



<b>SPONSOR:</b>	Chief Legal Officer and Corporate Secretary
<b>RESPONSIBLE PERSON:</b>	Chief Legal Officer and Corporate Secretary
<b>RECOMMENDED BY:</b>	Governance and Compliance Committee
<b>RECOMMENDED DATE:</b>	2024.08.27
<b>APPROVED BY:</b>	Board of Directors
<b>APPROVAL DATE:</b>	2024.08.28
<b>APPLIES TO:</b>	Board of Directors
<b>AVAILABLE BY:</b>	Intranet [and Laurentian Bank public website]
<b>RELATED DOCUMENTS:</b>	<i>Code of Conduct</i> <i>Assessment of Directors and Officers Policy</i> <i>Continuous Disclosure Policy</i> <i>Complaints Handling Policy</i> <i>Ethics and Conduct Risk Policy</i> <i>Policy on Trading by Insiders and Prohibited Transactions</i>

## 1. INTRODUCTION AND PURPOSE

Good governance is a key priority at Laurentian Bank of Canada (the **Bank**). The Bank's Board (defined below) ensures that governance best practices are proactively considered, implemented and communicated to our shareholders and other stakeholders, which approach has enabled the Bank to evolve and prosper over the course of our lengthy history. It is in that spirit that the Board has established this Board Governance Policy (the **Policy**) which provides a framework for its governance policies, actions and activities which comply with the disclosure and listing requirements of Canadian banking and securities regulations and rules applicable to Canadian chartered banks.

Disclosure about our governance policies and practices is also made in our Management Proxy Circular, which is available on the Bank's website [www.laurentianbank.ca](http://www.laurentianbank.ca) and on SEDAR+ [www.sedarplus.ca](http://www.sedarplus.ca).

## 2. SCOPE AND APPLICATION

This Policy applies to the Board of the Bank and each Board Member individually.

## 3. DEFINITIONS

Capitalized terms have the meaning defined in this Policy:

- **Board** means the board of directors of Laurentian Bank of Canada.
- **Board Member** or **Director** means the duly appointed or elected directors forming the Board of the Bank.
- **Equity-Deserving Groups** means groups that are not proportionally represented in positions of economic influence and leadership, including on corporate boards and in senior management. These groups include but are not limited to women, racialized persons, those who identify as LGBTQ2S+ (Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, Two-Spirit and additional sexual orientations and gender identities), Indigenous Peoples, and persons with living with disabilities.
- **ESG** means Environmental, Social and Governance.
- **I&E** means equity, diversity and inclusion practices.
- **OSFI** means the Office of the Superintendent of Financial Institutions.
- **Related Party** means related party of the Bank, as defined under s. 486 of the *Bank Act* (Canada).

## 4. GOVERNANCE PRACTICES AND POLICIES

### 4.1. Board Composition and Renewal

The Board is responsible for oversight of the business and affairs of the Bank, including the Bank's strategic planning and direction, identifying the principal risks of the business and ensuring the implementation of systems to manage risk, succession planning and creating a culture of integrity throughout the organization.

The Board discharges its responsibilities directly and through its committees: the Audit Committee, the Risk Management Committee (**RMC Committee**), the Human Resources Committee (**HR Committee**), the Governance and Compliance



Committee (**GC Committee**) and the Information Technology Committee (**IT Committee**). Each of the Board and its committees operate under a written mandate which is reviewed at least annually and updated as required.

The mix of individuals who comprise our Board is paramount to the success of the Bank. It is within the mandate of the GC Committee to periodically review the composition of the Board and to seek, assess and propose Director nominees.

To assure optimal composition of the Board, the GC Committee has established a comprehensive and diversified matrix of required skills and experience that it uses to evaluate each Director and director candidate. When recruiting for a new Director, the GC Committee determines the sought-after profile and applies selection criteria such as independence, personal and professional diversity, duration of tenure and membership on other boards of directors.

Each proposed nominee is interviewed by the Chair, other directors of the Board, and meets with the President and Chief Executive Officer of the Bank (the **President and CEO**). Annually, the performance of each director is assessed and considered by the GC Committee when proposing nominees to the Board.

### 4.1.1. Size of the Board

Pursuant to the Bank's by-laws, the Board consists of no fewer than 7 and no more than 13 directors. The number of directors to be elected at any annual meeting of shareholders is determined by resolution of the Board prior to the meeting. Directors are elected for a term of one year. Between annual shareholder meetings, the Board may appoint additional directors, within the limits allowed by the *Bank Act* (Canada) and the Bank's by-laws.

