

Charters of committees of Board of Directors of Royal Bank of Canada

Excerpted from ROYAL BANK OF CANADA ADMINISTRATIVE RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS OF ROYAL BANK OF CANADA (hereinafter referred to as the "Bank")

[Audit Committee](#) (as at May 29, 2008)

[Conduct Review and Risk Policy Committee](#) (as at May 25, 2007)

[Corporate Governance and Public Policy Committee](#) (as at May 25, 2007)

[Human Resources Committee](#) (as at November 30, 2007)

2 COMMITTEES OF DIRECTORS

2.1 Audit Committee (as at May 29, 2008)

2.1.1 Establishment of Committee and Procedures

a) Establishment of Committee

A committee of the directors to be known as the "Audit Committee" (hereinafter the "Committee") is hereby established.

b) Composition of Committee

The Committee shall be composed of not less than five directors. Each member shall be financially literate, as the Board of Directors interprets such qualification in its business judgment, or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member shall have accounting or related financial management expertise, as the Board of Directors interprets such qualification in its business judgment and in accordance with applicable regulatory requirements.

c) Independence of Committee Members

As required by the *Bank Act*, none of the members of the Committee shall be an officer or employee of the Bank or of an affiliate of the Bank. All of the members of the Committee shall be "unaffiliated", as determined by regulations made under the *Bank Act*. All of the members of the Committee shall be independent, as determined by director independence standards adopted by the Board in accordance with applicable regulatory requirements.

d) Appointment of Committee Members

Members shall be appointed or reappointed at the annual organizational meeting of the directors and in the normal course will serve a minimum of three years. Each member shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

e) Committee Chairman and Secretary

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual organizational meeting of the directors, a Chairman from among their number. The Chairman shall not be a former employee of the Bank or of an affiliate. The Committee shall also appoint a Secretary who need not be a director.

f) Time and Place of Meetings

Meetings may be called by any member of the Committee, or by the external auditors. The time and place of and the procedure at meetings shall be determined from time to time by the members, provided that:

- i) a quorum for meetings shall be three members, a majority of whom must be "resident Canadian" except as otherwise provided by the *Bank Act*;
- ii) the Committee shall meet at least quarterly;
- iii) the Committee may request any officer or employee of the Bank or the Bank's outside counsel or external auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee;
- iv) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee and to the external auditors at least 24 hours prior to the time fixed for such meeting, provided, however, that business referred to in paragraph 2.1.3.e)(iv) below may be transacted at a meeting of which at least one hour prior notice is given as aforesaid, and that a member may in any manner waive notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; and

- v) a resolution in writing signed by all the members entitled to vote on that resolution at a Committee meeting, other than a resolution of the Committee carrying out its duties under subsection 194(3) of the *Bank Act*, shall be as valid as if it had been passed at a meeting of the Committee.
- g) Reporting to the Board of Directors
 - i) The Committee shall report to the Board of Directors following each meeting with respect to its activities and with such recommendations as are deemed desirable in the circumstances.
 - ii) Prior to approval by the directors, the Committee will also report to the Board on the annual statement and returns that must be approved by the directors under the *Bank Act*.
- h) Evaluation of Effectiveness and Review of Mandate

The Committee shall annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.

2.1.2 General Scope of Responsibilities and Purpose of the Committee

Management is responsible for the preparation, presentation and integrity of the Bank's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

The external auditors are responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and reviews of the Bank's quarterly financial information.

The Committee's purpose is to review the adequacy and effectiveness of these activities and to assist the Board in its oversight of:

- (i) the integrity of the Bank's financial statements;
- (ii) the external auditors' qualifications and independence;
- (iii) the performance of the Bank's internal audit function and external auditors;
- (iv) the adequacy and effectiveness of internal controls; and
- (v) the Bank's compliance with legal and regulatory requirements.

The Committee is also responsible for preparing any report from the Committee that may be required to be included in the Bank's annual proxy statement or that the Board elects to include on a voluntary basis.

The Committee shall meet every fiscal quarter, or more frequently at the discretion of the Committee if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements.

