



ROYAL BANK OF CANADA
(the Bank)
April 10, 2024

AUDIT COMMITTEE MANDATE

A. PURPOSE AND DUTIES OF THE COMMITTEE

1. General Purpose

The Committee is responsible for assisting the Bank's board of directors (the Board) in its oversight of (i) the integrity of the Bank's financial statements; (ii) the qualifications, performance and independence of the external auditors; (iii) the performance of the Bank's internal audit function; (iv) internal controls; and (v) compliance with legal and regulatory requirements.

2. Financial Statements and other Documents

The Committee will regularly review and discuss the following:

- a) prior to review and approval by the Board, the Bank's annual statement which includes its annual consolidated financial statements, its quarterly financial statements, and related management's discussion and analysis;
- b) earnings releases on interim and annual results, the annual information form, the annual report and other financial information, earnings guidance and presentations provided to analysts, rating agencies and the public;
- c) such other periodic disclosure documents as requested by regulators or that may be required by law;
- d) investments and transactions brought to the Committee's attention that could adversely affect the Bank's well-being;
- e) prospectuses relating to the issuance of securities of the Bank;
- f) representations provided by management to the auditors, where appropriate;
- g) reports on any litigation matters which could significantly affect the Bank;
- h) tax matters that are material to the financial statements; and
- i) other reports as required to be communicated by the auditors by the Canadian Public Accountability Board, the Office of the Superintendent of Financial Institutions, and the U.S. Public Company Accounting Oversight Board.

Moreover, the Committee will ensure that adequate procedures are in place for the review of the Bank's public disclosure of financial information derived from the Bank's financial statements, and will periodically assess the adequacy of these procedures.

3. External Auditor

Subject to the shareholders' powers conferred by the *Bank Act*, the Committee will recommend the appointment (or revocation thereof) of any registered public accounting firm (including the external auditor) engaged to prepare or issue an audit report or to perform other audit, review or attest services. The Committee will fix the remuneration and oversee the work of these accounting firms, including the resolution of disagreements with management regarding financial reporting. Such accounting firms will report directly to the Committee.

Moreover, as part of its oversight of the external auditor the Committee will:

- a) meet with the external auditor to review and discuss the annual audit plan, the results of the audit, the auditor's report with respect to the annual statement, and all other reports, returns and transactions as required by applicable laws;
- b) approve all audit engagement fees and terms, as well as the terms of any permitted non-audit services to be provided by the external auditor to the Bank, with such approvals to be given specifically or pursuant to preapproval policies and procedures adopted by the Committee in accordance with applicable laws;
- c) review any concerns that may be brought forward by the external auditor, including any difficulties they may encounter in conducting their audit, as well as management's response to such concerns;
- d) review material correspondence between the external auditor and management relating to audit findings;
- e) taking into account the opinions of management and the Bank's internal auditor, annually assess the external auditor's qualifications and performance, including relevant experience, geographical reach, professional scepticism, quality of services and communications, and independence and objectivity;

- f) review formal written statements delineating all relationships between the external auditor and the Bank that may impact its independence and objectivity;
- g) annually assess the risk of the external auditor withdrawing from the audit;
- h) discuss with the external auditor and with management the annual audited financial statements and quarterly financial statements, as well as related management's discussion and analysis;
- i) review hiring policies concerning partners, employees and former partners and employees of the present and former external auditors;
- j) review and evaluate the qualifications, performance and independence of the external auditor's lead partner 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;
- k) on a periodic basis, perform a comprehensive review of the performance of the External Auditor over multiple years to assess the audit firm, its independence and application of professional skepticism; and
- l) at least annually, obtain and review a report by the external auditor describing: (i) the external auditor's internal quality- control procedures; (ii) the external auditor's internal procedures to ensure independence; and (iii) 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 auditor, and any steps taken to deal with any such issues.

4. Oversight of Independent Control Functions

The Committee will oversee the finance and internal audit functions, having regard to their independence from the businesses whose activities they review. The Committee will review and approve the appointment or removal of each of the Chief Financial Officer (the CFO) and the Chief Audit Executive (the CAE), as well as their respective mandates and the mandates or charters of their respective functions. The Committee will approve each of the functions' organizational structures, budgets and resources. Every year the Committee will assess the performance of each of the CFO and CAE and the effectiveness of their respective functions. It will also periodically review independent assessments of each of these functions. Moreover, it will annually review and approve the internal audit function's overall risk methodology.

5. Internal Control

The Committee will assist in the oversight of internal control by engaging in the following activities:

- a) requiring 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;
- b) evaluating and approving systems of internal control and meeting regularly with the CAE and with management to assess the adequacy and effectiveness of these systems;
- c) receiving reasonable assurances on a regular basis from management that the organization is in control;
- d) reviewing reports from the Chief Executive Officer (the CEO) and the CFO regarding any significant deficiency or material weakness in the design or operation of internal controls over financial reporting and the detection of fraud involving management or other employees who have a significant role in the Bank's internal control over financial reporting;
- e) reviewing and approving the Bank's disclosure policy and reviewing reports on the effectiveness of the Bank's disclosure controls and procedures;
- f) reviewing the process relating to the CEO and CFO's certifications on the design and effectiveness of the Bank's disclosure controls and procedures and internal control over financial reporting, and the integrity of the Bank's quarterly and annual financial statements.

