



Governance

REPORT



Sunshine Coast
CREDIT UNION

SUNSHINE COAST CREDIT UNION
2019 ANNUAL REPORT

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GOVERNANCE REPORT

Governing Legislation and Regulation

The credit union is established under the legislation of the Province of British Columbia. It is regulated by the Financial Institutions Commission (FICOM/BCFSA) of British Columbia. Key legislation regulating the operations of the credit union includes: the Financial Institutions Act, the Credit Union Incorporation Act, and the applicable sections of the British Columbia Business Corporations Act. It is a requirement of the legislation that the credit union provides FICOM/BCFSA with monthly, quarterly and annual reports and filings, and other such reports as may be requested. The Credit Union's Rules may be found online at www.sunshineccu.com/Rules.

The Role of the Board of Directors

The Sunshine Coast Credit Union Board of Directors represent and are accountable to membership. Sitting independently from management, the Board sets and supports the strategic direction of the organization. Made up of nine directors serving a three year term, directors are stewards dedicated to safeguarding the credit union. Their commitment in doing so means adhering to the highest standards of governance, financial management, professionalism, and continuing education. Directors may spend ten to fifteen hours each month preparing for and attending meetings, completing professional development, as well as attending events and planning sessions. Learning and development is a commitment of each Director and this is achieved through specific professional development, attending conferences, and inviting subject matter experts and guest speakers to share their knowledge at the board table.

An effective board is one that is diverse in qualities, expertise, perspective and demographic. Potential director candidates are assessed against a list of desired attributes the Board feels it requires to be most effective in representing the voice of the member.

GOVERNANCE Disclosure

John Wiseman
Chairperson
SunCu Board of Directors
Representative
Director since 2010



"The Sunshine Coast Credit Union is an extraordinary financial institution and a special part of the Coast; I am proud of our commitment to the community and to our members."

First nominated in 2010, John is in his 8th term as Chair of the Board. He also serves as Chair of the Governance Executive Committee, as well as a Director on the Conduct Review Committee, the Nominations Committee and the SunCu Board of Directors. His commitment to education and professional development has led him to serve on the British Columbia Institute of Technology (BCIT) Advisory Boards for the Operations Management and Electronics Programs, and as a sponsor and mentor for students enrolled in the MBA program at the Sauder School of Business at UBC. John is known for his dedication to marine safety, having served as a Coxswain, Station Leader and on the Board of Governors for the Royal Canadian Marine Search and Rescue.

Richard Wilson
1st Vice Chairperson
Director since 2010



"The organization's knowledge of the culture and economy of the Coast is a valuable asset to depositors, as well as those with financing needs."

As the managing partner of the Sunshine Coast offices of Crowe MacKay LLP, Richard serves as Chair of the Audit Committee, and 1st Vice Chair of the Governance-Executive Committee. A managing partner at TCG Professional Accountants LLP in Sechelt, Richard believes that it is critically important for the community to have a financial institution on the Sunshine Coast that is from the Sunshine Coast and for the Sunshine Coast. Richard also serves on the Investment and Finance Committee of the Sunshine Coast Community Foundation. To the SCCU Board, Richard brings expertise and experience in financial literacy, accounting, strategic thinking and auditing.

Sue Anne Linde, MBA
2nd Vice Chairperson
Director since April 2015



"Credit Unions are part of the fabric of British Columbia, and certainly a vital component of the Sunshine Coast. I am delighted to serve as a representative of the many members of Sunshine Coast Credit Union who understand that our mutual benefits are best served through a community-oriented, locally based, member-owned financial institution."

Sue Anne serves as 2nd Vice Chair, while also chairing the Nominating Committee and sitting on the Governance Executive Committee. Retired from a long career in advertising and marketing, Sue Anne moved to the Coast in 2010. In addition to her commitment to the Credit Union, Sue Anne also chairs the Board of Directors at Sunshine Coast Community Services Society, and delights in supporting this vibrant Coast community in every way possible. She recently published her first book, and spends spare time golfing, sailing and walking her dog.

