



Financial Well-being

2017

Annual Report

conexus
Credit Union

2017 Annual Report



Michaela and Janelle, members, Regina

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Note: Consolidated financial statements and management discussion and analysis can be found in separate files on our website, www.conexus.ca.

Message from the Board Chair

As a member-owned co-operative, the sole reason we exist is for our members. We were really excited in 2017 to welcome another 2,900 members to the fold. As an elected board of directors, we are the representatives of you, our 126,000 members. It's our role to steer the strategic direction of Conexus, ensuring your credit union is focused on what matters to you, and sustainable and viable for future generations of members.

How do we do this? One way is that we have shifted our focus on how we attract members to have their names stand for the board of directors. We look for candidates who have skillsets in innovation, technology, financial services and transformational strategic leadership among other skills. We then develop those skillsets so directors are well equipped to guide Conexus into the future. We also have history on our side: more than 80 years of doing the right thing for our members and communities. With \$7.8 billion in total funds managed, we continue to grow and do well financially by focusing on our members' and communities' well-being. We provide proactive, practical help and solutions to support your financial health. We understand the connection between your financial health and your overall well-being. Overall, we feel strongly that financially healthy members lead to a stronger Saskatchewan.

We are also a driving force in economic development through our support of small and medium-sized enterprises and industries across the province. This has a snowball effect that adds strength to our communities. We continue to reinvest the returns from our success back into Saskatchewan and its people. In 2017, our Community Investment Program allowed us to invest \$1.06 million back into our communities. More than \$400,000 of that amount was used for financial literacy education through programs like Junior Achievement, READ, Creative Saskatchewan, Enactus and WHL/SJHL school partnerships. In addition, the Conexus Street

Team took part in a number of events last year, asking members to share their financial concerns and dreams, in an effort to reduce the anxiety around talking about finances.

We are proud of our financial contributions through our Community Investment Program, but we also look for ways to be innovative and creative with our partnerships. We are supporting arts and education with our partnership with the University of Regina that is already taking shape with the renewal of the College Avenue Campus. The partnership will also help with the enhancement of Darke Hall. In return, Conexus is constructing a new building that will house our corporate services employees on University land west of Darke Hall. The building will also include a unique business incubator that will support local entrepreneurs and involve partnerships with a number of Saskatchewan organizations. We continue to work on the design for the new building and are excited to watch that design take shape in 2018.

Your board has also taken substantial time and effort to review the strategic direction and focus of your credit union for the next five years. The Conexus Purpose, improving the financial well-being of our members and communities, is the basis for the strategy and business plan. The Conexus Values, or how we deliver on our purpose, were also updated in 2017. You can learn more about our strategic purpose and values on pages 12 and 13 of the Annual Report.

We sincerely thank you, our members, for being a continued part of our success. We look forward to the future as we continue on our journey and meet your expectations of fulfilling our promise; ensuring our members' financial well-being drives everything we do.



A handwritten signature in black ink, appearing to read 'Bradyn Parisian'.

Sincerely,
Bradyn Parisian
Chair, Conexus Board of
Directors

Message from the CEO

How do you define success? If you take the dictionary definition, success could mean profit, prosperity, winning or achievement. As a member-owned cooperative, Conexus defines success as improving the financial well-being of our members.

How are we doing this? By offering an exceptional member experience and focusing on the financial well-being of our members, their families and our wider community.

In 2017, we continued our journey of providing industry-leading service in our personal, business and wealth portfolios. How did we do this? We can tell you about the thousands of calls we have made to our members, emails we have sent or appointments we have made, but those are just numbers. What really matters is that in all those interactions we provided practical help and solutions to support your financial health. The feedback we get tells us we are hitting the mark. The Canadian Federation of Independent Business (CFIB) says Conexus and credit unions are the top performers when it comes to serving small businesses' overall financial needs. Meanwhile, according to Ipsos® Best Banking Awards program, credit unions have rated first among all financial institutions in providing customer service and branch service excellence for 13 years straight. We could not be more proud to know we are making a difference for our members.

How will we know if we're successful? We've done our job when our members are financially better off by banking with us. It is that simple. This past year, we refined our financial health indicator that looks at nine specific drivers that lead to improved financial wellness for our members. Wellness is not about a dollar figure in your account. It's about working toward your financial goals, managing for unexpected challenges and boosting confidence in how you manage your money.

This in turn reduces financial related stress and leads to more positive relationships personally, professionally and in your community. Research tells us that half of the people in Saskatchewan are living paycheque to paycheque and 35% of our population are feeling overwhelmed by debt. Therefore, it becomes clear that we need to shift our entire purpose, including how we measure our own performance, to improving your financial well-being.

Along with ensuring our members' financial well-being, we understand members want access to their money in a way that is convenient, simple and always available. In 2017, we introduced Apple Pay as well as touch ID for IOS users of our mobile app. These features add convenience for payments and easier access to your accounts when and where you need it. We made it easier for you to opt out of receiving a paper statement with a simple click while you're online already doing your banking. Speaking of being online, we made it easier for you to organize your bill payments by introducing the ability to personalize the names of the payments you look after on a day-to-day basis. We introduced ConexusMoneyTalk.ca offering you expert advice and practical solutions anytime on financial topics that matter to you. We know what topics matter most because we're asking you each time we interact with you. We also engage almost 2,000 members regularly through our Member Voice online panel asking you to share your feedback with us throughout the year.

Our enhancement to convenient services does not stop with our personal members. For our business members, we introduced Remote Business Pro, which allows businesses to scan and deposit cheques right from the office. We introduced Lead Bank, which adds convenience and saves time for our business members by simplifying and consolidating the payments they

receive from any financial institution. A foreign exchange solution was also introduced, allowing business members to leverage favourable pricing when obtaining other currency. Setting our member businesses up to thrive and grow will be a continual focus for us.

We know from the feedback that we receive that we're already doing a good job in making a difference in our members' lives, but we want to do more and we know we can always do better. In 2018, we look forward to further enhancing your financial well-being as well as improving the financial landscape and economic future of Saskatchewan one member at a time.



