



Economic BENEFITS

This chapter reviews VANOC's performance in the following areas:

- A Financial Performance
- B Buy Smart: Sustainable Purchasing, Licensing and Business Development
- C Sustainable Innovation and Practice

OUR PATHWAY

To demonstrate that sustainable innovation and practice make good business sense



Managed well, events such as Olympic and Paralympic Winter Games can generate sustainable economic benefits for the communities and regions and countries that host such large-scale events, including jobs, business development opportunities, trade and infrastructure improvements. During VANOC's lifespan, economic benefits were created by VANOC, government partners, corporate sponsors, the non-profit sector, the tourism sector and the broad base of organizations and businesses involved in the Games. These economic benefits were enhanced by sustainable business practices and innovation.

VANOC was committed to openness and transparency on all issues related to economic performance and responsibility. While applying prudent fiscal management practices, we also leveraged our spending activities to create additional social, economic and environmental benefits for communities in the Games region and the Olympic and Paralympic Movements.

Engaging Partners and Stakeholders

WHAT

Provide input and feedback on VANOC's Buy Smart program (sustainable purchasing and licensing) and opportunities for business development

Share our Buy Smart program initiative with sponsors, government partners and future Games Organizing Committees through Transfer of Knowledge sessions and reports

Facilitate conversations with sponsors and partners on Games-related sustainability innovations to generate measurable positive outcomes

WHO

Corporate sponsors

2010 Commerce Centre

Sustainability practitioners

Community and environmental non-government organizations

VANOC suppliers

Advocacy groups

Media

Committees organizing future Games or other major events

HOW

Workshops, focus groups, interviews, presentations, group meetings, the vancouver2010.com website, a sustainability e-newsletter

SUSTAINABILITY CONNECTION

A healthy and balanced economy can increase living standards and manage the impact of human activities on nature and communities by reducing waste and pollution and more efficiently using resources such as energy, materials and labour. Ethical sourcing can advance more sustainable lifestyles and social justice in emerging and developed economies. Recruiting, training and business opportunities can support capacity building in communities that experience disproportionate economic or social hardship. Sustainable technology and innovation can generate domestic, international and industrial-sector economic benefits.

VANOC's Legacy

We leveraged Games requirements for sponsorship, construction, recruitment and procurement to foster cross-functional responsibility for performance on sustainability objectives related to the economic and social benefits created by the Games.

Cummulative Highlights/Actions:

- Our Buy Smart program ensured sustainability attributes, ethical choices and Aboriginal participation were considered in VANOC's procurement and licensing activities. Key tools included:
 - licensee and supplier codes of conduct
 - a business network database of sustainable enterprises in BC, developed by the 2010 Commerce Centre (an initiative of the Province of BC)

- A Sustainability Star recognition program:
 - jury-recognized innovations by Games partners, sponsors and VANOC that demonstrated positive and measurable social, economic and environmental impacts
 - 62 innovations led by 2010 partners and sponsors that heightened the impact and value of the sustainability platform for the Games
 - included new physical infrastructure, products, services, approaches and other innovations that would endure in the Games region and beyond
- \$59 million in economic opportunities for Aboriginal businesses
- \$5.7 million in procurement opportunities for inner-city businesses and social enterprises

A Financial Performance

Throughout VANOC's life cycle we reported quarterly on our financial performance. Audited financial statements are available at vancouver2010.com. Statements for the year ending July 31, 2010 will be completed in October 2010.

At VANOC we committed to delivering the Games within a balanced budget. The global recession that began in late 2008 had an impact on our operations and financial position. Nevertheless, we committed to spend only what we raised. The two budgets that were under our control were:

- a venue development budget of \$599.8 million:
 - \$580 million contributed in equal parts by the Government of Canada and the Province of British Columbia
 - an additional \$11.8 million in the form of value-in-kind (VIK) from our sponsors
 - \$8 million contributed by BC Housing as a contribution to legacy social housing
- an operating budget of \$1.755 billion for programs and activities required to prepare for and stage the Games (as at April 30, 2010)

Public Funding for Venue Development

We did not exceed approved levels of public investment in the Games. Construction of all venues was completed in February 2009, allowing for testing and athlete-training opportunities.