At least quarterly, the Committee shall have separate private meetings with the external auditors, the chief internal auditor, the general counsel, the chief compliance officer and management to discuss any matters that the Committee or these groups believe should be discussed.

In fulfilling its role, the Committee is empowered to investigate any matter with full access to all books, records, facilities, management and employees of the Bank and the authority to retain outside counsel or other experts for this purpose.

2.1.3 Specific Responsibilities

a) Documents and Reports

The Committee shall review:

- i) prior to review and approval by the Board and public disclosure: the annual statement of the Bank, which includes the annual audited financial statements; the quarterly financial statements of the Bank; the annual information form; the quarterly and annual management's discussion and analysis; and earnings press releases;
- ii) the types of financial information and earnings guidance provided and types of presentations made to analysts and rating agencies, and shall be satisfied that adequate procedures are in place for the review of the Bank's public disclosure of financial information extracted or derived from the Bank's financial statements and shall periodically assess the adequacy of these procedures;
- iii) such returns as the Superintendent of Financial Institutions may specify and other periodic disclosure documentation and reports as may be required under applicable law ;
- iv) such investments and transactions that could adversely affect the well-being of the Bank as the external auditors or any officer of the Bank may bring to the attention of the Committee;
- v) prospectuses relating to the issuance of securities of the Bank;

- vi) an annual report on any litigation matters which could significantly affect the financial statements; and
- vii) an annual report from the chief compliance officer on regulatory compliance matters.

b) Internal Control

The Committee shall require management to implement and maintain appropriate systems of internal control, including internal controls over financial reporting and for the prevention and detection of fraud and error. The Committee shall review, evaluate and approve those systems and meet with the chief internal auditor and with management to assess the adequacy and effectiveness of these systems of internal control and to obtain on a regular basis reasonable assurance that the organization is in control. The Committee shall also receive reports from the Chief Executive Officer and the Chief Financial Officer as to the existence of any significant deficiency or material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

c) Internal Auditor

The Committee shall:

- i) review and concur in the appointment, replacement, reassignment or dismissal of the chief internal auditor and review the mandate, annual audit plan, and resources of the internal audit function;
- ii) meet with the chief internal auditor to review the results of internal audit activities, including any significant issues reported to management by the internal audit function and management's responses and/or corrective actions;
- iii) meet with the chief internal auditor to review the status of identified control weaknesses;
- iv) review representations from the chief internal auditor, based on audit work done, on the adequacy and degree of compliance with the Bank's systems of internal control;
- v) review the performance, degree of independence and objectivity of the internal audit function and adequacy of the internal audit process; and
- vi) review with the chief internal auditor any issues that may be brought forward by the chief internal auditor, including any difficulties encountered by the internal audit function, such as audit scope, information access, or staffing restrictions.

d) External Auditors

The Committee shall have the authority and responsibility to recommend the appointment and the revocation of the appointment of any registered public accounting firm (including the external auditors) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and to fix their remuneration, subject to the powers conferred on the shareholders by the *Bank Act*. The Committee shall be responsible for the oversight of the work of each such accounting firm, including resolution of disagreements between management and the accounting firm regarding financial reporting, and each such firm shall report directly to the Committee. The Committee shall:

- i) meet with the external auditors to review and discuss the annual audit plan, the results of the audit, their report with respect to the annual statement and the returns and transactions referred to in subsection 194(3) of the *Bank Act*, and the report required to be provided to the Committee by the external auditors pursuant to Rule 2-07 of the U.S. Securities and Exchange Commission's Regulation S-X;
- ii) have the sole authority to approve all audit engagement fees and terms, as well as the provision and the terms of any legally permissible non-audit services to be provided by the external auditors to the Bank, with such approval to be given either specifically or pursuant to preapproval policies and procedures adopted by the committee;
- iii) review with the external auditors any issues that may be brought forward by the external auditors, including any audit problems or difficulties, such as restrictions on their audit activities or access to requested information, and management's response;
- iv) annually review with the external auditors their qualifications, independence and objectivity, including formal written statements delineating all relationships between the external auditors and the Bank that may impact such independence and objectivity;

