

**EQUITABLE GROUP INC.  
EQUITABLE BANK**

**CORPORATE GOVERNANCE GUIDELINES**

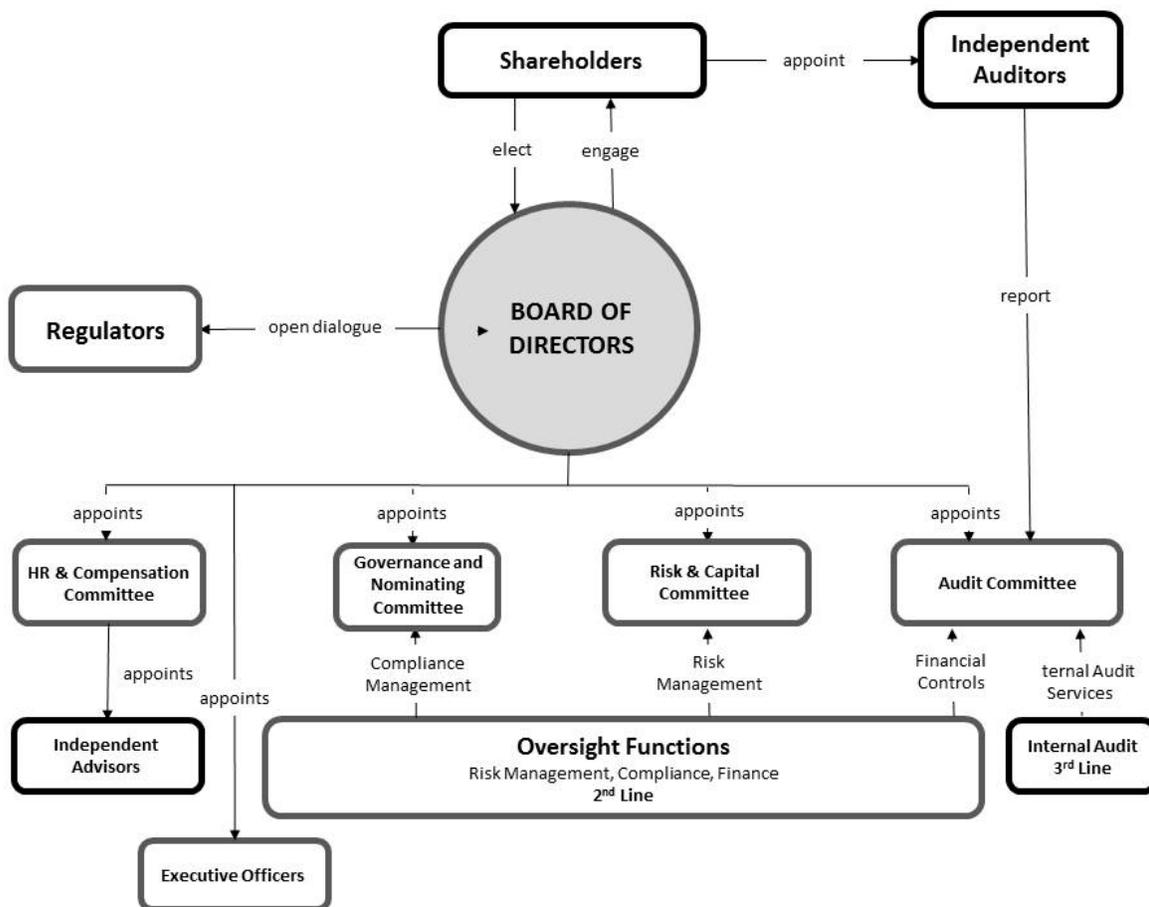
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## General

The Board of Directors (the “Board”) Equitable Group Inc. and Equitable Bank (“Equitable”) is committed to high standards of corporate governance which it believes to be essential to the well-being of Equitable and the promotion and protection of its shareholders’ interests.

Equitable’s corporate governance structures and practices are consistent with Bank Act requirements and the guidelines and rules of the Office of the Superintendent of Financial Institutions, the Canadian Securities Administrators, and the Toronto Stock Exchange that apply to us.

Equitable’s Board, acting on the recommendation of the Governance and Nominating Committee, has adopted the following Corporate Governance Guidelines to promote the effective functioning of the Board and its Committees. The Guidelines operate in conjunction with Equitable’s by-laws, Code of Business Conduct, policies, key practices and the mandates of the Board and its Committees which together provide the overall framework for the governance of Equitable. An illustration of the governance framework is set out below. The Governance and Nominating Committee will regularly review these Guidelines in light of evolving regulatory developments and emerging best practices and recommend changes to the Board as appropriate.



