



Mandate of the Governance and Compliance Committee

Approved by the Board of Directors on August 28, 2024

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 governance matters and matters arising from the management of legal risk, regulatory compliance risk and ethics and conduct risk.

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 policies about whistleblowing complaints.

2 Duties

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

In fulfilling its duties, the Committee is mindful of the importance of environmental (including climate), social and governance (ESG) 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.

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, considering committee structure and composition.
- 2.1.3 Reviewing and recommending to the Board a succession plan for the Board, as well as the Board Chair and committee chairs, including 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 every other year.

- 2.1.5 Reviewing and recommending to the Board any requirements relating to minimum Bank shareholding requirements by directors.
- 2.1.6 Reviewing and recommending frequency and scheduling of Board and committee meetings, as required.

2.2 Director orientation, education and effectiveness

- 2.2.1 Overseeing the orientation and integration of newly elected Board members, as required.
- 2.2.2 Recommending and overseeing the ongoing education program for Board members annually.
- 2.2.3 Establishing criteria to evaluate the independence of Board members and assessing each Board member's independence annually.
- 2.2.4 Recommending to the Board and overseeing the assessment process to evaluate the effectiveness of Board, committees, Board chair, committee chairs and individual Board members' performance annually.
- 2.2.5 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 annually.

2.3 Governance oversight

- 2.3.1 Reviewing and recommending to the Board corporate governance principles and guidelines for the Bank, and assessing their effectiveness against best practices, regulatory guidance and emerging trends, as necessary.
- 2.3.2 Reviewing and recommending to the Board the mandate of the Board annually.
- 2.3.3 Reviewing the respective mandate of each committee annually.
- 2.3.4 Reviewing and recommending to the Board the position descriptions for the Board chair and committee chairs annually.
- 2.3.5 Overseeing Board structure and governance activities of the Bank's subsidiaries.
- 2.3.6 Reviewing and overseeing ESG activities of the Bank, from a social and governance perspective.

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:
 - (a) The Management Proxy Circular and other related forms and materials; and
 - (b) The Annual ESG Report, from a social and governance perspective.
- 2.4.2 Overseeing the effectiveness of the Bank's communications to shareholders, including measures for receiving, identifying and addressing significant feedback or concerns from shareholders.

2.4.3 Overseeing and reporting to the Board as required on shareholder engagement activities, including the Annual General Meeting of shareholders, as well as the shareholder proposals and responses to such proposals to be recommended to the Board for approval.

2.4.4 Overseeing annually the external communications strategy of the Bank from the perspective of consistency across the various stakeholders.

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 the President and CEO and other key members of senior management create and adhere to a culture of integrity and ethical conduct at the Bank.

2.5.3 Overseeing and approving policies and procedures regarding the receipt, retention and handling of complaints received from various channels (including anonymous channels) and policies and procedures regarding ethics and conduct risk.

2.5.4 Reviewing and recommending to the Board for approval a Code of Conduct applicable to Board members, Bank officers and employees, and overseeing compliance with its provisions.

2.5.5 Overseeing the implementation and application of protocols, measures or systems for identifying and resolving conflicts of interest possibly arising from the Board.

2.5.6 Appointing and mandating the Evaluation Committee to oversee escalated ethics and conduct risk issues.

Regulatory Compliance

2.6 Identification and Management of Risks

2.6.1 Ensuring that the members of senior management of the Bank identify the main regulatory compliance organizational risks and implement appropriate measurement and management systems to address those risks and assess their integrity and effectiveness.

2.6.2 Approving the Bank's risk appetite, risk limit and key risk indicators relating to Regulatory Compliance.

2.6.3 Reviewing the 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 overseeing 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 Reviewing with applicable Bank regulatory authorities, their findings and recommendations, and following up on them with Bank management.

2.6.7 Reviewing procedures to detect, respond to, mitigate negative effects from and remediate regulatory compliance risks.

2.7 Confidential Information

2.7.1 Overseeing the Bank's procedures to restrict the use and disclosure of confidential information.

2.7.2 Reviewing reports to the Committee relating to the use and disclosure of customer and employee information.

2.7.3 Reviewing and overseeing the Bank's compliance with privacy legislation.

2.8 Consumer protection

2.8.1 Acting for the Bank and its subsidiaries – namely B2B Bank, B2B Trustco, LBC Trust and Laurentian Trust – on a consolidated basis relating to all consumer protection matters described in the present section, including with regards to regulatory reporting, as applicable.