Manjit Kang
Member at Large
Peer Group 6 Representative
Director since 2014



"Credit unions are not just financial institutions; they're active members of the community."

A credit union member for over 30 years, Manjit joined Sunshine Coast Credit Union when he moved to the Coast in 2008. Appointed to the Board in 2014, he currently serves on the Audit Committee, Governance-Executive Committee, and Investment and Loan Committee. His 35-year career with TELUS spanned numerous functional areas including senior roles in operations and marketing, where he was recognized for his leadership and foresight in delivering highly complex network solutions to some of TELUS' largest business and government clients. Manjit currently serves as the Vice-Chair of the Sunshine Coast Community Foundation Board and as President of the Sunshine Coast TELUS Community Ambassadors, which inspires current and retired TELUS team members to volunteer together in the community.

**Terms expire at the 2020 Annual General Meeting*

Tim Anderson*
Director since 1994



"I have always been interested in the tremendous contribution that cooperatives, and especially credit unions, make in smaller communities."

A steadfast director since 1994 and a member of the Credit Union since 1972, Tim serves on the Audit Committee. A retired accountant and school trustee, Tim brings a wealth of experience to the Board related to public practice, private industry and public education. He is actively involved on the Sunshine Coast through sailing, the Sunshine Coast Community Forest Association and Driftwood Players Association.

Betty Baxter*
Director Since January 2017



"It is an honour to work on the Board of Directors of such a well-respected organization as the Sunshine Coast Credit Union."

Betty joined the Board in January 2017 after 20 years as a member. She serves on the Conduct Review Committee and Investment & Loan Committee. She brings governance experience from working with many non-profit organizations for over 30 years, and most recently, from her work as a school trustee for School District 46 since 2011 and as Chair of the Board of Education from 2013-2017. Betty successfully managed a contract training department for distance learning at the post-secondary level, has been the equity officer for a large health care union, and taught a program on civic leadership on the Sunshine Coast. As a consultant, she has provided strategic planning, training in problem solving and leadership, and respectful workplace training to many groups in public and private sectors.

Chris Fawcus
Director since 2014



"I consider it a privilege to contribute my knowledge to the continued success and growth of the Credit Union, an organization that has served its members and supported our community so well over the years."

Chris was appointed to the Board in 2014, and currently serves on the Investment & Loans Committee and Nominations Committee. He is the retired President and CEO of Aon Risk Services Canada, and former member of Aon Risk Service's Global Management Committee, providing him with experience in insurance, risk management, corporate governance, leadership and strategic thinking. Chris has also served on the Board of Governors for the British Columbia Business Council and with the Canadian Council of Chief Executive Officers. Chris also formerly chaired the Board of Governors of the Insurance Institute of Canada, and the Sunshine Coast Minor Hockey Association.

Cheryl McNicol*
Director since 2018



"What impresses me about Sunshine Coast Credit Union is the dedication to community building and improving the lives of their members."

Cheryl joined her first credit union in the late 1980's in Ontario and has continued to be a supporter of the cooperative credit union movement as her career took her from Ontario to Michigan and finally to British Columbia. She joined Sunshine Coast Credit Union's Board in February 2018, serving on the Conduct Review and Investment and Loan Committees. Cheryl has over 35 years of leadership experience in the corporate, non-profit and small business sectors with expertise in business development, operations management, risk management, financial management, training and facilitation in a number of industries across Canada and the US. Today, her consulting business focuses on business start-up and development as well as project management. Cheryl has assisted hundreds of aspiring entrepreneurs to create a viable and sustainable business by sharing her business planning and financial planning expertise. She is a co-founder and enthusiastic supporter of the Self-Employed Women's Network - Sunshine Coast and is an active member of the Gibsons and District Chamber of Commerce.

*Terms expire at the 2020 Annual General Meeting



SCCU Board of Directors - Participation

The table below represents each director's scope of participation on committees, related attendance and compensation in 2019. Expenses include reimbursement for travel, food and lodging related to credit union meetings, conferences and education.

