

# Statement of Corporate Governance Practices

The Corporation strives to maintain high standards of corporate governance in accordance with emerging best practices and applicable legal and regulatory requirements.

The Corporation believes that strong corporate governance, including diversity, equity and

inclusion, are key drivers of the Corporation's sustainable risk culture. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("TSX"), the Corporation's corporate governance practices meet applicable rules adopted by the Canadian Securities Administrators ("CSA").



## Best Practices in Place at Home Capital:

- ✓ Majority Voting Policy for Election of Directors
- ✓ Annual Advisory Vote: Say on Pay
- ✓ Policy on Interlocking Directors
- ✓ Director Tenure Policy
- ✓ Director Training and Learning Sessions
- ✓ Board and Executive Diversity Policy

## 1. CODE OF CONDUCT & VALUES



### Governance at a Glance

- Chair of the Board is independent
- No interlocking board memberships among the candidates nominated for election
- All Committee members are independent
- Roles of Board Chair and CEO are separated
- Independent directors met *in camera* at all meetings of the Board

The Corporation has adopted a set of corporate values and updated its Code of Conduct and Ethics Policy ("Code") in 2021. The Code includes messages from both the Chair of the Board and the CEO which together emphasize the importance of maintaining the Corporation's sustainable risk culture.

Together, the values and the Code provide a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board monitors compliance with the Code by requiring each director, officer and employee to annually sign an acknowledgement concerning his or her review of, and compliance with, the Code and through regular reporting from management. The Code has been simplified and made more readily understandable to ensure behaviour is aligned with the Corporation's values. It also ensures that all directors, officers, and employees work to ***Protect our Home*** – the safety and well-being of employees, customers and partners and acting in the best interests of the Corporation.

The Code was last updated in November 2021. A copy of the Code may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.homecapital.com/governance](http://www.homecapital.com/governance).

A whistleblower hotline is available to report any instances of financial misconduct as well as incidents that may breach the Code, corporate values, policies, laws and regulations. Employee reports are responded to within 24 hours, are independently investigated by Corporate Compliance and communicated immediately to the Chair of the ACR Committee.

Training associated with the Code and the whistleblower process is conducted at commencement of employment and on an annual basis with all employees. Employee reporting through the whistleblower hotline is strictly confidential and can be done anonymously.

Home's values have been integral to the Corporation's efforts to build and enhance its sustainable risk culture. The ten values govern every decision made by employees, with an emphasis on protecting the Corporation and its reputation and integrity. These values are embedded as key components in the Corporation's communication activities with employees.

The Home Awards, an annual peer-nominated awards event recognizing each of the Corporation's values, celebrates the Corporation's employees for living the Corporation's values throughout the year. The Home Awards for the 2021 performance period were delayed as a result of public health restrictions arising as a result of the Omicron variant and are scheduled to be held on April 2, 2022.

## 2. BOARD OF DIRECTORS

The Board is currently composed of 11 directors. Thirteen directors are nominated for election. Mr. Claude Lamoureux is not seeking re-election to the Board. Detailed information about our directors can be found at pages 24 to 36.

### Independent Chair of the Board



The Board has separated the roles of Chair of the Board and CEO. Mr. Alan Hibben, Chair of the Board, is an independent director and is not, and has never been, an executive officer of the Corporation.

The accountabilities and responsibilities of the Chair of the Board include facilitating the operation and deliberations of the Board and ensuring that the Board functions independently of senior management. A position description of the Chair of the Board role is available on the Corporation's website at [www.homecapital.com/governance](http://www.homecapital.com/governance).

### Directors' Meeting Attendance

Board and Committee meetings are scheduled in advance and are reviewed periodically to optimize director attendance (except for *ad hoc* meetings that may be required on shorter notice). The Corporation expects all directors to attend all applicable meetings but recognizes that this may not be possible in the case of *ad hoc* meetings arranged on short notice. Non-attendance at Board and Committee meetings is rare and usually occurs only when an unexpected commitment arises which cannot be rearranged or when a meeting is changed or called on short notice due to unforeseen circumstances.

