

**Saskatoon City Employees Credit Union  
BOARD GOVERNANCE POLICY**

**Approved by the Board: April 2023**

Page 1 of 5

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**EXECUTIVE LIMITATIONS POLICY**

The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent or in violation of any legislation relevant to Credit Union operations, or be in violation of the Credit Union Deposit Guarantee Corporation Standards of Sound Business Practices, Market Code or professional ethics.

1. *Treatment of Members*

With respect to interactions with members (customers) or potential members, the General Manager shall not cause or allow conditions, procedures, or decisions which are unsafe, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality or privacy.

Accordingly, the General Manager **shall not**:

- 1.1 Allow the PIPED (Personal Information Privacy and Electronic Documents) Act to be contravened.
- 1.2 Allow the Market Code as prescribed by the Credit Union to be contravened.
- 1.3 Maintain facilities that fail to provide a reasonable level of privacy, both visual and aural.
- 1.4 Fail to establish with members a clear understanding of what may be expected and what may not be expected from the service offered.
- 1.5 Fail to inform members of this policy, or to provide a grievance process to those who believe that they have not been accorded a reasonable interpretation of their rights under this policy.

Reporting frequency on 1.1 annually and next meeting in the event of an exception. 1.2 is reported next meeting in the event of an exception.

2. *Treatment of Staff*

With respect to the treatment of paid and volunteer staff, the General Manager may not cause or allow conditions that are unfair, unsafe or undignified.

Accordingly, the General Manager **shall not**:

- 2.1 Operate without written personnel policies that clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.
- 2.2 Discriminate against any staff member for expressing an ethical dissent.

**Saskatoon City Employees Credit Union**  
**BOARD GOVERNANCE POLICY**  
**Approved by the Board: April 2023**

Page 2 of 5

2.3 Prevent staff from grieving to the Board when the employee alleges either that (i) Board policy has been violated to his/her detriment, or (ii) Board policy does not adequately protect his/her human rights.

2.4 Fail to acquaint staff with their rights under this policy.

Reporting by exception only.

3. *Financial Planning/Budgeting*

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the Board's ENDS priorities and risk financial jeopardy. Accordingly, the General Manager **shall not** allow budgeting which:

3.1 Contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

3.2 Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period, unless an exception is approved in advance by the Board.

3.3 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

4. *Financial Condition and Activities*

With respect to the actual, ongoing financial condition and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures needed to meet Board priorities established in ENDS policies.

Accordingly, the General Manager **shall not**:

4.1 Expend more funds than have been received in the fiscal year to date, unless the debt guideline in (4.2) is met.

**4.2 Indebt the organization in any amount greater than can be repaid by certain unencumbered revenues plus excess capital.**

4.3 Use any long-term reserves without approval from the Board and the Credit Union Deposit Guarantee Corporation.

4.4 Fail to settle payroll and debts in a timely manner.

4.5 Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

4.6 Fail to aggressively pursue receivables after a reasonable grace period.

4.7 Fail to develop and apply lending criteria sufficient to prevent the credit union from incurring loan losses greater than 1.00% of total loans.

4.8 Allow operating losses for more than two consecutive quarters.

**Saskatoon City Employees Credit Union**  
**BOARD GOVERNANCE POLICY**  
**Approved by the Board: April 2023**

Page 3 of 5

5. Emergency General Manager Succession

In order to protect the Board from sudden loss of General Manager services, the General Manager may have no fewer than one other executive familiar with Board and General Manager issues and processes.

6. *Asset Protection*

The General Manager shall not allow corporate assets to be unprotected, inadequately maintained or unnecessarily risked.

