

## **BOARD OF DIRECTORS' MANDATE**

### **Role**

The Board of Directors (the “**Board**”) is responsible for the stewardship of MCAN and for supervising the management of the business and affairs of the organization.

The Board shall, either directly or through a Board committee, carry out the duties set out in this Mandate.

### **Membership and Operations**

1. The composition and organization of the Board, including the number, qualifications and remuneration of directors; the independence of directors; the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings are as established by the governing legislation and MCAN’s by-laws and policies in effect from time to time.
2. A majority of the directors shall be resident Canadians, shall be independent in accordance with the requirements of laws governing MCAN, the applicable stock exchange on which MCAN’s securities are listed, applicable securities regulatory authorities and MCAN’s Director Independence Policy, and no more than two-thirds of the directors shall be “affiliated” with MCAN for the purpose of the *Trust and Loan Companies Act* (Canada).
3. Each member of the Board shall satisfy the applicable experience requirements of laws governing MCAN, the applicable stock exchange on which MCAN’s securities are listed and applicable securities regulatory authorities.
4. The Board shall meet at least five times in each year, a majority of directors shall constitute a quorum at any meeting of the Board, and a majority of directors participating in any meeting shall be resident Canadians.

### **Responsibilities and Duties**

#### **Culture of Integrity and Ethics**

1. Promote a culture of integrity at MCAN. The Board shall satisfy itself as to the integrity of the Chief Executive Officer (the “**CEO**”) and the executive officers, and that the CEO and executive officers create a culture of integrity throughout MCAN.
2. Approve MCAN’s Code of Business Conduct & Ethics (the “**Code**”) and, through the Conduct Review, Corporate Governance & Human Resources Committee, monitor compliance thereof.

3. Establish policies and procedures for dealing with all matters related to integrity and ethics, including conflicts of interest, related party transactions and the treatment of confidential information.

#### Strategic Planning and Performance Oversight

4. Develop and adopt MCAN's strategic planning process and annually approve a strategic plan which takes into account, among other things, the opportunities and risks of MCAN's business. The strategic plan must address an annual review of the budget, structure and resources for all functions.
5. At least quarterly obtain and review a report from management on progress of the strategic plan, specifically from Investments, Single Family, Securitization, and Deposits.
6. Approve all major corporate decisions and strategic initiatives, including the Non-Marketable Securities.
7. Review and approve MCAN's financial objectives, plans and actions, including liquidity, funding, capital issuances, capital allocations and expenditures, and the declaration of dividends.
8. Monitor investment practices of any subsidiary and every joint venture/partnership in which MCAN is a participant to ensure adherence to prudent investment standards.

#### Risk Management and Compliance

9. Ensure an effective risk culture by overseeing the implementation, by management, of appropriate systems to identify, quantify and manage the principal risks of MCAN's business. Receive regular updates from management on the status of the principal risks and management activities and initiatives.
10. Ensure risk management controls are appropriate and regularly assessed for effectiveness.
11. Review at least annually and approve as required the risk appetite framework and risk-based capital requirements and approve the appropriate capital level for risk.
12. Review and approve MCAN's Internal Capital Adequacy Assessment Process ("ICAAP").
13. Oversee the policies and processes to identify and ensure compliance with applicable legal and regulatory requirements.
14. Approve exceptions and/or specific transactions as required by the Company's underwriting policies.

### Succession Planning

15. Oversee and approve MCAN's succession planning processes, including the selection, appointment, development, evaluation and compensation of the Chair of the Board, Lead Director, Board members, the CEO and executive officers, including the heads of MCAN's oversight functions.
16. Review and approve the establishment of annual performance targets and short-term and long-term corporate goals and objectives for the CEO and executive officers, including the heads of MCAN's oversight functions.
17. Oversee MCAN's general approach to human resources and compensation philosophy.

### Communications and Public Disclosure

18. Approve MCAN's disclosure policy that governs the release of information about MCAN and requires timely, factual and accurate disclosure of such information in accordance with all applicable legal and regulatory requirements.
19. Review and approve MCAN's annual and quarterly financial statements and management discussion and analysis, press releases, annual information form, management proxy circular, prospectuses, and any other public documents prior to their release.

### Internal Controls

20. Oversee the internal control and management information systems, monitor the integrity and effectiveness of such systems and obtain assurances on a regular basis that these systems and controls are designed and operating effectively.
21. Review reports on the effectiveness of internal control over financial reporting from management, internal and external auditors.

### Corporate Governance

22. Oversee MCAN's approach to corporate governance issues, the disclosure and reporting thereof, including independence from management and the independence of individual directors.
23. At the recommendation of the Conduct Review, Corporate Governance & Human Resources Committee, annually determine those individual directors proposed to be nominated for election at the next annual meeting of shareholders.
24. Oversee formal evaluations of the Board, all Board committees, individual directors, the Chair of the Board and the CEO, with the assistance of independent external advisors as required, with the scope and frequency of such external input to be established by the Conduct Review, Corporate Governance & Human Resources Committee.

25. Establish Board committees, define their mandates and, subject to applicable law, delegate such matters to any committee in order to assist the Board in carrying out its duties and responsibilities.
26. Oversee compliance with MCAN's governance policies in effect from time to time, including the Director Independence Policy.

Director Expectations and Responsibilities

27. Act honestly and in good faith with a view to the best interests of MCAN and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
28. Attend all Board and applicable committee meetings unless there is a compelling reason for non-attendance.
29. Prepare for each Board and committee meeting by reviewing the materials provided in advance of the meeting and requesting, as appropriate, clarification or additional information in order to fully participate in Board deliberations.

Communication with Directors

30. Shareholders or other stakeholders of MCAN may communicate with the directors by writing to the Chair of the Board as follows:

Chair of the Board  
MCAN Mortgage Corporation  
200 King Street West  
Suite 600  
Toronto, Ontario  
M5H 3T4

Reviewed: November 2018