## Meeting Attendance in 2021

	Board	ACR	GNS	HRC	RC	TTA	Total
<b>Yousry Bissada</b>	6 of 6 100%	-	-	-	-	-	6 of 6 100%
<b>Robert Blowes</b> Independent	6 of 6 100%	6 of 6 100%	-	7 of 7 100%	5 of 5 100%	-	24 of 24 100%
<b>Betty DeVita<sup>1</sup></b> Independent	1 of 1 100%	-	-	-	-	-	1 of 1 100%
<b>Paul Haggis</b> Independent	6 of 6 100%	6 of 6 100%	-	-	5 of 5 100%	-	17 of 17 100%
<b>Alan Hibben</b> Independent	6 of 6 100%	2 of 2 100%	-	-	1 of 1 100%	-	9 of 9 100%
<b>Susan Hutchison</b> Independent	6 of 6 100%	-	-	-	5 of 5 100%	5 of 5 100%	16 of 16 100%
<b>James Lisson</b> Independent	6 of 6 100%	4 of 4 100%	4 of 4 100%	-	5 of 5 100%	-	19 of 19 100%
<b>Hossein Rahnama</b> Independent	6 of 6 100%	-	-	-	-	4 of 5 80%	10 of 11 91%
<b>Lisa Ritchie</b> Independent	6 of 6 100%	6 of 6 100%	-	7 of 7 100%	-	5 of 5 100%	24 of 24 100%
<b>Sharon Sallows</b> Independent	6 of 6 100%	-	3 of 4 75%	7 of 7 100%	-	-	16 of 17 94%
<b>Director Not Standing for Election</b>							
<b>Claude Lamoureux</b> Independent	6 of 6 100%	-	4 of 4 100%	7 of 7 100%	-	-	17 of 17 100%

<sup>1</sup> Betty DeVita was appointed to the ACR and TTA Committees on December 7, 2021. There were no meetings of the ACR and TTA Committees from December 8 to December 31, 2021.

All existing directors and directors standing for election to the Board on May 18, 2022 are independent within the meaning of the relevant CSA rules and the Corporation's Board of Directors Policy, except for Mr. Bissada who is the CEO of the Corporation.

### 3. COMPENSATION OF DIRECTORS

Directors are compensated for their services as directors through Board and Chair retainers. The annual base retainer reflects that a director's duty extends beyond attendance at meetings. Directors are expected to provide advice and be available for consultation or assistance throughout the year. Directors who are also officers of the Corporation or its subsidiaries do not receive remuneration as directors.

Further to the updated Committee mandates, the GNS Committee, composed entirely of independent directors, is responsible for reviewing and updating director compensation, as appropriate, to recognize the workload and responsibility of Board and Committee members and to remain competitive with director compensation trends in Canada. The GNS Committee reviews the compensation of the Corporation's directors on a biennial basis, engaging independent compensation consultants to ensure the compensation offered to its directors properly aligns the interests of directors with the long-term interests of the Corporation and Shareholders.

The most recent review of director compensation took place in November 2021. Following this review, the Board approved director compensation with no adjustments to current compensation levels. The Chair retainer for each of the ACR, RC, HRC and TTA Committees remained at \$40,000 and the GNS Committee remained at \$20,000 for 2021. The annual base retainer for directors of \$115,000 also remained unchanged for 2021. No changes to director compensation have been made in respect of 2022.

#### 2021 Director Fee Structure

<b>Annual Base Retainer</b>	\$115,000
<b>Additional Chair Retainer Fees</b>	
Chair of the Board	\$150,000
Chair of the ACR Committee	\$40,000
Chair of the GNS Committee	\$20,000
Chair of the HRC Committee	\$40,000
Chair of the RC Committee	\$40,000
Chair of the TTA Committee	\$40,000

## Directors' 2021 Annual Compensation as at December 31, 2021

	Annual Base Retainer	Board Chair & Committee Chair Retainers	Total Fees Earned	Share-Based Awards		Amount Received In cash	Portion of Annual Base Retainer taken as DSUs
	(\$)	(\$)	(\$)	(#)	(\$) <sup>1</sup>	(\$)	(%)
Robert Blowes	115,000	30,000	145,000	3,998	145,000	0	100
Betty DeVita <sup>2</sup>	16,113	-	16,113	200	8,057	8,056	50
Paul Haggis	115,000	40,000	155,000	2,162	77,500	77,500	50
Alan Hibben	115,000	122,500	237,500	6,494	237,500	0	100
Susan Hutchison	115,000	40,000	155,000	1,604	57,500	97,500	50
James Lisson	115,000	-	115,000	3,209	115,000	0	100
Hossein Rahnama	115,000	-	115,000	3,209	115,000	0	100
Lisa Ritchie	115,000	-	115,000	2,407	86,250	28,750	75
Sharon Sallows	115,000	40,000	155,000	4,325	155,000	0	100
<b>Subtotal</b>	<b>936,113</b>	<b>272,500</b>	<b>1,208,613</b>	<b>27,608</b>	<b>996,807</b>	<b>211,806</b>	
<b>Director Not Standing for Election</b>							
Claude Lamoureux	115,000	20,000	135,000	3,767	135,000	0	100
<b>Total</b>	<b>1,051,113</b>	<b>292,500</b>	<b>1,343,613</b>	<b>31,375</b>	<b>1,131,807</b>	<b>211,806</b>	

