employees.

5.1.1 Health and Safety Committee

The mission statement of the Health and Safety Committee is the following:

At Metro Credit Union, the safety, health and work environment of our employees/members comes first. Metro Credit Union is committed to maintaining a healthy, safe work environment and doing everything possible to prevent personal injury of our employees/staff. (MCU Health & Safety Manual in progress)

MCU's Health & Safety Committee appears to be moving towards full compliance with the Province's **Occupational Health and Safety Act**. During the audit period MCU had 12 members on the committee, however not all branches were represented.

Seven meetings were reported occurring during the audit period, covering such topics as the functional authority of the committee and issues from air quality to fire evacuation plans.

Under the Act, the employer must prepare and review at least annually a written occupational health and safety policy, and must develop and maintain a

program to implement that policy. While MCU addresses robbery procedures in its employees' guide and in training sessions, there was no comprehensive health and safety manual available to employees or evidence of a yearly policy review and implementation plan. Plans are underway to address these issues. None of the employees we interviewed indicated that they had any serious concerns with occupational health and safety issues at MCU. We note, however, results of the employee survey in section 5.1.4.

5.1.2 Robbery Procedures

MCU has done extensive work on staff preparation for bank robberies. There are written protocols that emphasize the importance of safety during hold-ups and all branch staff review these safety procedures periodically throughout the year. During the audit period under review, no robberies were reported at MCU.

Staff interviewed about safety and robbery procedures indicated their comfort with the level of training they received and this was generally confirmed in the results from the employee survey.

	Dissatisfied ¹	Satisfied ²
Safety and Security Procedures ³	14%	86%
Robbery and Security Procedure Training ⁴	22%	78%

¹ Includes categories 'very dissatisfied' and 'somewhat dissatisfied'.
² Includes categories 'very satisfied' and 'somewhat satisfied'.
 Results excludes ³42%, ⁴40% of staff who responded 'neutral' or did not answer the question.



5.1.3 Employee Illness and Absenteeism

Employee absenteeism is time taken off work by employees that has not been approved in advance by management. Reasons for absenteeism may be legitimate or illegitimate. Employee absenteeism is often cited as one indicator of worker morale.

At MCU, there is no distinction made between absence for illness or other reasons except vacation. Records show the following results:

Absent or Illness	Average Number of Paid Days ¹	
	2000/2001	1999/2000 (restated) ²
Branch Staff	4.6	3.9
Department Staff	4.0	2.9
Management	1.7	0.9
Senior Management	2.7	2.8
MCU Average	4.0	3.1

¹ Interpraxis has reviewed but has no effective way of verifying accuracy.
² Previous data recorded absenteeism as a % of paid days in period.

5.1.4 Work Environment

During the audit period MCU employees were surveyed internally about their overall satisfaction with their work environment. Seventy-seven percent of employees surveyed indicated that they were either somewhat or very satisfied with their physical work environment. While the survey design leaves some question as to the detailed accuracy of the results, a general analysis of survey data appears below. The results appear to match employee comments gathered during our interviews.

Work Environment Attribute ¹	Somewhat or Very Dissatisfied	Somewhat or Very Satisfied
Keyboards	39%	61%
Monitors	22%	78%
Chairs	23%	77%
Lighting	33%	67%
Heating/Air Quality	66%	34%
Workspace	35%	65%

¹ Excludes results from staff who responded "neutral/satisfied" or did not answer the question.



6. Employee Support

Progressive employers provide ongoing support for employee development, particularly in the form of professional and personal self-development and assistance with workplace problem-solving.

The social audit focused on a number of related areas: 1) staff training and education, 2) both formal and informal problem resolution, 3) the Employee Assistance Program, and 4) overall employee retention as an indicator of a positive overall environment.

While this audit is able to provide internal comparisons (on year-to-year training expenditures) and some direct feedback from employees, the social performance assessment is limited by the difficulty of obtaining directly comparable industry data. In the future, perhaps it will be possible to obtain comparative data from other credit unions.

6.1 Education and Training

An effective staff development program should encourage personal and professional development of the individual as well as contribute to the growth and success of the entire organization. In the credit union movement, additional development is needed for staff to realize the unique attributes of working for a credit union organization, and to enhance their ability to contribute to its growth.

MCU provides various in-house training and professional development seminars to its staff throughout the year. During the audit period the following courses were provided to staff:

- Staff Orientation Seminar
- Sales & Service Seminar
- New Account Opening Training – Personal & Business
- RSP Training
- Supervisory Training
- Team Building
- Performance Management Training

In addition to in-house seminars MCU also encourages staff to pursue professional development opportunities outside the credit union that relate to their career and add value to Metro. The company pays the fee for an accepted program at the time of enrollment. If an employee is not successful, reimbursement is expected.

The amount spent by MCU on staff education and training appears below:

Fiscal Year	Education & Training Costs ¹	Expenditures per Employee ²
1999	\$180,000 ²	\$1,200 ²
2000	\$155,000 ²	\$950 ³
2001	\$136,895	\$805

¹ Includes course tuition, associated fees and books. Does not include staff resources used to organize or conduct training, or the cost of staff time when they were training.

