

# PEOPLE HELPING PEOPLE

*more than  
just money®*

**BSCU**

# TABLE OF CONTENTS

Letter from the CEO	1
About BECU	3

## AFFORDABLE HOUSING / ASSET BUILDING

FHA Loans	5
BECU Member Assistance / Loan Modifications	5
Affordable Housing Community Partners	6
Member Advantage and Early Saver Account Benefits	7
Visa Re-price Program	7
Return to Member	7

## GRANTS & SCHOLARSHIPS / FINANCIAL LITERACY

School Grants	9
BECU Foundation Scholarships	10
BECU Scholarships to Partner Colleges	10
Biz Kid\$ and Junior Achievement of WA	11
Supporting Key Partners	12
BALANCE	13
Financial Calculators	13
Financial Articles	13
Seminars	13

## EMPLOYEE ENGAGEMENT

Code of Ethics	15
Performance Competencies	15
Employee Survey	16
Control Environment Assessment	17
Workforce Breakdown	17
Employee Benefits	17
Employee Turnover	18
Gift Match Program	19
Team Leader Volunteer Program	19
Employee Involvement Committee	19
Employee Volunteer Recognition	20

CREDIT UNION SYSTEM	21
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## LISTENING TO OUR MEMBERS

Net Promoter Score and Member Comments	26
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## ENVIRONMENTAL STEWARDS / SUSTAINABLE OPERATIONS

Carbon Footprint	28
Member Engagement	29
Tracking our Environmental Performance	30

A middle-aged man with short, graying hair is seated at a light-colored desk. He is wearing a dark navy blue suit jacket over a light blue striped dress shirt and a dark tie with a subtle geometric pattern. He is smiling warmly at the camera. His right hand holds a blue pen, and his left hand rests on a large sheet of paper on the desk. A silver ring is visible on his left ring finger. In the background, there is a large window with a wooden frame, showing an office interior with other desks and chairs. The overall lighting is soft and professional.

## PEOPLE HELPING PEOPLE

I AM PLEASED to share with you BECU's 2013 Sustainability Report. BECU continues to strive to be cooperatively engaged in improving the financial, environmental and social vitality of the communities we serve. As a not-for-profit member-owned credit union, we understand that by working to improve the financial well-being of our members, supporting our communities and limiting our environmental impact makes good business sense and will help ensure the long-term sustainability of the credit union.

## FROM THE CEO

### **BECU MEMBERS SAVED OVER \$130 MILLION IN THE FORM OF BETTER RATES AND FEWER FEES IN 2013**

We continue to help improve the financial well-being of our members by offering a variety of financial seminars and tools, serving as their financial advocate, and providing access to affordably priced products and services. As a credit union we seek to return as much of our earnings back to our members as possible, while still maintaining our reserves at a level that is deemed “well capitalized” by regulators.

### **WE ARE “PEOPLE HELPING PEOPLE”**

BECU extends the credit union philosophy of “people helping people” into the communities we serve. Over this past year, BECU provided direct funding, in-kind donations and volunteers to organizations that support affordable housing, financial literacy, education and the credit union movement. We believe by focusing our efforts in areas that align with and support BECU’s overall mission, we can make a greater difference in the community.

### **REDUCING OUR ENVIRONMENTAL IMPACT**

Our efforts to be good stewards of the planet include selecting green products for use in our locations, reducing the amount of paper used in the organization, and offering loans on electric vehicles. Since 2007, when we started measuring our carbon footprint, we have reduced our greenhouse gas emission by 11%, even though our membership has grown by over 51% in that same period of time.

### **OPPORTUNITIES GOING FORWARD**

*We recognize many opportunities to enhance our efforts in the future, and will continue to implement ideas that improve the financial, environmental and social vitality of the communities we serve.*

—Benson Porter

### **YOUR INPUT IS VALUABLE**

As you read the following pages, you will have exposure to the effort BECU is making to support sustainability through our cooperative spirit of “people helping people.” And in the true cooperative spirit, we welcome your ideas that may help us continue on the road to a sustainable tomorrow.

For questions and comments about this report, please email us at [sustainability@becu.org](mailto:sustainability@becu.org).





## ABOUT BECU

BECU is a not-for-profit credit union owned by members and governed by a Board of Directors. Profits are returned to the members in the form of better rates, fewer fees and more affordable services. With more than 843,400 members and more than \$11.9 billion in assets, BECU is the largest credit union in Washington State and one of the five largest financial cooperatives (based on assets) in the country.

In the midst of the Great Depression, in 1935, eighteen Boeing employees each made a 50¢ deposit, totaling \$9 in assets, to form what is now BECU. Their money was used to provide loans to purchase the tools they needed to do their work. This was during a time when many banks were not making loans. By forming a credit union, the eighteen Boeing workers relied on the cooperative spirit to provide each other with access to loans.