The Board believes that 7 to 13 directors is an appropriate size to generate open and engaging discussions, to ensure the committees have the right combination of skills and abilities, to allocate responsibilities appropriately and to facilitate board renewal.

Annually, the GC Committee reviews the size of the Board and recommends changes in size and composition to the Board when appropriate.

### 4.1.2. Key Position Descriptions

The Board has adopted a written position description for the Chair of the Board and Committee Chairs.

The Chair of the Board is responsible for the management, development and effective performance of the Board and provides leadership in every aspect of the Board's mandate. The relationships between the Board, management, shareholders and other stakeholders are critical to the Board's ability to fulfill its responsibilities. The Chair, as the Board's presiding member, ensures that these relationships are effective, efficient and further the best interests of the Bank.

The Board has adopted a written mandate for the President and CEO. In addition, the Board and/or the committees review and approve mandates for other key functions of the Bank (including the oversight functions), including Chief Financial Officer, Chief Risk Officer, Chief Legal Officer, Chief Compliance Officer, Chief Privacy Officer, Chief Anti-Money Laundering Officer, Chief Internal Auditor, Chief Ethics Officer, Chief Information Officer, the Chief Operating Officer and the Treasurer.

### 4.1.3. Independence

Director independence from management is essential to effective oversight of the Bank. It is the Board's practice to recruit independent directors, except for the President and CEO of the Bank, and to assess any potential nominee's relationships with the Bank or its subsidiaries before proposing them as a new director. The Board determines the independence of each director by collecting and assessing namely:

- Director's responses to annual questionnaire;
- Director's biographical information;
- Internal records on the director and entities affiliated with the director and the Bank; and
- Results of background checks.



Directors are independent if they have no relationship with the issuer which could, in the view of the Board, be reasonably expected to interfere with the exercise of their independent judgment. To determine if a director is independent, the Board applies the criteria adopted by Canadian securities regulators, as well as rules applicable to Canadian chartered banks – see **Schedule A**.

The Board has also established procedures to enable it to function independently from management and facilitate open and candid discussions among the independent directors:

- The Board has an independent Chair, which allows it to operate autonomously from management.
- The independent Chair provides leadership to the independent directors.
- All committees of the Board are comprised entirely of independent directors.
- The independent directors of the Bank meet without the President and CEO from time to time.
- *In camera* sessions without the presence of management are held at all Board and committee meetings.

#### 4.1.4. Inclusion & Equity

The Bank is committed to fostering and supporting I&E at all levels of the organization and specifically sees Board diversity as an essential measurement in assessing the I&E of the Bank.

The Board recognizes and embraces the benefits of having a diverse complement of directors has made a commitment to achieving diversity at the Board level and to ensuring that the Board operates in a manner that is aligned with the Bank's I&E objectives of:

- Attracting a diverse workforce;
- Building a fair and inclusive workplace;
- Driving leadership accountability;
- Delivering on diverse customer needs; and
- Partnering with communities.

The Board's approach to I&E recognizes the need for diversity of experience, perspectives and backgrounds to enhance decision making, reflect the Bank's diverse customer and stakeholder base and deliver the required knowledge and expertise to provide guidance on the Bank's strategic objectives.

A diverse Board, operating within an equitable and inclusive culture drives innovation and growth; promotes the inclusion of different perspectives and ideas; mitigates against group think; and improves oversight, decision-making and governance.

As part of the Board's commitment to I&E, the GC Committee will consider the merit of potential candidates based on a balance of skills, abilities, personal qualities, and professional experience in the context of the nomination process. This assessment includes diversity considerations such as race, ethnicity, age, gender identity or expression, sex, sexual orientation, religious beliefs, language, disability, and life experiences as well as regional and industry experience, and their knowledge and expertise in I&E. During the recruitment process for Board members, candidates should reflect the Board's diversity criteria and goals, including those pertaining to specific goals related to Equity-Deserving Groups.

Annually, the GC Committee reviews the size and composition of the Board to identify I&E imbalances or gaps, as well as opportunities that are associated with further diversification.

When identifying and considering candidates for election to the Board, the GC Committee will:

- Ensure that search protocols (which may including engaging specialized recruitment firms) extend beyond the networks of existing Board members and that appropriate efforts are made to include diverse candidates for consideration for Board positions;
- Assess the composition of the Board by considering the balance of skills, experience, independence and knowledge on the Board, the Board's cohesiveness and other factors relevant to its effectiveness;



- Ensure all candidates are highly qualified based on their experience, education, expertise, skills and qualities, including general, regional and industry-specific knowledge, having regard to the Bank's current and future plans and objectives;
- Strive to ensure that the candidate selection process is free from bias;
- Ensure that any special committee of the Board formed for the purposes of recruiting new director nominees, include at least one member from an Equity-Deserving Group;
- Recommend candidates based on merit, against objective criteria, having due regard for the benefits of diversity, to maintain an appropriate range and balance of skills, experience and background on the Board to enable the Board to discharge its duties and responsibilities effectively; and
- To the extent that the GC Committee maintains an ongoing list of potential director candidates, ensure that such list includes diverse candidates.