## **Code of Business Conduct and Ethical Behaviour**

The Board has adopted a Code of Business Conduct which governs the way directors, officers and employees deal with Equitable's customers, suppliers and other stakeholders, as well as each other. The Board expects all directors, officers and employees to conduct themselves with honesty and integrity and to adhere to the Code. The Code addresses, among other things, conflicts of interest, confidentiality of corporate information, protection and use of corporate assets, and compliance with applicable laws, rules and regulations (including securities disclosure and insider trading laws). The Board, through the Governance and Nominating Committee, monitors compliance with the Code on an annual basis.

Directors are to report all actual, potential or perceived conflicts of interest regarding any particular matter under consideration to the Chair of the Governance and Nominating Committee, for review by that Committee. Directors will remove themselves from any discussion or decision-making related to their own possible conflicts.

The Board has also adopted a Whistleblower Policy to address the reporting, retention and treatment of complaints and concerns regarding questionable accounting, internal accounting controls or auditing matters. The Policy provides both employees and non-employees with a mechanism for reporting unethical or questionable acts by Equitable or its employees. Any complaints or concerns are brought to the attention of the Audit Committee.

## **Role of the Board**

The fundamental duty of the Board is to supervise the management of the business and affairs of Equitable and to act with a view to the best interests of Equitable and its stakeholders. The senior management team, under the supervision of the chief executive officer, is responsible for the conduct of Equitable's business on a daily basis. The Board as a whole and through its Committees:

- fosters a culture of integrity,
- approves and monitors the execution of the strategic plan,
- monitors the effectiveness of management policies and decisions and overall risk management,
- performs the annual performance evaluation of the CEO, approves CEO compensation, and oversees succession planning for the CEO and other key executive roles, and
- oversees the integrity and effectiveness of Equitable's internal controls.

The Board's specific responsibilities are set out in its mandate.

## **Board Composition**

### **1. *Board Size***

Equitable's governing documents state that the Board will have a maximum of 12 directors. The Governance and Nominating Committee annually assesses the size of the Board and its composition, taking into consideration legal requirements, scheduled director retirements and succession planning, the overall composition and diversity of the Board, and the required skills and experience for the Board

and its Committees to discharge their responsibilities. Ten directors on Equitable's Board is considered to be optimal.

The Board has the authority under Equitable's by-laws to fill any vacancies created as a result of any increase in the size of the Board. In such cases, shareholders will have the right to vote for or withhold their votes from such interim directors at the next annual meeting of shareholders.

## **2. *Director Criteria, Qualifications, Diversity and Selection***

The Governance and Nominating Committee, in consultation with the Chair of the Board, is responsible for assessing the need for new directors, the preferred experience and qualifications for new directors, and the skills and competencies that the Board, its Committees, individual directors and director candidates should possess. The Board believes its membership should be composed of highly qualified directors who demonstrate integrity and suitability for overseeing the management of a Canadian financial institution.

The Governance & Nominating Committee recommends candidates for initial Board membership and Board members for renomination. The Committee takes into consideration the evolving needs of the Board and Equitable that require particular areas of expertise or experience that should be represented on the Board to facilitate strong and effective oversight of Equitable's business and strategic objectives. These areas of experience and expertise are set out in a matrix which is based on input from all directors including the Chief Executive Officer, the Board's current skills and competencies, and is benchmarked against those of Equitable's peers. The matrix is regularly reviewed by the Governance & Nominating Committee to ensure it continues to reflect the Committee's assessment of the Board's current needs. The matrix is used to identify any gaps in experience on the Board, but is not intended to restrict the Governance & Nominating Committee from considering other skills and attributes when selecting potential new directors. The specific skills and expertise identified in the matrix are intended to be considered in combination with the general qualifications and attributes required of all directors and director candidates, such as:

- demonstrated personal and professional ethics and integrity and a commitment to the values expressed in the Code of Business Conduct,
- practical wisdom, demonstrated sound and independent business judgement, and a willingness to devote the required amount of time to carry out the duties and responsibilities of Board service, having regard to positions the candidate holds in other organizations and other business and personal commitments, and
- financial literacy.

The Governance & Nominating Committee may retain an external search firm to assist in identifying candidates who meet the Board's expertise, skills and diversity criteria including age, ethnicity and gender. The Board has adopted a formal gender diversity policy which includes an objective that the representation of women on the Board be at least 30%. This policy is reviewed from time to time and is attached as Schedule B to these guidelines.

