



Corporate Social Responsibility Report

For the period ending
October 31, 2017



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Message from the CEO

At Servus, our noble purpose is to shape our members' financial fitness. What does it mean to be a purpose-led credit union? It means that our purpose focuses and guides every aspect of our business: our strategic priorities, plans, processes, activities and behaviour. It challenges us to do more and better for our members. It is noble in that it is bigger than ourselves. Being purpose minded doesn't mean trading off being financially sustainable. Rather, our focus on our noble purpose will lead to our long-term sustainability. Our members' and our credit union's financial fitness will be the measures of our success.

We rolled out our noble purpose internally in November of 2016. Since then, we have made progress towards embedding this mindset throughout our company. Going forward, we will put that mindset into practice in ways that benefit our members, our credit union and the Alberta communities where we do business.

In many ways, our corporate social responsibility thinking has informed our purpose. Our noble purpose is our social impact. Pursuing it will enhance our members' financial resilience, enable their full participation in Alberta's economy and cause them to think about the wise use of materials and resources, yielding a positive impact on our society. Ultimately, our corporate social responsibility commitment is to build prosperous and resilient communities throughout Alberta in view of building a better world, one member at a time.

Garth Warner
President and CEO



CSR at Servus

Our vision of building a better world one member at a time is supported by our CSR commitment to foster resilient and prosperous communities. We achieve our vision by shaping our member's financial fitness. When our members are financially fit, they feel good about their money and are able to contribute to their community, which in turn builds a better world (see Figure 1).

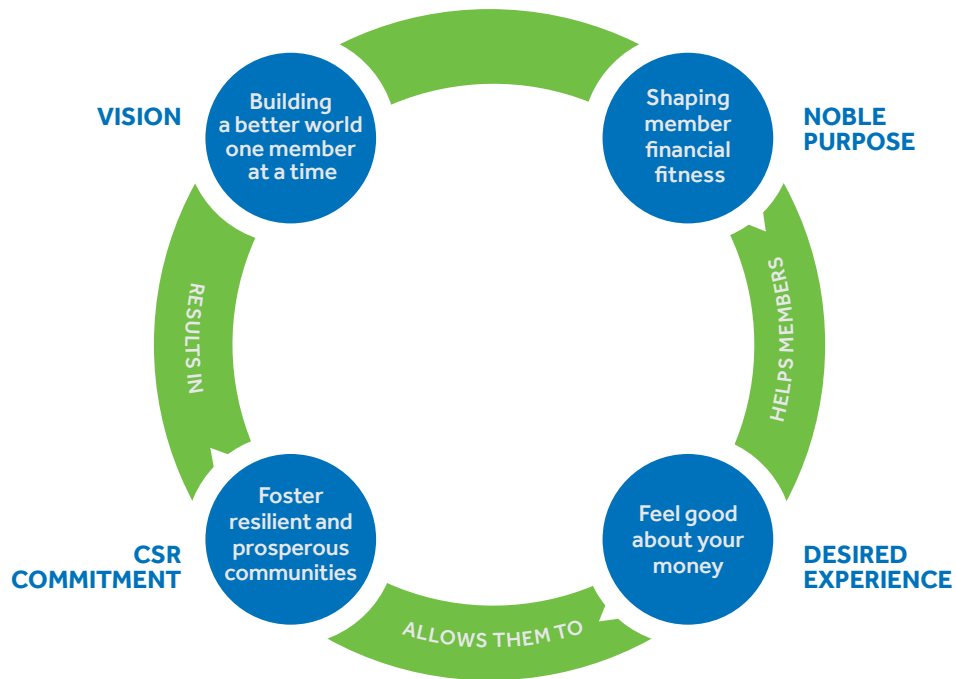


Figure 1: Enabling our vision through our noble purpose.



CSR governance

Our CSR policy defines what CSR means at Servus and refers to nine principles that outline our commitment to being socially responsible: financial stewardship, business ethics, member service, employee well-being, environmental management, community building, being a co-operative, stakeholder engagement and transparent accountability. Our corporate CSR program includes actions, measures and targets. It is everyone's responsibility to assist in achieving our targets.

At Servus, CSR is led by the director of CSR, who reports directly to the chief brand, digital banking and CSR officer. The director chairs the Management CSR Committee, which guides the development and execution of the CSR strategy. Ultimately, the president and chief executive officer (CEO) and the board of directors have accountability and governance oversight of CSR as outlined below.

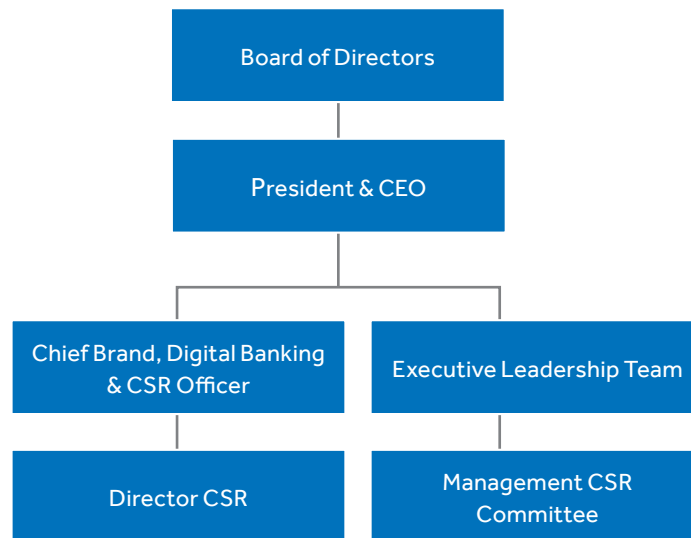


Figure 2: CSR accountability

The director of CSR has responsibility for working with all areas of the company to embed a CSR mindset in our behaviours, planning and decision-making. The director of CSR also manages the company's Community Engagement portfolio, which includes community grants (sponsorships and donations), employee fundraising and volunteering. While the director of CSR guides actions through the governance model, it is ultimately every employee's role to adopt a noble purpose and socially responsible mindset and apply it in their decisions and actions.



Report materiality

Content for this report is first based on a review of the most common reporting information found in CSR reports from the Canadian credit union and banking sector. It has been adjusted to align with our internal data-gathering systems, existing internal CSR metrics and the areas of reporting recommended by the Canadian Credit Union Association. We have not conducted any formal materiality assessment or consultation with external stakeholders. Nevertheless, we have reviewed comments received on our 2017 CSR Report and made adjustments based on that input.

Engaging stakeholders

We define our stakeholders as any person or group affecting the operations of our company or whom our company's operations affect. Every day, Servus engages with stakeholders through one or more of the channels listed below.