<sup>1</sup> The value of DSUs is the Fair Market Value of the portion of fees taken by each director in the form of DSUs as of the date of award (Fair Market Value is the volume weighted average trading price of a Common Share on the TSX for the five trading days preceding the award date). All outstanding DSUs are vested but will not be paid out until after the director ceases to hold all positions with the Corporation.

<sup>2</sup> Ms. DeVita's compensation was prorated from November 11, 2021 to December 31, 2021.



## Director Share Ownership

- The Corporation's share ownership requirement is that directors must hold Equity Interests in the Corporation worth a value equal to **3 times** their annual base retainer.
- Directors have **5 years** to meet this requirement.
- 11 of 12 non-management directors have less than 5 years of service on the Board.
- 8 of 12 non-management directors are **already in compliance** with share ownership requirements. The directors who have not yet met the ownership requirement have been on the Board for less than 1 year or are new nominees.

Director compliance with the share ownership requirement is determined based on the value of their Equity Interests calculated as the greater of (i) the cost of acquisition and (ii) the Fair Market Value, where:

- "Equity Interests" means Common Shares and DSUs
- "Fair Market Value" is the volume weighted average trading price of a Common Share on the TSX for the five trading days preceding the measurement date.

Directors who have not met the ownership requirements must obtain written permission from the GNS Committee prior to selling any Common Shares, and the GNS Committee has complete discretion as to whether permission will be granted. Non-compliance with the share ownership requirements is dealt with on a case-by-case basis.

### Total Independent Director Equity Interests as at February 28, 2022

	Years and Months of Service as a Director	Common Shares Held (#)	DSUs Held (#)	Total Value of all Equity Holdings <sup>1</sup>	Equity Interests as a multiple of Annual Base Retainer
Robert Blowes	6 Y, 10 M	7,000	23,791	1,179,603	10.3
David Court	New Nominee	0	-	0	0
Betty DeVita	3 M	0	200	7,662	0.1
Paul Haggis	4 Y, 10 M	13,450	27,845	1,582,011	13.8
Alan Hibben	4 Y, 10 M	16,800	53,621	2,697,829	23.5
Susan Hutchison	3 Y, 5 M	1,000	11,047	461,521	4.0
James Lisson	4 Y, 10 M	15,500	29,320	1,717,054	14.9
Joseph Natale	New Nominee	0	-	0	0
Hossein Rahnama	3 Y, 9 M	0	15,200	582,312	5.1
Lisa Ritchie	3 Y, 5 M	6,000	12,930	725,208	6.3
Sharon Sallows	4 Y, 10 M	5,000	35,809	1,563,393	13.6
Edward Waitzer	New Nominee	0	-	0	0
<b>Subtotal</b>		<b>64,750</b>	<b>209,763</b>	<b>10,516,593</b>	

	Years and Months of Service as a Director	Common Shares Held (#)	DSUs Held (#)	Total Value of all Equity Holdings <sup>1</sup>	Equity Interests as a multiple of Annual Base Retainer	
<b>Director Not Standing for Election</b>						
	Claude Lamoureux	4 Y, 10 M	33,000	34,386	2,581,558	22.4
	<b>Total</b>		<b>97,750</b>	<b>244,149</b>	<b>13,098,151</b>	

<sup>1</sup> The total value of all equity holdings is determined using the closing price of the Common Shares on February 28, 2022 (\$38.31).

## Deferred Share Units

Awards of DSUs fall into three categories: (i) mandatory DSU awards, whereby the HRC Committee determines that a certain portion of the compensation payable to a director will be received in the form of DSUs; (ii) elective DSU awards, whereby the director elects to receive a certain portion of his or her compensation in the form of DSUs; and (iii) discretionary DSUs, whereby the HRC Committee may grant DSU awards to directors on an *ad hoc* basis.