- v) discuss with the external auditors and with management the annual audited financial statements and quarterly financial statements, including the disclosures contained in the annual and quarterly management's discussion and analysis;
- vi) review hiring policies concerning partners, employees and former partners and employees of the present and former external auditors;
- vii) review and evaluate the qualifications, performance and independence of the lead partner of the external auditors and discuss the timing and process for implementing the rotation of the lead audit partner, the concurring audit partners and any other active audit engagement team partner;
- viii) at least annually, obtain and review a report by the external auditors describing: the external auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and
- ix) take into account the opinions of management and the Bank's internal auditors in assessing the qualifications, performance and independence of the external auditors.

e) Liquidity, Funding and Capital Management

The Committee:

- i) shall review and approve at least once a year the liquidity and funding management policies including contingency plans as well as capital management policies recommended by management;
 - ii) shall review on a regular basis the liquidity, funding and capital position and liquidity, funding and capital management processes;
 - iii) shall obtain on a regular basis reasonable assurance that the Bank's liquidity and funding management policies and capital management policies are being adhered to;
 - iv) as provided in the relevant standing resolutions of the Board of Directors, may designate and authorize the issue of First Preferred Shares and the issue of securities qualifying as Tier 2A capital under capital adequacy guidelines issued by the Superintendent of Financial Institutions; and
 - v) in connection with the exercise of the power delegated to senior management to authorize and approve issues of subordinated indebtedness of the Bank, shall review and approve the Draft Securities Disclosure Document as provided in the relevant standing resolution of the Board of Directors.
- f) Other

- i) The Committee shall discuss major issues regarding accounting principles and financial statement presentations, including significant changes in the Bank's selection or application of accounting principles, analyses prepared by management or the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effect on the financial statements of alternative methods of applying Canadian or U.S. generally accepted accounting principles, of regulatory and accounting initiatives and of off-balance sheet structures;
- ii) The Committee shall establish procedures for the receipt, retention, treatment and resolution of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters, as well as procedures for the confidential and anonymous submission of concerns regarding accounting or auditing matters;
- iii) The Committee shall review and discuss any reports concerning material violations submitted to it by Bank attorneys or counsel pursuant to the attorney professional responsibility rules of the U.S. Securities and Exchange Commission, the Bank's attorney reporting policy, or otherwise;
- iv) The Committee shall, as appropriate, obtain at the expense of the Bank advice and assistance from independent legal, accounting or other advisors;
- v) The Committee shall discuss the major financial risk exposures of the Bank and the steps management has taken to monitor and control such exposures; and
- vi) Subject to the laws applicable to the subsidiary, the Committee may perform for and on behalf of a subsidiary the functions of an audit committee of the subsidiary.

2.2 **Conduct Review and Risk Policy Committee** (as at May 25, 2007)

2.2.1 Establishment of Committee and Procedures

a) Establishment of Committee

A committee of the directors to be known as the "Conduct Review and Risk Policy Committee" (hereinafter referred to as the "Committee") is hereby established. The establishment of the Committee will not preclude management from discussing any loan, financial risk or any other matters with the Board of Directors.

b) Composition of Committee

The Committee shall be composed of not less than five directors. As required by the *Bank Act*, none of the members of the Committee shall be an officer or employee of the Bank or of an affiliate of the Bank. A majority of the members of the Committee shall be "unaffiliated", as defined in regulations made under the *Bank Act*.

c) Appointment of Committee Members

The members of the Committee shall be appointed or reappointed at the annual organizational meeting of the directors and in the normal course will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

d) Committee Chairman and Secretary

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual organizational meeting of the directors, a Chairman from among their number. The Chairman shall not be a former officer of the Bank or of an affiliate. The Committee shall also appoint a Secretary who need not be a director.

e) Time and Place of Meetings

The time and place of and the procedure at meetings of the Committee shall be determined from time to time by the members, provided that:

- i) a quorum for meetings shall be three members, a majority of whom must be "resident Canadians" except as otherwise provided by the *Bank Act*;
- ii) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee and to the external auditors at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; and
- iii) a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Committee, other than a resolution of the Committee carrying out its duties under subsection 195(3) of the *Bank Act*, is as valid as if it had been passed at a meeting of the Committee.

f) Reporting to the Board of Directors

- i) The Committee shall report to the Board of Directors following each Committee meeting with respect to its activities and with such recommendations as are deemed appropriate in the circumstances.
- ii) The Committee shall submit a report annually to the Board of Directors on the Committee's activities during the year in carrying out its responsibilities under subsection 195(3) of the *Bank Act* and such report shall be filed with the Superintendent of Financial Institutions.

g) Evaluation of Effectiveness and Review of Mandate

The Committee shall annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.

2.2.2 General Scope of Responsibilities and Purpose of the Committee

The purpose of the Committee is to ensure that management has established policies and procedures relating to compliance with the self-dealing provisions of the *Bank Act* and to oversee risk management of the Bank, ensuring that management has in place policies, processes and procedures to manage the significant risks to which the Bank is exposed, including compliance with applicable laws and regulations. The Committee is to understand the significant risks to which the Bank is exposed, under the Bank's risk framework, and the policies, procedures and controls used by management to assess and manage these risks. The Committee reviews actions taken to ensure a sound and consistent risk profile. In fulfilling its responsibilities, the Committee shall have unrestricted access to management and employees of the Bank.

2.2.3 Specific Responsibilities

a) Conduct Review

The Committee shall:

- i) review and approve on a regular basis standards of business conduct and ethical behavior for the Bank's directors, senior management and employees, including the Code of Conduct for directors and employees of the Bank and any amendments to this Code and obtain on a regular basis reasonable assurance that the Bank has processes to ensure adherence to its standards of business conduct and ethical behavior;
- ii) ensure procedures and practices are established by management as required under section 195(3) of the *Bank Act* relating to self-dealing and under sections 306 of the *Sarbanes-Oxley Act of 2002* relating to insider trades during pension fund blackout periods and personal loans to directors and executive officers;
- iii) establish measurement criteria and benchmarks for permitted transactions with related parties of the Bank and submit these criteria to the Superintendent of Financial Institutions for approval
- iv) in accordance with the provisions of the *Bank Act*, approve the terms and conditions of loans and financial services made available pursuant to subsections 496(4), (5) and (6);
- v) establish and monitor procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information;
- vi) establish and monitor procedures to provide disclosure of information to customers of the Bank that is required to be disclosed by the *Bank Act* and for dealing with complaints as required by subsection 455(1) of the *Bank Act* and satisfy itself that the procedures are being adhered to by the Bank;
- vii) review the practices of the Bank to ensure that any transactions with related parties of the Bank that may have a material effect on the stability or solvency of the Bank are identified; and
- viii) when requested by the Bank, and subject to the laws applicable to the subsidiary, the Committee may perform for and on behalf of a subsidiary all the functions of a conduct review committee of the subsidiary.

b) Risk Policy

The Committee shall:

- i) review and approve on a regular basis the risk management frameworks, principles and policies recommended by the Bank's management, including policies concerning credit risk, market risk, structural risk, fiduciary risk, operational risk and other significant risks to which the Bank is exposed;
- ii) review on a regular basis the Bank's risk management process;
- iii) obtain on a regular basis reasonable assurance that the Bank's risk management policies for significant risks are being adhered to;
- iv) evaluate, on a regular basis, the effectiveness and prudence of senior management in managing the operations of the Bank and the risks to which the Bank is exposed;
- v) review credits granted to the following, and review policies related to those credits:
 - A) entities of which a director of the Bank or his or her spouse is also a director, which has been granted as an exception to the Bank's credit policy; and
 - B) entities controlled by the Bank, in excess of CAN\$250 Million and policies related to those credits.
- vi) approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities
- vii) review comprehensive reporting on significant risks, including credit, market, liquidity, funding and operational risks. With respect to credit risk, the review will include details on the amount, nature, characteristics, concentration and quality of the credit portfolio, as well as all significant exposures to credit risk through reports on significant credit exposure presented to the Committee as per Schedule I (as revised from time to time by, or with the approval of, the Committee);
- viii) establish investment and lending policies, standards and procedures in accordance with Section 465 of the *Bank Act*; and
- ix) approve annually the adoption of a net debit cap category in respect of daily overdrafts incurred in the Bank's

account with the Federal Reserve Bank of New York.