Accordingly, the General Manager **shall not**:

- 6.1 Fail to insure against theft and casualty losses to at least 80% replacement value, and against liability losses to Board members, staff and the organization itself in an amount greater than the average for comparable organizations.
- 6.2 Allow unbonded persons access to material amounts of funds.
- 6.3 Subject premises and equipment to improper wear and tear, or insufficient maintenance.
- 6.4 Unnecessarily expose the organization, its Board or Staff to liability.
- 6.5 Make any purchase: (a) wherein normally prudent protection has not been given against conflict of interest; (b) in excess of \$15,000.00, without having obtained comparative prices and quality; (c) without a stringent method of assuring the balance of long term quality and cost.
- 6.6 Fail to protect information and files from loss or significant damage.
- 6.7 Receive, process or disburse funds under controls, which are insufficient to meet the appointed auditor's standards.
- 6.8 Invest or hold excess capital in insecure investments.
- 6.9 Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of its mission.

7. *Compensation and Benefits*

With respect to employment, compensation and benefits to employees, contract workers and volunteers, the General Manager shall not jeopardize fiscal integrity or public image. Accordingly, the General Manager **shall not**:

- 7.1 Change his or her own compensation and benefits.
- 7.2 Promise or imply permanent or guaranteed employment.
- 7.3 Establish current compensation and benefits that deviate significantly from the geographic or professional market for the skills employed.

**Saskatoon City Employees Credit Union**  
**BOARD GOVERNANCE POLICY**  
**Approved by the Board: April 2023**

Page 4 of 5

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- 7.4 Create obligations over a longer term than revenues can be safely projected, and in any event subject to losses in revenue.
- 7.5 Establish or change pension benefits to a defined benefit pension plan.
8. *Communication and Support to the Board*  
The General Manager shall not permit the Board to be uninformed or unsupported in its work. Accordingly, the General Manager **shall not**:
- 8.1 Neglect to submit monitoring data required by the Board in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored.
- 8.2 Let the Board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
- 8.3 Fail to advise the Board if, in the General Manager's opinion, the Board is not in compliance with its own policies on Governance Process and Board/Staff Linkage, particularly in the case of board behavior that is detrimental to the work relationship between the Board and the General Manager.
- 8.4 Fail to gather for the Board as many staff and external points of view, issues and options as needed for fully informed Board choices.
- 8.5 Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
- 8.6 Fail to provide a mechanism for official Board, officer or committee communications.
- 8.7 Fail to deal with the Board as a whole except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
- 8.8 Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the Board.
- 8.9 Fail to supply for the consent agenda all items delegated to the General Manager yet required by law or contract to be Board-approved, along with the monitoring assurance pertaining thereto.
9. *Communication with Staff*  
No member of the staff shall be uninformed on the Board's policies.

**Saskatoon City Employees Credit Union**  
**BOARD GOVERNANCE POLICY**  
**Approved by the Board: April 2023**

Page 5 of 5

10. *Management of Risk*

- 10.1 The General Manager shall not allow the minimum leverage ratio to fall below 7.0%.
- 10.2 The General Manager shall not allow Common Equity Tier 1 to fall below 7.0%, total Tier 1 to fall below 8.5% and Total Eligible capital to fall below 10.5%. These limits are percentages of risk-weighted assets and include a 2.50% Conservation buffer.
- 10.3 The General Manager shall not allow Total Eligible Capital to fall below the requirements determined by the Internal Capital Adequacy Assessment Process (ICAAP).
- 10.4 The General Manager shall not plan for a Return on Assets (ROA) Ratio less than 0.35% of Total Assets in any fiscal year.
  - 10.5.1 The General Manager shall not allow for a Return on assets (ROA) ratio of less than 0, i.e. a loss, in any fiscal year.
- 10.5 The General Manager shall not allow the regulatory Liquidity ratio to fall below 8.65%.
- 10.6 The General Manager shall not allow the Liquidity Coverage ratio to fall below 100%.
- 10.7 The General Manager shall not allow the Interest rate Risk – Accumulated Gap Year 1 ratio to exceed +/-10% for more than 2 consecutive quarters.

11. **Risk Appetite Statement**

**11.1 The General Manager shall not allow Overall Risk within the Credit Union to be such that it is rated worse than Moderate.**