In furtherance of Board diversity, the Bank has established the following specific targets:

- To maintain a Board composition in which at least 45% of the directors are cis women, trans, Two Spirit, or nonbinary people; and
- To maintain, a Board composition in which at least 15% of the directors self-identify as a member of an Equity-Deserving Group (beyond cis women).

In addition, any list of candidates presented to the GC Committee in every search for new directors will need to include diverse candidates and diversity will be strongly considered in making final nomination decisions.

On an annual basis, the GC Committee will:

- Review and assess the effectiveness of the Board appointment/nomination process in achieving the Bank's targets; and
- Consider and, if determined advisable, recommend to the Board for adoption, other measurable targets for achieving diversity on the Board. At any time, the Board may seek to adjust one or more targets concerning diversity and measure progress accordingly.

The GC Committee seeks to achieve and maintain diversity in membership of the Board's Committees and in Board leadership roles and will consider diversity when assigning chair roles for the Board and its Committees.

Based on information obtained through a director's self-identification questionnaire, the Board reports annually to shareholders in the Management Proxy Circular on the diversity of its directors, including the number and percentage of women or other members of Equity-Deserving Groups.

As part of the Board's orientation process, new board members will be introduced to the Bank's I&E strategy, and all Board members will participate in the Bank's I&E training.

As part of the Board's formal annual evaluation process, directors will be evaluated for their I&E support and advocacy and inclusive decision-making practices.

## 4.1.5. Tenure

The Board takes a balanced approach to its renewal based on skills and experience in relation to the needs of the Bank, the contribution of each director and the evaluation process. The presence of more experienced directors and their expertise adds value that benefits the Bank and its shareholders, while new directors bring a fresh perspective to deliberations.

To achieve an appropriate balance and allow the Board to properly conduct succession planning, independent directors may serve on the Board for a term not to exceed 12 years. The tenure of the Chair of a Committee of the Board, in such a role, shall not exceed 8 years. The Board does not formally prescribe the age of retirement of directors.



The GC Committee reviews annually the number of directors and the duration of their tenure, to ensure both an effective renewal of the Board in the future, and a renewal rate that is in line with its operational effectiveness and support for the business strategy.

For certain key Board roles, the Board may form a special committee to conduct recruitment efforts.

#### **4.1.6. Membership on other Boards**

The Bank is sensitive to the number of boards of directors and committees on which its directors sit outside the Bank. The Bank monitors the outside boards on which the directors serve to determine if there are circumstances that would impact a director's ability to exercise independent and impartial judgment. Further the Bank monitors each director's outside boards to ensure that directors appear to have sufficient time and energy to dedicate to their role as director to effectively discharge their duties to the Bank, the Board and our shareholders.

The Bank limits the number of directors that may sit on the same board of another public company to two, unless the prior consent of the Chair of the Board is obtained.

The Bank also limits the number of public company boards on which a director may sit during its tenure as director of the Bank to three, unless prior consent of the Chair of the Board is obtained. The Chair of a Committee cannot act as Chair of the same committee (or an equivalent) for more than two other public companies in addition to the Bank, unless approved otherwise by the GC Committee.

The GC Committee, when considering nominees to sit on the Board, considers other commitments of the proposed directors. The Chair of the Board will take each director's participation and active involvement at Board and Committee meetings into account when evaluating the performance of the director.

Directors who are considering joining another board must inform, prior to their appointment/ election, the Chief Legal Officer to consider and ensure that the prospective appointment or election to another board would not create a conflict of interest or duties to the Bank.

#### **4.1.7. Director Attendance**

Board members are expected to attend all board meetings and meetings of committees of the Board on which they serve.

Each director's attendance at, and preparation for, Board and committee meetings is considered by the GC Committee when recommending director nominees. The Bank publicly discloses each director's attendance record annually.

#### **4.1.8. Competencies and Expertise of Directors**

To ensure optimal composition of the Board and to benefit from the diversity of its directors' skill sets, the GC Committee has established a comprehensive and diversified matrix of required skills and experience with which it evaluates each director.

The matrix is reviewed and updated on an annual basis, and the directors provide a self-assessment whereby each director and nominee rates their experience and background across a range of key skills and competencies. This data is compiled and reviewed by the GC Committee.