In 2021, amendments were made to the DSU Plan to (i) update provisions related to the cessation of employment, reflecting recent case law, (ii) comply with US taxation rules, (iii) update tax withholding language to provide the Corporation with flexibility to determine how applicable withholding taxes are to be paid by participants, and (iv) other minor changes of a housekeeping nature.

The number of DSUs granted to a director is determined by dividing the dollar amount of the director's compensation to be received as DSUs by the Fair Market Value of a Common Share, as described immediately above under "Director Share Ownership".

DSUs cannot be redeemed until the director ceases to hold all positions with the Corporation and must be redeemed by December 15 of the year following the year in which the director ceases to hold all positions. On redemption of a vested DSU, the director is entitled, as determined by the Corporation in its sole discretion, to: (i) a cash payment equal to the number of vested DSUs redeemed multiplied by the Fair Market Value of a Common Share determined as at the redemption date; or (ii) one Common Share purchased on the open market for each fully vested DSU to be redeemed.

## Outstanding Director Share Based Awards as at December 31, 2021

	Total Number of DSUs Held	Market or payout value of vested DSUs not paid out or distributed <sup>1</sup>
Robert Blowes	23,791	929,501
Betty DeVita	200	7,824
Paul Haggis	27,845	1,087,922
Alan Hibben	53,621	2,094,955
Susan Hutchison	11,047	431,625
James Lisson	29,320	1,145,525
Hossein Rahnama	15,200	593,858

	Total Number of DSUs Held	Market or payout value of vested DSUs not paid out or distributed <sup>1</sup>
Lisa Ritchie	12,930	505,165
Sharon Sallows	35,809	1,399,051
<b>Subtotal</b>	<b>209,763</b>	<b>8,195,426</b>
<b>Director Not Standing for Election</b>		
Claude Lamoureux	34,386	1,343,462
<b>Total</b>	<b>244,149</b>	<b>9,538,888</b>

<sup>1</sup> The market or payout value of vested DSUs not paid out or distributed is determined using the closing price of the Common Shares on December 31, 2021 (\$39.07). There are no unvested DSUs, as DSUs are fully vested as of the date of grant (although they will not be paid out until after the director ceases to hold all positions with the Corporation).

## Compensation of Officers

The HRC Committee is responsible for the annual review and approval of the compensation of the CEO and other senior officers of the Corporation. The compensation strategy of the Corporation seeks to provide a competitive level of remuneration relative to comparable positions in the market. See page 72 for a detailed discussion of the Corporation's approach to compensation.

## 4. BOARD MANDATE AND POSITION DESCRIPTIONS

The Board is responsible for approval and oversight of the strategic affairs and Risk Appetite Framework of the Corporation, as detailed in the Board Mandate. The Board Mandate is reviewed at least annually. The Board Mandate is available in Schedule A of this Circular and on the Corporation's website at [www.homecapital.com/governance](http://www.homecapital.com/governance).

The Board delegates certain activities to its Committees. The work of each of the Committees is discussed beginning at page 39. The Board has adopted written position descriptions for the roles of Chair of the Board, Chair of each of the Committees, individual directors and the CEO. The position descriptions are available on the Corporation's website at [www.homecapital.com/governance](http://www.homecapital.com/governance).

## 5. NOMINATION OF DIRECTORS

The GNS Committee, composed entirely of independent directors, is responsible for identifying and recommending to the Board suitable director candidates and determining the criteria for selection. The GNS Committee also formally reviews and considers the matter of Board size on an ongoing basis.

In 2021, the GNS Committee used a Skills Matrix to consider the competencies of the Board as a whole. The Skills Matrix enables the GNS Committee to identify any competency gaps or additional competencies that would be beneficial when considering candidates for the Board. The GNS Committee also considered diversity as part of its review.

The GNS Committee recommended the appointment of Betty DeVita to the Board in November 2021, and she was appointed to the Board at that time. In March 2022, the

GNS Committee further recommended the nomination of David Court, Joseph Natale and Edward Waitzer to the slate for election to the Board. The Board believes that the election of these individuals to the Board will further enhance the Board's mix of skills and experience. Their addition is part of the continuing process of Board renewal, which is expected to result in the Board returning to its former size and to achieve the Board's targets for diversity, as discussed in more detail below at page 61.

The Board has adopted a Majority Voting Policy for Directors, which is described in detail on page 20.