A stylized, handwritten signature in white ink, which appears to be the name Eric Dillon.

Eric Dillon
Chief Executive Officer
Conexus Credit Union

Who We Are

Our Purpose, Promise and Co-operative Principles

Our Purpose

To improve the financial well-being of our members and communities.

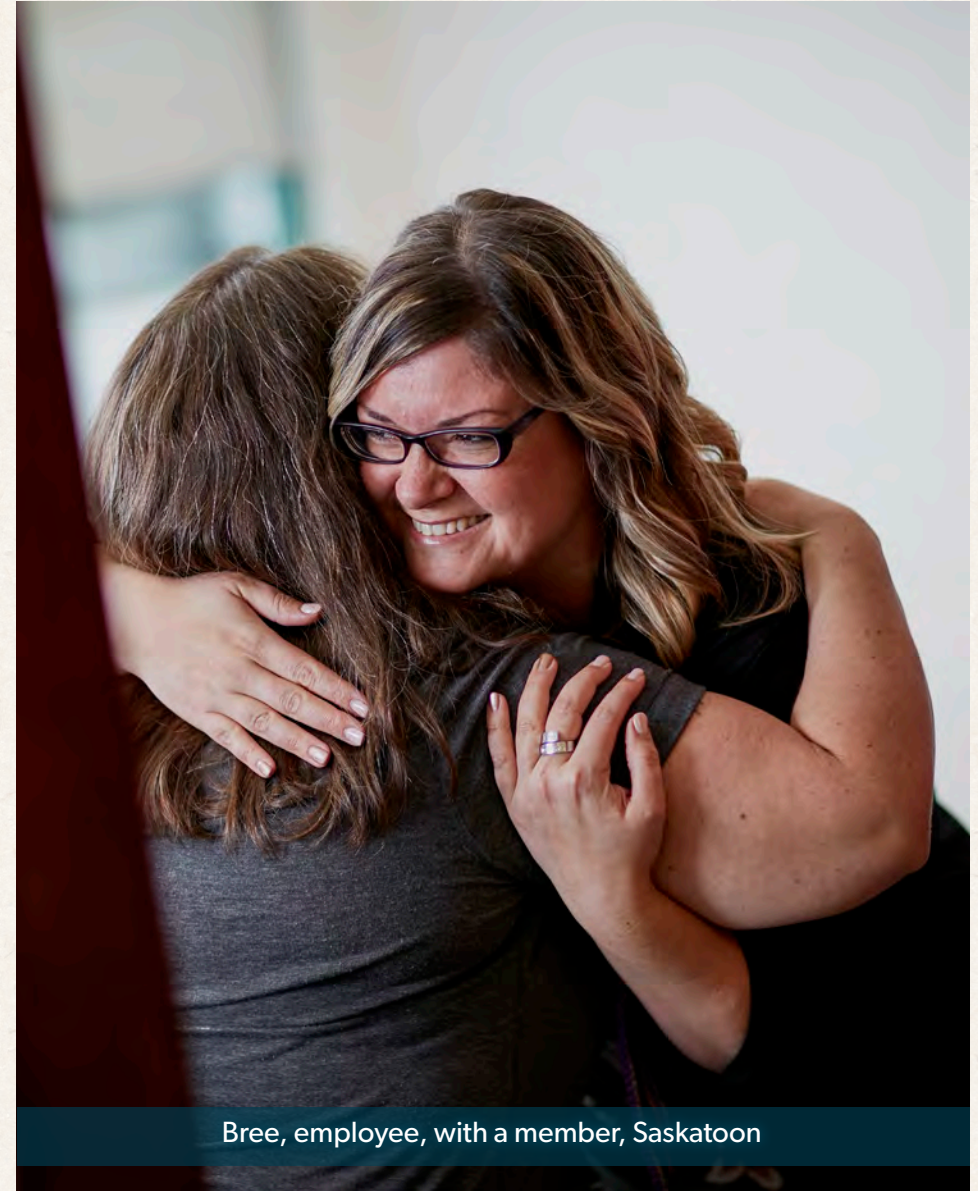
Our Promise

We're all about our members—ensuring their financial well-being drives everything we do. And that's not just something we say on our website, it's a promise. A promise that's delivered by 900 employees across Saskatchewan.

Our Co-operative Principles

Conexus is a co-operative organization and as such, we live by the seven guiding co-operative principles:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation among co-operatives
- Concern for community



Bree, employee, with a member, Saskatoon

Our Business

At Conexus Credit Union, your financial well-being drives everything we do. We take the time to get to know you and discover together how our product and services offerings can help in your overall financial well-being.

Conexus Credit Union

We are Saskatchewan's largest and Canada's sixth largest credit union with \$7.88 billion in total funds managed. With 39 branches and 900 employees across the province, we provide personalized service for individuals, small and medium-sized commercial and agriculture businesses. Our CU Dealer Finance Corporation also offers financing for vehicle and leisure craft purchases.



What We Offer

It doesn't matter if you want face-to-face personalized service, on the phone or online, we have something for everyone.

- Online Banking – Our Online Banking service and mobile app are popular among our members who want to take care of their banking anytime, anywhere on a computer or mobile device.
- INTERAC® e-Transfer – Need to transfer some money quickly? It's easy using INTERAC e-Transfer. And, if you have a no-fee account, it's also free!
- Deposit Anywhere™ – Deposit your cheques in an instant using your mobile device.
- Telephone Banking – Call 1-800-567-0101 to access your account through our automated Voice Response system.
- Mobile mortgage specialists – 12 professionals located throughout the province to bring your mortgage to you when you need it.
- Member Contact Centre – Now available 7 days a week! Call one of our financial advisors at 1-800-667-7477 for advice when you need it.

- Branch service – 39 branches throughout the province with expert employees who can help in your personal, commercial or agriculture business.