The Committee reviews biographical information of each director candidate and assesses his or her integrity and suitability against criteria developed by the Governance & Nominating Committee in accordance with OSFI Guideline E-17 and Equitable's Responsible Persons Assessment Policy. All

potential nominees will meet with the Chair of the Board, the Committee Chair, the Chief Executive Officer, and other Committee members as deemed necessary.

### 3. ***Director Independence***

The Board has adopted a Director Independence Policy which incorporates the definition of “independence” in the CSA Guidelines and criteria from the “affiliated persons” regulation under the *Bank Act*. The policy requires a substantial majority of directors to be independent of Equitable, and for each Committee to be composed entirely of independent directors. A director is considered independent only where the Board affirmatively determines that the director has no material relationship with Equitable that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board determines the independent status of each director annually and as needed for director appointments during the year, based on the recommendations of the Governance and Nominating Committee. The recommendation is based on the results of independence questionnaires completed by each director annually, as well as other factual circumstances reviewed by the Governance and Nominating Committee on an ongoing basis. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect their independence.

The Director Independence Policy is attached as Schedule A to these Guidelines.

### 4. ***Term Limits and Retirement***

In accordance with Equitable’s By-laws, Directors are elected for a term of one year. The Board does not impose term limits for its directors. The absence of term limits allows Equitable to retain Board members who have been able to develop, over a period of time, valuable insight into the operations and future of Equitable based on their experience with and understanding of Equitable’s history.

The Board has determined that a director will not stand for re-election to the Board after reaching the age of 72 years. The Board believes that a mandatory retirement age combined with director independence assessments and the annual Board evaluation process enable the Board to confirm that effective and independent-minded directors are nominated for election and allow the Board to properly conduct its succession planning.

### 5. ***Majority Voting Policy***

In an uncontested director election, each director nominee must receive a majority (50% + 1 vote) of votes “for” of the total votes cast. Accordingly, any director nominee who receives a greater number of votes “withheld” votes than votes “for” his or her election (a “Majority Withheld Vote”) will immediately tender his or her resignation for consideration by the Governance and Nominating Committee. (In this policy, an “uncontested election” means an election where the number of nominees for director equals the number of directors to be elected).

The Governance & Nominating Committee will review the resignation offer and absent any exceptional circumstances as prescribed by the TSX majority voting policy requirements, shall recommend to the Board that such resignation be accepted. The Board shall act on the Governance & Nominating Committee’s recommendation within 90 days of the applicable shareholders’ meeting. In considering the recommendation, the Board shall accept the resignation, absent exceptional circumstances. If the

resignation is not accepted because of exceptional circumstances, active steps will be taken to resolve those circumstances in the following year.

The Board will immediately disclose, via press release, its decision whether to accept the resignation offer including the reasons for rejecting it, if applicable. The director's resignation will be effective when accepted by the Board. If the resignation is accepted, the Board may appoint a new director to fill the vacancy or reduce the size of the Board.

Any director who tenders his resignation pursuant to this policy shall not participate in any deliberations of the Governance and Nominating Committee regarding the resignation, even if the director is a member of the Committee. However, if each member of the Governance and Nominating Committee received a Majority Withheld Vote in the same election, or a sufficient number of Committee members where the Committee would no longer have a quorum, then the independent directors who received a majority of votes "for" shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

In the event that any director who received a Majority Withheld Vote does not tender his or her resignation in accordance with this policy, he or she will not be renominated by the Board.

The Governance and Nominating Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this policy.

#### **6. *Non-executive Independent Chair***

The Chair of the Board will be a non-executive independent director.

The appointment of the Chair shall take place annually at the first meeting of the Board following a meeting of shareholders at which directors are elected. The Chair of the Board presides over every Board meeting (including *in camera* sessions) and shareholder meetings. The Chair's key responsibilities are set out in the mandate for the position which is approved by the Board.

#### **7. *Service on other Boards***

The Board recognizes that Board membership requires a significant dedication of time. While there is no fixed limit on the number of (corporate or public) Boards on which a director may serve, the Committee will review the directorships held by each director to ensure that there are no conflicts of interest.

The Committee will consider the following guidelines when reviewing directorships held by new director candidates or existing directors:

- (i) directors who are CEOs or hold senior executive positions of public companies should not hold more than two (2) public company directorships in total, including Equitable;
- (ii) other directors should not hold more than four public company directorships.