## **Interlocking Boards and Over-boarding**



As of the date of this Circular, none of the Corporation's directors served together on any other public company board of directors, and none of the Corporation's directors served on more than three other public company boards. No directors have familial relationships with any other director.

## **Related Party Transactions**



In accordance with its mandate, the ACR Committee ensures that management has established procedures and practices regarding related party transactions and self-dealing. The Corporation has a guideline that governs the identification and review of related party transactions, and the approval of transactions between the Corporation and its directors and senior officers. This guideline requires that all transactions between the Corporation and a related party be on terms and conditions that are at least as favorable to the Corporation as market terms and conditions. It further requires that each director or executive officer provide an annual certification to the Corporation disclosing all related parties of the director or executive officer and any related party transactions with the Corporation. In the event a director or executive officer has an interest in any transaction or agreement considered by the Board or any Committee, such interest must be declared and recorded in the minutes of the meeting and the director or executive officer must vacate the meeting while the transaction or agreement is being discussed. The ACR Committee reviews all related party transactions for which Board approval is required under applicable legislation. In 2021, there were no related party transactions between the Corporation and any of its directors or executive officers, on terms and conditions different from those offered to the public.

## **Indebtedness of Directors**

As of March 25, 2022, no director of the Corporation is indebted to the Corporation.

## **Directors' and Officers' Insurance**

The Corporation has directors' and officers' liability insurance in place for the benefit of the directors and officers of the Corporation and its subsidiaries. The policy was renewed in the second quarter of 2021 with an annual premium of \$795,260 for total primary coverage of \$50,000,000 and additional Side A coverage of \$20,000,000.

## Additional Disclosure Relating to Directors

To the knowledge of the Corporation, no director of the Corporation is, or has been in the last ten years, a director or executive officer of an issuer, while that person was acting in that capacity, that: (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days; or (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

To the knowledge of the Corporation, as of the date of this Circular, no director of the Corporation has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

## 6. DIRECTOR ORIENTATION AND CONTINUING EDUCATION



The Board has adopted a Director orientation, education and development program, included in the Board of Directors Policy, which outlines the obligations of the Corporation and its directors to ensure that directors engage in ongoing training and development to provide effective oversight of the Corporation amidst a rapidly changing commercial landscape.

The Corporation tailors the orientation plan to each new director's specific skills, background and experience including materials for self-study and training on the use of the Corporation's Board Portal. The Corporation also coordinates in-person orientation sessions for new directors as well as on-site or virtual meetings with members of the executive team and business unit leaders, and informal meetings with the Chair of the Board and other directors.

With respect to continuing education, directors are expected to maintain a level of expertise needed to execute their roles and responsibilities and to stay abreast of developments in the industry as well as corporate governance best practices. Directors are encouraged to attend specialty conferences to improve skills, professional qualifications and experience.

The Corporation is a member of the Global Risk Institute ("GRI") and directors and members of management attend seminars and presentations hosted by the GRI. As well, the Corporation organizes presentations for directors on various aspects of the Corporation's businesses and operations.

Board members attended the following training sessions in 2021:

Session	Session Provider	Directors in Attendance
Unconscious Bias	Dr. Tanya (Toni) DeMello, Assistant Dean, Student Programming, Development and Equity, Ryerson University Faculty of Law	Yousry Bissada Robert Blowes Paul Haggis Alan Hibben Claude Lamoureux James Lisson Hossein Rahnama Lisa Ritchie Sharon Sallows
Comparative Market Analysis	Management of the Corporation	Yousry Bissada Robert Blowes Paul Haggis Alan Hibben Susan Hutchison Claude Lamoureux James Lisson Lisa Ritchie Sharon Sallows
Climate Risk Management	Management of the Corporation	Yousry Bissada Robert Blowes Paul Haggis Alan Hibben Claude Lamoureux James Lisson Lisa Ritchie Sharon Sallows
Information Security Awareness	Management of the Corporation	All Directors <sup>1</sup>
Climate Risk	Management of the Corporation and Moodys	All Directors <sup>1</sup>
Demand Deposit Limits	Management of the Corporation and iModX	Yousry Bissada Robert Blowes Paul Haggis Alan Hibben Susan Hutchison James Lisson

<sup>1</sup> Ms. DeVita did not attend these training sessions as she had not been appointed when the sessions were held.

In addition to these sessions, directors attended other sessions independently. On an ongoing basis, management provides directors with industry publications, articles, investor relations information, and other materials of interest in between meetings. In addition to the foregoing, the Board holds an annual working session to discuss the Company's strategy and the TTA Committee holds *ad hoc* sessions for innovation brainstorming, exploring new technology initiatives and opportunities.