### BECU TODAY . . . AT A GLANCE

BECU is headquartered in Tukwila, WA.

	12/31/2013	12/31/2012
<b>Members</b>	843,400	800,736
<b>Assets</b>	\$11.932 Billion	\$11.093 Billion
<b>Member Equity</b>	\$1.157 Billion	\$948.013 Million
<b>Return to Membership</b>	\$129.6 Million \$153 / Member	\$115.3 Million \$148 / Member
<b>Number of Retail Locations</b>	44	43
<b>Philanthropic Donations</b>	\$3.02 Million	\$2.87 Million
<b>Greenhouse Gas Emissions</b>	5,829 Metric Tons	6,220 Metric Tons
<b>Employees</b>	1,224	1,165

**Click here** to see BECU's 2013 Community & Member Annual Report.





**AFFORDABLE HOUSING / ASSET BUILDING**





## AFFORDABLE HOUSING

We recognize that for most people in our community, homeownership is more than a dream; it provides the foundation for financial security. Affordability is the biggest issue many face when it comes to buying or sustaining a home. In support of affordable housing, BECU provides innovative loan programs that have helped many members finance and keep their homes.

### FHA LOANS

BECU is an approved Federal Housing Administration (FHA) lender. FHA loans are government insured loans that allow a member more flexibility when purchasing or refinancing a primary residence. Primary residences include 1-4 unit properties, approved condominiums and manufactured homes. These loans require a low minimum down payment of 3.5%.

In 2013, BECU continued to offer FHA loans because the down payment and insurance requirements are lower, allowing more members to qualify.

Loan Type	2013	2012
Home Loans	6,893 \$1.5 Billion	7,788 \$1.4 Billion
Home Loan Portfolio as of Year End	37,209 \$6.5 Billion	35,971 \$6.2 Billion
FHA Loans	76 \$16,741,403	83 \$16,754,915
FHA Loan Portfolio as of Year End	83 67,669,977	303 59,166,063

### BECU MEMBER ASSISTANCE / LOAN MODIFICATIONS

The BECU Member Assistance Team helps members modify their loans. In addition to home loans, this team helps members with other loans such as vehicle, layoff and credit cards. Loan modifications are arranged for members who are experiencing difficult financial times due to loss of income or other personal hardship situations. It is great to see the need for these modifications decreasing as our members economic picture improves.

	2013	2012
Portfolio of Modified Loans as of 12/31	1,123 26m	3,046 83.8m



## AFFORDABLE HOUSING



### COMMUNITY PARTNERS

BECU partners with local non-profit housing organizations committed to help people discover the reality of homeownership through their promise to housing and community development.

#### **BECU Housing Grant Program**

BECU annually awards four \$20,000 grants to local non-profits who are making a difference in the access and/or availability of affordable housing in Western Washington.

#### **2013 BECU Housing Grant Recipients:**

- >> Capitol Hill Housing
- >> Community Frameworks
- >> Mercy Housing Northwest
- >> Wellsprings Family Services

### **Habitat for Humanity**

Seattle/South King County: BECU was a presenting sponsor at the annual fundraising event plus provided a \$50,000 grant for continued support of Rainier Vista housing project and other efforts to find unique partnering opportunities and innovative projects. BECU also buys Habitat mortgages, which frees up their capital that allows Habitat to fund additional housing projects.

### **Rebuilding Together South Sound**

Annual \$20,000 contribution and employee volunteer support to this program which keeps low income or disadvantaged citizens in their homes.

### **Impact Capital**

Multi-year grant for programs supporting affordable housing projects and support programs around the Western Washington area. The 2013 donation was \$50,000.

### **Housing Hope**

We have committed a multi-year grant to Housing Hope because this organization has created a network of services and programs that assist Snohomish County citizens out of homelessness and into sustainable housing including eventual home ownership if appropriate. We are proud to support their innovative and full circle efforts. The 2013 donation was \$45,000.

### **Other Housing Organizations**

BECU sponsors various fundraising events for other organizations that have affordable housing as at least a part of their focus and efforts, such as Plymouth Housing, Inc., El Centro De La Raza, Interim CDA; Washington Asset Building Coalition; and the Lifelong AIDS Low Income Housing multi-year project.

## ASSET BUILDING

### MEMBER ADVANTAGE AND EARLY SAVER ACCOUNT BENEFITS

Member Advantage is a bundle of products and services that establishes membership with BECU and provides greater value to the member. To encourage saving, Member Advantage members earn a higher dividend rate on the first \$500 in balances in their Member Advantage Savings and Member Advantage Checking.