² Measured as the number of full-time equivalent positions.

³ Approximate values reported in 1999/2000 Social Audit.

6.2 Employee Recourse

The ability of employees to voice valid concerns and complaints to their employer in a formal process without reprisal promotes greater openness in the workplace. It also helps ensure integrity, mutuality and builds trust on which the employment relationship is based.

6.2.1 Whistle Blowing Policy

Whistle blowing is the release of information by a staff member (or former staff member) of an organization that is evidence of illegal or unethical conduct in an organization, or conduct in an organization that is not in the public interest. Specific concerns in the public interest may include:

- A criminal offense
- Failure to comply with legal obligations or with applicable statutes, ordinances and regulations
- Professional malpractice
- A risk to the health or safety of any individual
- Improper or unethical conduct
- Attempts to suppress or conceal any information relating to the above

MCU has developed a whistle-blowing policy designed to allow employees to report, without reprisal, any actions that are detrimental or that they perceive to be detrimental to the members, the credit union or contrary to the policies governing the credit union. While this policy was developed, approved and communicated during the audit period there has not been any specific training related to its use and the level of awareness among staff is low.

6.2.2 Grievances/Complaints

A grievance policy sets out a procedure that allows an employee to bring forward concerns about his or her treatment by the organization. MCU has a formal Grievance Procedure outlined in the Employee Personnel Manual. It lays out the procedure for submitting a grievance and time lines for its resolution.

A 2001 staff survey (conducted subsequent to the audit period) revealed the following results related to the employee grievance procedures. The survey was designed by MCU and tabulated by an independent firm.

	Yes	No	Don't Know
Awareness of complaint process	71%	21%	8%
Comfortable with process?	42%	30%	28%
Have you ever filed a complaint?	5%	92%	3%
Complaint resolved satisfactorily ¹	17%	83%	n/a

¹ Includes only staff responses from those who had reported filing a complaint.

All formal complaints on file, received by MCU from employees, were reviewed during the audit period. † According to MCU's grievance procedures, employees are to complete a "grievance form" available from Human Resources. This was not done in all circumstances probably because employees are not always familiar with the defined process. While MCU staff demonstrated diligence in dealing with all matters at hand in a quick and professional manner, the time limits to investigate complaints and produce a written disposition, outlined in the employee manual, were not always followed.

† Interpraxis was not able to verify that all complaints received were included in the file we reviewed.

6.3 Employee Assistance Program

Metro recognizes that personal difficulties (including physical, mental, emotional, marital, family, substance abuse, or financial problems) may have serious effects on the work performance, personal life, and health of an employee as well as work colleagues and/or family members. Because of this, an Employee Assistance Program (EAP) is available to promote and maintain the well-being of all credit union employees while respecting confidentiality at all times. A 1-800 number is available on Metro's intranet site and employees have access to the program throughout the year.

The 2001 employee survey revealed the following information concerning the EAP.

	Yes	No	Don't Know
Awareness of EAP	93%	5%	2%
Ever used EAP	23%	75%	2%
Satisfied with EAP ¹	81%	19%	n/a

¹ Includes only staff responses from those who had reported using EAP services.

6.4 Employee Retention

Another indicator of employee workplace satisfaction is the level of employee retention. It follows that if employees are satisfied with their work responsibilities and environment they will continue to work for the organization. In fiscal 2001, Metro's employee retention rate was 85 percent. The average employee at MCU in 2001 has approximately 6.65 years of service with the organization.



Metro Credit Union presents itself as a community credit union and an alternative to the banks. But what does Metro Credit Union mean by "community"?

Over the years, Metro Credit Union has defined its community in many ways. The Credit Union is based in a geographic community, the Greater Toronto Area, where several million people live and work. The Credit Union also has roots in a number of workplace and professional communities – education, health care, community service groups, the aerospace industry and government. Metro Credit Union also promotes itself to a values-based community – individuals who believe in community-based development, democratic values and social justice.

Given these many definitions of community, it is very challenging to develop comprehensive social performance measures regarding community stakeholders. As the social audit process evolves, the definition of "the community" will need further refinement. To some extent, the answer will come as the Credit Union continues to refine its vision, mission and strategic direction.

7. Accessibility

In the early 1990s, the Credit Union established a task force to examine the accessibility of branch services for physically challenged members of the community. With the assistance of a team from the University of Toronto, a study was undertaken to assess all branches and

In the last social audit (1999/2000), the Task Force noted that future surveys of members may pose a question about population group (i.e., race) along with other demographic information. This would allow the demographic comparison of the Credit Union membership with the general population of the GTA. The comparative data would help determine if and to what extent the Credit Union serves various demographic groups within our geographic community. However, Metro did not undertake any member surveys during the audit period, so comparative data is not available at this time.

