

## **Board of Directors' Mandate**

This mandate provides terms of reference for the Board of Directors of Equitable Group Inc. (the "Company") and its wholly-owned subsidiary, Equitable Bank (the "Bank" and collectively "Equitable").

### **A. ROLE**

The Board of Directors (the "Board") is responsible for supervising the management of the business and affairs of Equitable. In carrying out this responsibility the Board has, either directly or through its committees, the duties set out in the mandate.

### **B. ACCOUNTABILITIES AND RESPONSIBILITIES**

#### **Integrity**

1. Set and reinforce the "tone at the top" and expect the highest level of personal and professional integrity from the President and Chief Executive Officer ("CEO") and other executive officers, and ensure they foster a culture of integrity, effective risk management and ethical business conduct throughout Equitable.
2. Approve the principles and standards of ethical personal and business conduct in Equitable's Code of Conduct, and ensure there is a continuous, appropriate and effective process for ensuring adherence to the Code.

#### **Strategic Planning, and Capital and Liquidity Oversight**

1. Adopt a strategic planning process and approve, on an annual basis, the strategic plan and the short-term and long-term strategic initiatives. In carrying out this responsibility, the Board shall review the alignment of the strategic plan with the Bank's risk appetite, risk profile, emerging trends, capital and liquidity levels, and the competitive and regulatory environment.
2. Oversee the implementation of the strategic plan and monitor senior management's execution against the approved plan and risk appetite framework.
3. Approve the Capital Management Policy, internal capital targets, and the Internal Capital Adequacy Assessment Process.
4. Approve and oversee the implementation of liquidity and funding frameworks and policies.
5. Approve and oversee the operating budgets, and monitor Equitable's actual operating results against the approved budget.
6. Approve any significant capital expenditures beyond previously authorized limits.
7. Declare dividends, and review and approve capital transactions, including share issuances.
8. Review and approve significant initiatives.

#### **Risk Management and Internal Controls**

1. Approve and oversee the implementation of Equitable's Risk Appetite Framework (RAF) and risk appetite statements.

2. Oversee Equitable's risk profile and the identification, measurement, monitoring and control of the principal risks to which Equitable is exposed, and satisfy itself that appropriate frameworks, policies, processes and practices are in place to effectively manage and control those risks. Obtain assurances from management that such frameworks and policies are being adhered to.
3. Oversee the promotion of a strong risk culture that stresses effective risk management throughout Equitable.
4. Ensure the Board receives accurate and timely information from senior management in order to effectively perform its duties.
5. Oversee Equitable's crisis management and recovery plans in accordance with applicable law and regulations.
6. Approve lending limits for the Bank, Credit Risk Management Committee, the sub-committee of the Risk and Capital Committee, and the Chief Risk Officer.
7. Approve Equitable's internal control framework.
8. Oversee adherence to applicable regulatory, corporate and legal requirements, and the integrity and effectiveness of Equitable's internal controls, including those for financial and non-financial reporting, management information systems, and receive reports on the effective design of these systems and reasonable assurance that they are operating effectively.
9. Perform such duties, approve certain matters and review reports as may be required under policies approved by the Board.

### **Oversight of Management**

1. Remove or replace the Chief Executive Officer, if required.
2. Approve the selection, appointment, mandate, objectives and compensation of the Chief Executive Officer and monitor progress against those objectives. The mandate shall outline the authority for the Chief Executive Officer to manage Equitable's day-to-day activities within the framework established by the Board, including the power to appoint certain officers.
3. Approve the appointment of executive officers, including the heads of the control functions, and ensure they have the appropriate qualifications and competencies to meet the expectations set by the Board and regulators.
4. Approve and oversee compensation policies and program to ensure alignment with Equitable's business strategy, values and risk appetite.
5. Advise and counsel the President and Chief Executive Officer.
6. Ensure that an appropriate succession planning process is in place for the Chief Executive Officer and key executive officers.
7. Approve any significant changes to Equitable's executive organizational structure.
8. Oversee Equitable's oversight functions having regard to their independence and effectiveness.
9. Establish appropriate processes to periodically assess the assurances provided by management.