Directors are required to advise the Chair of the Governance and Nominating Committee, the Chair of the Board and the Chief Executive Officer before accepting an invitation to serve on another Board (public, private or non-profit) in order to assess whether the director will be able to continue to devote

sufficient time to Equitable's affairs. The Chief Executive Officer will consult with the Chair of the Governance and Nominating Committee and the Chair of the Board prior to accepting an external Board membership to ensure that the associated responsibilities do not interfere with the governance of Equitable.

In addition, no director should sit on more than three audit committees of public company boards without the consent of the Governance and Nominating Committee and the Board.

#### **8. *Board Interlocks***

No more than two Equitable directors may serve on the same corporate board at any given time without the approval of the Board.

The Governance and Nominating Committee monitors interlocking board and committee memberships among all directors to determine if it impairs the ability of the involved directors to exercise independent judgment as Equitable directors and at least annually, make a recommendation to the Board on its continued appropriateness.

#### **9. *Change in Principal Occupation***

The Board does not believe that directors who change from the position they held when they joined the Board should necessarily leave the Board. Any director who has a change in principal occupation shall notify the Chair of the Governance and Nominating Committee and the Chair of the Board. The Governance and Nominating Committee will review the continued appropriateness of Board membership under such circumstances.

### **Board Function and Performance**

#### **10. *Attendance and Preparation***

Directors are expected to attend all Board and Committee meetings on which they serve, in person or via teleconference or videoconference, as well as all shareholder meetings. Directors are required to attend a minimum of 75% of Board and Committee meetings held each year. Overall attendance includes both regularly scheduled and special meetings of the Board and its Committees. Special meetings are scheduled as needed and often on short notice.

Directors are expected to prepare thoroughly for all Board and Committee meetings by reviewing meeting materials and seeking additional input where required for clarification. Each director's attendance at, and preparation for, Board and Committee meetings shall be considered by the Governance and Nominating Committee in the nomination process.

The Chair of the Board, in consultation with the Chief Executive Officer, establishes the agenda for each Board meeting. Any director may suggest the inclusion of additional item(s) on the agenda. Material for each Board and Committee meeting will be distributed to all directors approximately seven days in advance of each meeting.

11. ***In Camera Sessions***

The Board will meet before and/or after each regularly scheduled Board meeting with no management present, and will also meet with no management directors present. The Chair of the Board will preside at each of these sessions or in his or her absence, the Chair of the Governance and Nominating Committee will preside. Each Board Committee will also meet without management present with the Committee Chair presiding at these sessions.

After each *in camera* session, the Chair shall provide feedback to the Chief Executive Officer on the contents and results of any relevant discussion.

12. ***Director Orientation and Continuing Education***

The Governance and Nominating Committee is responsible for the orientation of new directors and the ongoing education of our existing directors. Through our secure on-line Board portal new directors can access detailed background information about Equitable, the role and expectations of the Board and its Committees, our strategy, documents from recent Board and Committee meetings, and governance practices as well as annual and quarterly financial information. The details of the orientation for each new director is tailored to that director's needs and areas of interest.

New directors will meet individually with the Chief Executive Officer and members of senior management to familiarize themselves with Equitable's strategy, its significant financial, accounting and risk management issues, its compliance programs, and its internal and external auditors.

New directors are also encouraged to attend all Board Committee meetings during their first year.

Educational needs of directors are identified through the annual Board evaluation process, in one-on-one meetings with the Chair of the Board, and in Board and Committee meetings. The Committee in turn establishes an annual schedule of director education topics to be addressed during the year by outside experts.

Directors receive regular presentations from Management on aspects of Equitable's business and operations, including regular updates on emerging regulatory and governance matters. Directors also have complete access to Equitable's management in order to become and remain informed about Equitable's business.

13. ***Board Evaluation***

The Board will conduct an annual self-evaluation to determine whether the Board, its Committees, the Board Chair and individual directors are functioning effectively. The Governance and Nominating Committee together with the Chair of the Board oversee the evaluation process, which consists of written questionnaires and one-on-one meetings with the Chair of the Board.

### *Board and Committee*

Each director will assess the Board's performance against its objectives that were developed by the Board earlier in the year. Directors will also provide recommendations for the following year's objectives and any areas for improvement that have been identified. Directors will also assess other matters relating to the operation of the Board and its Committees, including strategic planning, risk management, general effectiveness and satisfaction with corporate governance processes. The results of the evaluation are collected and analyzed by the Chair of the Board and reviewed by the Governance and Nominating Committee and full Board who consider whether any changes are appropriate. Management is advised of any suggestions for process improvements flowing from the evaluation. The Governance and Nominating Committee and the Chair of the Board will also identify the Board's objectives for the following year and present them to the Board for approval.