Table 1: Stakeholder Engagement Channels

STAKEHOLDER	ENGAGEMENT CHANNELS
Members (owners and shareholders)	<ul style="list-style-type: none"> • Branches across Alberta • Member Contact Centre • Social media and website • Email, phone and mail • Member surveys (satisfaction, financial health, brand awareness) • Member and public communications through traditional and social media and other channels (e.g., website, newsletter, press releases, quarterly earnings) • Board of directors • Board of director nominations and elections • 39 community councils • Annual general meetings • Actions taken by Servus to protect member privacy and data security
Employees	<ul style="list-style-type: none"> • Employee engagement survey • Whistleblower policy, which enables confidential disclosure of unethical practices • President's Advisory Committee • Human Resources Advisory Council • Café, our internal employee blog • Servus Women's Network • Servus Young Leaders Network • Supervisors
Communities and general public	<ul style="list-style-type: none"> • Not-for-profit member feedback at branches, by phone or online at servus.ca • Direct engagement with senior leaders, board members and community council members • Participation at corporate events (e.g., AGM) • Employee volunteering • Corporate fundraising activities • Community sponsorships and donations to not-for-profit organizations across Alberta • System partners (e.g., other credit unions, Credit Union Central Alberta, Canadian Credit Union Association, Alberta Community and Co-operative Association) • Ombudsman for Banking Services and Investments • Regulatory agencies (Credit Union Deposit Guarantee Corporation and Alberta Finance) • Members of the Legislative Assembly (MLAs) • Better Business Bureau • Chambers of Commerce
Suppliers and business partners	<ul style="list-style-type: none"> • Procurement activities and subsequent supplier contract management • Business partner marketing and advocacy campaigns • Business partner community engagement programs, including disaster response relief efforts



Contributing to the economy

Servus continues to play an important role in Alberta as an employer and contributor to the provincial economy. We contribute directly in many ways, such as taxes and salaries paid, goods and services purchased and sponsorships and donations provided to not-for-profit agencies. We contribute indirectly through the financing of small businesses, which enables new jobs and builds resilience in communities across the province. Overall, we contributed nearly \$3.6 billion to the Alberta economy last year (see Table 2).

Part of being in a community is giving back to that community, paying your way and contributing to something larger than yourself. We have been there for our individual, business and not-for-profit members throughout the year, addressing their financial needs and helping them achieve their goals. That is our noble purpose, and it keeps our focus on improving our members' financial fitness. To read more about how we've made a significant difference in the lives of our members and of all Albertans, see the Creating Social Value, below.

Table 2: Economic Impact

ECONOMIC INDICATORS	FY16 (\$)	FY17 (\$)
Debt financing for Alberta businesses ¹	3,359,648,728	3,225,782,279
Money spent on Goods and Services ²	63,346,681	71,679,657
Full-time, part-time and temporary employee salaries and benefits paid ³	184,752,431	196,486,433
Taxes paid to all levels of government ⁴	29,293,764	33,668,320
Profit sharing paid to members for their patronage	48,057,750	50,592,453
Total of Community Investment sponsorships and donations to over 1,000 not-for-profit organizations in Alberta ⁵	2,136,443	1,872,423
Contributions from corporate fundraising and employee volunteering and giving ⁶	688,962	485,954
Value of space provided to communities at no charge in support of their operations ⁷	42,500	42,500
Discounted financial services offered to not-for-profit organizations under our Community Plan account ⁸	4,677,840	4,274,640
Total Economic Impact	3,692,645,099	3,584,884,659

¹ Includes disbursements of loans and mortgages and new and increased lines of credit to members

² Includes payments to Alberta-based vendors and non-Alberta-based vendors with employees in Alberta

³ Includes full-time, part-time and temporary salaries and benefits; variable pay and employee development

⁴ Includes property, income and business taxes

⁵ Includes community-focused brand sponsorships and community investments

⁶ Employee volunteering is calculated at \$30.00 per hour.

⁷ Servus has provided the Christmas Bureau of Edmonton with complementary office space above the Beverly branch as a gift in-kind since 1997.

The rent and overhead are estimated to be \$42,500/year.

⁸ The Community Plan account offers not-for-profit organizations an account that has no monthly fee and 60 free transactions per month. Only the waived account fees are included in this calculation.



Creating social value

How does what we do make a difference in the social fabric of Alberta?

Community Engagement

Servus engages with our communities in several ways. We provide banking services to our member not-for-profit agencies and community organizations, and we promote their efforts to deliver services to their clients and members through donations, sponsorships, volunteer time and in-kind support. We also engage with many community organizations that are not members because of their important role in building resilient and prosperous communities. It's about more than giving money and time. It's about being purposeful and working to make Alberta a great place to live. It's about enabling an inclusive and caring society that looks after those who are less advantaged and cannot advocate on their own. We are focused on improving the financial fitness of our members, and we do that by creating opportunities for Albertans to have enriching experiences through our community access programs and by providing advice and products that meet their needs.

We thrive because our branches are deeply rooted in the communities we serve. Our investment impacts the quality of life in the places where we operate. Over half of our community investment is determined by employees who live and work in those towns and cities.

Supporting Alberta's not-for-profit sector

Servus Credit Union approaches partnerships by considering what will be good for our members' financial fitness and help foster resilient communities. Although we partner with over 1,000 not-for-profits each year, some of our more extensive relationships are listed below. Over the past two years, we've focused on initiatives to provide free or substantially discounted access to recreational, arts and cultural programs. This gives families the opportunity to enjoy activities they might not otherwise experience. In addition, we are doing more in the area of transferring financial literacy skills and financial fitness solutions to our not-for-profits and their clients. We continue to be there for long-standing service clubs and local charities.

- Alberta 4-H
- Alberta Association of Agriculture Societies and local agricultural societies.
- Alberta Community and Cooperative Association
- Alberta Soccer Association
- Alberta Sports Hall of Fame & Museum
- Alberta Youth Entrepreneurship Camp
- Art Gallery of Alberta
- Big Brothers Big Sisters
- Calgary Zoo
- Catholic Social Services
- Christmas Bureau of Edmonton
- Co-operative Development Foundation
- Crescent Point Regional Field House
- Calgary Minor Soccer Association
- Delburne Arena Expansion



- Edmonton Federation of Community Leagues
- Edmonton Heritage Festival Association/Edmonton's Food Bank
- Federation of Calgary Communities
- Glenbow Museum
- Grande Prairie Regional College
- GreenLearning Canada Foundation
- Inclusion Alberta
- Junior Achievement
- KidSport
- Lakeland College
- Lethbridge Soccer Association
- Military Family Resource Centre
- Nitehawk Year-Round Adventure Park
- NorQuest College
- Rotary Clubs of Alberta
- Servus Credit Union Place
- Servus Arena – Red Deer
- TELUS World of Science — Edmonton
- The Citadel Theatre
- The City of Lloydminster
- The MAX Performing Arts Centre
- The United Ways of Alberta
- Winsport - Calgary

Community councils

Servus Credit Union has a long history of engaging communities in how we run our business. Even as we've grown, we've continued to keep close ties to what matters most to our members. One way we do this is through our community councils. Some councils are based on language or ethnicity, others on location or geography. Community councils are made up of five to six Servus members (not staff) in good standing who are committed to being ambassadors for Servus in their community and providing advice and feedback on ideas to keep us focused on our members and in tune with the communities we serve.

