

Mandate of the Governance and Compliance Committee

Approved by the Board of Directors February 28, 2023

PART A - PURPOSE AND DUTIES OF THE COMMITTEE

1 Purpose

The **Governance and Compliance Committee** (the **Committee**) is responsible for assisting the Board of Directors (the **Board**) of Laurentian Bank of Canada (the **Bank**) in its oversight of:

- (a) Governance matters, including:
 - (i) recommending to the Board individuals for election or re-election as directors;
 - (ii) overseeing Board, committee and director effectiveness;
 - (iii) developing and recommending to the Board governance frameworks, principles and policies;
 - (iv) monitoring developments in corporate governance and adapting best practices to the Bank's needs and circumstances; and
 - (v) overseeing shareholder engagement including reviewing shareholder proposals and recommending to the Board responses to such proposals.
- (b) Risk management matters relating to legal affairs and regulatory compliance

In fulfilling its duties, the Committee is mindful of the importance of environmental (including climate), social and governance principles adopted and managed by the Bank. It is also mindful of the importance to consider the potential risks relating to technology, cybersecurity, data protection, privacy, artificial intelligence and automation.

The organization of the Committee and its authority are subject to any restrictions, limitations or requirements set out in the Bank's constituting documents, including its articles and by-laws, as well as any restrictions and limitations or requirements set out under applicable laws, including without limitation the *Bank Act* (Canada), the *Trust and Loan Companies Act* (Canada), Canadian securities laws as well as the standards, policies and guidelines of the stock exchange on which the Bank's securities are listed (collectively, the **Applicable Law**).

This mandate should be read together with other Bank policies and procedures to ensure (i) an understanding of the Bank's overall governance framework and (ii) a consistent application of procedural requirements including, without limitation, the Bank's *Whistleblower Policy*.

2 Duties

The Committee performs the duties set out in this mandate and such other duties as may be necessary or appropriate including:

Corporate Governance

2.1 Board and committee composition, succession and compensation

- 2.1.1 Reviewing and recommending to the Board changes to Board size and composition.
- 2.1.2 Reviewing and recommending to the Board the appointment of directors to serve as members of each committee and committee chairs, taking into account committee structure and composition.
- 2.1.3 Reviewing and recommending to the Board succession planning, including establishing and executing selection and screening processes to identify suitable candidates to nominate for election or appointment as directors, in adherence with the Board's equity, diversity and inclusion principles.
- 2.1.4 Reviewing and recommending to the Board director compensation.
- 2.1.5 Reviewing and recommending to the Board any requirements relating to minimum Bank shareholdings by directors.

2.2 Director orientation, education and effectiveness

- 2.2.1 Overseeing the orientation and integration of any new Board member.
- 2.2.2 Overseeing ongoing education program for Board members.
- 2.2.3 Reviewing and recommending to the Board, the frequency and scheduling of Board and committee meetings.
- 2.2.4 Establishing criteria to evaluate the independence of Board members and periodically assessing each Board member's independence.
- 2.2.5 Regularly assessing the effectiveness and performance of the Board, its committees, the Board Chair, the committee chairs and individual directors, and reporting the results to the Board.

2.3 Governance oversight

- 2.3.1 Reviewing and recommending to the Board corporate governance principles and guidelines applicable to the Bank.
- 2.3.2 Assessing the effectiveness of the Bank's corporate governance principles and guidelines against best practices, regulatory guidance and emerging trends, and recommending to the Board any necessary changes.
- 2.3.3 Recommending to the Board the mandates of the Board and the Committee.
- 2.3.4 Recommending to the Board the position descriptions of the Board and Board committee chairs.
- 2.3.5 Overseeing the Bank's subsidiary governance framework.

2.4 Public Disclosure and Shareholder Engagement

- 2.4.1 Recommending to the Board any public disclosure of the Bank's governance practices and guidelines, including without limitation compensation and governance disclosure in the Bank's management proxy circular.

- 2.4.2 Ensuring effective communication between the Bank and shareholders including overseeing efforts to identify and address any significant shareholder concerns.