2.3 Corporate Governance and Public Policy Committee (as at May 25, 2007)

2.3.1 Establishment of Committee and Procedures

a) Establishment of Committee

A committee of the directors to be known as the "Corporate Governance and Public Policy Committee" (hereinafter referred to as the "Committee") is hereby established.

b) Composition of Committee

The Committee shall be composed of not less than four directors. None of the members of the Committee shall be an officer or employee of the Bank or of an affiliate of the Bank. All of the members of the Committee shall be "unaffiliated", as defined in regulations made under the *Bank Act*. All of the members of the Committee shall be independent, as determined by director independence standards adopted by the Board.

c) Appointment of Committee Members

The members of the Committee shall be appointed or reappointed at the annual organizational meeting of the directors and in the normal course will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

d) Committee Chairman and Secretary

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual organizational meeting of the directors a Chairman from among their number. The Chairman shall not be a former officer of the Bank or of an affiliate. Such Chairman shall, when the Chairman of the Board is also the Chief Executive Officer or a former officer of the Bank, preside at meetings of the non-executive directors and, if so desired from time to time by one or more members of the Board, shall serve informally as a liaison between such member or members and senior management. The Committee shall also appoint a Secretary who need not be a director.

e) Time and Place of Meetings

The time and place of and the procedure at meetings of the Committee shall be determined from time to time by the members, provided that:

- i) a quorum for meetings shall be three members, a majority of whom must be "resident Canadian" except as otherwise provided by the *Bank Act*;
- ii) the Committee shall meet at least semi-annually;
- iii) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; and
- iv) a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

f) Reporting to the Board of Directors

The Committee shall report to the Board of Directors following each Committee meeting with respect to its activities and with such recommendations as are deemed appropriate in the circumstances.

g) Evaluation of Effectiveness and Review of Mandate

The Committee shall annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.

2.3.2 General Scope of Responsibilities and Purpose of the Committee

The Committee's purpose is to:

- a) develop and recommend to the Board of Directors policies and procedures to maintain high standards of corporate governance;
- b) set criteria for the selection of candidates and recommend candidates for election or re-election as directors;
- c) oversee processes to assess the performance of the Board, its committees and individual directors; and
- d) advise the Board and management on issues relating to communications and public policy and the Bank's corporate image.

In fulfilling its responsibilities, the Committee shall have unrestricted access to management and employees of the Bank.