## 7. ASSESSMENT OF THE BOARD, COMMITTEES AND DIRECTORS

Every three years, the Board engages an independent third party to coordinate an assessment of the Board, Committees and individual directors. The assessment process considers the functioning of the Board and Committees, and it includes director self-assessment and peer review processes. This process was last completed in 2020 for the 2019 calendar year.

For 2021, the Chair of the GNS Committee talked to each member of the Board about how each of the Board and Committees is functioning and conducted a peer review and facilitated a self-assessment of each director. Board members indicated that they were satisfied that the group of directors is functioning effectively, that discussions are open, and that the Chairs of each of the Board and the Committees were conducting the affairs of their body with appropriate skill and expertise. The feedback included areas where the Board could most effectively spend more time and suggestions as to how to improve its deliberations.

The Board expects to engage an independent third party to coordinate an assessment of the Board, Committees and individual directors in respect of the 2022 calendar year.

## 8. DIRECTOR TENURE & BOARD RENEWAL



The Board has adopted a Director Tenure Policy, included in the Board of Directors Policy, that sets out the term limits for non-management directors of the Board.

Non-management directors may serve up to a maximum of ten years assuming they receive solid annual performance assessments and are annually re-elected by the Shareholders.

On a case-by-case basis, and on the recommendation of the GNS Committee, the Board may extend a director's initial ten-year term limit by up to an additional five years for a maximum term limit of fifteen years. The Corporation does not have a retirement age policy for its directors.

## 9. BOARD AND EXECUTIVE DIVERSITY

**The Board believes that striving for diversity will enable it to access a broader pool of high-quality talent, gain exposure to a greater variety of perspectives and ideas, and maximize opportunities for innovation in conducting the business of the Corporation.**



The Board recognizes the importance of diversity at all levels of the organization as well as on the Board, and it is committed to fostering a culture of acceptance and inclusion. This includes building a Board and management team composed of highly talented and experienced individuals with diverse backgrounds that reflect the Corporation's stakeholders, including its customers and employees, and the communities and markets in which the Corporation operates.

**31%**

**of the Corporation's  
Directors nominated  
for election identify  
as women**

The Corporation has adopted a written Board and Executive Diversity Policy (the "Diversity Policy") in recognition of the fact that diversity is critical for good governance and strong management, as it fosters different perspectives and ideas, mitigates against group think and yields improved decision making and outcomes.

**15%**

**of the Corporation's  
Directors nominated  
for election identify  
as BIPOC**

The Diversity Policy was amended in March 2021 to establish new targets for gender representation as well as representation of individuals who identify as black, indigenous and people of colour ("BIPOC") on both the Board and within the Corporation's executive leadership (vice president level and above). With respect to gender diversity, the Diversity Policy has set a target of 35% representation on the Board by people

who identify as women by May 31, 2026. Currently, 4 of 13 (31%) director nominees identify as women. The Diversity Policy establishes a target of 25% representation by individuals who identify as BIPOC by May 31, 2026. Currently, 2 of 13 director nominees (15%) identify as BIPOC.

The Board remains focused on further enhancing gender diversity and representation of persons who identify as BIPOC on the Board in the future. The Board is conscious of the fact that if all directors who are nominated are elected to the Board, its percentage of directors who identify as women and those who identify as BIPOC will fall. While this is not a desired outcome, the Board sees 2022 as a transitional year in its continuing process of Board renewal and expects to meet the targets as planned.

The Diversity Policy also establishes targets for diversity among executives (vice president level and above): 35% representation by individuals who identify as women and 30% representation by individuals who identify as BIPOC, in each case, by May 31, 2026. Currently, 33% (3 of 9) of officer positions are held by persons who identify as women and 44% (4 of 9) are held by persons who identify as BIPOC. Additionally, 29% (12 of 42) of executive positions (vice president level and above) are held by persons who identify as women and 40% (17 of 42) are held by individuals who identify as BIPOC.

As part of its diversity, equity and inclusion ("DEI") journey, the Corporation launched a DEI survey in the fourth quarter of 2020. A second DEI survey was launched in the second quarter of 2021. The Corporation's survey participation rate was 84%. The data presented in this Circular is based on the proportion of the population that completed the survey.