The rationale for public investment in the 2010 Winter Games was based on the understanding that the Games would yield returns through:

- increased tax revenues, employment and economic growth as a result of overall Games-related spending
- the creation of significant community sport and health benefits over the long term
- capital improvements that would yield long-term public benefits

Private Funding for Operations

Marketing revenues were generated by VANOC and the International Olympic Committee from corporate sponsorships, ticket sales, broadcasting rights, licensing and merchandise sales. These revenues were used to fund our operating budget.

Much like a franchisee, VANOC enjoyed certain rights related to licensing the Olympic and Paralympic brands in Canada — key to VANOC's sponsorship and licensing programs, from a revenue-generation perspective. Only official sponsors, licensees and government partners formally affiliated with Vancouver 2010 were able to use these rights. Since fall 2003, when VANOC was formally established, the organization enjoyed strong support from the private sector. That support enabled VANOC to consistently meet or exceed its revenue targets in these areas.

Olympic and Paralympic sponsors contributed cash or VIK in return for marketing rights at the Games. For an up-to-date list of our corporate sponsors and suppliers through Games time see vancouver2010.com.

Our audited financial reports, budget and progress reports for the 2003-09 periods are available at vancouver2010.com. Due to the condensed reporting year we were not able to include financial results in this report. The audited financial reports for the year ended July 31, 2010 will be available in fall 2010.

BACKGROUND

Communicating with Integrity

Throughout VANOC's life cycle, we committed to ensuring that Games-related activities were communicated with accuracy, integrity and transparency. Sponsors and marketing partners were vital to the success of the Games and their associated legacies. In the Games realm, with such associations came a legal obligation to the International Olympic and Paralympic committees and our marketing partners to protect against the unauthorized use of the Olympic and Paralympic brands in Canada. As such, any enforcement initiatives assumed by VANOC were typically undertaken pursuant to stipulations set forth in federal legislation governing these types of issues, including the *Olympic and Paralympic Marks Act*, the *Trademark Act*, the *Copyright Act* and the *Competition Act*.

To balance excitement about the Games and Games-related activities with the needs of communities and businesses while ensuring responsible stewardship of the Vancouver 2010 brand, VANOC employed a number of different tools, including a *Real 2010: Protecting the Brand* booklet (outlining our commercial rights management policies) and licensee and supplier codes of conduct, all available at vancouver2010.com.

To ensure the consistency and integrity of all materials, our marketing and communications efforts were supported by comprehensive brand and graphics standards. In the 2009-10 fiscal year, we continued our focused outreach to community and business organizations by informing them of the marketing communication rights and boundaries around the Olympic and Paralympic brands.

In total, VANOC's Commercial Rights Management team — the team tasked with commercial protection of the Vancouver 2010 brand — received 1,500 enquiries regarding use of our intellectual property. We also tracked 3,250 reported infractions of our intellectual property, 95 per cent of which were resolved through voluntary compliance that brought about sufficient correction for VANOC to consider such cases closed.

By adhering to these standards, we believe we were able to protect and strengthen the Olympic/Paralympic brands while hosting spectacular Games.

B Buy Smart: Sustainable Purchasing, Licensing and Business Development

VANOC identified purchasing, licensing and business development as strategic opportunities to advance our sustainability commitments and create value on different fronts. This meant making economically, environmentally and socially conscious choices when purchasing products and services where possible and practical. Our Buy Smart program was a formalized set of procedures and activities designed to ensure that sustainability attributes, ethical choices and Aboriginal participation were taken into consideration as part of VANOC's procurement and licensing activities.

Our Licensee Code of Conduct, introduced in 2006, was adapted from the compliance program of Games sponsor the Hudson's Bay Company and other best practices. VANOC's program defined the minimum requirements associated with producing official Games-related licensed merchandise in a manner that respected local laws, environmental regulations and human rights. Attention was focused on the initial screening of factories through third-party auditing, and on continual improvement through corrective action planning and re-audits as required. An ongoing challenge was the lack of sufficient resources to invest in greater on-the-ground capacity-building programs at the factories of select licensees, and, consequently, a reliance on compliance processes and reports.

Licensees such as the Hudson's Bay Company and Nike demonstrated their own comparable social compliance programs and third-party audit reporting processes. As such, they did not participate in the VANOC program.

Because of stakeholder input, in early 2009 VANOC introduced a Supplier Code of Conduct to the Buy Smart program. The code's purpose was to ensure ethical, safe and healthy workplaces for people who supplied Games-related products and services. Regular suppliers were required to review the code as part of the bidding and contracting process. VANOC partnered with Games sponsor Deloitte to develop an assessment guide, and conducted pilot assessments of selected suppliers.