### *Chair of the Board*

Each director will assess the performance and effectiveness of the Chair of the Board on a regular basis and submit their responses to the Chair of the Governance and Nominating Committee who will review the responses and provide feedback to the Chair of the Board.

### *Individual Directors*

Directors will participate in regular peer reviews to assess individual directors on key characteristics and behaviour that the Board considers essential for any director to successfully discharge his or her oversight responsibilities. The peer review is complemented with one-on-one meetings between the Chair of the Board and each director. Input from this process is used to identify development opportunities and considered when evaluating directors for renomination to the Board.

An independent third-party review of the Board, its Committees and directors will be conducted every five years or as otherwise determined by the Board.

## **14. Director Compensation**

Compensation of Equitable directors is designed to ensure that Equitable can attract and retain skilled, experienced and committed directors. The Governance and Nominating Committee will review director compensation every two years to ensure that it is competitive in the marketplace and aligns directors' and shareholders' interests. The Committee will make recommendations to the Board for consideration on the amount and form of director compensation. The Committee also reviews and makes recommendations on the amount and form of the Board Chair's compensation.

Non-management directors, including the Chair of the Board, will receive a specified portion of their annual retainer paid in deferred share units.

Directors who are also officers of the Bank are not compensated in their capacity as directors.

Directors are reimbursed for reasonable out-of-pocket expenses incurred while attending meetings or when conducting business on behalf of Equitable.

**15. *Share Ownership Requirement***

The Board believes that, to align the interests of directors and shareholders, directors should have a meaningful financial stake in Equitable. Directors are required to attain a level of share ownership of at least three times their total annual retainer within five years of joining the Board. The Chair of the Board is required to attain a level of share ownership of at least 3 times the total annual retainer for that position. For purposes of determining compliance, the value of the common shares in each director's qualifying holdings shall be equal to the greater of the actual purchase price and market value on March 31<sup>st</sup> each year. The Governance and Nominating Committee will periodically review and make recommendations to the Board as to what level of director shareholding requirement is appropriate for Equitable.

**16. *Communication and Shareholder Engagement***

The Board is committed to regular and effective communication with Equitable's shareholders and values their input and insights. Equitable communicates with shareholders through its annual and quarterly reports, management information circular, annual information form, news releases, the website, and presentations at industry and investor conferences. Disclosure documents are available on Equitable's website at [www.equitablebank.ca](http://www.equitablebank.ca) and under Equitable's profile on SEDAR. Management also holds conference calls for quarterly earnings releases as soon as practical after they are publicly released, and audio replays are accessible for three months on Equitable's website under Investor Relations.

The Board encourages shareholder participation at Equitable's annual shareholder meetings as it provides a valuable opportunity to discuss Equitable's business, financial performance, corporate governance and other important matters. Each director nominee will attend the annual meeting, absent a compelling reason. Equitable's external auditor also attends and can answer questions about the audit and preparation and content of the auditor's report.

The Chief Executive Officer and the Chief Financial Officer are Equitable's primary spokespersons to shareholders, the investment community, the media, customers, suppliers, employees, government and the general public. The Chair of the Board may, from time to time, be requested by the Chief Executive Officer to assist with such communications.

Equitable maintains a disclosure control policy that sets out Equitable's commitment to providing timely, accurate and balanced disclosure of all material information about Equitable to a broad audience. The policy addresses how Equitable interacts with investors, analysts, and the public and contains measures to avoid selective disclosure. Equitable's disclosure policy is approved by the Audit Committee.

### *Contacting the Board*

Shareholders and other interested parties may communicate with the independent directors by writing to the Chair of the Board by mail (marking the envelope “Confidential”) or email as follows:

**By mail:**

Chair of the Board  
c/o The Corporate Secretary  
Equitable Bank  
Equitable Bank Tower  
30 St. Clair Avenue West, Suite 700  
Toronto, Ontario M4V 3A1

**By email:**

corporatesecretary@eqbank.ca

The Board will endeavor to respond to all appropriate correspondence in a timely manner.

Topics that are appropriate for the Board to address include the following:

- Corporate governance practices
- Board structure and composition
- Board performance
- Board and CEO succession planning
- Committee mandates
- Executive compensation

#### **17. *Access to Management and External Advisors***

Directors shall have complete and open access to the Bank’s senior management and other employees of Equitable. The Board and its Committees may invite any member of senior management, or any employee as determined by the Chief Executive Officer, to attend or report at any of their meetings. The Board encourages individual directors to make themselves available for consultation with senior management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

The Board and each of its Committees can select and retain the services of independent financial, legal, compensation, and other advisors as it considers appropriate to assist in the discharge of its duties, at Equitable’s expense.