The Early Saver savings account has been designed for the sole purpose of helping the younger generation save. It is the equivalent Member Share Savings account for persons under the age of 18 as the primary account that establishes membership with BECU. The benefit of the Early Saver account is that the member will automatically earn a higher dividend rate on the first \$500 in balances and then earn the standard Member Share Savings rate on balances \$500.01 and above in their Early Saver account.

(As of 12/31/2013)	Member Advantage Accounts	Early Saver Accounts
Number of accounts	394,757	84,239
Additional amount paid to members as a result of having these accounts versus a regular account.	\$5.2 million – Savings Accounts \$7.2 million – Checking Accounts	\$1.2 million

### VISA RE-PRICE PROGRAM

We believe our members that demonstrate sound financial standing and responsibility should be rewarded for their efforts. BECU reviews Visa and Line of Credit accounts that have been open more than one year. We will reduce the rate on open accounts with a balance below the limit, no delinquency in the last twelve months and the member has a FICO score that places them at a lower risk level based on the recent scores.

In 2013, BECU reduced the rates on 19,235 accounts and most of these were reduced by 2%.

### RETURN TO MEMBER (RTM)

A key, and unique, component of the cooperative model is centered on returning profits back to the member-owners. Many co-ops do this by offering an annual patronage dividend. BECU's approach is to return our profits (over and above what is needed for reserves) throughout the year in the form of better rates and fewer fees. One way we measure our return is through our Return to Member calculation. The calculation compares BECU's rates and fees to the average rates and fees for banks. These are dollars that "stay" in our members' pockets and in our local economy.

2013 RTM: \$129.6 Million; \$153 / Member



# GRANTS & SCHOLARSHIPS FINANCIAL LITERACY





## GRANTS

BECU supports ongoing educational needs through the following programs:

### **BECU School Grants**

Annually BECU awards small grants to local schools, teachers, and PTAs, giving priority to schools with the highest need for educational materials and programs that directly enhance students' learning experiences in areas that align with the mission and values of BECU. These include financial education, environmental sustainability learning and technology tools for learning in the core topics of reading, writing, math or science. In 2013, these grants totaled \$100,000.



## SCHOLARSHIPS



### **BECU FOUNDATION COLLEGE SCHOLARSHIPS**

BECU's private charitable Foundation provides \$2,500 scholarships to BECU student members. Scholarships recognize and award outstanding community service and academic achievement by graduating high school seniors and undergraduate college students.

Since 1995, BECU has awarded over \$1.55 million in scholarships to over 715 student members. In 2013, 50 scholarships were awarded with a total value of \$125,000.

### **BECU SCHOLARSHIPS TO PARTNER COLLEGES**

BECU donates named need-based scholarships to partner colleges:

*University of Washington's Foster*

*School of Business*

*Antioch University Seattle*

*Everett Community College*

*Seattle University*

*Highline Community College*

*Central Washington University*

*Bellevue College*

In 2013, \$29,000 was donated to these partner colleges.

## FINANCIAL LITERACY

### SUPPORTING KEY PARTNERS

BECU supports key partners that bring results in the areas of money management, entrepreneurial skills and pathways to homeownership.

### BIZKID\$ FINANCIAL EDUCATION

BECU continues to be a lead supporter of BizKid\$, the PBS television show that is underwritten by America's Credit Unions. This Emmy Award-winning show teaches kids about managing their money and entrepreneurship, and now airs in every major U.S. market. Each show includes curriculum that can be used in the classroom. Our contribution for 2013 totaled \$172,000.

### JUNIOR ACHIEVEMENT OF WASHINGTON

BECU supports Junior Achievement's Finance Park located in Auburn, Washington. Each year thousands of eighth graders spend a day at Finance Park which is a hands-on personal finance simulation that lets students walk in an adult's shoes for a day. At the start of the day, each student is given a life "situation" in terms of their career, salary and family. Based on that information, students have to figure out how to buy a home, a car, save for retirement and deal with other financial surprises. The program is highly engaging and helps students understand the importance of making intelligent financial decisions throughout their lives. BECU currently sponsors a storefront in Finance Park and in Biz Town, which is a program for fifth graders, and also held a special Financial Fun Day for parents and teens.



## FINANCIAL LITERACY

### Junior Achievement's Finance Park Student Self-Reflection

Things I learned during Finance Park are:

- >> That it is hard to make a budget. You have to pay for more than you think.
- >> How to pay bills and control my spending.
- >> It is really hard to be an adult.
- >> That it is smart to not get the most expensive thing and that you should put any leftover money in a savings account.
- >> That being an adult is serious business.
- >> What are stocks and bonds, how to keep records in a checkbook and how to calculate net monthly income?
- >> That it is good that I am still young because when I get older I have to pay lots of money.
- >> That doing budgeting is really important. Budgets help you stay within your money and not get in debt. I also learned that picking and spending money should be after you pay bills and primary stuff first.
- >> How to make a budget and keep track of money. I also learned that life has a lot of surprises.
- >> What to do in the stock market and to look at the stock ticker to find out the prices. It is the most risky investment.
- >> That bills can be frustrating at times and I don't want to grow up.