#### **4.1.9. Conflicts of Interest**

To maintain sound management of the Bank, the Board has adopted an *Assessment of Directors and Officers Policy* to implement a continuous internal process to assess the integrity of its directors.



Once a candidate has been identified to sit on the Board, the Bank performs an initial assessment to obtain information to allow it to conclude that the candidate possesses suitability and integrity. Every two years thereafter (or more frequently if deemed necessary), the Bank conducts an assessment for each director and reviews the director's financial situation, status within professional organizations, records of criminal convictions and regulatory or civil proceedings, current or potential conflicts of interest.

On an annual basis, directors are also required to agree, in writing, to comply with the Bank's conflict of interest standards. Directors must avoid all real, potential or apparent conflict of interest situations with the Bank. Where conflicts of interest arise, directors must, as soon as possible and in accordance with applicable legislation, disclose to the Bank the nature and extent of the conflict in writing or by requesting to have it entered in the minutes of the meeting. Directors are required to recuse themselves from any discussions and refrain from voting on the matter relating to the conflict, barring certain exceptions provided for by applicable legislation.

To ensure full disclosure, the Corporate Secretariat receives confirmation from the directors as to whether or not any conflicts of interest exist by way of the annual questionnaires being filled out by all Directors at least annually.

#### **4.1.10. Performance Evaluation**

The composition, skill set and performance of the Board, its committees and Chairs is assessed on an annual basis using the Board skills matrix and through a self-assessment process administered by the Chair of the GC Committee, in conjunction with the Chair of the Board.

The Board has an annual, formal evaluation process comprised of:

- Each Board member is asked to evaluate their performance, the performance of their colleagues, including Committee Chairs and the Chair of the Board, and the performance of the Board as a whole and of each Committee;
- The Chair of the Board meets with all Board members to discuss their evaluations;
- The GC Committee Chair reports to the GC Committee and to the entire Board with respect to the conclusions of the performance evaluation process and makes recommendations to the Board on composition and other potential improvements.

#### **4.1.11. Succession Planning**

Developing leaders is at the core of the Bank's talent review process and the HR Committee facilitates conversations about strengths, opportunities for improvement, and career advancement for key Bank leadership positions. The HR Committee also addresses gaps and risks to ensure successors have a high quality and measurable short- and long-term development plan, with critical experiences identified, to close development gaps and support advancement.

The HR Committee oversees the Bank's succession planning process for key Bank leadership positions while the Board approves, based on recommendation by the HR Committee, the succession planning process for the President and CEO.

As part of this process and through an annual readiness assessment, the HR Committee identifies individuals who can be appointed in case of emergency, who are ready immediately or who will be ready in a short period of time, ranging from 1 - 2 years and up to 5 years. Diversity is an important factor considered to foster innovation and drive performance.

#### **4.1.12. Individual Elections and Majority Voting Policy**

Voting for the election of the directors is conducted on an individual basis, as opposed to a slate basis.

If a director nominee for an uncontested election or re-election does not receive the required minimum number of votes in their favor (50% +1 vote) at the annual meeting of shareholders, they are deemed not to have received the support of shareholders (even though they were elected in accordance with the Bank's General By-Laws).



As a result, the Director will be required to immediately tender their resignation which will be effective as soon as the Board accepts it.

Within 90 days of the shareholders' meeting, the Board must examine the resignation submitted at a meeting in which the director in question will not participate and promptly announce publicly, through a news release that shall be transmitted to the Toronto Stock Exchange, the resignation of the director or the reasons for not accepting the resignation. A resignation would only be refused under exceptional circumstances.

#### 4.1.13. Nomination by Shareholders

Any shareholder who wishes to recommend a candidate to be considered by the GC Committee may submit the candidate's name and biographical information, including background, qualifications and experience to the Chair of the GC Committee.

In addition, the *Bank Act* (Canada) provides a formal process for shareholders, holding in aggregate 5% of the Bank's shares, to nominate director candidates in the Bank's Management Proxy Circular.

#### 4.2. Onboarding and Orientation

The Board has a formal onboarding process for new Directors to ensure they can fully participate in the Board's business. Furthermore, the Bank has an orientation process to help them quickly understand their role and the Bank's strategic orientation and positioning in the market, as well as the Board's areas of focus, consisting of the following:

- Electronic access to materials about the Bank including its organizational structure, its organizational documents, this Policy, as well as any other relevant policies and documents concerning the duties and responsibilities of Board members;
- Meeting with the Chair of the Board, the Bank's President and CEO, various executive officers and key oversight functions to understand their roles and accountabilities; and
- Materials and presentations to understand the business activities and risk management activities of the Bank.