What's New

- Apple Pay® – We launched this in December 2017. In just one month our members used it for 4,103 transactions.
- Touch ID® – You now can login into our Conexus mobile app for Apple devices using your fingerprint.
- Online Voting – Now members can vote in the director elections through Online Banking or the mobile app.
- Nickname bill payments – Organize your accounts payable by assigning your bill payments your own personalized name.
- E-statements – When you're in Online Banking, you can opt out of paper statements and go electronic with the simple click of a mouse.
- Conexus Moneytalk.ca - Expert advice and practical solutions anytime on financial topics that matter to you.
- Remote Business Pro™ – Enables business members to scan and deposit cheques from the comfort of their office.
- Lead Bank – Simplifies and consolidates payments for business members from any financial institution.
- Foreign exchange trading tool – Allows business members to obtain favourable pricing for foreign currency.

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Deposit Anywhere™ is a trademark of Central 1 Credit Union and used under license.

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Thrive Wealth Management



Thrive is a credit union-owned wealth management company committed to doing what's best for you.

Through Thrive's life stage approach to financial planning, they can provide investments and opportunities that are directly related to your unique needs, no matter what stage or chapter of your life you are in. They listen with intent through the discovery phase until they fully understand your objectives and concerns.

They will work closely with your unique life stage to properly align you with wealth professionals to help you plan for your financial future. Thrive offers financial, investment, protection (insurance), estate and legacy planning services.

Visit thrivewealth.ca to find out more.



Thomas, Colton and Paige Tait, members, Holdfast

How We Are Different

Democratic Process

As a member-owned co-operative, our member-owners are the reason for our successful history of more than 80 years. As a member, you have a say in the future of our credit union. You have the opportunity to nominate director candidates and cast a vote in the director elections to determine who will represent your voice in the decision-making process.

No-Fee Account

As a member, you can take advantage of operating a no-fee account. The account has been in place since 2013 as a result of feedback from our members. It offers significant savings to members and is the primary alternative for the distribution of excess earnings. The no-fee chequing account, like the name implies, offers unlimited transactions each month with no monthly service charges.

Member Research

We value your opinion and we want to hear from you. In 2017, we continued our research program that involves using Net Promoter ScoreSM. The program allows us to proactively reach out and collect feedback about the experience you had as a member so we can learn from that and help our employees serve you better.

In our research, 82% of our members rated us a 9 or a 10 in the category of likelihood of future use. We also found that 70% rated us a 9 or a 10 in the likelihood to recommend category. This tells us you value the service you receive and want others to have the same experience.

Overall, 84% of our members rated us a 9 or 10 for their overall member experience. We are proud of our high scores, but we are not content or complacent. We continually look for ways to improve the member experience.

SM Net Promoter, NPS, and the NPS-related emoticons are registered service marks, and Net Promoter Score and Net Promoter System are service marks of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld.

Conexus Member Voice Panel

This online panel consists of members who voluntarily sign up to share their feedback. In 2017, 2,042 members committed to providing feedback and opinions, with 1,822 active participants. The survey response rate averaged over 31% last year, proving panelists were highly engaged and understood Conexus values their opinions. Five surveys were conducted asking for input on a vast range of topics, from website use, credit union governance and the Conexus Building Communities project to feedback on spending and savings habits.



Charity, employee, Lumsden

Our People

Our employees make us who we are. Our ability to deliver exceptional member experiences, financial services and a culture of accountability and integrity relies on the talent and drive of our team. We strive to employ a highly motivated, engaged workforce focused on our members' financial well-being. We value diversity in the workplace and invest in learning and leadership initiatives to manage and develop our employees' talents.

Employee Engagement

Employee engagement is very important to us at Conexus. Employees are engaged when they speak positively about our organization to others, demonstrate long-standing commitment to our team, and are motivated by our organization's leaders, managers, culture and values to contribute to business success. In 2017, we introduced a new employee communication tool to facilitate a continuous conversation with our employees about things that matter to them and ultimately serve our members.

Employee Total Rewards and Compensation

Our employees enjoy working hard for you and our organization. We provide a competitive total rewards program that recognizes these efforts. We believe in work-life balance and offer the incentives, environment and culture to prove it.

Employee Learning and Development

All of our employees complete a learning and development plan to assist them in focusing their training and learning activities to achieve their career goals. We encourage lifelong learning and believe formal and informal learning and development courses provide a means for enhancing employee engagement. We offer a variety of unique programs to foster and strengthen employee development such as Conexus Emerging Leaders, Women's Network and a Mentorship Program.

Employee Recognition

Every day, our employees define themselves by the work they do and how they help each other to succeed. Our U-inspire program recognizes and

rewards employees for performance and behaviours that demonstrate Conexus' values.

Employee Wellness

At Conexus we encourage our employees to live a more active and healthy lifestyle. In 2017, our employees joined the Global Corporate Challenge for the second year. We embarked on a 100-day journey and made positive improvements to our overall physical, social and mental well-being. Together we achieved more than 400 million steps for a total distance of 274,220 kilometres. We were recognized as the third most active organization in the banking and financial services industry in Canada.



Allan and Jo, employees, Regina

Measuring Our Performance

At Conexus Credit Union, we use a Balanced Scorecard (BSC) to measure our corporate performance. The scorecard tracked progress in four strategic perspectives: members and their financial wellness, employees, financial and momentum. The balanced scorecard focuses on our business strategy, which all employees have a stake in delivering. The following table gives an overview of our 2017 balanced scorecard results.

- Current performance falls short and requires initiatives and resources to drive improvement.
- Satisfied with current performance and expect it to continue.