For the purpose of this social performance assessment, the current indicators related to our community stakeholders are grouped in the following subject headings:

- Accessibility,
- Community Social and Economic Development, and
- Responsible Investment.

make recommendations for improvements. Since that time, improvements have been gradually implemented addressing as many issues as possible within budget constraints and through regularly scheduled renovations and upgrades.

7.1 Accessibility by Branch

Co-operative principles require that credit unions demonstrate an openness to all persons without discrimination. The Social Audit Task Force has selected the following indicators to judge how well MCU is meeting this objective:

Access for Those with Disabilities ¹							
BRANCH	PARKING ²	DOORS ³	ACCESS ⁴	WHEEL CHAIR: SPACE ⁵	WHEEL CHAIR: COUNTER ⁶	WHEEL CHAIR: ATM ⁷	SIGHT IMPAIRED: ATM ⁸
Bolton	✓	x	x	✓	✓	x	x
Bramalea	✓	✓	✓	✓	✓	✓	✓
College	✓	✓	x ⁹	✓	✓	✓	✓
Danforth	✓	✓	✓	✓	✓	✓	✓
Lakeshore	✓	✓	✓	✓	✓	✓	✓
Malton	✓	✓	x	✓	✓	x	✓
Ryerson	✓	✓	✓	✓	✓	✓	✓
Scarborough	✓	✓	✓	✓	✓	✓	✓
Streetsville	✓	x	✓	✓	✓	x	✓
York Campus	✓	✓	✓	✓	✓	x	✓

¹ Corporate Offices and new Bay St. branch are not included.

² Parking - branch is either close to parking or accessible to public transport.

³ Doors that have automatic opening devices or are open when the branch is, as is the case for branches in malls.

⁴ Entrance to branch and branch site is either flat, has a useful ramp or elevator.

⁵ Space in branch to maneuver a wheelchair.

⁶ Access to service at a desk or counter usable by a wheelchair.

⁷ Wheelchair accessible Automatic Teller Machine.

⁸ Sight Impaired controls on Automatic Teller Machine.

⁹ The Commercial Loan Department was upstairs.

8. Community Social & Economic Development

Metro Credit Union has demonstrated for many years its commitment to supporting the economic and social development of the communities it serves. The type of contribution that Metro makes is sometimes called Community Economic Development (CED). CED is the mobilization of local community resources, through community-based institutions, to contribute to the social and economic development of the community, with a particular focus on those in most need. As an institution that recycles community capital resources, Metro Credit Union itself is an example of CED.

Metro Credit Union has approached its CED objectives through a series of initiatives, which can be generally categorized as: 1) banking services for small businesses and non-profit organizations, 2) banking services for disadvantaged individuals, 3) traditional community service projects, and 4) donations programs, including both a traditional corporate giving program and a member-funded and directed donations program.

In these programs, Metro Credit Union has tried to leverage its financial institution infrastructure and expertise to help targeted groups. Any business can and should support general community charitable needs, but it takes a progressive financial institution to creatively address community banking needs.

At the same time, the Credit Union believes that it must also support the traditional corporate "good citizen" initiatives that would be expected of any community-spirited business. Carrying out this dual mandate for community service is a significant financial and operational challenge for the Credit Union.

8.1 Loans

8.1.1 Loans to Assets

A review of MCU's loan portfolio as a percentage of MCU assets revealed that 88.1 percent of every dollar at the credit union was reinvested locally with MCU members in the form of loans and mortgages during the audit period (87.5 percent in 1999/2000).

8.1.2 Micro-Enterprise and Small Business Loans

New Micro-Enterprise and Small Business Loans during fiscal 2000.

NEW MICRO LOANS: UP TO \$10,000					
2000/2001 ¹			1999/2000		
	#	\$	#	\$	New loans as % of all new commercial loans
MCU Total	18	79,287	48	273,700	1.2%

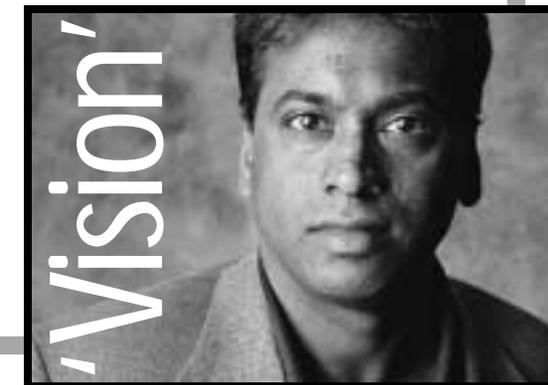
¹ Does not include data from Calmeadow micro-enterprise loan program.