The council members are picked by branch managers, and their credentials are vetted by our vice president of strategy and governance.

Community councils drive business and enable Servus Credit Union to be locally relevant by providing a strong connection and communications conduit between Servus Credit Union, our members and communities. Community council members are ambassadors for, and advisors to, Servus Credit Union management and board of directors. Community council members are expected to support their branches in business development efforts, including attracting stable deposits and new members.

Community council members are actively involved with community groups, connected within their business community, advocates for the credit union way of banking and willing to look critically at Servus Credit Union to share their opinions, both positive and constructive. At present, Servus operates 39 councils, and one more is in development as follows:



LINGUISTIC COUNCILS LOCATED IN EDMONTON		
Chinese	Francophone	Ukrainian
East Indian	Korean	Vietnamese
Filipino	Polish	
GEOGRAPHIC COUNCILS LOCATED ACROSS		
Bentley	Grande Prairie	Okotoks
Blackfalds	High River	Ponoka
Bow Island	Innisfail	Red Deer
Calgary	Lac La Biche–Plamondon	Rimbey
Calgary North West	Lacombe	Sherwood Park
Crowsnest Pass	Lamont County	Spruce Grove–Stony Plain
Delburne–Elnora	Leduc	St. Paul
Devon	Legal	Sylvan Lake
Drayton Valley	Lethbridge	Three Hills
Firefighter	Lloydminster	
Fort Saskatchewan	Medicine Hat	

Scholarships

Servus provides endowments for scholarships and awards at post-secondary schools across Alberta. In 2017, Servus endowments made it possible for 16 scholarships totaling \$20,200 in awards. Providing endowments means we can support more students through more scholarships and awards for a longer time period. Once we make the initial investment in an endowment, it becomes self-funding (i.e., the principle amount remains intact while the investment income is used each year). Presently, we have endowments at six post-secondary schools in Alberta:

Lakeland College	Heavy Oil Power Engineering Scholarship Entrance Scholarship
Lethbridge College	Health & Human Science Scholarship
Medicine Hat College	Leadership Award
Red Deer College	Leadership Award
University of Alberta	Suzanne Mah Award in Law Servus Credit Union (Harry and Judy Buddle)
Grande Prairie Regional College	Bursary for those overcoming financial barriers

Every year, we add to our support by creating a new endowment at another college or university. Working with different schools, we can help Alberta students for many years to come.



Special products for social benefit

Servus offers a series of account plans for those who are either starting out or would benefit from a break given their stage of life or specific situation. At present, we have four notable account plans that stand out among our competitors for their value to members.

Community Plan

The Community Plan* offers not-for-profit organizations an account with no monthly fee and 15 free transactions per month. The features of this account are equivalent to our Business Plan 15, which has a monthly fee of \$10.00. Additionally, the Community Plan includes 50 free cheques per year at a value of \$25.00.

Youth Plan 60

We offer younger members, aged 16 and under, 60 free transactions, two free *Interac* e-Transfer® transactions and paper or e-statements at no cost. This account is valued at approximately \$10.95 per month.

17–25 Be Free

We offer young adults between the ages of 17 and 25 unlimited transactions, two free *Interac* e-Transfer® transactions and paper or e-statements at no cost. This account is valued at approximately \$13.95 per month. It is available to all young adults, not only students.

Seniors Unlimited

We offer those aged 60 and over a free chequing account with unlimited transactions, five cover drafts per month, a \$10 discount on a safety deposit box and 100 free cheques per year at no cost. This account is valued at approximately \$13.95 per month.

Fast Forward Small Loan

The Fast Forward Small Loan is an alternative solution to a payday lender. It provides access to cash in under an hour at a lower cost of borrowing than other options, has no fees and offers flexible payment options to meet the member's needs. Before providing a Fast Forward Small Loan, we look at the member's beacon score, credit history, income and ability to make payments. This product is designed for members who need a small loan to cover unexpected expenses or shortfalls in pay and variable pay periods.

Financial literacy

Every day, we provide members with information to enhance their financial literacy. We believe that basic financial literacy is a necessary part of financial fitness. We recognize that being financially literate on its own isn't enough: members need to apply this knowledge to achieve financial fitness. Instilling supportive financial behaviours is a taller order, but one that we are keen to take on through a shared responsibility model.

Servus provides community seminars on basic banking, saving, managing debt and credit, planning for retirement and estate planning. Our employees meet with members in our branches, online and over the phone, where they are to create goals and be there as a financial coach to shape members' financial



fitness. Several of our employees regularly speak to community groups and students at schools, universities and colleges about basic budgeting, money management and banking. This gives our employees an opportunity to engage with communities in a manner where their knowledge and skills are deeply appreciated and has resulted in new members in our credit union.

Our credit union partners with the following community organizations to deliver financial literacy and encourage positive financial behaviours in all Albertans.

Junior Achievement (northern and southern Alberta)

Since 2011, Servus has partnered with Junior Achievement to inspire and prepare students to succeed in a global economy. Even before this time, our employees were volunteering to teach Junior Achievement programs and mentor students on their journey. Junior Achievement is the world's largest organization dedicated to educating students about work readiness, entrepreneurship and financial literacy through experiential hands-on learning. It spreads over 122 countries around the world and reaches over 9.7 million students per year.

With the help of Servus employees and local business leaders, Junior Achievement is able to offer programming to students in Grades 3 to 12. Volunteers are able to visit classrooms and share their real-world experience with the students. Servus's continual support allows employees to select a program that will let them share their passion with our youth.

In November, Servus was the title sponsor of Junior Achievement Northern Alberta's teaching program during national financial literacy month. During the month in 2017, 115 financial literacy programs were delivered to over 3,000 students.

Canadian Credit Union Association (CCUA)

CCUA has adopted a financial literacy program called Each One, Teach One (EOTO). First developed by Vancity credit union and now adopted by the national credit union system, EOTO is a fully developed financial literacy program taught to communities by our employees. The value to those who attend the sessions is immense, but there is also significant value to our employees who do the instruction (also see below under Financial Pathways Collaborative).

GreenLearning Canada Foundation: Sustainable Economics in Alberta High Schools

In 2017, we completed a three-year partnership with GreenLearning Canada Foundation to develop and deploy teacher resource modules on sustainable economics. The program is aimed at all high school students in Alberta and covers our responsibility to be financially sound and how that is necessary for building communities and, ultimately, a sustainable future. It also focuses on key aspects of financial management and includes information about the role credit unions play in sustaining our communities as well as an international microfinancing project, which allows young people to understand the concepts of credit. The first learning module, called Lending a Hand, was introduced to eight schools in Edmonton, one in Calgary and one in northern Alberta, where our Servus management staff were able to help lead some of the discussions about saving, borrowing, spending and planning. The program can be viewed at the GreenLearning website.