2.5 Inclusion, Equity and Business Integrity

- 2.5.1 Ensuring that the Bank's strategies and organizational culture encourage and contribute to creating an equitable and inclusive workplace and culture.
- 2.5.2 Ensuring that executive management create and adhere to a culture of integrity and ethical conduct at the Bank.
- 2.5.3 Establishing policies and procedures regarding the receipt, retention and handling of complaints received from various channels (including anonymous channels) about ethical practices and conduct and overseeing compliance with their provisions.

Regulatory Compliance

2.6 Identification and Management of Risks

- 2.6.1 Ensuring Bank management identifies principal regulatory compliance organizational risks and implements appropriate measurement and management systems to address those risks and assess their integrity and effectiveness.
- 2.6.2 Recommending the Bank's risk appetite for Regulatory Compliance for approval to the Board.
- 2.6.3 Approving other policies that form an integral part of the Bank's regulatory compliance risk management framework and recommending their approval to the Board (except for any policies for which another Board committee is responsible) and ensuring compliance with their provisions.
- 2.6.4 Reviewing and, if applicable, recommending to the Board the delegation of general authority (including signing authority) for and to Bank officers and employees, including for any specific purposes.
- 2.6.5 Reviewing reports on any litigation matters which could significantly affect the financial position of the Bank.
- 2.6.6 Meeting with applicable Bank regulatory authorities and discussing with them their findings and recommendations and following up on them with Bank management.

2.7 Conflicts of Interest and Confidential Information

- 2.7.1 Ensuring that Bank management implements and applies protocols, measures or systems for identifying and resolving conflicts of interest.
- 2.7.2 Overseeing the Bank's procedures to restrict the use and disclosure of confidential information.
- 2.7.3 Reviewing reports to the Committee relating to the use and disclosure of customer and employee information.
- 2.7.4 Reviewing and overseeing the Bank's compliance with privacy legislation.

2.8 Consumer protection

- 2.8.1 Ensure that Bank management establishes protocols, measures or systems to communicate to Bank clients any information required to be disclosed to them, as well as procedures for dealing with complaints by clients as required under the Bank Act (Canada), including the complaint investigation procedure, and supervise the application of those mechanisms.
- 2.8.2 Require that Bank management establish procedures for complying with the consumer provisions and review those procedures to determine whether they are appropriate.
- 2.8.3 Require that the Bank management reports to the FCAC on the Committee and on its framework for complying with consumer protections and ensures that *ad hoc* reports are filed with FCAC in a timely manner further to any changes to the framework for compliance with consumer provisions and any change to the mandate or responsibilities of the Committee, frequency of meetings and change in membership of the Committee.
- 2.8.4 Ensure that Directors who are members of the Committee report to the FCAC annually, within 90 days after each fiscal year end, on the Committee's activities during the preceding financial year in performing its oversight in respect of the Bank's implementation of customer protection procedures, including the Consumer Protection Framework, and other activities carried by the Bank in relation to the protection of its customers.
- 2.8.5 Report to the Board on a semi-annual basis on matters reviewed by the Committee relating to the Consumer Protection Framework.
- 2.8.6 Receive the report of the Bank's Head of Complaints Resolution.

2.9 Conduct review

The Committee shall be responsible for conduct review and oversight of related party transactions for the Bank and certain of its Canadian subsidiaries that are federally-regulated financial institutions as required by Applicable Law. In doing so the Committee is responsible for:

- 2.9.1 Satisfying itself that Bank management establishes procedures and practices for complying with the self-dealing provisions of the foregoing acts, monitor compliance with those procedures and their effectiveness;
- 2.9.2 Reviewing any related party transactions for which approval of the Board is required under the foregoing acts;
- 2.9.3 Reviewing the practices of the Bank to satisfy itself that any transactions with related parties of the Bank, or any of its Canadian subsidiaries that are federally-regulated financial institutions, that may have a material effect on the stability or solvency of the respective entity are identified; and
- 2.9.4 Reporting to the Superintendent of Financial Institutions on its mandate and responsibilities respecting conduct review and the procedures referred to above.

2.10 Oversight of Compliance function

- 2.10.1 Approving the position description of the Chief Compliance Officer and ensuring their competency, qualifications and independence.
- 2.10.2 Approving the mandate and objectives of the Bank's compliance function.

2.10.3 Ensuring that the Bank's compliance activities are accorded the necessary organizational importance, degree of independence and visibility, and ensuring periodic review of those activities.