	DIRECTOR FEES	BOARD MEETING ATTENDANCE	COMMITTEE MEETING ATTENDANCE	OTHER EXPENSES	TOTAL
John Wiseman	\$9,450	6 of 6	5 of 5	\$3,815	\$13,265
Richard Wilson*	\$6,800	4 of 6	10 of 10	\$705	\$7,505
Sue Anne Linde	\$10,400	6 of 6	9 of 12	\$366	\$10,766
Manjit Kang*	\$8,900	5 of 6	19 of 19	\$240	\$9,140
Tim Anderson	\$6,100	6 of 6	8 of 11	\$56	\$6,156
Betty Baxter	\$8,700	6 of 6	13 of 14	\$666	\$9,366
Chris Fawcus	\$7,000	6 of 6	10 of 11	\$0	\$7,000
Cheryl McNicol	\$7,400	6 of 6	10 of 11	\$61	\$7,461

*Terms expire at the 2020 Annual General Meeting

Role of the Individual Directors

Board effectiveness depends on all directors understanding their responsibilities and adhering to a high standard of performance. Directors have a fiduciary duty, as well as a responsibility of care and accountability to the organization that requires loyalty, honesty, integrity and a commitment that their actions are in good faith. The duty of care requires that directors perform their responsibilities at the highest level of professionalism and due diligence. This means fulfilling their duties with the care, attention and skill that a reasonably prudent person would exercise in comparable circumstances.

Director decisions that are made honestly, prudently, in good faith, and on reasonable grounds are protected by the business judgement rule. It is important that directors take time to deliberate decisions, ask questions, request information, and assess and analyze the information provided to them.

Policy and Regulatory Requirements

The Board of Directors:

- Are bound by the provisions of the Financial Institutions Act (FIA) and the Credit Union Incorporation Act (CUIA)
- Must adhere to and annually sign SCCU's Code of Conduct and Confidentiality Agreements
- Must comply with the policies of SCCU
- Must make timely disclosure of any conflicts of interest
- Must maintain confidentiality
- Must complete the education required by regulation and the education set out by the Board within the required time frames
- Must complete a Personal Information Return as required by FICOM/BCFSA
- Must complete the annual Board/Self/Peer Assessment process

Meetings

- To facilitate effective and efficient Board meetings, directors will:
 - Be well prepared for all Board meetings, Committee meetings and planning sessions
 - Strive for excellent attendance at required meetings
 - Respect diversity of opinions and perspectives

General

The Board of Directors will:

- Be respectful to all stakeholders
- Respect the agenda and time prescribed for activities
- Contribute to the advancement of SCCU
- Strive to be constructive, resourceful and solution-oriented

- Ask penetrating questions that ensure a full understanding of the issues in question and the consequences of the actions proposed
- Encourage debate among directors while remaining committed to the goal of reaching consensus
- Commit to ongoing education
- Commit to disclose director biography, attendance, Committee assignments and compensation to members
- Represent the interests of SCCU as a whole

Role of the Chair of the Board

The Chair of the Board provides leadership to the Board and the CEO of SCCU. The position of Board Chair requires excellence in leadership skills, having the capacity to control discussion appropriately, manage dissent, work toward consensus and communicate persuasively with colleagues, members and stakeholders. Most importantly, the Chair must establish a culture of active and constructive Board engagement.

Duties:

- Set Board agenda for meetings and strategic sessions
- Chair meetings
- Encourage participation of all Board members in discussions and questions
- Manage Board affairs and sign documents on behalf of the Board
- Lead and implement Board assessment and performance review processes
- Build and maintain a sound working relationship with the CEO and senior team
- Coordinate CEO performance management process
- Serve as the Board's spokesperson, and if required, the organization's spokesperson
- Appoint Committee members for the Investment and Lending and Nominations Committees
- Build succession for the position of Chair
- Act as a resource to all Committee Chairs
- Is ex-officio on all Committees

Role of Committee Chairs

The Committee Chairs provide leadership to the Board in the area of expertise covered by the Committee. These positions require excellence in leadership skills, having the capacity to complete the day-to-day work and oversight of the Board while making quality suggestions and recommendations that support the progress of the organization.