## SUPPORTING KEY PARTNERS

### WASHINGTON BUSINESS WEEK

BECU's support of WBW allows our student members to receive discounts to attend week-long summer educational programs on college campuses. Three BECU employees worked as Company Advisors, supported by BECU with paid time away from the office and related expenses for more than one week.

Washington Business Week is an exciting and unique experience for high school students who spend an intensive week in a simulated "corporate" environment learning business, teambuilding, leadership and life skills. It's a crash course in the challenges and opportunities for life after high school such as managing money, networking skills, business ethics, and preparing for a career. Students are part of a small team ("company"), joined by a mentor "Company Advisor" from the business community. The "company" develops a marketing strategy for a new product and is challenged with real-life business scenarios through a computer simulation. At the end of the week, the teams compete in a Trade Show and make a Stockholder's Presentation.

### WASHINGTON CA\$H (COMMUNITIES ALLIANCE FOR SELF-HELP)

BECU is an annual high-level sponsor of this organization who helps to provide microloans and in-depth training and mentoring for low income individuals to help them start and succeed at their own businesses. BECU helped support their annual fundraising event.



## FINANCIAL LITERACY

### BALANCE

BALANCE Financial Counseling is a comprehensive free financial education and counseling service developed to meet the needs of credit union members.

Members can learn how to:

- >> Set and achieve financial goals
- >> Create a personalized budget plan
- >> Read and understand credit reports
- >> Manage monthly income and expenses
- >> Look at new ways to save
- >> Provide education and tools for working with creditors
- >> Pay off debt faster through the Debt Management Plan
- >> Improve their credit rating

BECU members may contact and receive more information about BALANCE at [www.balancepro.net](http://www.balancepro.net)

### CALCULATORS

Financial calculators are free online tools that help members understand their finances more accurately to make better financial decisions for their budgets.

BECU offers investing and loan calculators that help members calculate anything from how much their auto payments will be to which loan is right for them.

These calculators can be found at [www.becu.org/resources](http://www.becu.org/resources)

### ARTICLES

Financial articles that BECU publishes online have a wide array of financial information to benefit members on a wide range of topics including Budgeting, Debt and Credit, Eco-conscious Choices, Homeownership, Investing, Loans, Retirement Planning, Saving for College, Security and Fraud, Small Businesses, Taxes, Trusts, Wills and Probates, and Youth and Money. Financial Finesse articles are updated regularly on [becu.org](http://becu.org) providing comprehensive information on relevant topics. You can view financial articles at [www.becu.org/resources](http://www.becu.org/resources)

BECU embraces financial literacy through both internal programs and by supporting key partners.

### SEMINARS

Providing free financial seminars is one of the most appropriate ways that BECU can fulfill our mission to help better the lives of members and communities. BECU employs full-time financial educators who offer free financial education seminars throughout our community. Annually, around 450 financial education-based seminars are provided on a variety of topics. The seminars are conducted for schools, community groups and members and reach over 7,000 participants. Sessions focus on helping individuals learn about and make wiser choices in all areas of personal financial management, with a special emphasis on saving, credit management, homeownership and retirement planning. A complete list of financial articles, seminars, webcasts, and other financial tools can be found at [www.becu.org/resources](http://www.becu.org/resources). Investment Seminars are offered by licensed Financial Advisors for members and community groups.



# EMPLOYEE ENGAGEMENT





## EMPLOYEE ENGAGEMENT

BECU employees are the key to BECU's success and the source of our competitive advantage. We attract, develop and empower our team to succeed in serving our members by delivering a remarkable member experience. To meet and exceed this strategic directive, employees are expected to conduct themselves in a professional manner at all times in accordance with our Code of Ethics and their performance is evaluated against Performance Competencies.

"Engaging Employees to deliver a remarkable member experience"



## CODE OF ETHICS

Our employees are to conduct themselves at all times in an ethical and professional manner. How they perform has an important effect on their success with the Credit Union as well as the success of the Credit Union itself. Personal integrity is expected at all times. The Credit Union also expects employees to put forth their best effort and to work in cooperation with fellow workers.

BECU is committed to the highest standards of integrity, honesty, responsibility, and conduct. Therefore, the Credit Union subscribes to a written Code of Ethics, which covers responsibilities to the members, to the Credit Union movement, to society, and to the established standards of leadership for the directors, officers, and staff.