2.10.4 Discussing any material findings and recommendations with the Chief Compliance Officer and monitoring their resolution.

2.10.5 Recommending that the Board approve the Bank's regulatory risk management policy and ensuring compliance with its provisions.

2.11 Oversight of Anti-Money Laundering and Anti-Terrorist Financing function

2.11.1 Approving the position description of the Chief Anti-Money Laundering and Anti-Terrorist Financing Officer and ensuring their competency, qualifications and independence.

2.11.2 Ensuring that the Bank's Anti-Money Laundering and Anti-Terrorist Financing activities are accorded the necessary organizational importance, degree of independence and visibility, and ensuring periodic review of those activities.

2.11.3 Discussing any material findings and recommendations with the Chief Anti-Money Laundering and Anti-Terrorist Financing Officer and monitoring their resolution.

2.11.4 Approving the Bank's Money Laundering and Terrorist Financing Policy and ensuring compliance with its provisions.

2.12 Oversight of Privacy function

2.12.1 Approving the position description of the Chief Privacy Officer and ensuring their competency, qualifications and independence.

2.12.2 Ensuring that the Bank's Privacy activities are accorded the necessary organizational importance, degree of independence and visibility, and ensuring periodic review of those activities.

2.12.3 Discussing any material findings and recommendations with the Chief Privacy Officer and monitoring their resolution.

2.13 Oversight of Other functions

2.13.1 Approve position description of the Chief Legal Officer.

2.13.2 Approve position description of the Chief Ethics Officer.

2.14 Policies

2.14.1 Reviewing, and if applicable, approving such other policies identified by the Board as reviewable or approvable by the Committee.

PART B - COMMITTEE COMPOSITION AND PROCEDURES

3 Appointment, Membership, and Independence

The Committee shall consist of no less than three directors.

Following each annual meeting of shareholders, the Board shall appoint Committee members and, from among them, the chair of the Committee (the **Committee Chair**). No Committee member can be an officer or employee of the Bank or any affiliate of the Bank.

All Committee members must meet the independence requirements under Applicable Law as well as those established by the Board.

Each member will remain a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy in the Committee at any time.

4 Compensation

Compensation for Committee members is set by the Board from time to time and may consist of a base fee, deferred compensation units, or a mix of both.

5 Meetings

The Committee meets no less than four times a year following the end of each financial quarter.

Committee meetings may also be held without notice (provided the members waive such notice) and, subject to minimum quarterly meeting requirements set out above, as often as Committee members deem appropriate and at a location determined by them.

6 Quorum

Quorum at Committee meetings is no less than a majority of the members. Where a Committee member has left for a portion of a meeting due to a conflict of interest, the member will nonetheless be considered to have been present for that meeting.

7 Chair

The Committee Chair chairs Committee meetings. In the Committee Chair's absence from a meeting, the members present may elect a chair from among themselves for the entire, or a portion of a, meeting.

8 Procedure

Procedure for Committee meetings is the same as that applied for Board meetings.

9 Powers of the Committee

The Committee may:

- (a) call a meeting of directors;
- (b) communicate or meet privately with any officer or employee of the Bank, as well as with its internal or external auditors;
- (c) invite to any Committee meeting any director, officer or employee of the Bank or such other person as it deems appropriate in order to carry out its responsibilities, and may also exclude from any Committee meeting any person it deems appropriate in order to carry out its responsibilities; and
- (d) call on the services of independent third-party advisors, subject to the requirements of applicable Bank policy regarding their retainer.

10 Secretary

The Bank's Corporate Secretary or any other officer designated by the President and Chief Executive Officer of the Bank carries out the corporate secretarial duties for the Committee and the Committee Chair.

11 Reporting

The Committee reports to the Board on its activities (i) verbally at any Board meeting which normally follows a Committee meeting, and (ii) through presentation to the Board, for review, of any Committee-approved minutes of a Committee meeting.

The Committee also reports on its activities annually to shareholders in the Bank's management proxy circular.

12 Delegation

The Committee may, at its discretion, designate one member, or a sub-committee comprised of several members, to review, or review further, and report back to the Committee on, any matter raised by a Committee member or during a Committee meeting.

13 Review of Mandate

The Committee reviews its mandate as required, and in any event no less than annually.