Perspective	Objective	Measurement	Targets	
			Min - to - Stretch	Results
Members & their Financial Wellness	Establish a benchmark for the Financial Well-Being of members	Financial Health Indicator (Establish FHI and use as a measurement in 2018)	Aug 30 (min) - June 30 - Apr 30 (stretch)	
	Improve Member Experience	Net Promoter Score	61.5 - 63 - 64.5	■ 63.80
Employees	Engage Employees	Employee Engagement Score	70% - 72% - 74%	■ 62%
	Improve Leadership Capability	Leadership Effectiveness Index	70% - 72% - 74%	■ 71%
Financial	Effectively Manage Growth	Assets Under Management (including WM)	\$7.73B - \$7.91B - \$8.09B	■ \$7.88B
	Increase Wealth Relationships	Percentage of Members with Wealth Relationship at Conexus	11.0% - 11.5% - 12.0%	■ 11.99%
	Achieve Earnings	Return on Assets	.52% - .62% - .72%	■ 0.84%
	Manage Capital	Risk Weighted Capital Adequacy	12.70%(min) - 13.00% (stretch) - 13.30%(max)*	■ 13.58%
Momentum	Increase Members	Net New Members	2,400 - 2,700 - 3,000	■ 2,945
	Increase Revenue	Non-Interest Revenue (% of revenue from non-interest sources per FTE)	\$38.57 - \$39.96 - \$41.35	■ \$40.25
	Control Expenses	Operating Expense Ratio	2.20% - 2.15% - 2.10%	■ 2.11%
	Increase Innovation	Digital Transformation (Index created and measured)	July 31(min) - Apr 30 - Feb 28 (stretch)	■ Apr 30
		Transform internal processes / capability	\$500,000 - \$750,000 - \$1,000,000	■ \$801,658
		Transformational Project Execution (spend, completion, success)	75% - 85% - 95%	■ 83%

Reported results are reflective of the calculation of the BSC measure as targeted. BSC measures are used for internal performance reporting and are not comparable to the ratios presented in the Management Discussion and Analysis. Ratios reported in the Management Discussion and Analysis are reflective of the Audited Consolidated Financial Statements.

Conexus had a successful year in 2017. It was a year of growth, change and doing things differently, all centred around improving the financial well-being of our members and communities. Overall we achieved 92.85 % on our balanced scorecard for 2017. Of the 14 goals, 11 were within the target range, two met or exceeded the stretch target and one failed to reach the minimum target.

Conexus sustained our financial strength in a competitive industry. All of our financial targets were within range, with two reaching our 120% stretch target and only one being slightly below 100%.

Other successes saw the establishment of a Financial Health Indicator. This is a way we will measure the financial well-being of our members in the future. Our members are the reason we exist and your financial well-being drives everything we do. Our members are also telling us that we are doing things the right way. We not only maintained, but actually grew, our Net Promoter Score. We also grew our membership by 2,945.

While we were growing our membership, we also expanded our wealth relationships. Our members know we have their best interests at heart, trusting us with what matters most. Our success is testament to the great work of our trusted partners at Thrive Wealth Management, which is now one of the top performing wealth businesses in Canada.

One measurement where we did fall short was employee engagement. Conexus has been experiencing transformational change over the last number of years and the employee engagement numbers reflect this. We are looking at new tools to engage our employees differently and exploring new ways to measure that engagement.



Shekhar, employee, Regina

Strategic Direction

Overview

Conexus has a comprehensive, long-term strategy informed by the board of directors that guides where the credit union is going and the choices it makes. The final year of a five-year strategic plan ended in 2017. Substantial time and effort was taken in reviewing the strategic direction and focus for the next five-year horizon.

The Conexus Purpose, improving the financial well-being of our members and communities, is the basis for the strategy and business plan. The strategy map (pictured on page 13) is a visual representation of the strategy. It is meant to tell the story of Conexus and clearly identify priorities. It focuses execution efforts through 11 strategic objectives from which transformational initiatives as well as operations and day-to-day activities specific to each business line are planned.



Conexus Values

Our values-based culture is how we deliver our purpose. What we do is important and how we do it is just as important. These values are integrated into operations and form the foundation of how we serve our members. They govern how we act, make decisions and communicate; they are the basis of our culture. Every day, every interaction we will...

Be Authentic



Be Authentic – create open and trusting relationships through communication, empathy and deep respect for all people inside and outside Conexus.

Be Bold & Creative



Be Bold & Creative – act with courage, be curious and challenge the status quo to create new ways to grow our credit union, members and each other.

Be Responsible



Be Responsible – be accountable for our actions and good stewards of our members' resources. As stewards, we are careful and responsible managers of what has been entrusted to our care.

Conexus Strategy Map



Improving the financial well-being of our members and our communities.

Our values govern how we act, make decisions and communicate; they are the basis of our culture. Every day, every interaction we will...

Be Authentic

Be Bold & Creative

Be Responsible

Members

We improve member's financial well-being...

Build Member Relationships

Increase the Financial Health of Members

Improve the Economic Well-being of Saskatchewan

People

by empowering our expert teams...

Increase the Ability to Deliver the Member Experience

Improve the Employee Experience

Process

through easy, seamless, well understood processes...

Deliver Services the Way Members Want to be Served

Improve Decision Making Through Data

Be Recognized for Creativity & Innovation

Financial

that result in the financial sustainability of Conexus.

Maintain Capital to Invest in Member Solutions

Increase Non-Interest Revenue Through Diversified Sources

Reduce Costs in Non-Value-Added Activities



Delphina, employee, Regina

Conexus Social Responsibility



Conexus Social Responsibility

At Conexus, social responsibility means we care about the well-being of individuals, society, the economy and the environment.

In alignment with our purpose and values, we will provide exceptional service experience and engage our members in our credit union.

We improve the financial well-being of our members, our employees and our communities by establishing social responsibility plans and measures in the following areas:

- People
- Trust
- Environment
- Community

People

This encompasses our relationships with our members, potential members, employees, partners and vendors. We engage stakeholders, provide exceptional experience and treat all people with respect. We have a code of conduct that we live by and are committed to human rights, diversity and inclusion, fair labour practices and ethical products and services. We provide programs to support access to financial services, financial literacy and small business financing. Our decision-making process is based on our values of being authentic, bold and creative and responsible.

Putting Our Members First

We're all about our members – ensuring their financial well-being drives everything we do.

We're fierce advocates – We're passionate about exploring the conversations and solutions that provide a meaningful difference for each member and their family.