Both the licensee and supplier codes of conducts and guidelines have been shared with the IOC and future Games Organizing Committees, part of the transfer of knowledge process.

Sponsors (such as RBC) and provincial government partners (such as the 2010 Commerce Centre) provided important outreach on the benefits of the Buy Smart program by financing and delivering a series of regional, provincial and national workshops for businesses interested in competing for Games contracts. These workshops emphasized the competitive advantage that could be achieved by integrating sustainability, Aboriginal attributes and joint-venturing into bid responses/proposals. Between March 2006 and November 2009, RBC conducted 217 sessions on Games-related business opportunities, RFP workshops and business/transportation readiness, delivering to more than 8,150 participants.

In Q4 2009, VANOC produced two case studies about the Buy Smart program:

- Available at buysmart.bc.com is a case study reviewing Buy Smart's history, successes and challenges
- Available at vancouver2010.com is a case study about Aboriginal participation and the Games that reflects on the unprecedented approach taken by Aboriginal enterprises in BC and Canada to creating Games-related benefits.

Sustainability attributes, ethical choices and Aboriginal participation were taken into consideration as part of VANOC's procurement and licensing activities.

C Sustainable Innovation and Practice

VANOC focused on practical approaches to implementing sustainability as a means of fostering support, demonstrating practical approaches and solutions in action. In this reporting year, we continued to identify sustainable innovations through our Sustainability Star program, awarding 30 new stars. A total of 62 Sustainability Stars were awarded to recognize the Games-related sustainability innovations of Games partners, sponsors — and VANOC itself. An overview of the Sustainability Star program and complete list of those initiatives that received a Sustainability Star can be found in Appendix C.

The Sustainability Star Jury

The Vancouver 2010 Sustainability Star program relied on the expertise of a jury, comprised of government partners, corporate sponsors, external experts and VANOC representatives to evaluate all applications for eligibility.

We are extremely grateful for the commitment and expertise of the program's jurors, including:

John Beveridge, Environment Canada

Elisa Campbell, Design Centre for Sustainability, University of British Columbia

Johanne Gélinas, Samson Bélair/Deloitte & Touche

Ross Gentleman, Tradeworks Training Society

Michael Vance, Resort Municipality of Whistler

Nichola Wade, BC's 2010 Winter Games Secretariat

Len Jordan, Coca-Cola Olympic Project

Russ Jones, Olympic Programs, RONA

We created a sustainability filter in all that we do, not just for the Games but also for the way we will do business in the future.

—Michael Vance, general manager of policy and program development, RMOW and Sustainability Star juror

ACTION TRACKER

Buy Smart: Sustainable Purchasing, Licensing and Business Development

GOALS FOR 2009-10

PROGRESS IN 2009-10

Report final number and value of contracts with inner-city or Aboriginal attributes

Completed Scorecard

Monitor progress of Buy Smart contracts and communicate publicly at Games time

Buy Smart communications focused on Victory Bouquets, the Fabrication Shop and the Lost and Found Claims Centre. During the Games, we successfully pitched these stories of sustainability in action and facilitated more than 25 interviews directly with these contractors.

Conduct final monitoring of licensee corrective action plans and follow-up factory audits

Completed program in Q1 2010; reported final results

Complete assessments with selected VANOC suppliers

In Q3 2009, three suppliers were assessed by Games sponsor Deloitte for compliance with the Supplier Code of Conduct

Refine assessment procedure, test process and evaluate results, share program with future Organizing Committees

Completed; assessment was prepared and refined by Games sponsor Deloitte and was included as part of VANOC's transfer of knowledge documentation

Prepare a final case study on the Buy Smart program (including lessons learned) as part of Games transfer of knowledge reporting and for the supply chain community in Canada

Final case study was prepared and included in the transfer of knowledge program; the case study was also posted on buysmart.bc.com

Sustainable Innovation and Practice

Convene Sustainability Star jury in September and November 2009 to award final Sustainability Stars

30 additional Sustainability Stars were awarded at the final two meetings of the Sustainability Star jury

Profile Sustainability Stars in Games-time communication, and provide VANOC partners and sponsors with tools to integrate into their own Games-time communications

Sustainability Stars were profiled on Games-time website; sponsors and partners profiled Sustainability Star awards as part of their Games-time communications

Place signage in all venues to highlight Sustainability Star recipients

Stars were profiled in signage at all venues