### **Committees of the Board**

#### **18. *Board Committees***

The Board has four standing committees: the Audit Committee, the Governance and Nominating Committee, the Human Resources and Compensation Committee, and the Risk and Capital Committee. The Governance and Nominating Committee also serves as the conduct review committee as required under the *Bank Act*. In addition, the Risk and Capital Committee has established a sub-committee, called the Credit Risk Sub-Committee. The Board may from time to time establish additional committees, including ad hoc committees to deal with specific matters, or to dissolve committees as deemed necessary or appropriate.

All Board Committees are comprised entirely of independent directors. The Chair of the Board will serve as an ex-officio member of each Board Committee.

Each Committee has its own written mandate outlining the Committee's authority, responsibilities, structure and procedure. The mandates are reviewed annually and any changes thereto are submitted to the Board for approval.

Committee Chairs, in consultation with senior management and the Corporate Secretary, develop the respective Committee agendas and annual workplans.

The Board, through the Audit Committee, Governance and Nominating Committee and the Risk and Capital Committee, is responsible for overseeing the effectiveness of Equitable's oversight functions and the heads of these functions. The Audit Committee oversees Finance and Internal Audit, the Governance and Nominating Committee Board oversees Compliance, including the Anti-Money Laundering function, and the Risk and Capital Committee oversees Risk Management.

Annually, the effectiveness of the oversight functions and the heads of these functions are assessed by the relevant committee. Third party reviews of the oversight functions are conducted every five years on a rotating basis, or as otherwise determined by the Board.

#### **19. *Assignment and rotation of Committee Members***

Committee members and Committee chairs are appointed annually by the Board upon the recommendation of the Governance and Nominating Committee in consultation with the Chair of the Board. Committee assignments are based on the director's knowledge, interests and areas of expertise. The Committee periodically considers rotating chairs and members of the Committees which will be done in a way that recognizes and balances the value of experience and continuity, the renewal of ideas and utilization of each director's particular expertise. In addition, special knowledge or experience may determine the need for a particular director serving for an extended period on a particular committee.

### **Executive Leadership**

#### **20. *Succession Planning***

The Human Resources and Compensation Committee and the Board is responsible for succession planning for the Chief Executive Officer, including succession in the event of an emergency, and succession for other key executive roles. The Committee will ensure that processes are in place to identify and development potential candidates for other key executive roles. The Board creates opportunities for directors to become acquainted with employees who have the potential to become senior management. Such opportunities may include presentations to the Board by these employees or interaction with them on social occasions.

21. ***Position Description and Performance Evaluation of the Chief Executive Officer***

The Governance and Nominating Committee annually reviews the Chief Executive Officer's position description and recommends any changes to the Board for approval.

The Human Resources & Compensation Committee together with the Chair of the Board reviews and recommends to the Board for its approval the corporate goals for which the Chief Executive Officer is responsible as well as his or her objectives. The Human Resources & Compensation Committee together with the Chair of the Board assess the performance of the Chief Executive Officer against the corporate goals and objectives for which the Chief Executive Officer is responsible at least annually. The results of this assessment are reported to the Board by the Chair of the Human Resources and Compensation Committee and the Chair of the Board. The Chair of the Human Resources and Compensation Committee and the Chair of the Board meet with the Chief Executive Officer to provide feedback.

APPROVED BY THE GOVERNANCE AND NOMINATING COMMITTEE ON AUGUST 9, 2017.

APPROVED BY THE BOARD OF DIRECTORS ON AUGUST 10, 2017.



<b>BOARD APPROVED POLICY</b>
<b>DIRECTOR INDEPENDENCE POLICY</b>
<b>Date Approved: August 13, 2015</b>
<b>Date Last Approved: November 13, 2014</b>
<b>Responsible Officer: Chief Compliance Officer</b>
<b>Version Number: 1.1</b>

**1. PURPOSE**

The Board of Directors must be able to operate independently of management to be effective. This Policy establishes the standards and processes for determining the independence of individuals who serve or may serve on the Board of Directors of Equitable Group Inc. and Equitable Bank (collectively, "Equitable" or the "Company").

**2. SCOPE**

This Policy applies to all current and future directors.

**3. PRINCIPLES**

3.1 The Board of Directors (the "Board") will ensure that a substantial majority of its members is independent as set out in this Policy. The Audit Committee, Risk and Capital Committee, Human Resources and Compensation Committee, and Governance & Nominating Committee will be composed solely of independent directors. A majority of the members of the Investment Committee shall be independent in accordance with this Policy.