Further, new Directors:

- Review all Board and Committee documentation (made available to all Directors);
- Are encouraged to participate in meetings of Committees they do not sit on; and
- Meet regularly with the Chair of the Board, the chairs of the Committees they sit on and with their assigned Director mentor.

#### 4.3. Ongoing Training

During regularly scheduled meetings throughout the year, Directors will receive presentations to enhance their understanding of key aspects of the Bank's business as well as risks and opportunities affecting the industry in which the Bank operates.

In addition, the Bank organizes annual Board training sessions designed to provide a deeper dive into key topics of strategic interest to the Bank.

Directors are encouraged to participate in relevant courses, seminars and other continuing education programs offered by external providers, including the Institute of Corporate Directors and the Global Risk Institute, and may do so at the Bank's expense.

The Bank's annual Management Proxy Circular includes disclosure about the orientation and ongoing training activities.



## 4.4. Directors Compensation

The Board determines the form and amount of director compensation based on the recommendations of the GC Committee. Through the GC Committee, the Board ensures that director compensation is adequate and competitive. Director compensation is designed to ensure strategic alignment through a mix of deferred compensation (such as deferred stock units (**DSUs**)) and cash compensation.

All Directors are subject to a requirement that they hold a number of shares equal to at least three (3) times their annual base compensation. Until this threshold is met, all compensation is received in the form of DSUs, unless the Board decides otherwise. After the threshold is met, a Director may elect to receive all or part of their compensation in the form of cash, issued Bank common shares and/or DSUs provided at least 60% is received in DSUs.

Directors who are also employees of the Bank are not entitled to any compensation as Directors.

All compensation paid to Directors is publicly disclosed annually in the Bank's Management Proxy Circular.

## 4.5. Reimbursement of Expenses

Directors are entitled to be reimbursed of certain costs incurred as part of their duties. The Bank reimburses directors for the following expenses incurred in the performance of their duties as a director:

- Travel, including by airplane (economy class), public transportation, car, train or taxi
- Parking fees
- Accommodation and certain meals
- Educational activities (with the prior consent of the Chair of the Board)

Expenses submitted for reimbursement must be supported with receipts, within 90 days of the event for approval. The Finance Department may check requested reimbursements to ensure the authorizations are in order and report any suspicious or irregular transactions to the Internal Audit department.

In the case of the President and CEO, eligible expenses are those set out in the expense reimbursement policies applicable to Bank employees.

Any reimbursement request by a Director (except Chair of the Board) must be submitted to the Corporate Secretary for approval. Any reimbursement request by the Chair of the Board must be submitted to the President and CEO for approval and, conversely, any reimbursement request by the President and CEO must be approved by the Chair of the Board.

The Chair of the Board benefits from a \$10,000 discretionary annual donation budget.

## 4.6. Engaging with Shareholders and other Stakeholders

The Board recognizes the importance of timely and meaningful feedback from shareholders and other stakeholders. Accordingly, the Board facilitates open and constructive communication and regularly reviews its engagement strategies for alignment with best practices.

The chairs of the Board and GC Committee hold shareholder engagement meetings to gain feedback from shareholders on the Bank's governance practices and ways to improve them. The Board is committed to being responsive to shareholder concerns and taking meaningful and appropriate action in response.

The Bank also communicates externally through various channels, including its Annual Report, Management Proxy Circular, Annual Information Form, ESG Report, news releases, website, and meetings. The Bank's quarterly earnings call





is open to all and is broadcast live. In addition, the Bank's website provides extensive information about directors, the Board and its mandate as well as the Board committees and their respective mandates.

Feedback from institutional shareholders comes from one-on-one or group meetings, and by email or telephone from retail shareholders, in addition to regular informal interactions on specific questions between the Bank's Investor Relations team and shareholders.

To communicate directly with the Board, shareholders are encouraged to contact us by email to the Bank's Investor Relations team at [investor.relations@lbcfg.ca](mailto:investor.relations@lbcfg.ca) or directly to the Chair of the Board at [michael.boychuk@lbcfg.ca](mailto:michael.boychuk@lbcfg.ca). Shareholders may also contact us by mail at 1360 René-Lévesque Boulevard West, Suite 600, Montreal, Quebec, H3G 0E5.

## 4.6.1. Continuous Disclosure Policy

The Board approved the *Continuous Disclosure Policy* designed to formalize the Bank's policies and procedures relating to the dissemination of material information. The *Continuous Disclosure Policy* designates certain employees as authorized spokespersons of the Bank and establishes disclosure guidelines for determining whether information is material and how it is to be disclosed. The *Continuous Disclosure Policy* also includes procedures designed to avoid selective disclosure and to ensure that timely and accurate information is provided by the subsidiaries of the Bank to senior management of the Bank for inclusion in the Bank's statutory disclosure documents.

