

Statement of Corporate Governance Practices

The Corporation strives to maintain high standards of corporate governance in accordance with applicable legal and regulatory requirements and emerging best practices. The Corporation believes that strong corporate governance is a key

driver 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:

- ✓ Majority Voting Policy for Election of Directors
- ✓ Annual Advisory vote: Say on Pay
- ✓ Policy on Interlocking Directors
- ✓ Director Tenure Policy
- ✓ New Director Orientation
- ✓ Board Diversity Policy

Governance at a Glance

- Chair of the Board is independent
- There are no interlocking board memberships among the candidates nominated for election
- All Audit, Human Resources and Compensation, and Governance, Nominating and Conduct Review committee members are independent
- The roles of Board Chair and CEO are separated
- Independent directors met *in-camera* at all meetings of the Board and at all meetings of the Board's Committees

1. CODE OF CONDUCT & VALUES

In 2018, the Corporation adopted a new set of corporate values as well as an updated Code of Conduct and Ethics Policy (the "Code"), applicable to its directors, officers and employees. The new Code is simplified and made more readily understandable by employees. It also 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.

The Code provides 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.

A copy of the Code may be found on the SEDAR website at www.sedar.com and on the Corporation's website at www.homecapital.com.

The introduction of a new set of corporate values has also been integral to the Corporation’s efforts to build and enhance its sustainable risk culture. This new group of ten values is to 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.



2. BOARD OF DIRECTORS

The Board is currently composed of 11 directors and 11 directors are nominated for election. Detailed information about our directors can be found at pages 14 to 24.

Independent Chair of the Board

The Board has separated the roles of Chair of the Board and CEO. Mr. Paul Derksen, 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 complete position description of the Chair of the Board role is available on the Corporation’s website at www.homecapital.com.

Directors’ Meeting Attendance

Board and Board Committee meetings are generally set two years in advance and are reviewed periodically to optimize director attendance (with the exception of *ad hoc* meetings that may be required on shorter notice). The Corporation expects all directors to attend all applicable meetings but recognizes that may not be possible in all cases for *ad hoc* meetings arranged on short notice. Non-attendance at Board and Board Committee meetings is rare and usually occurs only when an unexpected commitment arises which cannot be rearranged.

All Directors attended at least 90% of the Board and Board Committee meetings that they were eligible to attend in 2018. Mr. Derksen attended all committee meetings *ex officio* after his appointment as Chair of the Board.

Meeting Attendance in 2018

| | Board | Audit | GNCR | HRC | Risk and Capital | Total |
|---------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Yousry Bissada | 9 of 10 (90%) | - | - | - | - | 9 of 10 (90%) |
| Robert Blowes | 10 of 10 (100%) | - | - | - | 8 of 8 (100%) | 18 of 18 (100%) |
| Paul Derksen Independent <i>Ex officio</i> | 6 of 6 (100%) | - (3 of 3) | - (1 of 1) | - (4 of 4) | - (3 of 3) | 6 of 6 (100%) |
| Paul Haggis Independent | 9 of 10 (90%) | 7 of 7 (100%) | - | - | 8 of 8 (100%) | 24 of 25 (96%) |
| Alan Hibben Independent | 10 of 10 (100%) | 7 of 7 (100%) | - | - | 8 of 8 (100%) | 25 of 25 (100%) |
| Susan Hutchison Independent | 3 of 3 (100%) | - | - | - | - | 3 of 3 (100%) |
| Claude Lamoureux Independent | 9 of 10 (90%) | - | 5 of 5 (100%) | 7 of 7 (100%) | - | 21 of 22 (95%) |
| James Lisson Independent | 10 of 10 (100%) | - | 5 of 5 (100%) | - | 8 of 8 (100%) | 23 of 23 (100%) |
| Hossein Rahnama Independent | 1 of 1 (100%) | - | - | - | - | 1 of 1 (100%) |
| Lisa Ritchie Independent | 6 of 6 (100%) | 3 of 3 (100%) | - | 4 of 4 (100%) | - | 13 of 13 (100%) |
| Sharon Sallows Independent | 10 of 10 (100%) | - | 5 of 5 (100%) | 7 of 7 (100%) | - | 22 of 22 (100%) |

The Board has determined that all existing directors and directors standing for election to the Board on May 15, 2019 are independent within the meaning of the relevant CSA rules and the Corporation's Director Independence Standards with the exception of Mr. Yousry Bissada who is the CEO of the Corporation and Mr. Robert J. Blowes who served as interim Chief Financial Officer of the Corporation from May 11, 2017 to August 31, 2017.

3. COMPENSATION OF DIRECTORS

Compensation of Directors

The HRC 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 Board Committee members and to remain competitive with director compensation trends in Canada. The HRC 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 took place in February 2018. As disclosed in this document last year, following this review, the Board increased the fixed annual retainer for Board members, increased the retainer for the chairs of the GNCR and HRC Committees and reduced the retainer for the Chair of the Board.