## PERFORMANCE COMPETENCIES

In 2013, BECU evaluated employees performance around redesigned competencies.

### ***Principle Competency: Ethics, Values, Integrity and Trust***

- >> Demonstrates an unwavering commitment to BECU's core values
- >> Demonstrates ethical behavior in all actions and is seen as a widely trusted and truthful individual
- >> Acts with integrity
- >> Protects confidential information and confidences of others
- >> Doesn't misrepresent themselves for personal gain

### ***Competencies by roles at BECU***

- >> All Staff: Composure, decision quality, functional and technical skills, interpersonal savvy, and service focus
- >> Professionals, Management and Executive Management: Unique competencies are identified for these roles

## EMPLOYEE ENGAGEMENT



### EMPLOYEE SURVEY

Our “Reflections” employee survey is conducted annually and managed by an independent firm. All employees are invited to take the survey. In 2013, 87% of our employees completed the survey. Individual results remain anonymous. The survey asks for ratings on behaviors related to key organizational traits identified by our executives as critical to organizational success: productivity, member satisfaction, teamwork, communication, employee satisfaction, employee retention and leadership. In addition, there is an Internal Customer Service section that allows staff to give feedback on the customer service received from other departments.

The survey provides an opportunity for staff to give feedback on what they think is going well and what they would like to see improved.

The survey reports allow managers and work teams to identify gaps in desired workplace and actual experience. The resulting action plans are change efforts to close those gaps. The action plans transform executive vision into action and create organizational alignment along key dimensions. In practice, the action plans increase employee satisfaction and retention in ways that drive financial performance and growth. Senior managers review and approval of the action plans assures that these change efforts provide value for the organization and are consistent with the direction and goals of the organization.

## EMPLOYEE ENGAGEMENT

### CONTROL ENVIRONMENT ASSESSMENT

Annually, our Internal Audit department administers a control environment survey in which employees are asked questions in these categories: management philosophy and operating style, assignment of authority and responsibility, organizational structure, integrity and values, commitment to competence, and human resources practices. The overall average score for 2013 was 4.27 on a scale of 0 to 5 (five being best). Our Internal Audit team concluded, based on the results of their assessment, that the residual risks related to BECU's Control Environment are low. The Control Environment survey provides another opportunity for staff to provide feedback and suggestions for improvement.

### WORKFORCE BREAKDOWN AT 12/31/2013

<b>Total Employees</b>	1,224	100%
<b>Full Time</b>	1,106	91%
<b>Part Time</b>	53	4%
<b>Remote Workforce</b>	65	5%

### EMPLOYEE BENEFIT PROGRAMS

BECU has a competitive compensation package which includes these benefits:

<b>Holidays</b>	Employees enjoy ten paid holidays throughout the year
<b>Paid time off (PTO)</b>	The Credit Union provides paid time off for all eligible full time and regular part time employees. PTO hours accrue on a "per pay period" basis based on hours worked.
<b>Educational Reimbursement Program</b>	All regular full-time Performance Rating 3-5 employees may be eligible for tuition reimbursement, after one year of continuous employment, for approved courses/degrees.
<b>Transit Subsidy</b>	Regular full-time and regular part-time employees are eligible for a transit pass subsidy for train, bus or vanpool use. This is paid fully by the credit union.
<b>Guaranteed Ride Home</b>	Eligible employees who carpool, vanpool, take the bus, bicycle or walk to work are eligible for a guaranteed ride home in unexpected situations.
<b>Medical, Dental and Vision</b>	Insured medical, dental, and vision benefits are offered to all eligible regular full-time and regular part-time employees. BECU pays up to a pre-determined percentage toward the monthly premium. Insurance benefits are also available for eligible dependents and eligible domestic partners, at the employee's own expense.
<b>Flex Plan</b>	The Flex Plan is a benefit program under which the components are sometimes referred to as medical or daycare reimbursement accounts. Participation in the Flex Plan is an option available to each eligible employee at BECU.
<b>Life Insurance Coverage</b>	The Credit Union provides life insurance for all regular full-time and regular part-time eligible employees. The amount of life insurance coverage currently provided is twice annual salary up to the plan maximum.
<b>Defined Benefit Retirement Plan</b>	The Credit Union's defined benefit retirement plan is completely paid for by the Credit Union. Regular full-time, regular part-time, temporary full-time/part-time employees, and all other employees completing at least 1000 hours of service during the plan year may become eligible to participate in the plan.
<b>401(k) Defined Contribution Retirement Plan</b>	The Credit Union's 401(k) Plan is a Defined Contribution Plan, which allows employees to make contributions on a pre-tax basis up to the maximum limit determined by IRS regulations. Regular full-time or part-time employees who have reached their 18th birthday and completed three months of service are eligible to participate in the plan. BECU currently provides a limited matching contribution, which vests over a period of time.