Financial Pathways Collaborative — United Way Alberta Capital Region

For the past three years, Servus has been part of the United Way Alberta Capital Region's Financial Pathways Collaborative, whose mandate is to address underlying issues of financial exclusion of vulnerable populations, low-income Albertans and new Canadians. We are one of eight financial institutions represented. Other partners are the City of Edmonton and E4C. In 2017, the collaborative continued to offer a program called Make Tax Time Pay and increased its community financial literacy program — Each One, Teach One. Make Tax Time Pay is a volunteer-run initiative operating multiple tax sites across Edmonton and Strathcona County, providing free income tax preparation services for low-income families and individuals and help to access available government benefits.

Access to financial services for the physically disadvantaged

At Servus, we are updating our premises to make them more accessible for physically disabled people. Most branch entrances are level with the sidewalk and have handicapped door opener and closer systems. Many have wheelchair accessible ATMs positioned at the Canadian Standards Association-approved height and are equipped with stabilization bars for access to the keypad, which has braille on the keys. Several branches have sit-down tellers and wider hallways to accommodate wheelchair access. All newer and renovated branches have handicapped accessible washrooms with stabilization bars. All branches have designated handicapped parking stalls and signage.

Supporting credit union and co-operative development

Servus is a strong supporter of credit unions and co-operatives here in Alberta, in Canada and across the globe.

Local engagement

In Alberta, we are deeply involved in the credit union system as a member of Credit Union Central Alberta (CUCA). We routinely participate in joint initiatives to enhance the credit union system in Alberta. We are also a supporter of the Alberta Community Co-operative Association (ACCA) and have helped advance the development of co-ops through the Unleashing Local Capital program, where opportunity development co-operatives are established with local investors to create new co-operative businesses that contribute to the resilience of local communities. Each year, we support ACCA's co-operative youth leadership camp held at Goldeye Centre, and several of our employees have volunteered for the camp over the years. Servus has also supported ACCA's work in co-operative education at the post-secondary level. Hundreds of students have learned about the co-operative business model and the positive impact credit unions have on our economy. And our CEO has been a keynote presenter at the ACCA leadership summit, where he shared his insight with emerging co-operatives in the province.



Being a financial co-operative means we share co-operative principles with other co-op businesses. Shared principles and values are important components of any business relationship, so it seems natural that we would partner with and lend to other co-ops in Alberta.

In 2017, we worked on partnering arrangements with the following groups:

- North Central Co-op to develop an employee benefits package. We also participated in a joint marketing pilot cross-promotion to raise awareness of and traffic to Servus and the Co-op's stores.
- Calgary Co-operative Memorial Society (CCMS) to provide estate planning information for their members through seminars conducted in our branches. As a result, several CCMS members have taken advantage of our banking and estate planning services.
- Pembina West Co-op to provide financial support for a new aquatic centre in Barrhead. The residents of the region are given free public swimming on a monthly basis as a result of the partnership.
- Calgary Co-op (the food stores) to share premises for our new Panorama branch location, which will open in 2018
- Community Co-operative Group (CCG) to provide donations to different community groups in the Stony Plain area. The CCG consists of Servus, North Central Co-op, Co-operators, West Park Gas and Stony Plain Seed Cleaning

Nationally

Several Servus managers and executives are engaged with the Canadian Credit Union Association's efforts to raise awareness of credit unions in Canada.

We gather at several forums throughout the year to advance the mutual benefits of a strong, stable credit union system and work together to bring forward innovative and responsible products and services for our members.

In 2017, we were part of three coalitions of large credit unions in Canada looking at technology risk, payments, marketing and leadership. We also participate in the Canadian Credit Union Association's work to raise awareness of the role and impact of credit unions on Canada's economy and society with members of Parliament and government administration.

Internationally

Servus supports the World Council of Credit Unions (WOCCU) and the Co-operatives and Mutuals Canada (CMC) programs to develop credit unions across the globe. This includes promoting international programs for credit union youth and women leadership, celebrating international Credit Union Day in October, hosting women credit union managers from developing countries and sending our expertise abroad through coaching programs in developing countries (e.g., the Canadian Co-operative Association, a division of CMC). Furthermore, we support the efforts of the Co-operative Development Fund to build sustainable co-operatives in several regions worldwide. In 2017, we once again provided funding to host the World Council Young Credit Union People (WYCUP) networking luncheon at WOCCU's annual meeting, this time in Vienna, Austria.



Developing food security in Ghana

In September 2017, I had an opportunity to join CDF/CCA in Ghana as part of the Fostering 2018 Coaching Program. This is a food security project operated through co-operatives in northern Ghana that was started in 2013. The program provides services to 42,000 individuals as direct beneficiaries, including women and men small-holder farmers who are

members of credit unions. Working in teams of two, eight credit union employees from across Canada visited nine credit unions that are part of the program, providing hands-on advice. One of our missions was to help credit unions grow and support the co-operative movement. Being the experts, we did our best to share as much as we knew, but getting this opportunity taught me more than I thought possible. I learned that regardless of where your credit union is located or how big it is, all credit unions are very similar. We have the same organizational values, believe in supporting and growing our communities, focus on our members and face similar challenges.

During our visits, we took the business on the road, usually holding meetings in the shade under a mango tree. We met with micro finance members and farmers groups to collect funds but also to sign loan documents and advance those loans. We used these opportunities to educate members about the importance of credit unions, how co-operatives work and why repayment of loans and stable deposits are crucial. We had the pleasure of meeting a group of women who wanted us to know how the production loans have changed and continue to change their lives. Having access to loans and accounts at the local credit union helped them put food on the table for their families and expand their businesses. For many of these women, education is a priority, and access to basic financial services has enabled them to send their kids to school. The Fostering program focuses on promoting equality, and we were able to see the impact that had first-hand. Helping women meet their basic financial needs dramatically improves the lives of women and girls around the world. The members we met and their stories of how they overcame challenges and how credit unions helped them grow are what will stay with me forever. The generosity, friendliness and genuine care and inclusion of all people left a lasting impact.



Nermisa Omerovic, Assistant Branch Manager, Edmonton.



Enabling opportunity with credit unions in Ghana

In the fall of 2017, I was privileged to be chosen as one of eight credit union professionals from across Canada to embark on a coaching mission through the Co-operative Development Foundation of Canada for small start-up credit unions in northern rural Ghana.