Duties:

- Set Committee meetings and agendas
- Understand the purpose, role and deliverables of the Committee
- Ensure all Committee members have the necessary information and education to perform their role
- Ensure Committee work is germane to the stated goals
- Provide the Board and or membership with updates as required
- Ensure the Committee Work Plans are completed
- Work effectively with management resources

Committees of the Board

Governance-Executive Committee

The four seats of this Committee: Chairperson, Vice Chair, 2nd Vice Chair and Member at Large are elected by the Board at the first Board meeting following the Annual General Meeting.

This Committee is responsible for:

- Governance—roles and responsibilities of the Board, size and scope of the Board, required competencies of the Board
- Board orientation and education
- Board performance management
- Succession
- CEO compensation
- CEO performance management
- Material changes to the Human Resource Policy

Audit Committee

The three members and an alternate of the Audit Committee are elected at the Board meeting following the Annual General Meeting. This Committee is required by regulation. While not mandatory, it is considered best practice to ensure one of the Committee members has an accounting designation (CPA).

This Committee is responsible to:

- Review all audit plans, timing, scope and deliverables

- Approve all proposed services to be performed by external and internal auditors
- Review audit reports and audited financial statements and provide the Board with recommendations
- Review and recommend to the Board all financial information issued by SCCU
- Review and assess the adequacy of internal control policies and practices
- Recommend the external audit firm to the Board for presentation to the members at the AGM
- Initiate special internal audits if required

Conduct Review

The three members and an alternate of the Conduct Review Committee are elected at the Board meeting following the Annual General Meeting. This Committee is required by regulation.

This Committee will:

- Review, approve or refuse specific transactions or classes of transactions and related party transactions
- Ensure the adherence to procedures designed to prevent conflicts of interest, and resolve them if they occur
- Ensure members understand with whom they are dealing when conducting transactions (i.e. creditor insurance is provided by a third party – SCCU must ensure all the appropriate disclosures are provided to the member so they understand who is providing the insurance).
- Keep clear concise records of all related parties

Investment and Lending

The two directors and an alternate are appointed, and an officer of the company is also appointed as per the regulatory requirements.

This Committee will:

- Review and recommend changes to the Investment and Lending Policy (ILP) annually
- Ensure that SCCU has the appropriate procedures to implement the ILP effectively

- Review credit approval processes, credit limits and credit skills within the organization annually
- Review asset, liability matching reports to determine risk and mitigation processes
- Review capital adequacy
- Approve loans outside of management's limits

Nominations Committee

The three directors and an alternate are appointed as is required by SCCU rules. This Committee is not required by legislation.

This Committee:

- Sets the dates for the open and close of nominations
- Develops a candidate assessment process
- Using the recommendations of the Governance-Executive Committee, actively recruits potential directors with the appropriate skills and characteristics
- Recommends candidates to the Board and for election
- Provides the members with a formal report at the Annual General Meeting
- Receives, reviews, interviews and assesses potential candidates.

Populating Committees

Board Elections

Board elections are held for those Committees where members are elected. These committees are the Audit Committee and Conduct Review Committee, which are required by the Financial Institutions Act to be standing committees of the Board which are elected annually from the Board of Directors. Board members are given an opportunity to nominate members for positions on these committees based on their expertise and knowledge in applicable areas. Nominees can choose to accept or decline a nomination. Elections are then held for those members who wish to stand, and the elected candidates are announced and the ballots are destroyed. At the first meeting of the Committee the Committee elects a Chair and appoints the alternate. Alternates are not required to attend meetings unless they are required to fulfill the quorum of three.

Board Appointments

Annually, the Chair of the Board will ask members of the Board to advise if they have any particular interest in Committee roles that are appointed. Using this information the Chair of the Board then populates the Committees that are not elected, balancing the skills required for each Committee with the workload for each director.

Senior Management

The Executive Leadership team is made up of eight professionals committed to building members' financial health, strengthening our communities and inspiring others to contribute to this shared vision. As a locally owned and operated Credit Union, the leadership team makes decisions with first-hand insight into the local market and the needs of our unique communities.