We're experts – When it comes to professional services, strong financial performance and innovative products, Conexus is the place to bank.

We think differently – We know there's not a "one size fits all" approach to planning and managing finances.

We care – We take time to listen to members, by asking the right questions to make connections between personal goals and how we can help.

We're part of the community – We're proud to be a socially responsible organization and our Community Investment Program reflects this commitment.

Trust

We instill trust in a number of ways. We consider social, economic and environmental factors in how we manage Conexus. We communicate and report on our social responsibility activities. Through our board of directors, we engage members in decision-making and setting the direction of our credit union. This includes being an advocate for public policy and interests with governments, regulators and the public.

At Conexus, we don't just talk about our values, we live them. Being authentic, bold, creative and responsible are the foundational values of our culture. We are a co-operative organization committed to doing business with honesty and integrity and in compliance with legal requirements. We voluntarily commit to a standard of conduct called Market Code, which consists of business conduct practices that reflect industry standard consumer protection provisions.

Our Commitments:

- **Professional Standards** – We conduct business consistent with our corporate values; training qualified employees to provide an exceptional experience.
- **Disclosure and Transparency** – We provide clear information about products and services to help you make informed financial decisions.
- **Privacy of Personal Information** – We treat all personal information as private and confidential and operate secure and reliable information systems.

- **Fair Sales** – We act fairly and reasonably in all our dealings with you. We will not knowingly take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts, unethical activity or use of any other unfair sales practice. We recognize the importance of access to basic banking services and will take reasonable measures to ensure access to a no-fee banking account.
- **Complaint Handling** – We welcome and listen carefully to your feedback and work to fairly resolve any concerns that may arise.

We are committed to mutually successful financial relationships with our members. We provide opportunities for member feedback, encouraging participation in the democratic process.

Community

We value our relationship with Saskatchewan communities and invest in them through partnerships, volunteering and donations. Our Community Investment Program reflects our commitment to improve the financial well-being of our members and where they live, work and play.

In 2017, Conexus provided financial support to non-profit and charitable organizations and employees volunteered their time and talent. More than 105 initiatives benefited from this support, which was a total of \$1,057,120.

Key Investment Priorities

We have one priority – the financial well-being of our members and communities.

We do this together, with our partners, by offering programs and initiatives that promote financially healthy behaviours and a sense of satisfaction, confidence and emotional well-being related to money (or finances).

Various non-profit and charitable organizations across the province in 22 centres shared in our community investment funding. Over \$400,000 of that amount was invested in financial literacy education through programs like

Junior Achievement, READ, Creative Saskatchewan, Enactus and WHL/SJHL school partnerships. Close to \$10,000 was invested in co-operative education, so kids could attend Saskatchewan Co-operative Youth Program initiatives and help to advance co-operatives in our province.

Financial Literacy Partnerships

At Conexus, we are tackling the “money talk” and the best part, we are doing it together with community organizations across Saskatchewan who share the same passion – educating and empowering people with financial literacy. A recent Financial Post survey showed that the Saskatchewan education system does not include financial literacy as part of their core curriculum. We have been busy crashing the net and have launched a financial literacy program in elementary schools in Saskatoon along with the local WHL team the Saskatoon Blades. Our program includes sharing our knowledge and experiences on:

- The difference between “wants & needs”
- How to handle finances
- Importance of saving
- Setting short and long-term goals

To cap it off we presented a \$1,000 RESP to one of the student participants. We’ve also expanded to partner with three WHL hockey teams in our province – the Saskatoon Blades, the Moose Jaw Warriors and the Prince Albert Raiders, to provide more Saskatchewan kids the opportunity to expand their knowledge and skills so they too can learn to make sound financial choices on their road to financial well-being.

Business Financial Literacy

We continued our partnership with MNP offering the Conexus Business Accelerator, a complimentary course, to our business members. The course topics ranged from Interviewing 101 to Strategic Planning and Social Media Training which can be delivered by webinar or face-to-face in a classroom. This has been a great option for our business members just starting out or wanting to brush up on their skills. In 2017, we were able to share this

knowledge 24 times, connecting with over 1,100 individuals, helping to keep the Saskatchewan business community strong.

Conexus Building Communities

We are proud to partner with the University of Regina on the College Avenue Campus Renewal project. The Conexus Building Communities project was our response to the University's call for partners to help save College Avenue Campus. Conexus is committed to helping breathe new life into the historic campus, restoring it as an artistic, cultural and educational hub.

At the same time, Conexus will build a new head office on University land west of Darke Hall. The office will house our corporate services employees and a unique business incubator to support small business entrepreneurship. Much work on this project was done in 2017 and we look forward to unveiling a design in 2018. You can keep up-to-date on the project at www.conexusbuildingcommunities.ca.

Environment

We care for the environment through practices to reduce, reuse, reclaim and rethink and recycle. We consider the environment in operations including design of products and services, investments, procurement and relationships with partners and suppliers. As we look to the future, we will continue to explore ways to improve this area for the next generation of credit union members.