3.2 A director or proposed director is considered independent only where the Board affirmatively determines that the director has no material relationship with Equitable or other conflict of interest. A material relationship is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

3.3 In considering the nature and extent of a director's relationships with Equitable, the Board shall apply the standards listed below. These standards are based upon the definitions of "independence" in the Canadian Corporate Governance Guidelines and securities laws. The Board shall also consider all relevant facts and circumstances that it deems relevant in its determinations.

**3.4 Independence Standards**

A director will be deemed to have a Material Relationship and NOT independent if:

3.4.1 The director is, or has been within the last three years, an employee or executive officer of Equitable, or has an immediate family member who is, or has been within the last three years, an executive officer of Equitable.

3.4.2 The director or an immediate family of the director, is, or was within the last three years, employed as an executive officer of another entity or company where any of Equitable's current executive officers serve or served at that same time on that entity's or company's compensation committee.

- 3.4.3 (i) The director or an immediate family member of the director is a current partner of a firm that is Equitable's internal or external auditor.
- (ii) The director is a current employee of such a firm.
- (iii) The director has an immediate family member who is a current employee of such a firm and who personally works on the Bank's audit, or is an employee of such firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice.
- (iv) The director or an immediate family member was, within the last three years, a partner or employee of such a firm and personally worked on Equitable's audit during that time.

3.4.4 The director has received, or an immediate family member of the director has received for service as an executive officer of Equitable, during any 12-month period within the last three years, more than \$75,000 in direct compensation from Equitable, other than director and committee fees or other forms of deferred compensation (provided such compensation is not contingent on continued service).

### 3.5 **Additional Standards for Audit Committee Members**

In addition to the Independence Standards set out in Section 3.4, a director will not serve on the Audit Committee if:

- 3.5.1 The director accepts, directly or indirectly, any consulting, advisory or other compensatory fee from Equitable (exclusive of directors' fees and other forms of deferred compensation that are not contingent on continued service).
- 3.5.2 The director's spouse, minor child or stepchild, or adult child or stepchild who shares the director's home receives any consulting, advisory or other compensatory fee from Equitable.
- 3.5.3 The director is a partner, member, managing director, executive officer or occupies a similar position of an entity (other than a limited partner, non-managing member, or other similar position which has no active role in providing services to the entity) which provides accounting, consulting, legal, investment banking or financial advisory services to Equitable and receives a compensatory fee from Equitable.
- 3.5.4 The director is an Affiliated Entity of Equitable.

## 4. **ACCOUNTABILITIES**

4.1 The Board of Directors shall:

- Review and approve this policy to ensure its continuing relevance and applicability, based on a recommendation from the Governance & Nominating Committee.
- Determine the independence of a director at the time the Board approves director nominees for inclusion in Equitable's management information circular, and prior to appointing a director to the Board during the year.

#### 4.2 The Corporate Secretary shall:

- Obtain the necessary information concerning the directors and potential directors and any potential Material Relationship under this Policy and report to the Committee as outlined in Section 5 below.

### 5. PROCESS

#### 5.1 EVALUATION OF INDEPENDENCE

Annually and prior to nomination, each director nominee shall complete a detailed questionnaire in which they provide information on their personal and business relationships with the Company. The Board will assess all identified relationships as well as any other outsourcing, commercial, charitable, consulting, legal, accounting, financial services or familial relationship obtained from biographical information and internal records and reports. After considering the nature and importance of these relationships to both the director and the Company and whether the director could reasonably be expected to be objective about management's recommendations and performance, the Board will make an affirmative determination as to each director's independence.

Each director shall promptly advise the Chair of the Board with any new information that may be relevant to his or her independence. If the Chair of the Board believes the information results in a potential material relationship, the director is to advise the Committee. The Committee should consider whether any action is required to be taken before the next annual meeting and if so, make a recommendation to the Board.

#### 5.2 IMMATERIAL RELATIONSHIPS

The Board may determine that a director is independent where there are only immaterial relationships between the director and Equitable. The relationships listed below are considered immaterial and do not affect a director's independence unless otherwise determined by the Board for a specific director relationship. In all cases the Board may decide, despite the circumstances and at its discretion, that a director is not independent.

5.2.1 The director or an immediate family member of the director has previously acted as an interim chief executive officer of Equitable or acts, or has previously acted, as a chair or vice-chair of the Board or of any Board committee of Equitable on a part-time basis.