## EMPLOYEE ENGAGEMENT

### EMPLOYEE BENEFIT PROGRAMS CONTINUED:

<b>Long-term Disability Insurance</b>	Long term disability insurance provides each eligible employee with income protection if he or she becomes disabled (as defined by the plan) from a covered, non-occupational sickness, non-occupational accidental bodily injury or pregnancy. Each eligible active full-time and part-time employee who is normally assigned to work 20 hours or more a week is covered at no cost to the employee. Eligibility begins following one year of continuous employment.
<b>Short-term Disability Insurance</b>	Short-term Disability insurance provides each eligible employee of BECU with income protection if he or she becomes disabled (as defined by the plan) from a covered, non-occupational sickness, non-occupational accidental bodily injury or pregnancy. Each eligible active full-time and part-time employee who is normally assigned to work 20 or more hours a week is covered at no cost to the employee. Eligibility begins following one year of continuous employment.
<b>Employee Assistance Program</b>	The Employee Assistance Program (EAP) is a counseling and referral service benefit available to all regular full-time and regular part-time employees and all members of their household. The EAP allows employees to place a confidential phone call and receive up to six free assessment visits with a counselor. The EAP is intended to assist employees in addressing personal and emotional concerns, such as alcohol/drug problems, family and/or relationship concerns, eating disorders, stress, elder care, grief, and parenting issues. The plan also includes legal information with the option to talk to an attorney about general legal questions.
<b>Fitness Facility</b>	On-site fitness facilities at specific locations. Gym membership reimbursement is available to employees who do not have access to an on-site facility.
<b>New Moms' Room</b>	Some facilities offer a new moms' room, which provides privacy and comfort for lactation.
<b>Employee Referral Program</b>	BECU offers employees the ability to earn a bonus when referring a friend or relative for positions at the Credit Union. As stated in the Employment of Relatives policy, one relative cannot supervise another or audit another's work.
<b>Wellness Program</b>	BECU has an annual wellness fair where employees can obtain information on health benefits and healthy living.

### EMPLOYEE TURNOVER

Total employee turnover for 2013 was 15.67% compared to 14.75% in 2012. These numbers include both voluntary and involuntary terminations. Based on employee feedback, the increase for voluntary terminations is attributed to concerns with workload, lack of development opportunities and an improving job market. The 2010 Banking and Finance Industry average turnover was 15.9% for the Puget Sound Region.

## EMPLOYEE ENGAGEMENT

### BECU GIFT MATCH PROGRAM

The Credit Union Gift Match Program reflects the commitment and desire to meet the interest of our employees and board members and to have a positive impact on the needs of our community. BECU believes in the Credit Union philosophy of “People Helping People” and supports its employees by matching contributions made to organizations as outlined in the Gift Match Program Guidelines. Each active full-time and part-time employee is eligible to participate in the Gift Match Program up to an annual maximum amount of \$5,000.

In 2013, BECU matched over \$149,500 of giving by our employees and board members to charitable non-profits both locally and internationally.

### EMPLOYEE TEAM-LEADER VOLUNTEER PROGRAM

BECU provides financial support up to \$100 for fundraising efforts by self-selected teams of ten or more employees who band together to support local charities. These funds can be used for decorations, door prizes or other enticements. In addition, we provide BECU Volunteer T-Shirts for the event.

We continue support of our employee-led volunteer effort to clean up the banks of the Duwamish River behind our main office in Tukwila, WA. We also have regularly scheduled Blood Drives.

### EMPLOYEE INVOLVEMENT COMMITTEE

BECU supports a selected team of employee volunteers who plan and execute fundraising efforts and employee focused volunteer efforts, such as the annual Rebuilding Together Day and raising money for the BECU Foundation.



## EMPLOYEE ENGAGEMENT

### EMPLOYEE VOLUNTEER RECOGNITION PROGRAM

Employees are given special recognition for volunteer efforts they contribute on their own time outside BECU hours via a \$100 donation made on their behalf for a minimum of 30 hours of volunteer time per year. In 2013, BECU donated \$5,600 under this program. BECU employees volunteered over 9,541 hours to hundreds of local non-profits in 2013.

	2013	2012	% Change
<b>Total hours volunteered</b>	9,541	7,295	30%
<b>Volunteer hours / employee</b>	7.9	63	25%
<b>Employee Philanthropic Donations</b>	\$149,679	\$156,548	-4%
<b>BECU Gift Match</b>	\$149,679	\$156,548	-4%

Currently we have a manual process for tracking volunteer hours. We are working to improve this process to enable a more comprehensive capture of our employees' volunteer efforts.