Shelley McDade, MBA
Chief Executive Officer



"Enriching lives on the Sunshine Coast is the cornerstone of our leadership, and drives every decision we make."

Shelley is a leader of collaboration in the Canadian credit union system. Her passion for the co-operative business model drives her to lead a variety of collaborative initiatives that create value for members locally, provincially and nationally. A firm believer in the value of mentorship, Shelley is an active mentor of emerging and experienced leaders across and outside the credit union system. Shelley is an Accredited Director, and serves on the boards of Central 1 Credit Union, the Risk Management Alliance, Back Office Collaborative, and CUSO Wealth Services Inc.

Dawn Bezaire, CPA, CGA
Chief Financial Officer



"As well as supporting its employees in achieving their career aspirations, the Credit Union supports its members and our community in many ways that make me proud to work here."

Dawn is an integral part of the organization's leadership team. Alongside her role as CFO, she serves as the management resource to the SCCU Audit Committee. Aligned with the organization's approach to community support, Dawn has served as a Board member on the Sunshine Coast Minor Hockey, as a member of the advisory committee for the Progress Plan; a three-year initiative aimed at enhancing women's financial well-being on the coast, and as Secretary of the Self Employed Women's Network (SEWN). Dawn is currently a Board member of Rhiza Capital and Sunshine Coast Insurance Services. She fervently believes that the Sunshine Coast offers an incredible community to raise a family, and that the Sunshine Coast Credit Union is an integral part of that community.

Rick Cooney
Chief Credit and Risk Officer



"When members, community and Sunshine Coast Credit Union all work together, it's a triple win. Members' financial health improves. Your credit union becomes co-operatively stronger. And our community thrives. Together, we can achieve more."

Rick holds over 40 years of experience in financial services. He serves on the SCCU Investment and Lending Committee, and on the steering committee of the Risk Management Alliance. Rick feels a strong personal need to help others achieve a better life, and can think of no better way than by mentoring employees, and providing sound advice to members. A strong community supporter, Rick has volunteered with local organizations such as the Festival of the Written Arts, Rotary, Community Futures Development Corporation, local Chambers of Commerce and Economic Development Committees.

September Dixon
Chief Member and
People Officer



"My passion lies in supporting the growth of leadership and collaboration, ultimately leading to a rewarding experience for our members."

September is passionate about collaboration and community. She believes that building collaborative strength in both Sunshine Coast Credit Union and the credit union system is key to enriching the member experience. September is focused on ensuring the sustainability of credit unions for future generations of members – and credit union leaders. She serves on the Program Advisory Committee at the BC Institute of Technology for the Sustainable Business Leadership program. She is also Chair of the Human Resources work stream, as part of the Credit Union Systems Back Office Collaborative initiative.



Laurie Wilson
Chief Information Officer



"I'm excited to work with this amazing group of employees who are dedicated to providing our members with knowledgeable advice and rich experiences, in a way that will allow them to complete their financial transactions where and when they want."

Laurie has worked within the credit union organization for over 30 years. She has demonstrated success in aligning technology solutions and leveraging key strategic partnerships in support of the member and employee experience. She has led the implementation and delivery of significant IT initiatives, contributing to the accomplishments of the credit unions strategic goals. Laurie is a change leader who believes and promotes collaboration within the credit union system. Laurie seeks out and embraces new adventures and challenges, enjoying valuable time spent with family and friends on the coast.

Jodi Fichtner, BBA
VP, Marketing



"We're here to empower others to make great money decisions every day, and to be a key partner in our community's health. We're here for the people."

Jodi has a strong connection to the Sunshine Coast; her local family heritage dating back multiple generations. With over twenty years of experience in marketing, Jodi is passionate about elevating the credit union's brand presence in the community to reinforce how SCCU enriches lives. A proponent of financial well-being and community health, Jodi has played a key role in launching the organization's financial literacy initiatives and currently serves as Chair of the SCCU Community Enrichment Committee. Jodi is actively involved in the system's Baco Office Collaborative, serving as Co-Chair on the Marketing and Data Analytics Work Stream and a participant on the Communications Committee.