### **Corporate Governance**

1. Oversees Equitable's approach to corporate governance and review and approve Equitable's corporate governance guidelines annually.
2. Establish appropriate structures, policies and procedures to enable the Board to function independently of management and, at least annually, determine the independence of each Board member.
3. Establish Board committees and their mandates to assist the Board in carrying out its responsibilities, and appoint a Chair for each Committee.
4. Oversee a formal orientation program for new directors and the ongoing education of all directors, and annually assess the performance of the Board, each of its Committees, Board and Committee Chairs and all directors. Periodically consider engaging an independent external advisor to assess or assist the Board in conducting such assessments.
5. Understand, assess and monitor Equitable's corporate culture and oversee how culture is embedded throughout Equitable and aligned with strategy.
6. Approve the selection, appointment and mandate of the Chair of the Board.
7. Establish expectations and responsibilities of directors to contribute effectively to Board operations.
8. Review and approve the adequacy and form of compensation for the independent directors at least every two years.
9. Oversee the board structure and governance activities of subsidiaries.

### **Communication and Public Disclosure**

1. Approve material changes to Equitable's disclosure policy, ensuring that it provides for timely, reliable and accurate disclosure to analysts, shareholders, and the general public.
2. Review and approve annual and quarterly financial statements of Equitable and other public disclosure documents that require Board approval.
3. Ensure appropriate disclosure mechanisms, such as Equitable's management information circular, annual report and the corporate website, provide instructions on how to communicate with the independent directors.

### **Regulators**

1. Consider reports from management, as required, on material regulatory matters and developments in Equitable's relationship with its regulators.
2. Review the results of Office of the Superintendent of Financial Institutions ("OSFI") supervisory reviews of the Bank and, meet with OSFI to discuss the results as required, and ensure OSFI is promptly notified of substantive issues affecting Equitable, and oversee that OSFI is provided with prior notice of potential changes to Board membership and senior management.

**C. COMPOSITION**

1. The composition and organization of the Board, including the number, qualifications, number of meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings are as established by regulatory requirements, and Equitable's by-laws.
2. Directors must have complementary knowledge, skills and expertise, including appropriate representation of financial industry and risk management skills, to enable them to positively contribute to the achievement of Equitable's business objectives.

**D. INDEPENDENCE**

1. The Board shall establish independence standards for directors and at least annually, shall determine the independence of each director in accordance with these standards. A majority of the directors shall be independent in accordance with these standards.
2. The Board shall meet in the absence of management, and shall also meet in the absence of non-independent directors prior to and/or following the conclusion of regularly scheduled or unscheduled meetings.
3. The Board shall have unrestricted access to management and employees of Equitable. The Board shall have the authority to retain and terminate independent legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the compensation of these advisors without consulting or obtaining the approval of any officer of Equitable. Equitable shall provide appropriate funding, as determined by the Board, for the services of these advisors.

**E. SECRETARY**

1. The Corporate Secretary or his or her designate shall act as Secretary at Board meetings. The Secretary shall record and maintain minutes of all meetings of the Board and subsequently present them to the Board for approval.

**F. MEETINGS**

1. The Board shall meet no less than four times each year as required by the *Bank Act (Canada)*. To enable the Board to function independently of management, the independent members of the Board may conduct all or part of any meeting in the absence of management, and shall include such a session on the agenda for each regularly scheduled meeting. For regularly scheduled meetings, an agenda and other documents for consideration are provided to all directors approximately one week in advance of each meeting.
2. Directors may participate in meetings in person or by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A director participating by such means is deemed to be present at that meeting.
3. The Board may invite such persons as it may see fit to attend its meetings and to take part in discussions and considerations of the affairs of the Board.
4. Notice of Board meetings shall be sent to each director in writing or by telephone or electronic means, at least 24 hours before the date and time set for the meeting, at the director's contact information recorded with the Corporate Secretary. A director may in any way waive notice of a meeting of the Board and attendance at a meeting is a waiver notice of the meeting, except where a director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting

was not properly called. Any member of management shall also attend whenever requested to do so by the Chair of the Board.

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This mandate was last reviewed and approved by the Board on November 5, 2019.