The Board and, as applicable, the Audit Committee and GC Committee approve the statutory disclosure documents prior to their distribution to shareholders.

## 4.6.2. Advisory Vote on Named Executive Officer (NEO) Compensation

Shareholders are asked to vote annually on a resolution concerning the Bank's approach to named executive officers' compensation. This resolution is on an advisory basis only and does not bind the Board. The Board will take the results of the vote into account during its deliberations on further modifications to policies, procedures or decisions concerning the compensation of executive officers. If a significant number of shareholders vote against the resolution, the Board will engage with shareholders to gain a better understanding of their concerns and positions.

## 4.7. Environmental, Social and Governance (ESG)

Corporate social responsibility and sustainability are at the very heart of the Bank's business practices. ESG expertise is included in the matrix of required skills to ensure that this area is properly accounted for amongst current and prospective directors.

While individual ESG factors influence the work of each of the Board's committees, ultimate accountability for ESG strategy resides with the Board and is codified in the Board's mandate. ESG initiatives are interconnected with the Bank's business performance and are relevant to the Bank's diverse stakeholders. In particular, the Board is committed to enhancing its approach with respect to management and disclosure of climate-related risks and opportunities.

The Bank has been producing an annual Social Responsibility Report since 2007, now replaced by the publication of an annual ESG Report since 2021. These publications present an overview of the organization's practices with respect to governance, sustainable practices, ethical and respectful relations, employee development, community involvement and the reduction of its ecological footprint. The ESG Report provides additional transparency on our ESG activities and metrics. The ESG Report is guided by governing standards relating to ESG reporting. The Reports are available in electronic format on the Bank's website [www.laurentianbank.ca](http://www.laurentianbank.ca).



## 4.8. Related Party Transactions

The Bank has adopted procedures to identify, manage and document Related Party transactions in compliance with Part XI of the *Bank Act* (Canada).

The GC Committee acts as the Conduct Review Committee of the Bank and its federally-regulated subsidiaries, ensuring oversight of Related Party transactions. The GC Committee reports annually to OSFI on conduct review activities carried out over the year, in compliance with the *Bank Act* (Canada).

The Chair of the GC Committee reports to the Board on its activities relating to the enforcement of Related Party transaction procedures at each quarterly meeting of the Board and makes such recommendations as are deemed appropriate in the circumstances.

The Corporate Secretary of the Bank holds a register of Related Parties, keeps it up-to-date and reviews it at least annually. The Corporate Secretary informs the Related Parties of the requirements of the *Bank Act* (Canada) and ensures that the various Bank departments affected by these requirements are informed of the list of Related Parties and comply with the *Bank Act* (Canada).

A management Review Committee comprised of at least four officers of the Bank is responsible to approve each transaction covered by Part XI of the *Bank Act* (Canada) which the Bank enters into with a Related Party. Before approving such a transaction, the Review Committee must ensure that it meets the terms of the *Bank Act* (Canada), and, in particular, that the transaction is carried out under terms and conditions that are at least as favorable to the Bank as market terms and conditions. The Review Committee is not required to review or approve nominal value transactions within the meaning of the *Bank Act* (Canada).

## 4.9. Conduct and Culture

The Board champions the highest standards of ethical conduct to ensure that the Bank operates with integrity and in full compliance with all applicable laws and regulations and to maintain the trust of the Bank's clients, investors, colleagues and the community. Together with management, the Board sets the tone at the top and is responsible for fostering an open and transparent culture that is aligned with the Bank's core values.

Accordingly, the Board has adopted a *Code of Conduct* that applies to all employees as well as Directors and which is overseen by the GC Committee. The *Code of Conduct* is available on the Bank's website [www.laurentianbank.ca](http://www.laurentianbank.ca).

To ensure ethical and independent decision-making by the Board, the *Code of Conduct* provides general guidelines on conflicts of interest and related obligations if a conflict should arise. Directors with a material interest in a matter are not present for any related discussion or vote coming before the Board.

## 4.10. Complaints Handling and Whistleblowing policies

The Board has adopted a *Complaints Handling Policy* which establishes an enterprise-wide framework for the establishment of an effective, efficient and accountable complaints handling process to ensure that client complaints related to a product or service are handled in a fair, consistent and objective manner. The *Complaints Handling Policy* ensures that clients have an opportunity to escalate their concern to an external complaint resolution body if the complaint cannot be successfully resolved through the internal complaints handling process. The Bank's Head of Complaints Resolution is the highest internal escalation level within Bank to which a client complaint may be referred.