# CREDIT UNION SYSTEM





## CREDIT UNION SYSTEM

There is a spirit of cooperation among credit unions not found in many other industries. The Credit Union System was founded on a commitment to the cooperative nature of not-for-profit member-ownership, and a partnership with all credit unions. In this spirit, BECU operates by the International Credit Union Principles.

BECU is a strong partner in the credit union cooperative system and believes in the founding principle of cooperation among cooperatives. By working together and supporting other cooperative initiatives and programs, we help strengthen the credit union movement and efforts to reach our underserved communities.

### EXPRESS OPPORTUNITIES

This program encompasses Express Credit Union and the non-profit partner organization Express Advantage. BECU provides strong ongoing support of this innovative approach to working with key partner non-profits to serve low income and underserved residents with relevant products and services designed to help individuals and families achieve financial success. This approach combines much needed services, with financial education and programs, along with affordable and appropriate services needed to meet their needs. BECU provides support in various capacities including financial, technical, marketing, board participation and relationship building.

### TULIP (THURSTON UNION OF LOW INCOME PEOPLE) CREDIT UNION

Over the years, BECU has supported the long-term viability of this low-income credit union in Thurston County through financial, technical and marketing contributions. This has included providing secondary capital, an ATM and funding marketing campaigns.





## CREDIT UNION SYSTEM

### CU ORGANIZATIONS

***BECU supports credit union organizations doing great work in our communities or that work at connecting credit unions together:***

- >> National Credit Union Foundation (NCUF) which includes The Community Investment Fund Investments, Biz Kid\$, and the Credit Union Development Education Program
- >> Northwest Credit Union Association (NWCUA) Foundation
- >> National Federation of Community Development Credit Unions
- >> World Council of Credit Unions
- >> King County and Pierce County Chapters of Credit Unions
- >> Participation in Credit Union Service Organizations: PSCU (provider of financial services to credit unions), Co-op Network, Credit Union Student Choice, Member Loyalty Group, Prime Alliance and Trust for Credit Unions.



### INTERNATIONAL CREDIT UNION PRINCIPLES

The International Credit Union Operating Principles are founded in the philosophy of cooperation and its central values of equality, equity and mutual self-help. Recognizing the varied practices in the implementation of credit union philosophy around the world, at the heart of these principles is the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their community.

#### ***Democratic Structure***

##### **>> Open and Voluntary Membership**

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

##### **>> Democratic Control**

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the

amount of savings or deposits or the volume of business. Voting in credit union support organizations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognizing the credit union as a cooperative enterprise serving and controlled by its members.

##### **>> Non-Discrimination**

Credit unions are non-discriminatory on all grounds, including but not limited to race, orientation, nationality, sex, religion and politics.

>>

## CREDIT UNION SYSTEM

### ***Service to Members***

#### **>> Distribution to Members**

To encourage thrift through savings and thus to provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capability of the credit union.

The surplus arising out of the operations of the credit union after covering the cost of finance, operating costs, provisions for loan losses and ensuring appropriate capital reserve levels, belongs to and benefits all members with no member or group of members benefiting to the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union, as dividends on shares or directed to improved or additional services required by the members.

#### **>> Building Financial Stability**

A prime concern of the credit union is to build the financial strength, including adequate reserves and internal controls that will ensure continued service to membership.

#### **>> Service to Members**

Credit union services are directed to improve the economic and social well-being of all members.

### ***Social Goals***

#### **>> On-Going Education**

Credit unions actively promote the education of their members, officers and employees, along with the public in general, in the economic, social, democratic and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and responsibilities of members, are essential to the dual social and economic character of credit unions in serving member needs.

#### ***Cooperation Among Cooperatives***

In keeping with their philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives and their associations at local, national and international levels in order to best serve the interests of their members and their communities.

#### ***Social Responsibility***

Continuing the ideals and beliefs of cooperative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside.



LISTENING TO OUR MEMBERS





## LISTENING TO OUR MEMBERS

### NET PROMOTER SCORE<sup>®</sup> AND MEMBER COMMENTS

BECU evaluates member loyalty and satisfaction by conducting Net Promoter surveys. We feel so strongly about doing the right thing for our members, that we have a three year metric for improving our Net Promoter Score. Net Promoter Score is provided to BECU by Satmetrix, Inc., through a Credit Union Service Organization – The Member Loyalty Group.

The Net Promoter survey asks, “How likely are you to recommend BECU to a friend or colleague?” using a scale of 0 to 10. Members who answer with a 9 or a 10 are Promoters; those who answer with a 7 or an 8 are Passives; and those who answer in the 0 – 6 range are Detractors. There is an additional question that we ask our members, such as “What is the primary reason for your score?”

