



# CANADIAN WESTERN BANK

## Mandate of the Board of Directors

Approved August 25, 2022

### 1.0 Purpose of the Board

The Board of Directors' (the **Board**) primary responsibilities are to approve and oversee items essential to prudential oversight of Canadian Western Bank (**CWB**), such as strategy, risk appetite, capital plans and key policies, and to provide challenge, advice, and guidance to senior management of CWB. The Board has plenary power and exercises overall accountability for the management and supervision of the affairs of CWB.

### 2.0 General Duties

It is the duty of the directors of CWB to oversee the management of the business and affairs of CWB. Every director shall act honestly and in good faith with a view to the best interests of CWB and exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Each director shall also comply with the provisions of the *Bank Act* (the **Act**), the regulations under the Act and the by-laws of CWB.

### 3.0 Organization of the Board

The Board will consist of at least seven and not more than 25 directors. A majority of the Board must be resident Canadians at the time of election or appointment. A majority of the Board will be independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. A director is not eligible to be nominated as a director or stand for election or re-election to the Board if the director will be 75 years old at CWB's annual general meeting.

### 4.0 Meetings of the Board

For the Board to transact business, a majority of the directors must be present and a majority of directors present must be resident Canadians. The Board will meet at least once each quarter and will schedule a sufficient number of meetings (by any means reasonable in the circumstances) to carry out its mandate. The Board will have an *in camera* session at each meeting with only independent directors present. The Board will also have regular *in camera* sessions with the heads of the oversight functions.

### 5.0 Board Committees

The Board may establish committees of the Board to assist the Board in executing its duties. Currently, the Board has established the Audit Committee, the Governance and Conduct Review Committee, the Human Resources Committee and the Risk Committee. The Board will appoint a director to be the Chair of the Loan Adjudication Panel.

### 6.0 Reports from Board Committees

Unless waived by the Board, the Chair of each of the Audit Committee, the Governance and Conduct Review Committee, the Human Resources Committee and the Risk Committee will provide a verbal report to the Board on material matters considered by such Committee at the next Board meeting after the Committee's meeting.

## 7.0 Chair

The Board will appoint a Chair of the Board who is responsible to ensure that the Board discharges its duties and responsibilities. The Chair of the Board will be an independent director. The Board will review and adopt a mandate for the Chair of the Board.

## 8.0 Outside Advisors

The Board has the authority to retain and set the remuneration of independent advisors and consultants to support the Board as it determines necessary to carry out its duties. The Board may request any officer or employee of CWB, or CWB's internal or external auditors or legal counsel to attend a meeting of the Board or to meet with any advisors of, or consultants to, the Board.

## 9.0 Governance

The Board has responsibility to determine CWB's approach to governance issues, based on recommendations and reports from the Governance and Conduct Review Committee, including ethical conduct. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing appropriate procedures to ensure that the Board, Board committees and individual directors can function independently of management.

## 10.0 Duties and Responsibilities

The Board is responsible to, in addition to any other duties it may adopt:

- 10.1 approve the strategic direction, the annual business plan and operating budget, and capital expenditure plan;
- 10.2 approve the annual meeting and record date, and the management proxy circular;
- 10.3 approve the Board, Chair, Committee Chair and Committee mandates, any appropriate delegation of authority and receive the reports of the Audit Committee, the Governance and Conduct Review Committee, the Human Resources Committee and the Risk Committee;
- 10.4 upon the recommendation of the Risk Committee, approve the:
  - 10.4.1 Enterprise Risk Management Policy and Enterprise Risk Appetite Policy;
  - 10.4.2 insurance coverage;
  - 10.4.3 internal capital adequacy assessment process (ICAAP);
  - 10.4.4 capital plan and internal capital ratios;
  - 10.4.5 dividend declarations; and
  - 10.4.6 capital issuances or redemptions;
- 10.5 upon the recommendation of the Audit Committee, approve the:
  - 10.5.1 appointment of the Chief Internal Auditor;
  - 10.5.2 appointment, terms of engagement and remuneration of the external auditors;
  - 10.5.3 Internal Controls Framework;

- 10.5.4 interim report to shareholders, including the news/earnings release, interim quarterly financial statements, and interim Management's Discussion and Analysis (**MD&A**);
- 10.5.5 annual filings, including the news/earnings release, annual audited financial statements, annual MD&A; and
- 10.5.6 Annual Information Form (**AIF**) and any other documents and information that are incorporated by reference in the AIF;
- 10.6 upon the recommendation of the Governance and Conduct Review Committee, approve the:
  - 10.6.1 appointment of the Chair and membership of each Committee;
  - 10.6.2 education and remuneration of directors;
  - 10.6.3 director nominees; and
  - 10.6.4 Code of Conduct;
- 10.7 upon the recommendation of the Human Resources Committee, approve the:
  - 10.7.1 compensation discussion & analysis in the management proxy circular;
  - 10.7.2 appointment, employment or termination of the President & Chief Executive Officer (**CEO**) and any member of CWB's Executive Committee at the Chief, Group Head or Senior Executive Vice President level (**Senior Executive**), jointly with the Audit Committee for the Chief Financial Officer (**CFO**), and jointly with the Risk Committee for the Chief Risk Officer (**CRO**);
  - 10.7.3 succession and talent development plans for the CEO, Senior Executives, and other critical senior leadership roles; and
  - 10.7.4 position descriptions, objectives, performance assessment, target compensation plans and payments, base salary adjustments, and employment related contracts for the CEO;
- 10.8 oversee the maintenance of effective stakeholder relations and CWB guidelines and processes for stakeholder communications;
- 10.9 oversee CWB's approach to environmental, social and governance (ESG) factors, monitor management's execution against its plan, and, through the Board committees, monitor related impacts, risks, and initiatives;
- 10.10 review ESG-related reports, including the Sustainability Report and Public Accountability Statement;
- 10.11 review reports from the CEO and Senior Executives;
- 10.12 review quarterly update reports on the strategic direction, the forecast, the environmental scan, investor relations, Information Technology strategic direction, cyber security, and the Information Security maturity program;
- 10.13 review the performance assessment of the CEO against CWB annual performance targets; and
- 10.14 review the board and director effectiveness assessment report.