NEW SMALL BUSINESS LOANS: \$10,001 - \$50,000					
2000/2001			1999/2000		
	#	\$	#	\$	New loans as % of all new commercial loans
MCU Total	23	445,050	54	1,413,267	6.2%

In 2000, the Calmeadow Foundation (a Canadian non-profit organization dedicated to ensuring access to credit and other financial services for self-employed people) transferred ownership and management of its micro-enterprise loan fund to MCU. These micro-enterprise loans provide credit to people (particularly women, newcomers and members of minority communities) who are deserving of credit but are not always eligible for it at the larger banks because they may lack appropriate credit history or collateral. These loans of up to \$15,000 provide credit to low income, self-employed persons and help promote community economic development and job creation. A summary of the loans transferred to MCU appears below:

MCU Micro-Enterprise Loan Fund (Formerly Calmeadow)	
Number of Micro-Enterprise Loans Transferred from Calmeadow ¹	227
Dollar Value of Micro-Enterprise Loans Transferred ²	\$737,275
Average Size of Micro-Enterprise Loan	\$3,248

¹ Includes loans from Calmeadow (210) plus those processed at MCU (17) after the transfer between August and March of 2000. ² Figure includes both amount from Calmeadow and the loans amounts processed by MCU before March 2000.



8.2 Banking for Non-Profits

MCU actively encourages non-profit organizations or institutions to become members of the credit union through various incentives and fee waivers and employs a Community Account Manager dedicated to serving these organizational members. Organizational accounts are for any non-profit organization including charities, community groups, unions, associations, churches and volunteer organizations. MCU reports the number of active organizational memberships below.

Non-Profit Organization Accounts (Active)		
	April 2001	April 2000
Total	847¹	747

¹ 800 memberships having 847 accounts in April 2001. Interpraxis has agreed these numbers to MCU reports but they are not otherwise verified.

8.3 Community Banking Initiative

In an effort to better address the banking needs of the "underserved" in the community MCU developed a community banking project pilot with a focus on addressing banking issues faced by the homeless, such as access. The program was initially operated out of three sites – The Meeting Place, Fred Victor Drop-In and Queen West (the site at the Queen West was subsequently closed and moved to the Sistering organization).

The pilot attracted 74 new members from the target group of which approximately half were considered to be "active". It was clear from the beginning that it was highly unlikely that MCU would ever receive a direct payback on this investment but it considered this project to be part of its responsibility to the community. The project was to be evaluated on how well the project addressed needs of the homeless community – not on the business case for MCU.

In April 2001, MCU management recommended to the Board that it, in conjunction with the Board, develop more detailed criteria to evaluate the program's success and that it explore more efficient delivery options that will address these criteria. A renewed pilot project is planned.

8.4 Community Service

MCU's commitment and pride in the communities in which they operate, is evidenced by its support through contributions of both money and staff time, to local community economic development and other community initiatives. Staff from the branches and the head office contributed both paid and volunteer time to various community initiatives and CED projects and programs. Selected projects are listed in section 4.1.2.

- Bramalea branch participated in Terry Fox Run.
- Members of Financial Advisory Group spent a day volunteering at a Food Bank.
- Lakeshore staff participate in a local Breakfast Club for young school children.
- Malton supports a local women's shelter by gathering supplies and raising money.
- Scarborough staff take part in the MS Walk.
- Streetsville helps raise funds for the United Way.
- Bay Street supports Sistering, an organization that helps homeless and low-income women.
- York Branch staff raise funds for the Canadian Cancer Society.
- Riverdale Community Loan Fund.

	2000/2001	1999/2000
Time contributed to community project ¹	803	1000

¹ Includes both paid and volunteer time. All figures are approximate estimates and are not verifiable by Interpraxis.

Disaster Relief

During the audit period, MCU also worked together with the Centre for Spanish Speaking People to set up an account and collect donations to provide relief to the victims of the January 13, 2000 earthquake in El Salvador.

8.5 Spare Change Program

The Spare Change Fund (SCF), was launched in the previous year. Each month, members who sign up for the program automatically have their balances rounded down to the nearest dollar, with some exceptions. They choose to allocate the resulting "spare change" to one of three donation pools - homelessness, environment or children's needs. At March 31, 2001, 2476 members were signed up for the plan (2082 at March 31, 2000), approximately \$11,000 was raised (\$7,000 in 2000) and \$9,000 of donations disbursed. The balance of the fund at March 31, 2001 was \$7,872. The staff member who signs up the most members to the fund is given an award that permits them to direct a donation to the charity of their choice. A similar incentive was offered to two members selected by draw from those who signed up for the program.

The Spare Change Fund is advertised in the Newsletter and website.

The Spare Change Fund donation recipients for fiscal 2001 were:

The Spare Change Fund Donation recipients for fiscal 2001 were:	
• Conflict Mediation Services	• Lakeshore Community
• Windfall Clothing Services	• Nuc-Tuct Out of the Cold
• Applegrove Community	• Community Development South Riverdale
• Footprints Affordable Housing	• Creating Together

8.6 General Corporate Donations

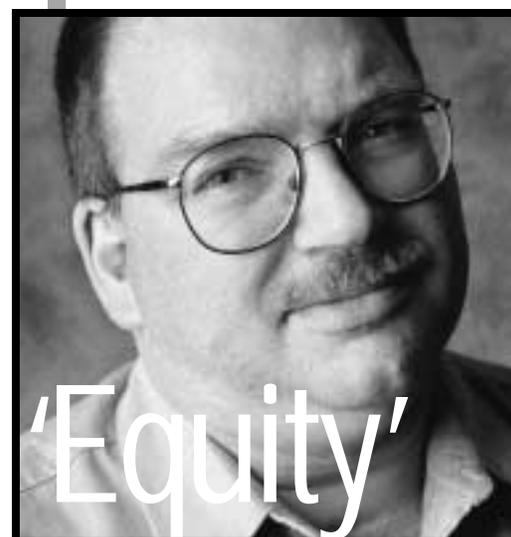
MCU's corporate donations policy sets the donations budget at 2% of pre-tax profits of the preceding fiscal year. This exceeds the benchmark suggested by the Canadian Centre for Philanthropy's Imagine Campaign which recommends that corporations give 1% of pre-tax profits to charities.