2.8.2 Overseeing the establishment and application of protocols, mechanisms, 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.

2.8.3 Overseeing the establishment of procedures for complying with the consumer provisions and reviewing those procedures to determine whether they are appropriate.

2.8.4 Overseeing and requiring 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.

2.8.5 Ensuring that 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.

2.8.6 Reporting to the Board on a semi-annual basis on matters reviewed by the Committee relating to the Consumer Protection Framework.

2.8.7 Receiving the report of the Bank's Head of Complaints Resolution.

2.9 Conduct review

The Committee is responsible for conduct review and oversight of related party transactions for the Bank and certain of its federally-regulated subsidiaries, as required by Applicable Law. In doing so the Committee is responsible for:

2.9.1 Overseeing the establishment of 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 by the Board is required;

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 OSFI on its mandate and responsibilities respecting conduct review and the procedures in place in this regard.

2.10 Internal oversight functions

2.10.1 Reviewing and recommending for approval the significant policies and practices that require respect for, and compliance with, applicable legal, regulatory and ensuring compliance with its provisions, including:

- (a) Regulatory Compliance Management Policy;
- (b) Anti-Money Laundering and Terrorist Financing Policy;
- (c) Sanctions Policy;
- (d) Anti-Bribery and Anti-Corruption Policy;
- (e) Legal Risk Policy;
- (f) Complaint Handling Policy; and
- (g) Privacy Policy.

Compliance function

2.10.2 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the Chief Compliance Officer (**CCO**), if required.

2.10.3 Providing feedback to the HR Committee on the performance and compensation of the CCO annually.

2.10.4 Reviewing and approving the mandate of the CCO annually and ensuring the CCO's competency, qualifications and independence.

2.10.5 Providing feedback to the HR Committee on the succession plan for the CCO.

2.10.6 Reviewing and recommending by the Board the mandate and objectives of the Bank's compliance function.

2.10.7 Overseeing that the Bank's compliance activities are accorded the necessary organizational importance and resources, degree of independence and visibility, and ensuring periodic review of the activities and resources.

2.10.8 Reviewing and recommending the budget of the compliance function to the Board.

2.10.9 Reviewing any material findings and recommendations with the CCO and monitoring their resolution.

Anti-Money Laundering and Anti-Terrorist Financing function

- 2.10.10 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the Chief Anti-Money Laundering Officer (**CAMLO**), if required.
- 2.10.11 Providing feedback to the HR Committee on the performance and compensation of the CAMLO annually.
- 2.10.12 Reviewing and approving the mandate of the CAMLO annually and ensuring the CAMLO's competency, qualifications and independence.
- 2.10.13 Providing feedback to the HR Committee on the succession plan for the CAMLO.
- 2.10.14 Overseeing that the Bank's Anti-Money Laundering and Anti-Terrorist Financing (**AMLTF**) activities are accorded the necessary organizational importance and resources, degree of independence and visibility, and ensuring periodic review of the activities and resources.
- 2.10.15 Reviewing and recommending the budget of the AMLTF function to the Board.
- 2.10.16 Reviewing any material findings and recommendations with the CAMLO and monitoring their resolution.

Privacy function

- 2.10.17 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the Chief Privacy Officer (**CPO**), if required.
- 2.10.18 Providing feedback to the HR Committee on the performance and compensation of the CPO annually.
- 2.10.19 Reviewing and approving the mandate of the CPO annually and ensuring the CPO's competency, qualifications and independence.
- 2.10.20 Providing feedback to the HR Committee on the succession plan for the CPO.
- 2.10.21 Overseeing that the Bank's Privacy activities are accorded the necessary organizational importance and resources, degree of independence and visibility, and ensuring periodic review of the activities and resources.
- 2.10.22 Reviewing any material findings and recommendations with the CPO and monitoring their resolution.

Other functions

- 2.10.23 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the Chief Legal Officer (**CLO**), if required.
- 2.10.24 Reviewing and approving the mandate of the CLO.
- 2.10.25 Providing feedback to the HR Committee on the succession plan for the CLO.
- 2.10.26 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the Chief Ethics Officer, if required.
- 2.10.27 Reviewing and approving the mandate of the Chief Ethics Officer.

2.10.28 Providing feedback to the HR Committee on the succession plan for the Chief Ethics Officer.

2.11 Policies

2.11.1 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.

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) retain 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 CEO 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 and recommends it for approval to the Board.