In pairs, we each visited two to three credit unions, spending three to five days with each of them and meeting their board of directors, staff and many of their members, including farmer and microfinance groups. We heard stories about their families, their businesses, their successes and their struggles. The common theme in every conversation was that being part of the credit union meant being part of one big happy family. Membership at their local credit union was an honour for them, and they wanted us to know it. This sense of belonging to something greater than themselves that benefitted not only their own households but also their neighbours and the entire community at large was important to them. This didn't mean that they didn't have enduring struggles. There are still climate change problems causing floods and droughts, gender inequality gaps, volatile commodity prices, absent governments, clean water shortages and questionable hygiene practices to contend with in their regular day-to-day lives. Despite these challenges, the credit union is a stable beacon of hope for their futures.



My favourite encounter was with a member named Veronica. She started as a member of a microfinance group and borrowed the equivalent of C\$15 to start a new business baking and selling world-famous Ghana bread (sugar bread). After successfully paying back the loan in less than four months, she took out a second loan for roughly C\$100 to buy a bicycle to expand her distribution network. At the time I met her, she was on her third loan and using the proceeds to build her own home. I later remarked to a colleague that stories like these are a dime a dozen in Ghana and would be a marketing department's gold mine. It soon dawned on me that Servus too has a gold mine of member stories if only we would tell them more. Every day around the world, credit unions help members borrow to take advantage of greater opportunities, pay off debts, save for rainy days and plan for the future. In doing so, they enable dignity and autonomy. Credit Unions truly do make a difference in the lives of our members.

Richard Lange, Business Relationship Manager, Calgary



From Uganda to Morinville — sharing credit union values

In September 2017, our branch and whole credit union welcomed Josephine Namyalo from Uganda. While with us, she spent many hours discussing the differences and similarities of our co-operatives. The first of many "ah ha" moments was night one, while journeying from the airport to Morinville. Josephine could not believe how we lived in this cold, and after passing Servus's St. Albert branch, she asked if it was the head office. Over the course of the next few days, we spent time meeting with other members of the Servus Credit Union family and discussing not only the technical side but also the human resource side of our organization. Family values, staff policies, credit policies and procedures were some of the areas she was keen to learn about and be able to share once back home. As her host, I felt a sense of pride in sharing not only our credit union but also our Alberta with her. Knowing she was from a rural area in Uganda, we were able to visit a large farm, and she took a "spin" in a combine, which was definitely a personal highlight of her journey with us.

Kym Moore, Branch Manager, Morinville





Social advocacy

Throughout the year, Servus was engaged in supporting several social causes by raising awareness with our employees and members. We often incent fundraising for these causes through corporate and regional Jeans Days. Below is a list of social advocacy for 2017.

- Servus branches and offices dressed in pink to raise awareness of the negative consequences of bullying and to show support for Anti-Bullying Day and raise funds for the Kids Help Phone.
- Employees raised funds for research supporting a cure for Alzheimer's disease.
- Employees dressed in purple in support of epilepsy awareness.
- Servus raised awareness of the work of the Rainbow Society and provided a donation in lieu of administrative professionals' individual recognition.
- We encouraged our branches to wear purple and produced written materials to raise awareness about elder abuse in recognition of World Elder Abuse Awareness Day.
- We raised awareness and funds for Plaid for Dad around prostate cancer.
- Employees marched in pride parades in Edmonton, Calgary, Jasper, Medicine Hat and central Alberta to show Servus's support for an inclusive society.
- Led by the Servus Women's Network, our company raised funds for the Alberta Council of Women's Shelters and brought awareness to employees around violence against women at home and in the workplace.

Member privacy and data security

Servus is a member-owned and controlled financial institution and, as such, has an inherent responsibility to be open and accessible while, at the same time, demonstrating the greatest respect for protecting our members' privacy. Our priority is to comply with all applicable privacy legislation as well as to strive for industry standard privacy practices in all aspects of our product and service offerings. To that end, we use a variety of data and information security safeguards to protect personal information against loss or theft as well as unauthorized access, disclosure, copying, use or modification (e.g., restricted access to offices and controlled entry to data centers and a host of digital security measures).

Consumer protection and grievance mechanisms

Servus pledges to protect members and consumers by adhering to all applicable legislation regarding the disclosure and transparency of products and services. We place a great deal of importance on being ethical in our advertising and promotions. When concerns or issues arise, Servus provides several avenues for consumers and members to connect with us and our board of directors (see Table 1). Once made aware of an issue, we deal with it in a timely, efficient manner by having the responsible department review the concern and address any policy, action or decision of the credit union with the member. If the member is not satisfied with our response, they have the option of requesting an

independent review by the Ombudsman for Banking Services and Investments or other agencies appropriate to the area of concern (e.g., the Alberta Privacy Commission or the Alberta Human Rights Commission).

Respectful email communications to members

Using the email channel allows Servus Credit Union to communicate with its members in a more targeted and cost-effective manner. In support of our noble purpose and corporate goals, we are committed to providing members with relevant and timely emails about topics such as changes to accounts and maturing investments, product and service offerings, financial information (i.e., Straight Talk digital newsletter) and feedback surveys. We comply with Canada Anti-Spam Legislation (CASL) and allow members to update their preference for marketing and survey emails at any time.

Do not call registry

We are fully committed to respecting our members' preferences about receiving phone calls regarding information, promotions and surveys relating to the various products and services we offer. All our call programs are screened against the National Do Not Call Registry as well as an internal Do Not Call list to which our members can subscribe.

Fighting corruption and anti-competitive behaviour

Servus is subject to Canadian anti-corruption legislation, the Corruption of Foreign Public Officials Act (CFPOA), which covers bribery of foreign public officials. As well, the Canadian criminal code prohibits anyone from giving or offering a loan, reward or benefit of any kind to a federal or provincial government official in Canada as consideration for any kind of advantage (i.e., co-operation, assistance or influence) with any government business or transaction. As a further check against corruption or anti-competitive behaviour, our Code of Conduct policy states that Servus will comply with all applicable laws and regulations, as well as business ethics in general, and provides safeguards against conflicts of interest. All Servus employees are required to read and declare that they are familiar with the Code of Conduct and related policies annually.

Tackling money laundering and terrorist financing

Servus maintains its commitment to preventing the laundering of the proceeds of crime and the financing of terrorism. "Proceeds of crime" is money that is derived from the commission of criminal activity. This activity includes, but is not limited to, drug trafficking, fraud, extortion, theft, human trafficking and many other crimes. Part of our public duty in the prevention of this type of financial crime is to report activity and transactions to the Financial Transactions Reports Analysis Centre of Canada (FINTRAC). We continue to work collaboratively with law enforcement and our regulatory bodies in the fight against money laundering and terrorist financing. Each year, our employees are trained and tested at various levels to ensure we are complying with legal requirements and taking necessary action on these issues.