The Donations Committee allocates donations during the year so as to meet the 2% target by the end of the year. In addition, certain donations are made at the branch level, or from sources other than the Donations Committee.

In the fiscal year ended March 31, 2001, donations totaled \$40,000 or 2.1% of the preceding year's pre-tax profits, compared to \$33,000 (also 2.1%) in the previous year. The donation recipients for fiscal 2001 are noted below.

Donation recipients included:

- Applegrove Community
- Arborvitae
- Canadian Cancer Society
- Caledon Community Services
- Central Neighbourhood House
- Community Development South Riverdale
- Creating Together
- Credit Counselling Service of Toronto
- CUCO Charitable Foundation
- Daily Bread Food Bank
- Family Mental Health Alliance
- Fire and Reason
- Gary Gillam Foundation
- Hospital for Sick Children (Toronto)
- Heart & Stroke Foundation
- Juvenile Diabetes Foundation
- Kensington Market Festival
- Lung Association
- Lemon & Allspice Cookery
- Malton Black Development
- Mid-Toronto Community Services
- Multiple Sclerosis Society of Canada
- Ontario Credit Union Charitable Foundation
- Peace Brigades International
- Red Tree
- South Riverdale Child Parent Association
- Toronto East Counselling Services
- Toronto District School Board
- Toronto Jewish Folk Choir
- Toronto's Children at Christmas
- United Way
- Windfall Clothing Services
- Youth Employment Services



9. Socially Responsible Investment

Metro Credit Union has an extensive history of promoting the concept of socially responsible investment - making investment decisions with consideration to both financial and social impacts. In the early 1990s, the Credit Union adopted a social investment policy for its own corporate investments. The policy was generally based on the investment criteria used by the family of Ethical Funds,® now owned by the Canadian Credit Union system. Several years later, the Credit Union began selling the family of Ethical Funds to its members. As the Credit Union expanded its investment services, all mutual funds were offered through Investment Advisors and Mutual Funds Investment Specialists¹.

Throughout the 1990s, Metro Credit Union has presented itself as a leading service provider in the Greater Toronto Area for those who are interested in socially responsible investment.

The following assessment examines the application of the Credit Union's own investment policy, as well as the provision of social investment services to members.

9.1 Socially Responsible Investment by MCU

MCU's Investment Policy includes the following:
The credit union will not invest in financial assets of corporations that, either in Canada, or abroad:

- (i) engage in environmentally destructive practices;
- (ii) engage in the manufacture or sale of military armaments;
- (iii) engage in production or wholesale sales of tobacco products;
- (iv) practices or encourage poor or inferior labour relations;
- (v) practice or encourage poor or inferior human rights standards;
- (vi) practice or encourage poor or inferior relationships with indigenous peoples.

The above policy includes the investment of funds held to meet the liquidity requirements of the organization. In addition to investments with Credit Union Central of Ontario (CUCO), provincial governments and the federal government, MCU placed investments with the following entities:

MCU Portfolio Holdings	
2000/2001	1999/2000
<ul style="list-style-type: none"> • Bank of Nova Scotia • General Motors Acceptance Corporation • MACRO Trust • BMO Nesbitt Burns • Banque National de Paris (BNP) • CIBC • Bank of America • Société Générale • King St. Trust 	<ul style="list-style-type: none"> • Ford Credit • General Motors • General Electric • First Bank • CIBC • Royal Bank of Canada • Scotia McLeod

The determination of whether a particular investment meets the above policy criteria is made by the Chief Financial Officer (CFO), who evaluates each investment as it is made.

There is no formal screening process in place at MCU, and in the absence of such a process, Interpraxis has been unable to determine if investments meet the set standards above. Interpraxis can report however, that some of the investments listed above would not have met the criteria set by other recognized socially responsible investment portfolios. Readers of this report may judge whether the stated criteria are met by the investments listed.

Investments that are in the form of loans and mortgages to members are not covered by this policy.

9.2 Socially Responsible Investment Services

MCU delivers a financial advisory service and invests funds on behalf of members, either directly through Credential Securities Inc. Investment Advisors or through Credential Asset Management Inc's Mutual Funds Investment Specialists. Virtually all funds under administration with Credential Asset Management Inc. are in **Ethical Funds**.

