

## 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")

(As at November 25, 2003)

#### **2.3 Corporate Governance and Public Policy Committee**

- 2.3.1 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.
- 2.3.2 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*.
- 2.3.3 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.
- 2.3.4 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.
- 2.3.5 The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:
- a) a quorum for meetings shall be three members;
  - b) the Committee shall meet at least semi-annually;
  - c) 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
  - d) 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.
- 2.3.6 The Committee shall:
- a) recommend suitable candidates for nominees for election or appointment as directors and specify which of the following criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors, form the basis of each recommendation:
    - 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. general good health with the capability and willingness to travel to, to attend and to contribute at Board functions on a regular basis;
- b) 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 advise the Chairman on the disposition of a tender of resignation which a director is expected to offer:
  - 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; or
  - iii) when the credentials underlying the appointment of such director change;
- c) 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* or such other applicable laws;
  - ii) continuing compliance with the eligibility rules under the conflict of interest guidelines;
  - iii) continuing validity of the credentials underlying the appointment of each director; and
  - iv) an evaluation of the effectiveness of the Board and the performance of each director;
- d) whenever considered appropriate, direct the Chairman to advise each candidate prior to appointment of the credentials underlying the recommendation of the candidate's appointment;
- e) 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, recommend to the Board a member to fill such vacancy;
- f) have sole authority to retain and terminate 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; and
- g) annually assess the performance of the Board, its committees and Board members and make recommendations to the Board.

2.3.7 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:

- a) the effectiveness of the system of corporate governance at the Bank;
- b) the program of the Board for each year, and the methods and processes to be pursued in carrying out this program including:
  - i) the frequency and content of meetings and the requirement for any special meetings;
  - ii) forward agenda of issues to be presented to the Board at its meetings including a list of important topics for presentation and discussion;
  - iii) material which is to be provided to directors generally and with respect to meetings of the Board or its Committees; and
  - iv) 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;
- c) the mandates of the Board Committees including amendments thereto;
- d) policies governing the overall size, structure and composition of the Board including:
  - i) criteria such as geographic and other specific representation;
  - ii) the eligibility criteria in relation to independence, affiliation, financial expertise and literacy, conflicts of interest and interlocking directorships;
  - iii) selection and nomination process for the Board of Directors; and
- e) the amount and form of compensation of the directors.

- 2.3.8 The Committee shall advise management in the planning of the strategy meeting, if so requested by management.
- 2.3.9 The Committee shall be responsible, whenever considered appropriate, for responding to any report or position paper on the subject of corporate governance.
- 2.3.10 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.
- 2.3.11 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.
- 2.3.12 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:
- a) the adequacy of the Bank's communications policy, including processes for communicating to, and dealing with communications from shareholders, customers and employees;
  - b) the development and projection of the Bank's corporate image to its key publics;
  - c) the appropriate integration of public affairs considerations with the strategic direction of the Bank;
  - d) the status and adequacy of the Bank's efforts to ensure its business is conducted in an ethical and socially responsible way;
  - e) the development of corporate contributions and community involvement policies and programs of the Bank; and
  - f) the status and adequacy of the Bank's efforts to develop and maintain effective relationships with governments, especially as regards legislative and regulatory matters.
- 2.3.13 The Committee shall normally report to the Board of Directors following each Committee meeting with respect to its activities and with such recommendations as are deemed desirable in the circumstances.
- 2.3.14 The Committee shall annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.