Socially responsible procurement

Servus carries out procurement in accordance with a Procurement policy that ensures a fair and transparent process for suppliers. With regards to social responsibility, we provide an advantage to our business members and to co-operatives. We also include sustainability and the environment in our evaluation of suppliers. We have not adopted a “buy local” strategy, but a number of our suppliers are either based in Alberta or have operations in Alberta, so buying from them allows us to have a direct impact on the local economy.

Table 3: Social impact

METRIC	FY16 RESULTS	FY17 RESULTS	TARGET
Total community-focused sponsorships and donations	FY14–16 average: \$2.01 million FY14–16 average % of pre-tax profit: 2.04	FY15-17 average: \$1.9 million FY15-17 average % of pre-tax profit: 1.81	Minimum of 2.3% pre-tax profit on a three-year rolling average by October 31, 2019
Total dollars raised through various fundraising efforts	\$320,312	\$284,819	None set
Scholarships awarded	\$16,000 in scholarships from six endowments with five Alberta post-secondary institutions	\$20,200	Increase endowments to a level where they result in \$30,000 per year of scholarships
Number of Fast Forward Small Loans granted (alternative to payday loans that are more fair and carry far lower interest)	Product launched at the beginning of our 2017 fiscal year	176	No target
Percent of members surveyed who agree or strongly agree with the following statement: “I believe that Servus is involved in my community.”	83.5*	82%	Increase to 85% by October 31, 2019
Percent of members surveyed who agree or strongly agree with the following statement: “Servus’s commitment to social and environmental responsibility is one of the reasons I bank with you.”	52.7%	51.8%	Increase 41% by October 31, 2019 Target achieved
Percent of members surveyed who agree or strongly agree with the following statement: “Servus makes business decisions that are socially and environmentally responsible.”	65.1%	65.3%	Increase to 75% by October 31, 2019 68% target achieved
Percent of members surveyed who agree or strongly agree with the statement: “Servus’s co-operative business model is one of the reasons I bank with you.”	67.1%	68.6%	Increase to 47% by October 31, 2019 Target achieved

* Data from last quarter of FY16 only



Having purpose at work

In September 2009, our employees selected the values for our company, and since then, we have been living those values. They are member service, community, fairness, integrity, investing in our people, life/work balance and teamwork. How do we support a healthy, safe, respectful and inclusive workplace? At the core, we are all employees of a credit union — a financial co-operative whose purpose has always been to provide service to our members. In 2017, we put that purpose into four short but powerful words and made it our noble purpose — shaping member financial fitness. This single unifying statement gives meaning to the work we do, keeping us focused on helping members achieve financial fitness every day.

We start our day thinking about how we can help members, and we end it thinking about how we helped members. We don't begin with targets or products; we begin with understanding what our members need. That changes everything.

Servus offers one of the best work environments (see Careers — Servus Credit Union). We've been a Platinum Club member of Canada's Best Managed Companies for eight consecutive years and a designate since 2003. We provide competitive salaries and benefits, profit share, incentive pay, professional development and training support, including, but not limited to, short-term leave with guaranteed job upon return to pursue education and personal development, programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings, assistance in upgrading employee skills and employee assistance programs for those in need of specialized services.

Empowering young leaders and women

For well over five years, we have provided a welcoming platform for all employees to participate in the Servus Young Leader's Network (SYLN) and the Servus Women's Network (SWN). These networks are supportive and empowering forums and channels for our employees to grow and learn from one another and from role models in our organization, communities and partner networks nationally and internationally. Each network is regularly involved in community engagement and support leadership conferences, meetings and workshops. Both networks participate in national and international credit union and co-operative networks with similar mandates.

President's Advisory Council

The President's Advisory Council consists of 18 employees from across our credit union who provide credible and passionate advocacy to the CEO. Membership is renewed on a staggered basis, so all employees have an opportunity to participate. The council members work with the CEO in an advisory role, providing direct and unfiltered feedback from their peers and co-workers. This feedback is given on topics that impact the company as a whole and can influence change for the betterment of Servus Credit Union.

The council includes a broad cross section of employees from all regions, branches and departments, ranging from entry level up to and including branch manager or department manager level. The council has monthly conference calls, meets in person quarterly and provides feedback on a wide range of topics.



Recognizing volunteers

Every year, our employees volunteer with our not-for-profit partners in their communities and often act as expert advisors to community organizations both during and outside working hours. We provide incentives (in time off) for volunteering during working hours and for participating in community groups outside working hours. In 2017, 355 employees recorded 7,638 hours of volunteer time. It's worth noting that the vast majority of our employees' volunteering occurs during non-working hours, usually in local communities.

VOLUNTEER TYPES	VOLUNTEER HOURS
Non-remunerated board work during working hours	84
Volunteering during non-working hours	6,619
Volunteering during working hours	866
Volunteering for special company programs	70
Grand Total	7,639

Employee fundraising

Each year, our employees step up to raise funds for numerous charities. Our largest annual fundraiser is our United Way/Catholic Social Services campaign. We also support Christmas bureaus, food banks, health-related charities, access to play charities like Kidsport, Big Brothers Big Sisters groups, local Rotary Clubs and Districts and more. Servus has adopted an informal tradition of fundraising for the opportunity to wear jeans to work and supports many off-site events through our Employee Volunteer Support program. This program offers time off incentives for volunteering with registered community organizations during both working and non-working hours (see also Social advocacy, below).

Rewards and recognition

Ongoing recognition

Servus embraces the philosophy of recognizing and rewarding employees for service efforts contributing to our success as an organization. Our Business Support Rewards program encourages and compensates our support staff for service behaviours that better serve our "front-line" employees and ensures our overall success. Member-facing employees are covered by a similar program entitled Members First Reward, which encourages sales and service behaviours that ensure our members' overall success.

Years of Service Awards

At Servus, we know our success comes with having employees who give us their best year after year. The Service Awards program says thanks as employees reach career milestones. The program provides various levels of rewards, including time off, a gift and/or a dinner or lunch. We celebrate milestone years of service at years 3, 5, 10, 15, 20, 25, 30, 35, 40, 45 and beyond (in 5-year increments).



President's Award of Excellence

The President's Award of Excellence program recognizes the top 1% of our high-performing employee group and is an award they can truly be proud of. Over the past 10 years, we have recognized 247 high performers. Their hard work and dedication have helped contribute to our success.

Servus Alumni Association

In 2016, Servus launched the Servus Alumni Association, whose mission is to offer opportunities for Servus retirees to stay connected to and interact with each other and the credit union. The association provides a means for organizing social and other activities for retirees; sharing information with retirees about major changes or projects at Servus; creating opportunities for retirees to stay involved with Servus through possible full-time employment, part-time or temporary work, project work, mentorship, training and volunteering; and giving access to discounts, perks and some benefits. Last year, we launched a Facebook group for our association members to enhance communications and engagement.

