

# LAURENTIAN BANK OF CANADA

## MANDATE OF THE RISK MANAGEMENT COMMITTEE

### 1. Purpose of the Risk Management Committee

The Risk Management Committee (the “Committee”) has been established by the Board of Directors (the “Board”) of Laurentian Bank of Canada (the “Bank”) to support it in exercising oversight of risk management at the Bank. This includes weighing reward against risk and ensuring a proper mix of functional policy, process and procedure is present and applied to manage any significant risk to which the Bank is or could reasonably be exposed, in part based on the Bank’s risk appetite and management frameworks.

Committee members are mindful of the importance of environmental, social and governance principles adopted and managed by the Bank and their application to the duties of the Committee.

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

### 2. Appointment, Membership and Independence

The Committee must consist of no less than three directors.

At the Board meeting following each annual meeting of shareholders (the “Annual Meeting”), the Board appoints 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 of its subsidiaries. In addition, all Committee members must meet the independence requirements under Canadian securities laws generally and ultimately, as determined by the Board.

Unless they are replaced earlier by the Board, Committee members remain in office until the next Annual Meeting.

### 3. 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.

### 4. 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.

### 5. 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.

### 6. 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.

## 7. Procedure

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

## 8. 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.

## 9. Secretary

The Corporate Secretary of the Bank 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.

## 10. Duties

The Committee fulfills the following statutory and Board-delegated duties:

### 10.1 Oversight

*With respect to risk management*

- 10.1.1 Ensuring Bank management identifies principal organizational risks and implements appropriate measurement and management systems to address those risks as well their integrity and effectiveness.
- 10.1.2 Approving the Bank's risk appetite measurement and assessment framework and recommending risk appetite for approval to the Board.
- 10.1.3 Approving other policies that form an integral part of the Bank's risk management framework and recommending their approval to the Board (except for any policies for which another Board committee is responsible) and ensuring adherence to those policies.
- 10.1.4 Overseeing the integration of the Bank's environmental, social and governance principles with the Bank's risk appetite framework and risk management framework, including its application to stress testing and credit risk.
- 10.1.5 Approving the selection and ensuring the competency, qualifications and independence of the Bank's Executive Vice President and Chief Risk Officer.
- 10.1.6 Approving the Bank's risk management mandate and objectives.

- 10.1.7 Ensuring that the Bank's risk management activities are accorded the necessary organizational importance, degree of independence and visibility, and ensuring periodic review of those activities.
- 10.1.8 Discussing material findings and recommendations with the Bank's Executive Vice President and Chief Risk Officer and following up on them.
- 10.1.9 Ensuring that the Bank's management, establishment of and compliance with investment and lending policies, standards and procedures in accordance with the *Bank Act (Canada)*.
- 10.1.10 Reviewing and, if applicable, approving loans and advances that, under the terms of the Bank's credit policies, require Committee approval, and reviewing the quality, loss and provision adequacy of the Bank's loan portfolio.
- 10.1.11 Ensuring that the Bank's management adopts and implements a process for determining appropriate Bank capital levels based on risk assumptions and models.
- 10.1.12 Ensuring that Bank management implements and applies protocols, measures or systems for resolving conflicts of interest which include methods to trace potential conflict sources and restrict the use of confidential information.
- 10.1.13 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.
- 10.1.14 Receiving the report of the Bank's ombudsman.
- 10.1.15 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.
- 10.1.16 Meeting with applicable Bank regulatory authorities and discussing with them their findings and recommendations, and following up on them with Bank management.

*With respect to regulatory risk management*

- 10.1.17 Recommending that the Board approve the Bank's regulatory risk management policy and ensuring adherence to it.
- 10.1.18 Approving the Bank's Money Laundering and Terrorist Financing Policy and ensuring that it is adhered to.
- 10.1.19 Approving the selection and ensuring the competency, qualifications and independence of the Senior Vice President, Regulatory Risk Management and Chief Compliance Officer
- 10.1.20 Ensuring that the Bank's regulatory risk management activities are accorded the necessary organizational importance, degree of independence and visibility, and ensuring periodic review of those activities.

- 10.1.21 Discussing any material findings and recommendations with the the Senior Vice President, Regulatory Risk Management and Chief Compliance Officer and following up on them.
- 10.1.22 Ensuring that Management establish adequate procedures to ensure compliance with consumer provisions.
- 10.1.23 Ensuring that Management reports to the Committee on annual basis on the implementation of the Bank's customer protection procedures and other activities.
- 10.1.24 Reporting to the FCAC Commissioner, within 90 days after each fiscal year end, on the Committee activities during the previous year in implementing the Consumer Framework.

*With respect to compensation*

- 10.1.25 Reviewing annually, with Bank's Human Resources and Corporate Governance Committee, alignment of overall Bank compensation, performance and risk with the compensation principles and standards of the Financial Stability Board.

10.2 Review

- 10.2.1 Ensuring that Bank's management establishes protocols, procedures or policies required to comply with Part XI of the *Bank Act* (Canada) and reviewing them for effectiveness.
- 10.2.2 Reviewing any protocols, procedures, policies or practices established to ensure identification of any related party transactions having or potentially having a material effect on the stability or solvency of the Bank.
- 10.2.3 Reviewing and, if applicable and as required, approving the transactions referred to in Part XI of the *Bank Act* (Canada).
- 10.2.4 Reporting, on behalf of the Board, to the Superintendent of Financial Institutions regarding review activities of the Committee.

**11. Policies**

The Committee reviews and, if applicable, approves those policies identified by the Board as reviewable or approvable by the Committee.

This mandate should be read together with other Bank policies and internal documents to ensure (i) an understanding of the Bank's overall governance framework and (ii) a consistent application of procedural requirements.

**12. 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.

**13. 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.

*Approved by the Board of Directors as of August 31, 2021.*