6. Internal Auditor

The Committee will regularly meet with the CAE to review and approve the annual internal audit plan and review internal audit activities. The Committee will review and discuss with the CAE issues reported to management by the internal audit function and management's responses and/or corrective actions. The Committee will also evaluate the status of identified control weaknesses, as well as the adequacy and degree of compliance with the Bank's systems of internal control. Other issues that the Committee may review with the CAE include audit scope, information access, resource limitations or any other difficulties encountered by the internal audit function.

7. Capital Management

The Committee will review capital transactions and may designate and authorize the issue of (i) First Preferred Shares and (ii) securities qualifying as additional Tier 1 capital under capital adequacy guidelines issued by the Superintendent of Financial Institutions. The Committee may also review and approve securities disclosure documents in connection with issues of the Bank's subordinated indebtedness as provided in the relevant resolution of the Board.

The Committee will review the adequacy and effectiveness of internal controls related to capital management. It will also discuss with the external auditors any matters arising from the audit that may have an impact on regulatory or capital disclosures included in the Bank's annual statement.

8. Committee Reports

The Committee is responsible for preparing any report from the Committee that may be included in the Bank's annual proxy statement.

9. Other

- a) The Committee will discuss major issues regarding accounting principles and financial statement presentations, including significant changes in the Bank's selection or application of accounting principles and analyses prepared by management or the external auditors regarding financial reporting issues and judgments made in connection with the preparation of the financial statements;
- b) The Committee will establish procedures for managing complaints received by the Bank regarding accounting, internal accounting controls or auditing matters, as well as procedures for the confidential and anonymous submission by employees of concerns regarding accounting, internal accounting controls or auditing matters. The Committee will receive reports from the Vice-President, Client Complaints Appeal Office at each Committee meeting and will meet with the Vice-President, Client Complaints Appeal Office annually in relation to these procedures;
- c) The Committee will review and discuss any reports concerning material violations submitted to it by the Bank's legal counsel pursuant to applicable law and policy;
- d) The Committee will discuss the major financial risk exposures of the Bank and the steps management has taken to monitor and control such exposures;
- e) 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.

B. COMMITTEE COMPOSITION AND PROCEDURES

1. Composition of Committee

The Committee will be composed of five or more directors. No Committee member may be an officer or employee of the Bank or of an affiliate of the Bank. Each Committee member will be (i) unaffiliated, as determined in accordance with the regulations made under the *Bank Act*, and (ii) independent, as determined by director independence standards adopted by the Board. Committee membership will reflect a balance of experience and expertise required to fulfill the Committee's mandate.

All Committee members will be financially literate or become financially literate within a reasonable period after appointment to the Committee. At least one member will have accounting or financial management expertise. No member may serve on the audit committees of more than two other public companies, unless the Board determines such simultaneous service would not impair the member's ability to serve effectively on the Committee.

2. Appointment of Committee Members

The Board will appoint or reappoint the Committee members at the annual organizational meeting of the directors. In the normal course members will serve a minimum of three years. 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 that occurs in the Committee at any time.

3. Committee Chair and Secretary

The Board will appoint or reappoint a Committee Chair from among the members of the Committee. If the Board fails to do so, the Committee members will make the appointment or re-appointment. In the normal course the Committee Chair will serve a minimum of three years. The Committee Chair will not be a former employee of the Bank or of an affiliate. The Secretary of the Committee need not be a director.

4. Time and Place of Meetings

Meetings may be called by any Committee member, the external auditors, the CFO, the Board Chair, the CEO or the Chief Audit Executive. The Committee members will determine the time and place of and the procedure at meetings, provided that the Committee meets at least quarterly. The Committee members may participate in meetings in person or by telephone, electronic or other communications facilities. 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.

5. Quorum

A quorum for meetings will be three members.

6. Notice of Meetings

Notice of the time and place of each meeting will be generally given in writing or by telephone, or by electronic or other communications facilities, to each Committee member and to the external auditors at least 24 hours prior to the time fixed for such meeting; however,

- a) 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;

- b) 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*, will be as valid as if it had been passed at a meeting of the Committee; and
- c) capital transactions may be reviewed and/or authorized at a meeting of which at least one hour prior notice is given.

7. Delegation

The Committee may designate a sub-committee to review any matter within the Committee's mandate.

8. Reporting to the Board

The Committee will report to the Board following each meeting with respect to its activities and recommendations. It will also report to the Board on the annual statement and returns that must be approved by the directors under the *Bank Act*.

9. Access to Management and External Advisors

In fulfilling its responsibilities, the Committee will have unrestricted access to management and employees of the Bank. The Committee will select, retain, oversee, terminate and approve the fees of any external advisor that the Committee deems necessary, including any legal or accounting advisor, to assist it in fulfilling its responsibilities. The Bank will provide appropriate funding, as determined by the Committee, for any such engagement.

The Committee may also investigate any matter with full access to all books, records, facilities, management and employees of the Bank.

10. Private Meetings

At least quarterly the Committee will meet with no members of management present and have separate private meetings with the external auditors, and each of the CAE, the CFO and the Chief Legal & Administrative Officer, to discuss any matters that the Committee or these parties believe should be discussed.

11. Minutes

Minutes of meetings of the Committee will be maintained by the Secretary and subsequently presented to the Committee and to the Board, if required by the Board.

12. Evaluation of Effectiveness and Review of Mandate

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