Financial literacy for employees

For our employees, we offer an internal financial literacy program called Financial Solutions. It consists of seven, one-day courses that all employees are encouraged to complete. The training program covers everything from basic money management to investing and estate planning. In addition, we have a dedicated employee banking services department called Employee Financial Services to coach and guide our employees to financial fitness.

In 2017, we invited our employees to participate in a survey of their personal financial fitness. Those who participated received an overall score of their level of fitness in the categories of save, spend, borrow and plan along with some suggestions on what they could do to increase their fitness in areas where they may have scored below their goals. Further, Servus has equipped its Employee Financial Services team to respond to inquiries from employees on any financial matter they wish to discuss. We further support employees' financial fitness through our Employee Assistance Program where the assistance is desired by the employee.

Diversity and inclusion

Servus has an extremely diverse workforce and supports all employees in pursuing their career aspirations. This leads to diversity of thought, and that means better decision-making, increased innovation and a stronger culture overall. We are proud to recognize and support those who are new to Canada and who contribute to our strength in language, culture and thought. As of March 2018, our employees spoke 40 different languages, delivering superior service to our members.

To support our culture of diversity, we have the Respectful Workplace policy (Freedom from Harassment and Discrimination), which is reviewed and signed off by all employees on an annual basis. Its purpose is to maintain a working environment that is free from all forms of harassment, including discrimination; alert all employees that most forms of workplace harassment are an offence under the law and contrary to the Alberta Human Rights, Citizenship and



Multiculturalism Act and the Canadian Human Rights Code; set out the types of behaviour that may be considered objectionable, abusive or offensive; and delegate responsibilities to Servus for maintaining a working environment in which members, employees, supervisors, subordinates, peers, directors and officers treat each other with mutual respect.

Table 4: Workplace

METRIC	FY16 RESULTS		FY17 RESULTS		TARGET
Employee engagement score	80%		83%		80% by October 31, 2018
Leadership climate index	72%		73%		73% by October 31, 2018
Percent of employees who value our commitments and actions to CSR	69%		75%		74% by October 31, 2019 Target achieved
Percent of employees who value working for a company based on the co-operative business model	74%		79%		81% by October 31, 2019
Gender distribution	Male:	531	Male:	544	No target
	Female:	1,791	Female:	1,568	
Generations distribution	Millennial:	803	Millennial:	846	No target
	Gen X:	933	Gen X:	837	
	Baby Boomer:	577	Baby Boomer:	446	
	Mature:	9	Mature:	3	
Full time and Part time distribution:	Full time:	1,863	Full time:	1,710	No target
	Part time:	459	Part time:	422	
Number of languages spoken among employees (voluntary disclosure)	28		40		No target



Reducing our environmental footprint

Servus continues to look for opportunities to reduce our environmental impact.¹⁶ We have identified key impacts caused by our operations areas, tracked our performance and set reduction targets for each (see Table 5). Our focus is on reducing energy and material consumption, purchasing sustainable products and recycling wastes. Our intention is to increase our operational efficiency, reduce our costs and mitigate emerging risks over the long term. That is why we do not plan on offsetting our carbon impact by purchasing emission credits. Our preferred approach is to reduce our greenhouse gas (GHG) emissions through better operational practices. That means there will be years when our I increase due to factors outside our control such as colder than normal winters or hotter than normal summers. Following is a list of our actions to date.

Energy efficiency (primary sources of GHG emissions)

- Installed self-contained refrigerant units to minimize GHG emissions leakage during maintenance of heating, ventilation and air conditioning (HVAC) systems
- Enhanced building envelopes of certain branches and corporate centres to reduce energy usage
- Installed low flow faucets and toilets in Servus Corporate Centre and some branches to reduce water consumption
- Replaced interior/exterior lighting and signage with LED to reduce energy consumption and GHG emissions
- Replaced numerous furnace, boiler and rooftop units with high-efficiency models as they age out and require replacement
- Evaluated our modes of travel. Over the last three years, we sold our corporate airplane, centralized the booking of corporate fleet vehicles to encourage carpooling and introduced a pilot Work from Home program and upgrades to our phone and video conferencing to reduce the need for commuting.
- Continued to look at the cost effectiveness of investing in building designs and materials to enhance the sustainability of our branches and corporate offices. For example, between 2008 and 2010, our headquarters in Edmonton was renovated to LEED Silver certification (LEED.aspx). We continue to monitor other approaches, such as the Building Owners and Managers Association's BOMA Best program, that could apply to our new branches. We are cognizant of the changing banking industry and the effect it will have on the design of member service outlets and branches.



- Maintained a procurement policy that includes sustainability as a criteria for consideration in competitive bid processes, for example:
 - Purchased responsible harvest paper products and other environmentally friendly products, where cost effective and practical
 - Purchased green cleaning products for housekeeping at company facilities and branches
- Acted to reduce paper consumption
 - Made progress toward using more digital marketing and communications as opposed to traditional print mediums
 - Incited members to choose electronic statements by charging a nominal fee for paper statements
 - Began a project to receive and keep documents in an electronic format, use e-signatures and eliminate the need to print. Printing will be a choice rather than a necessity. When this is in place and fully operational (estimated FY19), it should lower paper use and reduce the volume of paper sent by courier.

Waste management and recycling

- Donated unwanted electronics equipment (e-waste) to the Electronic Recycling Association, which refurbishes the old equipment for reuse by several Alberta community organizations
- Recycled solid waste at corporate centres and branches where it's practical and available through our waste service providers. This recycling included paper, packaging waste, cardboard, metal and plastic.
- Put in place a waste and recycling reporting system to monitor volumes of mixed solid waste and recycling beginning in fiscal year 2018
- Donated beverage containers to benefit local charities. For example, in Edmonton we partnered with the Winnifred Stewart Foundation and its Empties to Winn program. The foundation provides supports to adults with developmental disabilities.

Supporting environmental initiatives in the community

- Participated in the City of Edmonton's energy transition and climate adaptation workshops and promotional campaigns. This included Servus's participation in the City of Edmonton's large building energy benchmarking program where Servus Corporate Center's total GHG emissions and energy savings are made public as a demonstration of leadership in the city.
- Continued our participation in a co-operative and green economy community coalition to build community-scale renewable energy generation in Alberta. This work resulted in a recent Government of Alberta program to support new co-operative development in renewable energy.
- Completed our work with the GreenLearning Canada Foundation on a sustainable economics high school teacher resource module in Alberta. As the modules are used throughout the province, local employees are invited into classrooms to speak about the importance of credit and establishing good credit practices.