Lee-Ann Page, CEC, CFP
VP, Member Experience & Transformation



"I am passionate about coaching staff and leaders to continuously develop their knowledge and skills to provide member-centric advice and recommendations, overall achieving optimal financial health for our members."

Lee-Ann has been part of the Credit Union system for over twenty years, with the majority of her experience taking place within BC. Throughout her career, Lee-Ann has held virtually every retail branch position. As a life-long learner, she has obtained extensive education including her Certified Financial Planning Designation, Graduate Certificate in Executive Coaching (Royal Roads University), Graduate Certificate in Values Based Leadership (Royal Roads University), and Certified Practitioner of Cultural Transformation Tools; she is currently completing a Masters of Arts in Leadership through Royal Roads University. She values the importance of community involvement and helped establish the Abbotsford Hospice Society through her efforts on the Capital Campaign Committee. Lee-Ann is enjoying settling into the beautiful Sunshine Coast life and is looking for opportunities to contribute to the community.

Alex Kostenko, MBA
Director of Strategy and Innovation



"The Sunshine Coast Credit Union is more than a financial institution – it's a pillar of our community. I am proud to be a part of a team that enriches lives on the Sunshine Coast every day."

As Director of Strategy & Innovation, Alex aligns the organization around its core strategies, and facilitates a culture of innovation excellence. In addition to directing the organization's strategic and annual planning methodology, Alex also serves the Board of Directors' Conduct Review Committee as a management resource.

In alignment with her passion for growing leadership skills in the credit union system, Alex is a past chair of the BC Young Leaders. She enjoys working through complex business problems using her skills in facilitation and innovation to create meaningful impact for members and employees.

Learn more: www.sunshineccu.com/Leadership



Compensation Disclosure

Sunshine Coast Credit Union has adopted a balanced approach to strategy and performance, measuring success in four main areas through the organization's scorecard: Members, Employees, Community and Financial. Employee and team scorecards include similar performance metrics, providing a direct line of sight as to how each individual's role contributes to the credit union's vision of enriching the lives of our members and community.

To ensure we deliver on our members' expectations to provide a full service, value-add experience, we strive to attract and retain strong talent across the entire organization. Our compensation philosophy is aligned with this goal, supporting us to compete for talent in an ultra-competitive environment. Compensation is made up of a base salary targeted at mid-market, variable compensation and benefits. Variable compensation is paid to all employees annually contingent on achieving goals set out in our balanced scorecards. Compensation for all positions is reviewed annually to ensure competitiveness to market and executive leadership level positions are assessed in greater depth every two years. The combined compensation of key management personnel totalled \$1,012,269 in 2019.

The Board is responsible to set and monitor the CEO's compensation at a mid-market range compared to credit unions of similar size and scope. The CEO's compensation is determined using a similar approach to that above, but with additional rigor and in consultation with the Board of Directors. Annual monitoring using external comparison data and a customized in-depth analysis is performed every two years. The Board assesses the CEO's performance annually based on the results of the individual's scorecard as well as the results of the entire organization.

**Includes salaries and other short-term employee benefits, total pension and other post-employment benefits.*

Subsidiaries & Ownership

SunCu Financial Services Inc. is a wholly owned subsidiary of the Sunshine Coast Credit Union, providing wealth management and investment services to members and clients.

Rhiza Capital is a joint initiative between Community Futures Sunshine Coast, Sunshine Coast Credit Union and Powell River Community Investment Corporation. Rhiza Capital supports and invests in community-based businesses.

Sunshine Coast Insurance Services Inc. is an insurance agency jointly owned by Sunshine Coast Credit Union and Co-operators Insurance Agencies Limited. The Co-operators® used by Co-operators General Insurance Company under license from The Co-operators Group Limited.

Auditors

GRANT THORNTON LLP Chartered Professional Accountants

Auditor's responsibility is to express an opinion on the summary consolidated financial statements based on their procedures, which are conducted in accordance with Canadian Auditing Standard (CAS) 810 Engagements to Report on Summary Financial Statements.

Legal

Edwards, Kenny & Bray LLP

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