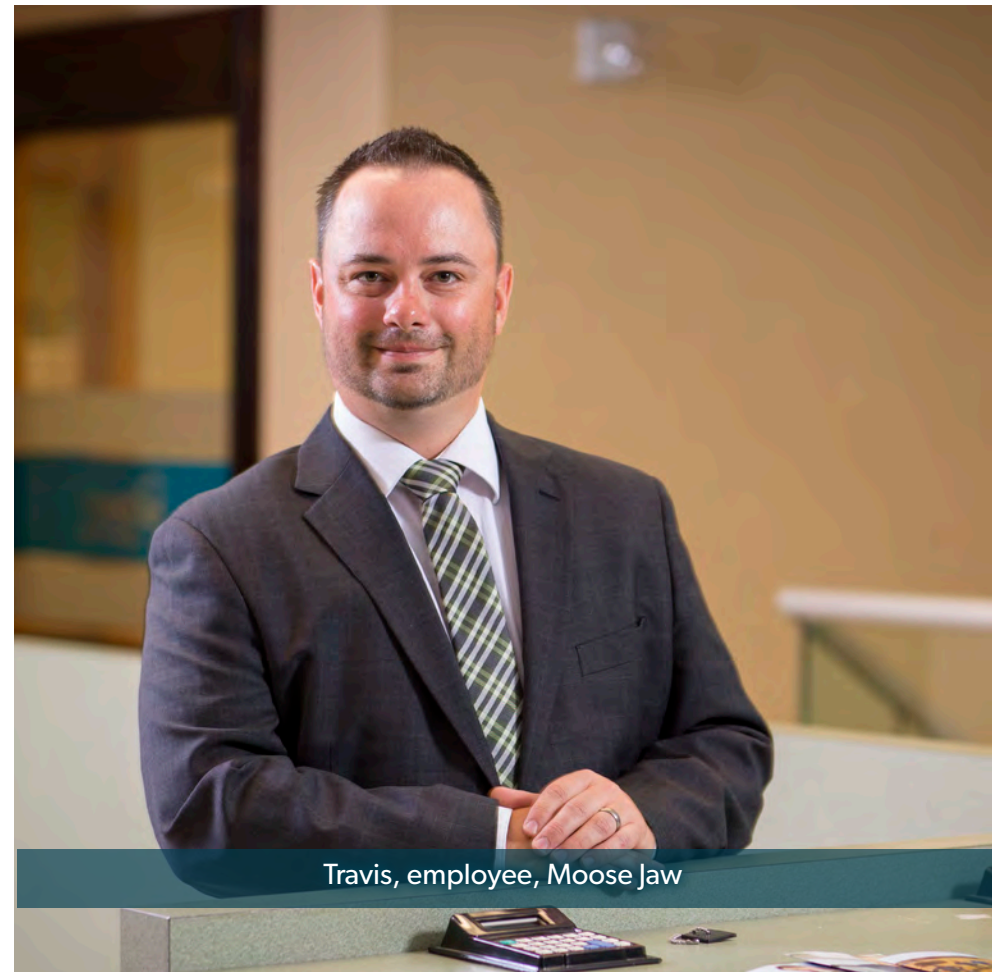
E-statements

In 2017, we made it easier for our members to sign up for e-statements. With just a simple click on the mouse once you are logged into Online Banking, you can opt out of receiving paper statements and go electronic. Since this feature was offered in October, 5,592 members have taken advantage of it, helping to eliminate a significant amount of paper waste.

Our Property and Facilities

We continuously work to identify environmentally friendly enhancements to improve our properties and facilities around the province. In 2017, we

continued converting our exterior signage to LED lighting and investing in the retrofit of existing interior lighting to more energy efficient fixtures. We actively seek new recycling opportunities and currently have recycling programs for paper, cardboard, photocopier toner and fluorescent lightbulbs. We care about sustainability and the future of Saskatchewan for our people and communities.



Travis, employee, Moose Jaw



Board of Directors 2017 (left to right)

Sandra Kitts, Joel Mowchenko, John Benson, Kara Marchand, Jason Schenn, Malcolm Eaton, Bradyn Parisian, Curtis Kosolofski, Wayne Kabatoff, Karla Hardcastle, Rick Pattison

Corporate Governance



Corporate Governance

Governing Legislation and Regulation

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions, and the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral) together, Provincially Regulated Financial Institutions or PRFIs.

The Corporation is charged through provincial legislation, The Credit Union Act, 1998, with the main purpose of guaranteeing the full repayment of deposits held in Saskatchewan credit unions. The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

For more information about deposit protection, the Corporation's regulatory responsibilities, and its role in promoting the strength and stability of Saskatchewan PRFIs, talk to a representative at the credit union or visit the Corporation's website at www.cudgc.sk.ca.

Approach to Credit Union Governance

Our governance framework ensures Conexus is managed and operated in a sound and prudent manner, which includes:

- A qualified and independent board with diverse backgrounds, competencies, experience and skills.
- A commitment to ethical leadership consistent with our values and code of conduct.
- A set of governance principles to guide the board's own work.
- A qualified and dynamic chief executive officer to lead our credit union.
- Clearly defined roles and a collaborative relationship with executive management.
- A set of strategies and performance measures, combined with effective monitoring.

- Independent risk and control functions.
- Transparent disclosure of material corporate information to stakeholders.

The Governance and Human Resources Committee works to ensure Conexus maintains high standards of credit union governance. Collaboratively, management and the Committee monitor the regulatory environment and corporate governance trends to identify opportunities for improvement.

You can find more governance information and related disclosures on our website at www.conexus.ca.

Business Conduct and Ethics

At Conexus, we believe in living our values and earning our members' trust. Our values are the foundation of our culture, and they extend to how we do business. As a co-operative organization, we believe in being socially responsible and doing business with honesty and integrity, and in compliance with legal and regulatory requirements.

A strong and positive tone at the top is established by our board and executive leadership team through a values-based Code of Conduct (our Code). Expectations and guidelines for business conduct and ethical decision-making are set out in our Code. All members of our Conexus team – including directors, executive management, and every employee – renew their commitment to our values each year.

To support our Code, internal and external safe disclosure reporting mechanisms are in place. Through these safe mechanisms, concerns of actual or suspected improper or unethical conduct can be reported without fear of retaliation or adverse employment action.

Board Composition

Conexus is committed to governance excellence and building a board of directors that effectively oversees our credit union, continually acting as a strategic resource. Our directors possess a diverse combination of competencies, knowledge, experience, and personal attributes. Plans for renewal and succession are part of our ongoing governance journey.

Directors are elected through a democratic process, with members voting in accordance with our bylaws. The board consists of 11 independent directors from five governance districts that cover our business and trading areas. Terms are three years in duration and tenure is limited to three consecutive terms.

The Governance and Human Resources Committee is responsible for overseeing the nomination process and election of directors in accordance with legislation. Voting is done by electronic ballot for individuals or paper ballot for businesses, and election results are announced at the Annual General Meeting.

Learn more about our directors by visiting our website.