- Sponsored Sustainival, an environmental awareness program that ran in Lethbridge, Edmonton and Fort McMurray throughout the spring. The purpose of Sustainival is to increase awareness of a green approach to daily living among attendees — largely focused on school-aged children.
- Maintained our membership with the Canada Green Building Council — Alberta Chapter

Top-line results

In 2017, Servus's total GHG emissions increased slightly from last year but remain 4% below our FY15 baseline (our target level). A 4% reduction equates¹⁷ to GHG emissions from the following:



142

PASSENGERS VEHICLES
DRIVEN FOR ONE YEAR



71.5

HOMES' ENERGY
USE FOR ONE YEAR



231

TONS OF WASTE
RECYCLED INSTEAD
OF LANDFILLED

¹⁷ Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Servus also reduced the total tonnes of paper used by 3.2% (11 tonnes) over 2015. That's the equivalent¹⁸ of the following:



642

TREES PRESERVED
FOR THE FUTURE



19

KILOGRAMS OF
WATER POLLUTANTS
NOT CREATED



1,135,233

LITERS
OF WATER SAVED

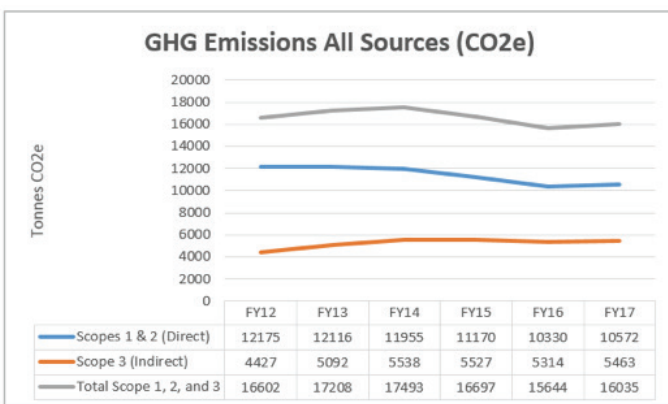
¹⁸ Source: <https://www.mohawkconnects.com/calculator/environmental>

We also recycled 100% of electronic waste (e.g., computers, monitors, laptops, cell phones, etc.) and the equivalent of 65% of the total paper used and sent to members.



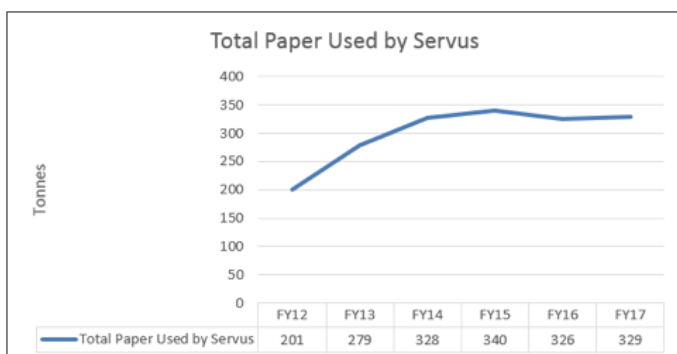
Table 5: Environmental impact

METRIC	FY15 (BASELINE)	FY16 RESULTS	FY17 RESULTS	TARGET
Greenhouse Gas Emissions¹ in tonnes CO₂e				
Total from all sources	16,697	15,644 (6.6% reduction from 2015 baseline)	16,035 (4.0% reduction from 2015 baseline)	Reduce by 4% of FY15 baseline by October 31, 2020. Target achieved
Total per member	44 kg	41kg (6.8% reduction from baseline)	43 kg (2.2% reduction from baseline)	Reduce by 6% from baseline by October 31, 2020
Direct emissions (Scopes 1 and 2)	11,170	10,330 (7.5% reduction from 2015 baseline)	10,572 (5.4% reduction from 2015 baseline)	Reduce by 6% of FY15 baseline by October 31, 2020. 90% of target achieved
Indirect emissions (Scope 3)	5,527	5,314 (3.9% reduction from FY15 baseline)	5,463 (1.2% reduction from FY15 baseline)	Maintain emissions at FY15 baseline by October 31, 2020 Target achieved



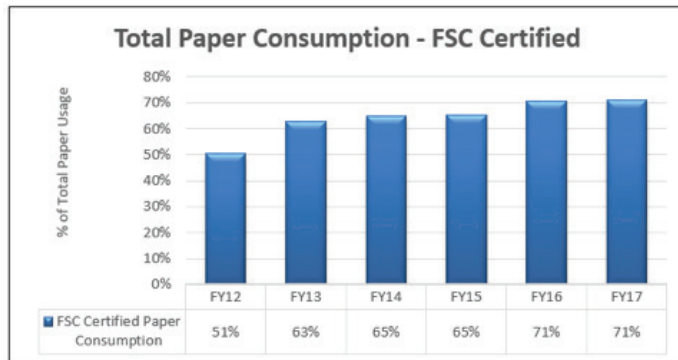
Paper Consumed

Tonnes of paper used by us and our outsourced vendors	340	26 (4.1% decrease from FY15)	329 (3.2% decrease from FY15)	Reduce by 15% of FY15 totals by October 31, 2020 21% of target achieved
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METRIC	FY15 (BASELINE)	FY16 RESULTS	FY17 RESULTS	TARGET
Percent of paper purchased certified from sustainable harvest practices (e.g., Forest Stewardship Council or the Sustainable Forestry Initiative)	65%	71%	71%	Increase to 80% by October 31, 2020



Materials Recycled And Reused

Solid and organic waste	Not available ²	Not available	n/a	Complete waste inventory for Servus by October 2018 and set reduction and recycling targets for each type
Electronics	100%	100%	100%	Maintain 100%
Paper	244.53 tonnes Represents 72% of the total paper consumed by Servus, including that sent to members	211.57 tonnes Represents 65% of the total paper consumed by Servus, including that sent to members	232.91 tonnes Represents 71% of the total paper consumed by Servus, including that sent to members	TBD FY18

¹ Servus follows the World Resources Institute's Greenhouse Gas (GHG) Protocol, as amended. We use financial control as our organizational scope. Scope 1 and 2 emissions include heat, power, fuel and paper that we control. Scope 3 emissions include those from heat and power from space we lease from others, contracted paper use and fuel from rented vehicles. They do not include air travel on commercial airlines as that was deemed to not be a material impact, which is set at constituting 10% or more of total emissions.

² Our recent waste services agreements will give us data about the volumes of waste sent for recycling beginning in FY18. While waste recycling has been occurring at several Servus locations across the province, we had no enterprise-wide record of totals until this year.



About this report

- Scope: This report covers four areas, including CSR governance and accountability, stakeholder engagement, economic impact, social impact and environmental impact.
- Reporting period: Fiscal Year 2017
- Report development: CSR department with input from various internal sources, Corporate Communications and Marketing
- Metrics development and monitoring data: Management CSR Committee, Corporate Services, Human Resources, Accounting, Credit, Information Services and Marketing
- Metrics approval: Executive Leadership Team
- Internal review: Chief Brand, Digital Banking & CSR Officer; Director CSR; and Corporate Communications
- For questions, contact Director CSR



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