MCU's policy is that all members are provided the option of investing in socially responsible funds if they desire, and if they choose to, members are assisted in selecting appropriate investments. Discussions with senior management indicate that representatives are diligent in following this policy, but this is not independently verifiable.

Socially Responsible Funds Sold		
	As of March 31, 2001	As of March 31, 2000
Ethical Funds as % of total funds under administration	39.7%	45.8%
Total funds under administration	\$103.6 million	\$98.6 million

¹Mutual funds are offered through Credential Asset Management Inc. and mutual funds and other securities are offered through Credential Securities Inc. Credential Securities Inc. is a Member-CIPF.

® **Ethical Funds** is a registered mark owned by Ethical Funds Inc. and is used under license.

In 2001, MCU commissioned an independent survey concerning satisfaction with Financial Advisory Services. The results reported that 75 percent were completely satisfied, and an additional 24 percent indicated they were somewhat satisfied with the service and advice they received. Although the sale of socially responsible funds was not specifically covered in the survey, respondents gave MCU Financial Advisory Staff a high average grade (6.4 on a 7-point scale) in response to the following statements:

My MCU Financial Advisor:

“has my best interests at heart”;
“makes me feel comfortable”;
“is trustworthy”, and
“only tries to sell me appropriate products”.

9.3 SRI Member Education

In 2001 MCU undertook several initiatives to educate members about socially responsible investing (SRI). These included:

- Holding two seminars on SRI for members;
- Dedicating approximately five percent of space in the Newsletter to SRI (refer to communications content 1.1.6);
- Distributing Fact Sheets in the branches on SRI, and;
- Mailing out SRI ads in member statements.

Section IV: Other Groups

To a lesser degree than with members, employees and the community, Metro Credit Union has relations with other groups which require brief consideration. The Board and management of Metro have often played an active role in the credit union and co-op movements. The Credit Union also interacts on a daily basis with dozens of major and minor suppliers of products and services. The Credit Union is occasionally required to interact with government and regulatory officials, regarding the affairs of Metro Credit Union or matters affecting the broader credit union system. The current assessment provides a brief overview of selected activities in relation to each of these groups. The most significant recent development is the implementation of the new Socially Responsible Purchasing Policy. This policy, which affects relations with major suppliers, is still in the early stage of

implementation and related operational issues are still being addressed. While the Credit Union cannot dictate social responsibility to its suppliers, there are steps it can take to encourage suppliers to consider these issues. In any case, the Credit Union intends to give preference to those suppliers that meet the criteria noted in the policy.

10. Credit Union & Co-op Movement

MCU's dedication to strengthening the credit union and co-operative movement, and its commitment to co-operation with its fellow credit unions and co-operatives, is demonstrated through its actions. The following are activities undertaken during the fiscal year ended March 31, 2001 that were targeted to meet one or both of these objectives.

During the audit period MCU's activities to strengthen the movement included:

- The Vice-President of Development participating as guest speaker at Credit Union Day event sponsored by Guelph Co-op Council. He spoke on the need for co-ops to have social audits performed. †
- The CEO serving on the Board of the Credit Union Central of Ontario (CUCO) †
- MCU sponsoring two interns at the Canadian Cooperative Association (CCA) †

MCU also participated in the following ways to demonstrate its on-going commitment to the movement:

- MCU and the Co-op Housing Federation of Toronto (CHFT) continue to co-manage the Co-op Housing Investment Pool (CHIP) program. This banking program is promoted by CHFT as a “cooperation among co-operatives initiative”.

The MCU website also provides a variety of links to other organizations within the national and international credit union movement including:

- Canadian Cooperative Association
- Credit Union Central of Canada
- Credit Union Central of Ontario
- Credit Union Insurance Services
- Co-operative Housing Federation of Canada
- Co-operators
- World Council of Credit Unions

† Information about this initiative was discussed with the individual concerned but not otherwise verified.

11. Suppliers

The 2000 Social Audit Report stated "the organization intends to develop measures for inclusion in future social audits of the policy relating to socially responsible purchasing." In response, MCU has developed a purchasing policy guideline that incorporates detailed criteria for favouring suppliers who are socially responsible, as well as weighing the more standard criteria of price and quality.

With some exceptions, purchases or contracts "with a value greater than \$25,000 must be accompanied by ... a completed Socially Responsible Purchasing Scorecard from competing suppliers before (it) ... may be approved."¹

¹ MCU Specific Purchasing and Approval Guidelines

The scorecard, which is completed by the supplier, covers price and quality (30%), relationships with MCU or other co-operatives (20%), ownership-preference for local ownership (20%), labour practices (10%), environmental responsibility (10%) and social responsibility (10%). Whenever possible, a score of 60/100 is required for approval. When there are competing bids, the policy is to accept the bid with the highest score.

This policy is well documented but is only starting to be implemented. Not all scorecards that should have been completed according to the policy have been. Because of the relatively large number of personnel who can authorize purchases, especially smaller ones, this policy is a "work in progress" in its first year of operation.

