



ROYAL BANK OF CANADA

(the Bank)

November 29, 2023

GOVERNANCE COMMITTEE MANDATE

A. PURPOSE AND DUTIES OF THE COMMITTEE

1. General Purpose

The Committee is primarily responsible for the following matters: (i) recommending to the Bank's board of directors (the Board) individuals for election or re-election as directors; (ii) overseeing the process for evaluating Board, committee and director effectiveness; (iii) developing and recommending to the Board governance frameworks, principles and policies; (iv) overseeing culture and conduct at the Bank; (v) overseeing environmental, social and governance matters; (vi) monitoring developments in corporate governance and adapting best practices to the Bank's needs and circumstances; (vii) overseeing compliance with legal and regulatory requirements; and (viii) reviewing shareholder proposals and recommending to the Board responses to these proposals. Moreover, the Committee will serve as the conduct review committee for the Bank and certain of its subsidiaries.

2. Board Composition

- a) The Committee will review and approve the Director Independence Policy that establishes the independence criteria for directors.
- b) The Committee will monitor the composition of the Board for compliance with legal requirements and the Bank's policies.
- c) In the event a director tenders his or her resignation, the Committee will consider and make recommendations to the Board, including resignations tendered pursuant to the Majority Voting Policy of the Board of Directors, whether to accept such resignation.
- d) Aligned with the Bank's longer term strategic focus, the Committee will develop and maintain a matrix that specifies the existing experience and strengths of Board members, as well as areas of expertise and experience that should be represented on the Board. The Committee will monitor the current and future profile of the Board and determine the competencies, skills and personal qualities it should seek in new Board members.
- e) The Committee will oversee succession planning for the Board, and will recommend suitable candidates to nominate for election or appointment as directors, based on its assessment of the results of internal and external due diligence reviews and on criteria established by the Committee. The Committee will focus on diversity, including the criteria set out in the Board Diversity Policy, when considering candidates for nomination to the Board.

The Committee will review annually the continuing eligibility of nominees for election as directors by the shareholders considering:

- i. qualification under the *Bank Act* and other applicable laws;
- ii. independence status under the Director Independence Policy;
- iii. compliance with the eligibility rules under the conflict of interest guidelines;
- iv. the competencies, skills, personal qualities and other characteristics underlying the appointment of each director; and
- v. the assessment of the effectiveness of each director.

When appropriate, the Committee will ask the Board Chair or the Committee Chair to approach prospective candidates for board membership. The Committee will consider all qualified candidates, including those proposed by shareholders.

3. Orientation, Education and Effectiveness

- a) The Committee will ensure that a comprehensive program of orientation is in place for new directors, as well as continuing education for Board members.
- b) The Committee will regularly assess the effectiveness and performance of the Board, its Committees, the Board Chair, the Committee Chairs and individual directors, and will make recommendations to the Board.

4. Corporate Governance of the Bank

- a) The Committee will monitor trends in corporate governance and, when appropriate, will make recommendations to the Board concerning the corporate governance of the Bank, including:
 - i. the effectiveness of the Bank's corporate governance;
 - ii. the development and public disclosure of the Bank's corporate governance practices and guidelines;
 - iii. the mandates of the Board Chair, the Board Committees and the Board Committee Chairs, as well as the Charter of the Board, including amendments thereto;
 - iv. policies governing the overall size, structure and composition of the Board including the selection and nomination process for directors, director tenure, board diversity and director independence; and
 - v. the amount and form of compensation of the Board Chair, the Committee Chairs and the Board members.
- b) The Committee may respond to reports or position papers on the subject of corporate governance.
- c) The Committee will oversee succession planning for the Board Chair, Committee Chairs and the Committees. It will recommend to the Board the appointment of the Board Chair, the Committee Chairs and allocation of Board members to each of the Board Committees.
- d) The Committee will review shareholder proposals submitted to the Bank under section 143 of the Bank Act and will recommend to the Board responses to the proposals.
- e) The Committee will oversee subsidiary governance, including approving the nomination of Board members to an RBC subsidiary board or any other entity in which RBC has a significant interest and any compensation related to such appointment.

5. Purpose and Environmental, Social and Governance Matters

- a) The Committee will oversee the Bank's alignment with its purpose, and it will review programs designed to promote corporate citizenship and advise the Board on environmental, social and governance matters such as the following:
 - i. the status and adequacy of efforts to ensure the Bank's business is conducted to meet high standards of ethics, and environmental and social responsibility;
 - ii. the Bank's corporate citizenship strategy and reporting on environmental, social and governance matters; and
 - iii. the development of corporate contributions and community involvement policies and programs of the Bank.

6. Regulatory & Government Relations

The Committee will advise the Board on the status and adequacy of the Bank's efforts to develop and maintain effective relationships and advocate with regulators and governments, primarily as to regards legislative and regulatory matters.

7. Conduct Review

As part of its oversight of conduct review, the Committee will engage in the following activities:

- a) review and approve the Bank's Code of Conduct (the Code) which includes the standards of business conduct and ethical behaviour for the directors and employees of the Bank and its subsidiaries every two years;
- b) oversee culture and conduct at the Bank and review periodic reports on culture and conduct matters, including compliance with the Code and employees' familiarity with the Code;
- c) 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;
- d) oversee management's responsibility to establish procedures relating to self-dealing, insider trading and personal loans, and monitor these procedures, as required by law;
- e) 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; and
- f) 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.

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.

8. Consumer Protection

The Committee will engage in the following activities:

- a) oversee management's responsibility to establish procedures for complying with the consumer provisions under the *Bank Act* and monitor these procedures, as required by law; and
- b) review at least annually a report by management to the Committee on the implementation of the procedures and on any other activities that the Bank carries out in relation to the protection of its customers.

B. COMMITTEE COMPOSITION AND PROCEDURES

1. Composition of Committee

The Committee will be composed of four 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 possess sufficient corporate governance knowledge or be willing to acquire such knowledge soon after joining 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 Board Chair or the President and Chief Executive Officer. The Committee members will determine the time and place of and the procedure at meetings, provided that the Committee meets at least four times a year. 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 external advisors 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, if conduct review matters or matters related to the consumer provisions under the *Bank Act* will be discussed, to the external auditor) 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; and
- 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 195(3) of the *Bank Act*, will be as valid as if it had been passed at a meeting of the Committee.

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 annually submit to the Board reports on the Committee's activities during the year in carrying out its responsibilities under subsections 195(3) and 195.1(3) of the *Bank Act* and such reports will be filed with the Superintendent of Financial Institutions and the Commissioner of the Financial Consumer Agency of Canada respectively.

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 advisors that the Committee deems necessary, including any legal adviser or search firm to be used to identify director candidates or any compensation consultant, to assist it in fulfilling its responsibilities. The Bank will provide appropriate funding, as determined by the Committee, for any such engagement.

10. Private Meetings

At each regularly scheduled meeting the Committee will meet with no members of management present.

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.