The Board has also adopted the *Ethics and Conduct Risk Policy*, which establishes the framework for dealing with matters reported by directors and employees in relation to any act that contravenes the Bank's values, policies and procedures, applicable laws and regulations and voluntary codes of conduct and public commitments that the Bank has adopted, including handling complaints and comments about suspicious accounting and audit-related activities. If the complainant



requires assistance in the reporting of a wrongdoing, the Chief Legal Officer may be contacted for advice and guidance on a confidential basis. All reported wrongdoings will be investigated on a fair, impartial, timely and confidential basis, considering the nature and complexity of the issues involved.

## 4.11. Policy on the use of Directors' External Advisors' Services

The supervision of a financial institution has evolved into a more complicated task requiring thorough expertise. As a result, the Board, one of its committees or one of its directors may from time to time seek to hire the services of external advisors at the Bank's costs for an independent opinion or without the involvement of senior management. However, the Board of Directors cannot expect to exercise its role on a regular basis through external advisors and thus discharge its responsibilities to third parties.

Various different situations may warrant hiring external advisors, including the following:

- the expertise is specialized and goes beyond the knowledge reasonably expected from a member of the Board or senior management;
- the nature of the expertise is not in a field where the Board may require from senior management the fulfillment of their responsibilities, but rather, it is a question that implicates the role of the Board as trustee;
- business practices require that the Board be advised independently from senior management;
- interests of minority shareholders are at stake and differ from those of majority shareholders.

When the Board of Directors, one of its committees or one of its directors requires the services of an external advisor, the matter must be submitted to the GC Committee. Before the external advisor is hired, the GC Committee evaluates the matter's relevance by considering the following:

- the significance of the file;
- the availability of required information and various sources to obtain it;
- the Board's role and responsibilities; and
- the budget required.

## 4.12. Trading in the Bank's Securities

As a reporting issuer in Canada, the Bank and its directors, officers and employees are governed by the rules set forth by the various securities regulatory authorities relating to the treatment of undisclosed material information.

The Board has adopted a *Policy on Trading by Insiders and Prohibited Transactions* to inform the Bank's insiders and employees of their obligations and responsibilities with respect to transactions involving the Bank's securities, and to establish certain internal rules regarding such transactions and/or the use of material undisclosed information relating to the Bank. The *Policy on Trading by Insiders and Prohibited Transactions* includes provisions with respect to insider reporting requirements and the use of undisclosed material information, and rules governing transactions and prohibited transactions.

## 5. ROLES AND RESPONSIBILITIES

### 5.1. Management Oversight

The President and CEO is responsible for setting the tone at the top that supports implementing and complying with the Policy and ensuring the Chief Legal Officer is independent and has adequate resources to effectively operate the Policy. The Chief Legal Officer is responsible for overseeing the implementation of the Policy.

### 5.2. Board Oversight

The Board is responsible for:

- Approving this Policy;
- Overseeing the Board's governance practices and policies and ensuring that it is receiving the information required to perform such duties; and



- Receiving regular reporting relating to the Policy and its implementation.

The GC Committee is responsible for:

- Reporting regularly to the Board on its oversight of governance best practices and policies;
- Overseeing the establishment and implementation of this Policy and any related policies or guidelines issued thereunder; and
- Reviewing the Policy regularly and recommending its approval by the Board.

## 6. APPROVAL AND REVIEW

### 6.1. Approved

The Policy is approved by the Board, upon recommendation of the GC Committee.

### 6.2. Reviewed

At a minimum, the Policy is reviewed annually by the GC Committee and the Board to promote governance best practices. The Policy is subject to periodic Internal Audit review.

### 6.3. Ownership

The Policy is owned by the Chief Legal Officer.

### 6.4. Escalation Protocol

Employees may seek interpretation of this Policy and governance practices from Corporate Secretariat and the Chief Legal Officer. Exceptions to this Policy may be approved by the Chief Legal Officer and/or the Board on a case-by-case basis, when applicable or practicable.

