



ROYAL BANK OF CANADA
(the Bank)
January 30, 2025

**RISK COMMITTEE
MANDATE**

A. PURPOSE AND DUTIES OF THE COMMITTEE

1. General Purpose

The purpose of the Committee is to assist the Bank's board of directors (the Board) in overseeing risk management at the Bank, ensuring that management has in place policies, processes and procedures and has the appropriate organizational structure, budget and resources to manage the significant risks to which the Bank is exposed, including compliance with applicable laws and regulations. The Committee will review significant and emerging risks under the Bank's risk frameworks, and the policies, procedures and controls used by management to evaluate and manage these risks. The Committee will review actions taken to ensure a sound and consistent risk profile.

2. Enterprise Risk Frameworks, Policies and Processes

The Committee will annually review and approve the Enterprise Risk Management Framework, and will periodically review and approve the risk-specific frameworks that form part of RBC's risk policy architecture. These frameworks address the significant risks to which the Bank is exposed.

The Bank's management is responsible for developing a comprehensive set of policies that address the significant risks to which the Bank is exposed and, as appropriate, will recommend these policies to the Committee for review and approval. The Committee will regularly receive reasonable assurance that the Bank's risk management policies for significant risks are being followed.

The Committee will also regularly review the Bank's risk management processes, including the effectiveness of the Bank's stress testing program and capital adequacy assessment.

3. Enterprise Risk Appetite

The Committee will annually review and recommend for Board approval the Enterprise Risk Appetite Framework. The Committee will monitor the Bank's risk posture and risk profile, as well as comprehensive reporting on risk profile, relative to the Enterprise Risk Appetite. This comprehensive reporting includes (i) reporting on stress testing results across all business activities, risk types and exposures, and (ii) reporting on significant risks, including credit, market, liquidity, funding, and operational risks. With respect to credit risk, the Committee's review will include details on the amount, nature, characteristics, concentration and quality of the credit portfolio presented to the Committee.

4. Specific Transactions

The Committee will:

- a) review and recommend for board approval the delegation of risk approval authorities to management and approve any transactions exceeding those delegated authorities; and
- b) review credits granted to entities if (i) a director of the Bank or their spouse is a director of the entity to which such credit is granted, and (ii) such credit is not in good standing and/or includes an exception to the Bank's credit policy.

5. Oversight of Risk Management Function

The Committee will oversee the Bank's risk management function, having regard to the function's independence from the businesses whose activities it reviews. The Committee will review and approve the appointment or removal of the Chief Risk Officer (the CRO) as well as their mandate and the mandate of the risk management function. The Committee will approve the function's organizational structure, budget and resources as appropriate to fulfil the function's mandate and mission.

The Committee will annually assess the performance of the CRO and the effectiveness of the risk management function, and periodically review the results of independent assessments of the risk management function.

6. Oversight of Independent Control Functions

The Committee will oversee the Bank's compliance and anti-money laundering functions, having regard to the functions' independence from the businesses whose activities they review. The Committee will review and approve the appointment or removal of each of the Chief Compliance Officer (CCO) and the Chief Anti-Money Laundering Officer (CAMLO), as well as their respective mandates and the mandates of their respective functions. The Committee will approve each of the functions' organizational structure, budget and resources as appropriate to fulfil the functions' mandate and mission.

The Committee will annually assess the performance of each of the CCO and the CAMLO and the effectiveness of their respective functions, and periodically review the results of independent assessments of each of these functions.

7. Other

- a) The Committee will oversee management's responsibility to establish investment and lending policies, standards and procedures in accordance with applicable legislation.
- b) Subject to the laws applicable to the subsidiary, the Committee may perform for and on behalf of a subsidiary the functions of a risk 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 possess sufficient risk management 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 CRO, the Board Chair or the CEO. 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 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 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 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.

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 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.

10. Private Meetings

At least quarterly the Committee will meet with no members of management present and have a separate private meeting with each of the CRO, the CCO and the CAMLO.

11. Minutes

Minutes of the 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.