The Corporation remains committed to further increasing the diversity of its executives and ensuring that diversity objectives are considered in reviewing candidates for executive roles and for succession. The Diversity Policy requires that any slate of candidates reflects the diversity objectives outlined in the Diversity Policy. It further requires that when engaging external advisors to assist in any recruitment activity, such advisors be

**33%**

**of the Corporation's  
Officers identify as  
women**

**40%**

**of executive positions  
(vice president and  
above) identify as  
BIPOC**

specifically mandated to present a diverse slate of candidates including multiple candidates who identify as women or BIPOC.

## 10. INFORMATION SECURITY



The Corporation has adopted an information security framework based on the ISO27001 and NIST security frameworks. Senior leadership briefs the Board on information security matters at least quarterly and in the event of a major security incident.

The Corporation has not experienced a security breach giving rise to material impact or data loss. The Corporation engages an external provider to audit its performance in information security against leading industry standards. The Corporation maintains an insurance policy with coverage for information security risk. In addition, the Board has mandated the Corporation's Internal Audit team to audit the Corporation's information security program annually.

The Corporation has also implemented a robust information security awareness training and compliance program for all employees and contractors. This includes:

- Security awareness training during the onboarding process
- Mandatory annual security awareness training, which includes tests for comprehension, the results of which are shared with management
- Semi-annual phishing simulation exercises to educate users on identifying risks and to measure the effectiveness of the security program
- Monthly reporting from the Information Security team to the Corporation's leadership team and Operational Risk Committee
- Increased training and information sharing within a remote work environment due to COVID-19.

The Corporation also held an information security awareness session with the Board in 2021.

## 11. DISCLOSURE AND SHAREHOLDER ENGAGEMENT



The Board has adopted a Disclosure Policy to provide a framework for the timely disclosure of material information. The Policy establishes consistent guidance for determining what information is material and how the information should be disclosed to avoid selective disclosure and to ensure that material is appropriately disseminated. The Policy is subject to regular review and updates.

The Corporation has a Disclosure Committee composed of members of the executive team. The Disclosure Committee is subject to the supervision and oversight of, and reports to, the CEO and CFO. The Disclosure Committee is responsible for reviewing all information required to be disclosed to the Corporation's stakeholders including Shareholders, securities regulators, and the TSX to ensure compliance with the Corporation's disclosure obligations under applicable securities law and stock exchange requirements.

In 2019, the Board adopted an updated Shareholder Engagement Policy to support the objective of constructive and ongoing communication and exchange of ideas among the

Board, the executive team and Shareholders. The Policy was most recently reviewed in December 2020.

The Board welcomes the opportunity for open communication with Shareholders and an ongoing exchange of views on governance matters throughout the year. The Board has developed a program of engagement and two-way communication with Shareholders, including the following:

Type of Engagement	Frequency	Participants	Targets	Subjects
<b>Earnings Calls</b>	Quarterly	Executive Team	Analysts, investors, rating agencies, employees	Financial and operating results
<b>Annual Meeting</b>	Annually	Board of Directors and Executive Team	Shareholders	Business of the meeting, governance, review of operating results and strategic objectives
<b>Conferences</b>	Multiple times during the year	Executive Team	Investors	Business and operations of the Corporation, industry-specific topics
<b>Meetings and Calls</b>	As required	Executive Team	Investors	Operations of the Corporation or particular business segments, industry developments, strategic objectives, other public information as required
<b>Direct Board / Shareholder Engagement</b>	As required	Chair of the Board and/or other members designated by the Chair	Existing Shareholders	Pre-identified shareholder concerns, governance, or topics of interest to the shareholder
<b>Non-deal Roadshows</b>	Several times per year	Executive Team	Analysts, Investors,	Operations of the Corporation, governance, financial results, industry developments
<b>Investor Day</b>	Alternate years	Executive Team	Analysts, investors, rating agencies	Pre-identified operational subjects of interest.
<b>News Releases</b>	As required	Executive Team	Investment community, media	Disclosure of financial results or material operational developments

The Corporation communicates with its Shareholders on an ongoing basis and through multiple channels including the annual report, quarterly reports, management information circular, public accountability statement, environmental, social and governance report, regular public filings and news releases. The Corporation's website contains extensive information about the Corporation and is regularly reviewed and updated for timely and accurate information. Shareholders can communicate and provide feedback to the Corporation by mail, email and telephone. Contact details for the Corporation are available on the website and included in every press release. In addition to the Annual Meeting, Shareholders can engage with management through participation in regular quarterly conference calls, presentations at investor and industry conferences and through *ad hoc* meetings or phone calls as required.