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.

Directors' Annual Compensation 2018

The amounts earned by directors for 2018 (as of December 31, 2018) are described below:

Description of 2018 Director Fee Structure

| | |
|-----------------------------------------|-----------|
| Annual Base Retainer | \$115,000 |
| Additional Chair Retainer Fees | |
| Chair of the Board | \$150,000 |
| Chair of the Audit Committee | \$30,000 |
| Chair of the HRC Committee | \$20,000 |
| Chair of the GNCR Committee | \$20,000 |
| Chair of the Risk and Capital Committee | \$30,000 |

| | Base Annual Retainer | Board Chair & Committee Chair Retainers | Total Fees Earned | Share Based Awards (Portion of Total Fees taken as DSUs) | | |
|---------------------------------------------|----------------------|-----------------------------------------|-------------------|----------------------------------------------------------|-------------------|-----|
| | (\$) | (\$) | | (#) | (\$) ¹ | (%) |
| Directors Standing for Election 2019 | | | | | | |
| Robert Blowes | 115,000 | - | 115,000 | 3,922 | 57,500 | 50 |
| Paul Derksen ² | 72,033 | 93,956 | 165,989 | 5,601 | 82,994 | 50 |
| Paul Haggis | 115,000 | 30,000 | 145,000 | 9,890 | 145,000 | 100 |
| Alan Hibben | 115,000 | 30,000 | 145,000 | 9,890 | 145,000 | 100 |

| | Base Annual Retainer | Board Chair & Committee Chair Retainers | Total Fees Earned | Share Based Awards (Portion of Total Fees taken as DSUs) | | |
|-------------------------------------------------------------------------|----------------------|-----------------------------------------|---------------------|----------------------------------------------------------|-------------------|----------|
| | (\$) | (\$) | (\$) | (#) | (\$) ¹ | (%) |
| Susan Hutchison ² | 28,750 | - | 28,750 | 987 | 14,375 | 50 |
| Claude Lamoureux | 115,000 | 20,000 | 135,000 | 9,208 | 135,000 | 100 |
| James Lisson | 115,000 | - | 115,000 | 7,843 | 115,000 | 100 |
| Hossein Rahnama ² | 17,500 | - | 67,083 ³ | 1,201 | 17,500 | 100 |
| Lisa Ritchie ² | 72,033 | - | 72,033 | 2,431 | 36,017 | 50 |
| Sharon Sallows | 115,000 | 20,000 | 135,000 | 9,208 | 135,000 | 100 |
| Subtotal: | 880,316 | 193,956 | 1,123,855 | 60,181 | 883,386 | - |
| Former Directors (Service to the Corporation completed May 2018) | | | | | | |
| Jacqueline Beurivage | 43,283 | - | 43,283 | 1,502 | 21,642 | 50 |
| Brenda Eprile | 43,283 | 56,456 | 99,739 | 2,341 | 33,125 | 33 |
| Bonita Then | 43,283 | - | 43,283 | 1,502 | 21,642 | 50 |
| Total: | 1,010,165 | 250,412 | 1,360,160 | 65,526 | 959,795 | - |

¹ 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 measurement date). All outstanding DSUs are vested but will not be paid out until after the Director ceases to hold all positions with the Corporation.

² The fees payable to these directors are prorated for partial years of service according to their date of election or appointment, as the case may be.

³ Prior to becoming a director, Dr. Rahnama received \$49,583 in his capacity as an Advisor to the Board for the period June 1, 2018 to November 5, 2018.

Director Share Ownership

- The Corporation's share ownership requirement is that directors must hold **3 times** a director's annual base retainer.
- Directors have **5 years** to meet this requirement.
- All directors have less than 5 years of service on the Board.
- 6 of 10 non-management directors are **already in compliance** with the share ownership requirements.

Director compliance with the share ownership requirement is determined on the basis of the value of equity (including DSUs) calculated as the greater of (i) the cost of acquisition and (ii) the Fair Market Value (where 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).

Deferred Share Units

The Corporation's DSU Plan was reviewed by the HRC Committee in 2018. Changes made to the DSU Plan pursuant to this review include clarification that DSU awards may be made on an *ad hoc* basis and the addition of a requirement that directors take at least 50% of their base retainer in DSUs instead of cash.

A DSU is a right to receive a cash payment equal to the value of a Common Share. The number of DSUs granted to a director is determined by dividing the dollar amount of director's compensation to be received as DSUs by the Fair Market Value of a Common Share, as described immediately above under the title "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 the director ceases to hold all positions. On redemption of a DSU, the director is entitled to a cash payment equal to the number of DSUs redeemed multiplied by the Fair Market Value of a Common Share determined as at the redemption date.

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 50 for a detailed discussion of the Corporation's approach to compensation.