5.2.2 The employment of an immediate family member of a director with Equitable (provided the immediate family member is not the director's spouse or an executive officer of Equitable) if the compensation and benefits received by such person were established by Equitable in accordance with the compensation policies and practices applicable to Equitable employees in comparable positions.

5.2.3 The director or a member of an affiliated entity or an immediate family member owns shares in Equitable, directly or indirectly, that do not constitute a significant interest or a substantial investment as such terms are defined under the *Bank Act* (Canada).

5.2.4 The director or an immediate family member or an affiliated entity of the director maintains a bank account or some other type of account with Equitable or receives financial services in the ordinary course of business or in accordance with the *Bank Act*.

### 5.3 DISCLOSURE

Disclosure in Equitable’s management information circular shall set out the Board’s approach to director independence, which shall include:

- Confirmation that the Board has evaluated the independence of the directors and proposed directors in accordance with the Policy.
- Which directors the Board has determined to be “non-independent” and why such determination was made.
- Any additional disclosure concerning director independence required by National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, Form 51-102F6 – *Statement of Executive Compensation* or other applicable rules and regulations.

### 6. MEASUREMENT

N/A

### 7. LIMITS

N/A

### 8. MONITORING AND REPORTING

Internal Audit shall conduct a periodic independent review of the effectiveness of this Policy and report the results of the review to Senior Management and the Board. The frequency of the review will occur on a risk-based cycle, per the internal audit plan which is approved annually by the Audit Committee of the Board.

### 9. EXCEPTIONS

No exceptions will be permitted for this Policy.

### 10. POLICY REVIEW

The Governance & Nominating Committee will review this Policy every two years, including as to the continued appropriateness of the director independence criteria, and present any changes to the Board for approval.

### 11. DEFINITIONS

**Affiliated Entity:** means a person is considered to be an affiliated entity of another person if:

- a) One of them controls or is controlled by the other or if both persons are controlled by the same person.
- b) The person is an individual who is (i) both a director and an employee of an affiliated entity; or (ii) an executive officer, general partner or managing member of an affiliated entity.

**Board:** means Equitable’s Board of Directors and/or its sub-committees.

**Control:** means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise. However, an individual is not considered to control an entity if the individual (a) owns, directly or indirectly, 10% or less of any class of voting securities; and (b) is not an executive officer of the entity.

**Executive Officer:** means the Chair, a Vice-Chair, the President, a vice-president in charge of a principal business unit, division or function including sales, finance or production, and any other individual who performs a policy-making function for the entity.

**Immediate Family Member:** means a spouse or common-law partner, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of the director or his or her immediate family member) who shares the individual's home.

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**BOARD GENDER DIVERSITY POLICY**

**1. PURPOSE**

This policy sets out the approach to gender diversity on the Boards of Directors of Equitable Group Inc. and Equitable Bank (the "Board").

**2. SCOPE**

This policy applies to the Board.

**3. POLICY STATEMENT**

The Board recognizes and embraces the benefits of having a gender diverse Board as it believes it contributes to better decision-making and promotes strong corporate governance.

The Governance & Nominating Committee, in consultation with the Chair of the Board, is responsible for identifying and recommending qualified persons for Board membership that possess the competencies, skills, business and financial experience and level of commitment required of a director. The Committee also oversees the annual evaluation of Board effectiveness.

In reviewing Board composition, the Committee will consider the balance of competencies, skills, business and financial experience and the level of representation of women on the Board in order to oversee the strategic direction of Equitable. When appropriate, the Committee may engage an executive search firm to help meet the Board's gender diversity objective.

All Board appointments will be based on merit, in the context of the competencies, skills, business and financial experience, independence, knowledge and personal qualities which the Board as a whole requires to be effective.

**4. MEASURABLE OBJECTIVES**

The Governance & Nominating Committee will discuss and agree annually on measurable objectives for achieving gender diversity and for monitoring progress towards the achievement of these objectives.

The Board aspires to have at least 30% of its members be women.

**5. MONITORING AND REPORTING**

The Governance & Nominating Committee shall:

- 5.1 Monitor the implementation of this Policy and report to the Board on the achievement of the measurable objectives for promoting gender diversity.

5.2 Disclose annually in the Management Information Circular a summary of this Policy, the measurable objectives set for implementing the Policy and progress made towards achieving and/or maintaining those objectives, and the number and proportion (in percentage terms) of women on the Board.

6. **POLICY REVIEW**

The Board reviews and approves this policy in accordance with the policy schedule, or more frequently, as necessary, due to changes driven either by internal or external circumstances.

Approvals	
Corporate Governance Committee	Nov 6, 2015
Board	Nov 12, 2015