MCU also promotes financial services of other co-operative or social investment organizations including The Co-operators, **Ethical Funds**, Credential Securities Inc. and Co-operative Trust. Through its membership in the Credit Union Central of Ontario, MCU receives services from other credit union organizations. These organizations include Credit Union Electronic Transaction Services (CUETS), Credit Union Central of Canada (CUCC) and Credit

Union Member Insurance Services (CUMIS). Some of these associations are, in turn, the suppliers of the above mentioned financial services. To date, none of these suppliers or affiliated organizations has completed social audits. If they are conducted, MCU will notify members of their availability.

12. Government

The credit union is an autonomous organization that is owned and democratically controlled by its members, but it is also part of the larger democratic society in which it operates and is affected by various government regulations and decisions. MCU can contribute to governments and society at large by engaging in consultations and policy development on behalf of its members and by contributing its share of taxes which help support the social and economic priorities of Torontonians, Ontarians and Canadians, as identified through their democratically elected leaders.

In fiscal 2001, MCU paid approximately \$2 million in taxes as detailed below:

Tax	Amount
Federal	\$214, 217
Provincial	\$96, 673
Property Tax	\$470, 870
Employer Health Tax (EHT)	\$130, 607
GST ¹	\$384, 321
PST ¹	\$439, 224
Total ²	\$1, 735, 912

¹ Estimate based on total operating expenses less items not subject to GST such as salaries, EHT, property taxes and depreciation.

² Does not include capital taxes.

Government Consultations

MCU did not report participating in any government consultations or policy development forums during the audit period.



All individuals, organizations and businesses need to be alert to how their actions and operations affect the natural environment. Regarding internal operations, the Credit Union has an environmental impact through the consumption, use and disposal of resources. As a financial institution, the Credit Union can play an indirect role by determining if it will provide services to other businesses or institutions engaged in environmentally destructive or inappropriate practices. As a purchaser of goods and services, the Credit Union can play a role by purchasing environmentally appropriate alternatives, when possible.

At this time, Metro Credit Union has no formal environmental policies, programs or standards in place. In order to focus environmental performance assessments in the future, the Credit Union must consider its objectives in terms of environmental practices and set policies and standards where necessary.

The current performance assessment addressed only the issue of resource use, specifically the consumption of gas, electricity and certain paper products.

13. Resource Use

Increasing international attention to global climate change and its potential impacts is driving government regulatory actions as well as challenging companies to improve energy and resource efficiency.

One of the strongest business arguments for energy efficiency is that it is one of the most effective means of providing bottom-line cost savings, as well as enhanced business value.

As a measure of its environmental impact and as a means of monitoring improvements in both environmental responsibility and cost-savings, MCU tracks and publishes its consumption of major resource uses as recommended by the Coalition for Environmentally Responsible Economies (CERES) Principles.

The chart below indicates energy usage measured in dollars. A more meaningful measure would be in quantities of energy used, so as to eliminate the effect of price changes. Even more sophisticated measures are available if MCU wishes to pursue them, using benchmarks such as degree days.

LOCATION OF OFFICES, BRANCHES OR SUB-BRANCHES ¹	ENERGY CONSUMPTION PER SQUARE FOOT (\$)					
	GAS \$		ELECTRICITY \$		COMBINED UTILITY USAGES \$	
	2000/2001	1999/2000	2000/2001	1999/2000	2000/2001	1999/2000
Bolton	.99	.626	1.91	1.654	2.90	2.280
Bramalea	.22	.159	2.53	2.615	2.75	2.774
Brown's Line	.22	.215	1.65	1.694	1.88	1.909
Bay St. (College)	Gas not used		2.81	3.205	2.81	3.205
Danforth	Gas not used		4.52	4.193	4.52	4.193
Lakeshore	.57	.298	1.39	1.878	1.97	1.878
Malton	.48	.337	1.37	1.791	1.84	1.791
Ryerson	Leased/Not available		Leased/Not available		Leased/Not available	
Scarborough	.96	.465	3.09	3.157	3.97	3.621
Streetsville	.25	.279	1.71	1.761	1.96	2.040
York Campus	Leased/Not available		Leased/Not available		Leased/Not available	
Dehavilland	Leased/Not available		Leased/Not available		Leased/Not available	
Litton	Leased/Not available		Leased/Not available		Leased/Not available	
County Court	Leased/Not available		Leased/Not available		Leased/Not available	
Total Average	\$0.53	\$0.34	\$2.33	\$2.37	\$2.73	\$2.63

¹ It was not possible to obtain this information for locations where space is leased as the utility charges are included in the rent.

The chart below measures paper usage. Three general categories of major paper products have been selected by the Social Audit Task Force for measurement: marketing materials, newsletters and general corporate paper purchases.

	PAPER USAGE IN KILOGRAMS					
	MARKETING MATERIALS		MEMBERS' NEWSLETTERS		GENERAL CORPORATE PURPOSES ²	
	2000/2001 ¹	1999/2000	2000/2001 ¹	1999/2000	2000/2001 ¹	1999/2000
Total Weight	7,268 kg.	7,040 kg.	5,740 kg.	5,636 kg.	6,626 kg.	Data not provided
Weight Per Member	0.18 kg.	0.18 kg.	0.14 kg.	0.13 kg.	0.17 kg.	Data not provided

¹ Data was reviewed for reasonableness and compared to copies of publications produced but no detailed verification was performed.