2.3.3 Specific Responsibilities

- a) The Committee shall review and recommend to the Board for approval the Director Independence Policy that establishes the independence criteria for directors.
- b) The Committee shall recommend suitable candidates for nominees for election or appointment as directors, based on its assessment of the results of internal and external due diligence reviews and on the following criteria for the overall composition of the Board and characteristics of individual directors:
 - i) Selection Criteria
 1. individuals prominent and active in any of a broad variety of businesses, institutions or the professions;
 2. individuals resident in and familiar with the geographic regions in which the Bank carries on its businesses;
 3. individuals having international business or professional experience;
 4. representatives of the management of the Bank within the limits set out in the *Bank Act*; and
 5. individuals having sensitivity to, not necessarily representatives of, special interests and constituencies;
 - ii) Individual Characteristics
 1. sound business judgment and independence of mind;
 2. integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Bank's shareholders whom they represent;
 3. knowledge and appreciation of public issues; familiarity with local, national and international affairs; and
 4. the capability and willingness to attend and to contribute at Board functions on a regular basis;
- c) The Committee shall maintain an overview of the entire membership of the Board ensuring that qualifications required under any applicable laws are maintained and, in particular, the rules in relation to affiliated and non-affiliated directors and make recommendations to the board on the disposition of a tender of resignation which a director is expected to offer to the Chairman of the Board:
 - i) when such director is no longer qualified under the *Bank Act* or such other applicable laws;
 - ii) when such director does not meet the eligibility rules under the conflict of interest guidelines;
 - iii) when the credentials underlying the appointment of such director change; or
 - iv) when the director's resignation is required pursuant to the board's policy requiring a majority "for" vote in an election of a director.
- d) The Committee shall review annually the credentials of nominees for re-election to be named in Management's Proxy materials for re-election considering:
 - i) their continuing qualification under the Bank Act and other applicable laws;
 - ii) their continuing independence status under the Director Independence Policy;
 - iii) their continuing compliance with the eligibility rules under the conflict of interest guidelines;
 - iv) the continuing validity of the credentials underlying the appointment of each director; and
 - v) an evaluation of the effectiveness of the Board;
- e) Whenever considered appropriate, the Committee shall direct the Chairman to advise each candidate prior to appointment of the credentials underlying the recommendation of the candidate's appointment.
- f) The Committee shall recommend to the Board at the annual organizational meeting of the directors, the allocation of Board members to each of the Board Committees. Where a vacancy occurs at any time in the membership of any Board Committee, the Committee shall recommend to the Board a member to fill such vacancy.
- g) The Committee shall have sole authority to retain and terminate any independent advisor that the Committee deems necessary, including any search firm to be used to identify director candidates or any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention.
- h) The Committee shall regularly assess the performance of the Board, its committees and Board members and make recommendations to the Board.
- i) The Committee shall monitor on a continuing basis and, whenever considered appropriate, shall make recommendations to the Board concerning the corporate governance of the Bank including, without limitation:
 - i) the effectiveness of the system of corporate governance at the Bank, including development of the Bank's corporate governance practices and guidelines;

- ii) the Bank's public disclosure of its corporate governance practices and guidelines;
- iii) the program of the Board for each year, and the methods and processes to be pursued in carrying out this program including:
 - 1. the frequency and content of meetings and the requirement for any special meetings;
 - 2. forward agenda of issues to be presented to the Board at its meetings including a list of important topics for presentation and discussion;
 - 3. material which is to be provided to directors generally and with respect to meetings of the Board or its Committees; and
 - 4. communication processes between the Board and management including monitoring the quality of the relationship between management and the Board and recommending improvements as deemed necessary or advisable;
- iv) the mandates of the Board Committees including amendments thereto;
- v) policies governing the overall size, structure and composition of the Board including:
 - 1. criteria such as geographic and other specific representation;
 - 2. the eligibility criteria in relation to independence, affiliation, financial expertise and literacy, conflicts of interest and interlocking directorships;
 - 3. selection and nomination process for the Board of Directors; and
 - 4. the amount and form of compensation of the directors.
- vi) The Committee shall advise management in the planning of the strategy meeting, if so requested by management.
- vii) The Committee shall be responsible, whenever considered appropriate, for responding to any report or position paper on the subject of corporate governance.
- viii) The Committee shall review shareholder proposals submitted to the Bank under section 143 of the *Bank Act* and shall recommend to the Board responses to the proposals.
- ix) The Committee shall, as required, invite the Chairmen of all other Board Committees to attend a meeting of the Committee to review the Board Agenda and deal with such other matters as may be considered relevant to the issue of the Board's corporate governance.

2.3.4 Public Policy

- a) The Committee shall review policies and programs designed to create a strong cohesive, sustained image of the Bank for its key publics; review the efforts of the Bank to ensure its operations remain consonant with changing public values and expectations; be proactive in identifying, assessing and advising management on public affairs issues that impact significantly on the Bank; and, without limiting the generality of the foregoing, advise the Board of Directors on the following:
 - i) the adequacy of the Bank's communications policy, including processes for communicating to, and dealing with communications from shareholders, customers and employees;
 - ii) the development and projection of the Bank's corporate image to its key publics;
 - iii) the appropriate integration of public affairs considerations with the strategic direction of the Bank;
 - iv) the status and adequacy of the Bank's efforts to ensure its business is conducted in an ethical and socially responsible way;
 - v) the development of corporate contributions and community involvement policies and programs of the Bank; and
 - vi) the status and adequacy of the Bank's efforts to develop and maintain effective relationships with governments, especially as regards legislative and regulatory matters.