The Net Promoter Score is calculated by subtracting the number of Detractors from the number of Promoters, divided by the total number of responses.

### NET PROMOTER SCORE

	2013	2012	2011
<b>12/31 Target</b>	71%	71%	75%
<b>12/31 Actual</b>	69.41%	71.85%	77.4%
<b>Credit Union Average</b>	59.79%	59.5%	60.79%
<b>Financial Institution Average</b>	29%	18%	18%

Our score for year end 2013 was 69.41% compared to the financial institution average of 29% and the credit union average of 59.79%.

BECU collects data on several relationship attributes to better understand which aspects of the member experience have the most impact on Net Promoter Scores. Members are asked to rate how important several statements are to their relationship with the credit union. These ratings are paired with likelihood to recommend scores, in order to determine underlying drivers of loyalty. This chart outlines the key drivers of credit union likelihood to recommend scores for overall Relationship surveys.



# ENVIRONMENTAL STEWARDS / SUSTAINABLE OPERATIONS





## ENVIRONMENTAL STEWARDS / SUSTAINABLE OPERATIONS

Environmental sustainability starts with how we operate our business. We continually look for ways to be more efficient, effective and sustainable.

### CARBON FOOTPRINT

We calculate an annual inventory of our carbon emissions. Since 2007, we have reduced our overall carbon emissions by 196 metric tons of CO<sub>2</sub>E (carbon dioxide equivalent emissions) which is an overall reduction of 3%. In this same time period, our membership has grown by 51%, and the number of employees increased 13%.

2007 – 2013 Carbon Emissions (Metric Tons)				
Component	2013 Emissions	2007 Emissions	Change 2007 - 2013	% Change 2007 - 2013
Company Fleet	24	198	-174	-88%
Business Travel: ATM maintenance & servicing, employee inter-location travel, and business travel	389	605	-216	-36%
Employee Commute	3,096	2,225	871	39%
Energy	1,905	1,933	-28	-1%
Paper	169	361	-192	-53%
Waste	243	280	-37	-13%
Freight, Courier and ATM Replenishment	2	2	0	0%
Total	5,829	5,604	225	4%

	2013	2007	% Change 2007 - 2013
Number of Members	843,400	530,978	58.8%
Number of Employees	1,224	970	26.1%
Number of BECU Locations	43	39	10%

Component	Actions Taken
Waste Reduction	>> Decrease overall waste >> Increase recycling
Paper Reduction	>> eStatements >> Electronic mortgage processing >> Online news center >> Increase use of recycled paper
BECU Operations	>> Reduction in Business Travel >> Reduction in company fleet
Employee Commute	>> Expanded Remote workforce program >> Flexible work schedules >> Free transit passes >> Rideshare programs
Energy Consumption	>> Energy Audits >> Addition of 4 Neighborhood Financial Centers



## ENVIRONMENTAL STEWARDS / SUSTAINABLE OPERATIONS

### MEMBER ENGAGEMENT

During 2013 BECU hosted two public shred and recycling events at six BECU locations, in different areas in the Puget Sound Region.

- >> BECU partnered with Iron Mountain and DBSecureShred for document shredding
- >> We partnered with E-Waste for electronic recycling, collecting nearly 75,000 pounds



- >> Outdated technology equipment is donated to various charitable organizations.
- >> The Duwamish River clean-up, started in 2010, continued throughout 2012. This is a BECU sponsored event, so employees are paid for their time to work on this project. Overall, about 40,000 square feet has been cleared once of invasive species, mulched and planted with 3,000 native plants and trees. To date, the project has had 600 volunteers participate contributing 1,500 hours. Currently 1/4 mile of shoreline by BECU has been restored.
- >> We promote environmental learning through our School Grant program.



Employee commute and energy consumption are the two areas with the most impact on our carbon. To address the impact our commuting habits on carbon emissions, BECU offers a remote workforce program, flex work schedules, free transit passes and encourages rideshare programs. We increased the number of shared work spaces at three of our primary locations to support our expanding remote workforce and telework programs.

## ENVIRONMENTAL STEWARDS / SUSTAINABLE OPERATIONS

### TRACKING OUR ENVIRONMENTAL PERFORMANCE

At BECU, we use environmental metrics to track performance over time. We use these ratios to compare our environmental performance from our operations to the number of members and employees.

Environmental Metrics	2013	2007	Unit Change	% Change
GHG Emissions (MT CO <sub>2</sub> E)	5,829	5,604	(225) metric tons	4%
Tons CO <sub>2</sub> E / Employee	4.76	5.78	(-1.02) metric ton	-18%
Tons CO <sub>2</sub> E / Member	.0069	.0106	(-.0037) metric ton	-35%







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*Please recycle.*