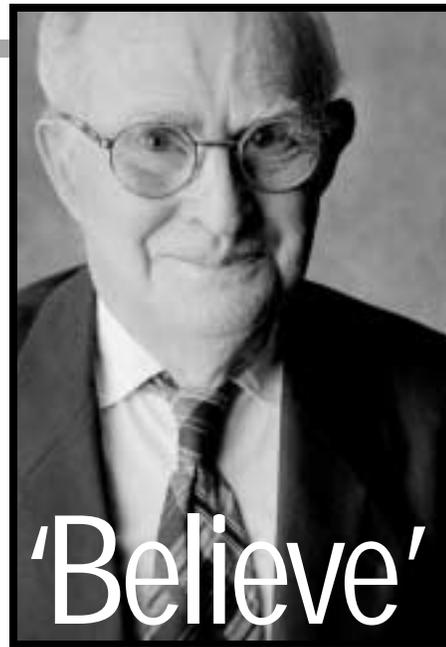
² This includes stationery, envelopes, statement paper and forms.

As noted in the introduction, the practice of social auditing is new and evolving. As this report goes to press, only two Canadian financial institutions – VanCity Savings and Metro Credit Union – have published and are committed to producing ongoing social audit reports.

Promoting the Practice

For this reason, we believe it is important to publicize as widely as possible the concept of social auditing and the availability of the Metro Credit Union social audit reports. Our last report (the 1999/2000 Social Audit), was widely publicized to our members. The report was highlighted in the Members' Newsletter and made available in the branches, at the AGM and on the website. In addition, the report was mailed to all MPs and MPPs serving the Greater Toronto Area, the mayors of the Greater Toronto Area, City of Toronto City Counsellors, and selected credit unions, community organizations and suppliers.

Credit Union management has taken many opportunities to formally and informally publicize and promote social auditing within the credit union system and elsewhere. In recognition of this work on social audits, the Credit Union recently received an award from Credit Union Central of Ontario for innovations in co-operative governance. In addition, Metro Credit Union was a finalist in the 2001 Ethics in Action Award for Ongoing Social Responsibility.



Social Audit Policy

Introduction

Metro Credit Union is committed to providing its members and the general community with information regarding its practices and performance in more than just fiscal matters. To this end, the credit union recognizes the importance of developing indicators as measures of the organization's social performance, of collecting and externally verifying this data, and of presenting it by way of a social audit.

The credit union recognizes that social auditing represents a new way of gathering and disseminating information about the activities of an organization. Over time, and as more institutions, particularly credit unions, undertake social audits, generally accepted social auditing standards and benchmarks will be developed. Metro Credit Union believes that its pioneering work in conducting social audits will help lead to the development of such standards.

Commitment

Metro Credit Union is committed to regular, externally verified social audits. The credit union is also committed to reporting the results of these audits to members and to the general community.

Roles and Responsibilities

Board of Directors:

The Board of Directors will:

- a) develop terms of reference for, and appoint, members of a Social Audit Task Force. The Task Force will consist of both members of the Board, members of the credit union, and any other individuals the Board feels would be appropriate to serve on the Task Force;
- b) approve an annual budget for the Social Audit process and approve the hiring of the social auditor;
- c) review the results of the audit with the auditor prior to the release of the audit;
- d) appoint a Social Audit Review Committee to review the results of the audit and to make recommendations to the Board regarding any action the Task Force feels is necessary in light of the recommendations.

Social Audit Task Force

The Social Audit Task Force will:

- a) work with the external auditor to develop and revise indicators for the social audit;
- b) review the results of the Social Audit and prepare, with the assistance of the auditor and staff, a draft social audit report to present to senior management and the Board of Directors;
- c) make recommendations to the Board of Directors on the appointment of the social auditor.

Senior Management

Senior Management will:

- a) provide a staff person to work with the Social Audit Task Force and assist in the writing and production of the social audit report;
- b) provide a staff person to liaise with the social auditor with regard to the collection of data for the social audit;
- c) meet with the social auditor to discuss the draft audit and the management letter and prepare a response to the management letter for circulation to the Board.

Social Auditor

The Social Auditor will:

- a) work with the Social Audit Task Force to develop the indicators for the social audit;
- b) develop an audit plan, in conjunction with Metro Credit Union staff, that identifies the data to be collected and the person or persons responsible for the data collection;
- c) review the data collected to form an opinion on its validity;
- d) report the findings of the audit in draft form to first, the Social Audit Task Force, then to senior management and then to the Board of Directors;
- e) write the final social audit report and review any accompanying materials regarding the social audit not prepared by the auditor to ensure its accuracy;
- f) prepare a management letter to senior management and discuss the contents of that letter with senior management and the Board of Directors.