Board Responsibilities

Our board has overall responsibility for the stewardship of Conexus and ensuring that our credit union can successfully meet the challenges of the rapidly changing financial services industry and its growing regulatory requirements. Our board always acts in the best interests of Conexus and our members.

In performing its role, our board determines our strategy by establishing our purpose and values; makes significant decisions that affect our credit union and subsidiaries; monitors risk and results; and regularly meets in camera with and without management present. Our board's responsibilities are fully described in the board's mandate and include:

- Managing the board's affairs, setting the governance principles, establishing meeting processes, and determining the mandate and composition of board committees.
- Ensuring an effective organizational structure that appropriately balances separation between retail and risk management control functions.
- Selecting the chief executive officer, establishing performance objectives and compensation, and evaluating performance.
- Reviewing and approving the strategic plan, annual business plan, and budgets.
- Monitoring risks and overseeing progress towards achieving strategic objectives.
- Reviewing and approving financial statements and regulatory filings, and overseeing timely and accurate reporting to members and the regulator regarding performance.
- Considering the legitimate business interests of members and stakeholders, and being accountable to them.

Board Strategic Direction

The Conexus Board provides strategic direction for Conexus and informs our purpose, values and strategy. In 2017, the board was involved in further defining financial well-being for our members through its involvement in developing the new Conexus values and strategy map.

Board Committees

Our board enhances its efficiency and effectiveness through well-appointed and structured committees. Committee memberships are reviewed annually and take into consideration the competencies and preferences of directors. Each committee has a mandate outlining its purpose and responsibilities. Committees meet regularly throughout the year and provide meeting minutes and reports to the full board. Outside advisors may be independently engaged to assist as needed. Each committee is composed of four directors with the board chair as an ex officio member on each committee:

- The Audit and Conduct Review Committee is responsible for the integrity of the financial reporting, performance of internal and external audit functions, and review of related party transactions.
- The Governance and Human Resources Committee is responsible for all governance and human resources related issues and assists the board in upholding effective governance structures and processes to oversee the organization and its subsidiaries.
- A Nominations Committee is formed and includes Governance and Human Resources Committee members who oversee the director nomination and election process.
- The Risk Committee is responsible for ensuring the existence of a strong enterprise risk management framework. The committee provides reasonable assurance that strategic, operational, financial and regulatory objectives are achieved in the creation and protection of member value. The Committee oversees the identification, measurement, and development of strategies to manage those risks and oversee the compliance with legal and regulatory requirements.

Board Committee Highlights

Audit and Conduct Review Committee

- Approved the liquidity management and capital management plans.
- Evaluated the balance sheet management strategies, and monitored financial results.
- Reviewed and recommended board approval of Conexus' annual budget.
- Reviewed quarterly budget variance and peer group comparison reports.
- Reviewed and recommended board approval of the year-end Audited Financial Statements and the External Auditor's Report.
- Reviewed and recommended board approval of Conexus' annual budget.
- Evaluated the performance of the external audit firm and lead auditor.
- Recommended the appointment of the external auditor to the board for recommendation to the membership at the annual meeting.



John Benson, Chair
Audit and Conduct
Review Committee

Governance and Human Resources Committee

- Continued to evolve the current state of governance against corporate governance guidelines from the Credit Union Deposit Guarantee Corporation and the Office of the Superintendent of Financial Institutions (OSFI), with the objective to uphold governance best practices.
- Renewed terms of reference for all committees.
- Evolved the formal learning and development policy for directors to provide clarity between optional and mandatory requirements and the approval process.
- Created a new candidate campaign policy.
- Monitored the board policy review process in keeping with the recurring two-year review cycle.
- Held a board learning and development day to discuss overall effectiveness.
- Expanded the range of competencies and experiences Conexus seeks on the board to align to the newly approved strategic plan.
- Administered and assessed the collective board composition using a competency matrix, and used results to inform the call for nominations for director elections.
- Organized and administered the director election process, through the Nominations Committee.
- Established a proactive approach to board succession by seeking input from branch leaders in support of director elections.
- Implemented a new online voting tool.
- Offered live webcasting of the AGM to encourage member engagement in real time.
- Ensured the human resource culture of Conexus is aligned with the achievement of strategic goals and successful attraction and retention of employees.
- Moved board information to an application based board portal. Improved access to information and effectiveness.
- Lead the overall CEO performance management process: set performance objectives and evaluation process for the CEO; recommended CEO compensation.



Wayne Kabatoff, Chair
Governance and
Human Resources
Committee

Risk Committee

- Reviewed and recommended the effectiveness of the risk management framework and the Enterprise Risk Management (ERM) program and how it will integrate into organizational management processes.
- Reviewed the credit management report on a quarterly basis.
- Reviewed quarterly interest rate, liquidity and capital risk monitors.
- Reviewed the business continuity management program.
- Recommended to the board the risk profile and risk appetite statement for Conexus.
- Evaluated significant risks and treatments each quarter.
- Approved Conexus' Internal Capital Adequacy Assessment Program.
- Reviewed the Regulatory Compliance Management framework and recommended material changes.
- Evolved regulatory and legislative changes, including anti-spam requirements and changes to anti-money-laundering and privacy legislation.



Joel Mowchenko,
Chair Risk Committee

Compensation and Attendance

The Governance and Human Resources Committee is responsible for reviewing director compensation, ensuring it is competitive and appropriate.

The director remuneration policy is reviewed biennially in accordance with the board policy review cycle or as needed.

Preparation, attendance, and active participation in regular board and committee meetings, strategic planning sessions, and other special meetings are an expectation of our directors. Accountability is important, and a minimum attendance rate of 75% is required, except where the Governance and Human Resources Committee determines that special circumstances prevented a director from meeting this minimum threshold.



Shannon, employee, Assiniboia

The following tables summarize compensation and attendance for each director in 2017.