The Corporation is committed to holding periodic investor days during which members of the investment community have an opportunity to communicate with members of the executive team. In keeping with its objective of holding Investor Days on a biennial basis, the Corporation held an Investor Day in 2021 focusing on the residential mortgage sales and underwriting functions.

Other examples of Shareholder engagement practices at the Corporation include holding an annual “Say-on-pay” advisory vote in relation to executive compensation and addressing any Shareholder proposals submitted at the Annual Meeting.

The Corporation has created an avenue for direct communication with the Board. Shareholders, employees and other interested parties may communicate directly with non-management directors through the Chair of the Board by writing to Chair, Board of Directors, Home Capital Group Inc., 145 King Street West, Suite 2300, Toronto, Ontario M5H 1J8 and by email at [chair@hometrust.ca](mailto:chair@hometrust.ca).

The Corporation keeps records of communications with investors and Shareholders. The Board receives regular reports from management on engagements with investors along with reports on the voting results at the Annual Meeting.

The Corporation’s move to a hybrid meeting (as discussed at page 11) this year further enables Shareholder engagement. With an electronic platform available to Shareholders no matter where they reside with in-person options, all Shareholders can attend, participate and vote at the Meeting, in the manner that best suits them.

## **12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

 The Corporation has expanded its environmental, social and governance (ESG) initiatives with the establishment of Board-level oversight of this area. Following the publication of its inaugural ESG report in April 2021 (which is available at [www.homecapital.com/doc\\_downloads/ESG/2020](http://www.homecapital.com/doc_downloads/ESG/2020)), the Corporation established a practice of annual communication with its stakeholders on its ESG endeavours. The 2021 ESG report will be available in April 2022 at [www.homecapital.com/governance/esg-reporting](http://www.homecapital.com/governance/esg-reporting). The Corporation is committed to a process of continuous review and enhancement of its ESG practices, communications and engagement with stakeholders.

The table below sets out the Corporation's achievements in 2021 and plans for 2022 and beyond.

2021 Achievements	2022	2023 and beyond
<ul style="list-style-type: none"> <li>• Appointment of internal ESG head</li> <li>• Publication of inaugural ESG report</li> <li>• Board-level oversight by GNS Committee</li> <li>• Roadmap for future measurement and reporting metrics</li> <li>• Continuing education for the Board and leadership team</li> <li>• Creation of a Climate Risk Management Framework</li> </ul>	<ul style="list-style-type: none"> <li>• Continued development and expansion of measurement and reporting practices</li> <li>• Calculation and reporting of Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions</li> <li>• Alignment with Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>• Integration of ESG metrics into management compensation framework</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous ESG engagement with broader group of stakeholders</li> <li>• Calculation of Scope 3 GHG emissions</li> <li>• Targets for reduction of climate footprint</li> <li>• Integration of ESG metrics into statutory publications</li> <li>• Third-party attestation of ESG reporting</li> </ul>

### 13. CLIMATE RISK



The Corporation acknowledges that climate change is an issue of increasing concern in part because of its potential to create financial uncertainty in the global economy. The governments of Canada and countries around the world have committed to the transition to a low-carbon economy in an effort to mitigate the long-term effects of climate change.

The impacts for the Corporation take the form of physical risk and transition risk. Physical risk refers to the potential for a loss in value of assets as a result of extreme climate events. The majority of the assets of the Corporation are in the form of mortgages. The Corporation's mortgage activities are governed by its sustainable risk culture and risk oversight is provided by Enterprise Risk Management ("ERM"). ERM provides a set of limits and guidelines as well as geographical concentration controls that govern the selection and pricing of mortgages in the Corporation's portfolio. The Corporation reviews loan applications considering all risk factors including the potential for exposure to severe weather events and provides appropriate mitigation when lending in areas where the risk is considered high. Transition risk refers to the potential for economic dislocation and reassessment of the value of financial assets as the result of initiatives related to the transition to a low-carbon economy.

Assessment of the impact of climate-related events and climate transition on the activities of the Corporation falls within the scope of management's Credit Risk Committee and Executive Committee. The Corporation is committed to adapting to the changes in regulatory, disclosure and operating requirements made necessary by long-term climate change. The Corporation's internal risk management framework and sustainable risk culture provide a solid foundation for incorporating the effects of climate transition into its processes in a way that will enable the Corporation to succeed in the future.