Document history				
Action	Name	Title	Date	Version
Proposed	Sivan Fox	SVP, Legal	Feb 04, 2022	001
Recommended	Human Resources & Corporate Governance Committee		Mar 1, 2022	002
Approved	Board of Directors		Mar 1, 2022	002
Proposed	Bindu Cudjoe	EVP, Chief Legal Officer	Jun 27, 2023	003
Recommended	Governance and Compliance Committee		Aug 30, 2023	003
Approved	Board of Directors		Aug 31, 2023	003
Proposed	Bindu Cudjoe	EVP, Chief Legal Officer	Aug 12, 2024	004
Recommended	Governance and Compliance Committee		Aug 27, 2024	004
Approved	Board of Directors		Aug 28, 2024	004



## SCHEDULE A CRITERIA FOR DETERMINING DIRECTOR INDEPENDENCE

A **director** of the Bank is not considered independent if, at the time of the determination:

### Duties with the Bank

1. The director is an executive officer (other than interim Chief Executive Officer) of the Bank or an employee of the Bank or one of its subsidiaries.
2. The director has been, within the last three years, an executive officer (other than interim Chief Executive Officer) of the Bank or an employee of the Bank or one of its subsidiaries.
3. The director's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, or anyone (other than an employee of either the director or the director's immediate family member) who shares the director's home is an executive officer of the Bank (other than interim Chief Executive Officer).
4. The director's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, or anyone (other than an employee of either the director or the director's immediate family member) who shares the director's home has been, within the last three years, an executive officer of the Bank (other than interim Chief Executive Officer).

### Relationship with the Bank's external auditor

Note: for the purposes of criteria 5 to 8, a partner does not include a fixed income partner whose interest in the firm that is the Bank's external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

5. The director is a partner or employee of the Bank's external auditor.
6. The director was within the last three years a partner or employee of the Bank's external auditor and personally worked on the Bank's audit within that time.
7. The director's spouse, minor child or stepchild, or the director's child or stepchild who shares his/her home, whether the child in question is a minor or not, is a partner of the Bank's external auditor or is an employee who participates in that firm's audit, assurance or tax compliance (but not tax planning) practice.
8. The director's spouse, minor child or stepchild, or the director's child or stepchild who shares his/her home, whether the child in question is a minor or not, was within the last three years a partner or employee of that firm and personally worked on the Bank's audit within that time.

### Relationship with the compensation committee of another entity

9. The director is an executive officer of an entity if any of the Bank's current executive officers serves on the entity's compensation committee.
10. The director has been within the last three years, an executive officer of an entity if any of the Bank's current executive officers served at that same time on the entity's compensation committee.
11. The director's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, or anyone (other than an employee of either the director or the director's immediate family member) who shares the director's home is an executive officer of an entity if any of the Bank's current executive officers serves on the entity's compensation committee.
12. The director's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, or anyone (other than an employee of either the director or the director's immediate family member) who shares the director's home has been within the last three years an executive officer of an entity if any of the Bank's current executive officers served at that same time on the entity's compensation committee.

### Compensation from the Bank

NB: for the purposes of criteria 13 and 14, direct compensation does not include compensation for acting as a member of the board of directors or of any board committee of the Bank or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Bank if the compensation is not contingent in any way on continued service.

13. The director received more than \$75,000 per year in direct compensation from the Bank during any 12-month period within the last three years.



14. The director's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, or anyone (other than an employee of either the director or the director's immediate family member) who shares the director's home received, as an executive officer of the Bank, more than \$75,000 per year in direct compensation from the Bank or any subsidiary of the Bank during any 12-month period within the last three years.

## **Borrowing from the Bank**

15. The director or the director's spouse or common-law partner has, or is a director, officer or employee of an entity which has, a loan from the Bank or any of its subsidiaries which is on the Bank's watch list or is in default.
16. The director and the director's spouse or common-law partner are the beneficial owners of an aggregate number of shares representing more than 10% of the votes attached to all the outstanding shares of an entity, or an aggregate number of shares representing more than 25% of the shareholders' equity of an entity or 25% of all the ownership interests of an entity, that has a loan with the Bank or any of its subsidiaries, which is on the Bank's watch list or is in default.

## **Other relationships**

17. Notwithstanding any other criteria, the director has a relationship with the Bank or one of its subsidiaries which could, in the view of the Bank's Board of Directors, be reasonably expected to interfere with the exercise of the director's independent judgment or ability to act in the Bank's best interests.

An **audit committee member** is not independent if, at the time of the determination:

NB: for the purposes of criteria 18 to 20, fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Bank or one of its subsidiaries if the compensation is not contingent in any way on continued service.
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## **Remuneration from the Bank**

18. The director accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Bank or any subsidiary entity of the Bank, other than as remuneration for acting in his/her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee.
19. The director's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home, whether the child in question is a minor or not, accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Bank or any subsidiary entity of the Bank, other than as remuneration for acting in his/her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee.
20. An entity in which the director is a partner, member, an officer or executive officer (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Bank or any subsidiary entity of the Bank accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Bank or any subsidiary of the Bank.