Compensation							
Director	Honorarium	Per Diems	Office	Sub Total	**Travel	Learning & Development	Total
Bradyn Parisian ^(Chair ex-officio)	\$23,600	\$13,375	\$2,513	\$39,488	\$2,597	\$5,155	\$47,240
Kara Marchand ^{(Vice-Chair) (2)}	\$16,000	\$9,000	\$1,800	\$26,800	\$127	\$11,124	\$38,051
John Benson ^{(2)* (3) (6)}	\$16,000	\$7,000	\$1,800	\$24,800	\$0	\$13,000	\$37,800
Don Blocka	\$6,000	\$2,125	\$600	\$8,725	\$3,084	\$778	\$12,587
Malcolm Eaton ⁽³⁾	\$8,000	\$5,875	\$1,200	\$15,075	\$4,463	\$2,887	\$22,425
Emily Erhardt	\$4,000	\$750	\$600	\$5,350	\$350	\$0	\$5,700
Karla Hardcastle ^{(1) (5)}	\$8,000	\$5,125	\$1,200	\$14,325	\$7,016	\$1,010	\$22,351
Glenn Hepp	\$8,800	\$8,375	\$860	\$18,035	\$5,135	\$3,953	\$27,123
Wayne Kabatoff ^{(1)* (2) (4) (5)}	\$18,000	\$6,875	\$1,800	\$26,675	\$7,935	\$656	\$35,266
Sandi Kitts ^{(1) (5) (6)}	\$12,000	\$10,150	\$2,813	\$24,963	\$3,730	\$8,203	\$36,896
Curtis Kosolofski ^{(2) (6)}	\$8,000	\$7,400	\$1,694	\$17,094	\$79	\$1,034	\$18,207
Joel Mowchenko ^{(3)* (4)}	\$18,000	\$9,625	\$1,800	\$29,425	\$6,111	\$3,822	\$39,358
Rick Pattison ⁽³⁾	\$8,000	\$3,000	\$1,200	\$12,200	\$1,099	\$0	\$13,299
Jason Schenn ⁽¹⁾	\$12,000	\$3,750	\$1,800	\$17,550	\$3,609	\$465	\$21,624
Gerald Unger	\$4,000	\$5,125	\$600	\$9,725	\$2,185	\$0	\$11,910
Total	\$170,400	\$97,550	\$22,280	\$290,230	\$47,520	\$52,087	\$389,837

* Chair of the Committee

⁽¹⁾ Governance and Human Resources Committee

⁽⁴⁾ Subsidiary Board

⁽²⁾ Audit and Conduct Review Committee

⁽⁵⁾ Nominations Committee

⁽³⁾ Risk Committee

⁽⁶⁾ Special Committee

Committee composition disclosed is as of April 27, 2017.

**Travel expenses vary due to directors needing to travel further distances to attend meetings.

Director	Attendance			
	Board Meetings		Committee Meetings	
Brady Parisian ^(Chair ex officio)	7/7	100%	14/14	100%
Kara Marchand ^{(Vice-Chair) (2)}	7/7	100%	4/5	80%
John Benson ^{(2)* (3) (6)}	6/6	100%	10/11	91%
Don Blocka	2/2	100%	1/1	100%
Malcolm Eaton ⁽³⁾	6/6	100%	3/3	100%
Emily Erhardt	2/2	100%	1/1	100%
Karla Hardcastle ⁽¹⁾⁽⁵⁾	6/6	100%	4/4	100%
Glenn Hepp	2/2	100%	4/4	100%
Wayne Kabatoff ^{(1)*(2)(4)}	7/7	100%	9/9	100%
Sandi Kitts ⁽¹⁾⁽⁵⁾⁽⁶⁾	6/6	100%	7/7	100%
Curtis Kosolofski ⁽²⁾⁽⁶⁾	6/6	100%	6/6	100%
Joel Mowchenko ^{(3)*(4)}	7/7	100%	7/7	100%
Rick Pattison ⁽³⁾	6/6	100%	2/3	66%
Jason Schenn ⁽¹⁾⁽⁵⁾	5/6	83%	5/6	83%
Gerald Unger	2/2	100%	2/2	100%

Committee composition disclosed is as of April 27, 2017.

* Chair of the Committee

- (1) Governance and Human Resources Committee
- (2) Audit and Conduct Review Committee
- (3) Risk Committee
- (4) Subsidiary Board
- (5) Nominations Committee
- (6) Special Committee

Board Assessments

The board is committed to effective credit union governance and continuous improvement. Annually, the Governance and Human Resources Committee facilitates a board evaluation process to assess the effectiveness of board operations. Results of the evaluation form the basis of recommendations to the board for improving governance practices and opportunities for board development. The Governance and Human Resources Committee monitors progress against these plans.

Orientation and Continuing Education

Directors participate in education sessions tailored to meet the development needs and interests of the board. Each director is provided with a learning and development allowance to encourage their participation in continuing education opportunities that support personal development goals. The director learning and development policy is designed to combine required and elective opportunities. Additionally, directors are offered opportunities to attend a variety of community, member, and employee events throughout the year.

Education is important in helping directors understand the operations and emerging issues affecting our business, in addition to maintaining and building governance skills. An orientation program is provided to familiarize new directors with business operations and the expectations of our directors.

CEO Performance Management

The Governance and Human Resources Committee is responsible for facilitating the process to develop performance objectives for the CEO, evaluating performance, and recommending the CEO's compensation. Emphasis is placed on appropriate balance to incent achievement of short-term objectives and long-term success. The board determines the form and amount of CEO compensation based on recommendations from the committee. In 2017, a Special Committee of the Board was formed to work with a consultant to ensure alignment of the CEO's performance management framework with Conexus' purpose and values along with industry best practices.

Co-operative Industry Directorships held by Directors

The board supports directors sitting on associate co-operative boards. Director Wayne Kabatoff serves as director of SaskCentral.

Contacting the Board

Members and other interested parties may communicate with the board through our Governance Office by writing to:

Email: contacttheboard@conexus.ca

Mail: Attention:
Corporate Secretary
Conexus Credit Union
1960 Albert St. (2nd floor)
Regina, SK S4P 2T4

For further information visit www.conexus.ca.