2.4.1 Establishment of Committee and Procedures

- a) Establishment of Committee
A committee of the directors to be known as the "Human Resources Committee" (hereinafter referred to as the "Committee") is hereby established.
- b) Composition of Committee
The Committee shall be composed of not less than five directors. None of the members of the Committee shall be an officer or employee of the Bank or of an affiliate of the Bank. All of the members of the Committee shall be "unaffiliated", as defined in regulations made under the *Bank Act*. All of the members of the Committee shall be independent, as determined by director independence standards adopted by the Board.
- c) Appointment of Committee Members
The members of the Committee shall be appointed or reappointed at the annual organizational meeting of the directors and in the normal course will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.
- d) Committee Chairman and Secretary
The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual organizational meeting of the directors a Chairman from among their number. The Chairman shall not be a former officer of the Bank or of an affiliate and shall normally be reappointed as Chairman for a minimum of three years. The Committee shall also appoint a Secretary who need not be a director.
- e) Time and Place of Meeting
The time and place of and the procedure at meetings of the Committee shall be determined from time to time by the members, provided that:
 - i) a quorum for meetings shall be three members, a majority of whom must be "resident Canadians" except as otherwise provided by the *Bank Act*;
 - ii) the Committee shall meet at least semi-annually;
 - iii) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; and
 - iv) a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.
- f) Reporting to the Board of Directors
The Committee shall as required during the year, at the discretion of the Chairman of the Committee, make a report to the Board of Directors with respect to its activities during the year with such recommendations as are deemed desirable in the circumstances.
- g) Evaluation of Effectiveness and Review of Mandate
The Committee shall annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.

2.4.2 General Scope of Responsibilities and Purpose of the Committee

The Committee's purpose is to advise the board with respect to:

- a) compensation policies, programs and plans;
- b) human resources policies and practices to attain the strategic goals of the Bank;
- c) compensation of the Chief Executive Officer;
- d) management succession plans for executive officers; and
- e) the Bank's pension plans and the pension plans of participating subsidiaries.

In fulfilling its responsibilities, the Committee shall have unrestricted access to management and employees of the Bank.

2.4.3 Specific Responsibilities

a) Human Resources

The Committee shall:

- i) review at regular intervals the management succession plans for the executive officers of the Bank and its business groups;
- ii) review the major compensation policies of the Bank; and review the Bank's major compensation programs against its business objectives, its operations and the risks to which it is exposed;
- iii) approve an annual report on executive compensation for inclusion in the management proxy circular;
- iv) recommend to the Board incentive compensation plans and equity-based compensation plans;
- v) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate on an annual basis the Chief Executive Officer's performance in light of those goals and objectives and review and recommend to the Board the Chief Executive Officer's compensation in light of this evaluation;
- vi) recommend to the Board the compensation of the members of the Group Executive.
- vii) have sole authority to retain and terminate any independent advisor that the Committee deems necessary, including any compensation consultant to assist in the evaluation of the Chief Executive Officer's or senior executive compensation, including authority to approve the firm's fees and other retention terms;
- viii) annually evaluate and recommend to the Board the compensation of the non-executive Chairman of the Board; and
- ix) annually review and approve the Code of Conduct for directors and employees of the Bank.

b) Pensions

The Committee shall:

- i) review and recommend to the Board pension plan funding and design changes;
- ii) approve the asset investment strategy for the Bank's pension plan; and
- iii) in respect of pension plans sponsored by the Bank and certain of its subsidiaries (the "pension plans") review reports on an annual basis focusing on the performance, funded status, and other relevant issues relating to the pension plans.