Shareholder Advisory Vote on Approach to Executive Compensation

At the 2019 Annual Meeting, Shareholders are invited to participate in an advisory vote on the Corporation's approach to executive compensation.

The Board believes Shareholders should have the opportunity to review and fully understand the objectives, philosophy and principles that the Board has used to make compensation decisions. The Board adopted a policy to hold at each Annual Meeting a non-binding advisory vote on the approach to executive compensation disclosed in the Information Circular.

4. BOARD MANDATE AND POSITION DESCRIPTIONS

The Board is responsible for oversight of the strategic affairs and risk appetite framework of the Corporation, as detailed in the Board Mandate.

Mandate of the Board

1. Creating a culture of integrity throughout the Corporation and satisfying itself as to the integrity of the CEO and senior management;
2. Understanding and meeting the duties and performance standards expected of the Board and each director under (i) the Corporation's governing statute, (ii) other applicable statutes and regulatory regimes, and (iii) the expectations of Shareholders and stakeholders of the Corporation;
3. Adopting and annually approving a strategic planning process for the Corporation under which the Board reviews (i) the strategic plan including the opportunities and risks of the Corporation's businesses and (ii) regular input from senior management on the continuing development of and the Corporation's performance against the strategic plan;
4. Considering and approving all activities of the Corporation related to major capital expenditures, raising capital, allocation of resources to the Corporation's lines of business, organizational restructurings and other major financial activities;
5. Monitoring appropriate procedures for identifying the principal risks of the Corporation's business, implementing appropriate systems to manage these risks, and receiving regular updates on the status of risk management activities and initiatives;
6. Supervising the succession planning processes at the Corporation, including the selection, appointment, development, evaluation and compensation of the CEO and senior management;
7. Reviewing the effectiveness of the Corporation's internal controls and management information systems by establishing appropriate internal control systems and by receiving frequent updates on the status of those systems from the internal and external auditors;
8. Regularly reviewing the Corporation's Disclosure Policy, and approving all material disclosure items prior to disclosure in accordance with the Disclosure Policy;
9. Assessing the effectiveness of the Corporation's communications, including measures for receiving feedback from stakeholders;
10. Overseeing the Corporation's approach to corporate governance including corporate governance principles and policies, establishing Board Committees, setting expectations of directors and undertaking regular evaluation of the Board, its Committees and its members; and
11. Developing and communicating the Board's expectations and responsibilities to individual directors as such expectations are updated and refined.

The Charter of the Board, including the Mandate, is available on the Corporation's website at www.homecapital.com. The Board Mandate is reviewed at least annually.

The Board has an *in-camera* session at every regularly scheduled meeting. Management directors are excluded from the Board's *in-camera* sessions.

The Board delegates certain activities to its committees. The work of each of the committees is discussed beginning at page 27. The Board has adopted written position descriptions for the roles of Chair of the Board, Chair of each of the Board's Committees, individual directors and the CEO. The position descriptions are available on the Corporation's website at www.homecapital.com.

5. NOMINATION OF DIRECTORS

The GNCR 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 GNCR Committee also formally reviews and considers the matter of Board size on an ongoing basis.

In 2018, the Committee used a Board Competency Matrix and a Director Competencies and Attributes Inventory to consider the competencies of the Board as a whole. The Board Competency Matrix also enables the GNCR Committee to identify any competency gaps or additional competencies that would be beneficial when considering candidates for the Board.

In 2018, the GNCR Committee engaged an executive search firm to assist in identifying and reviewing potential candidates for nomination, including a search for an appropriate Chair of the Board. As part of the director selection process, the GNCR, with the support of the CEO, Chair of the Board and Chair of the HRC Committee, screened and interviewed multiple potential candidates to ensure that the individual candidates had the background and characteristics necessary to execute their duties and responsibilities and that the candidates would provide the appropriate skills and expertise needed to complement the Board's composition as a whole.

When reviewing qualified candidates for recommendation for appointment or election to the Board, the GNCR Committee also considered diversity of backgrounds and genders, as described on page 43.

Based on the work undertaken in 2018, the GNCR Committee is of the view that the slate of directors proposed for nomination in 2019 gives the Board the right number of members with an appropriate mix of skills and experience. The GNCR will nonetheless maintain a list of potential candidates for the Board and regularly examine its skills matrix going forward.

The Board has adopted a Majority Voting Policy for Directors, which is described in detail on page 10.

Interlocking Boards and Over-boarding

As of the date of this Information 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.

Related Party Transactions

In the event a director or executive officer has an interest in any transaction or agreement considered by the Board or any Committee of the Board, 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. Each director and executive officer provides an annual certification to the Corporation disclosing all related parties of the director or officer and any related party transactions with the Corporation.

Indebtedness of Directors

As of March 19, 2019, 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 fourth quarter of 2018 with an annual premium of \$707,786 for a total policy limit of \$50,000,000.

6. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Board has adopted a Director Orientation, Education and Development Policy which outlines the obligations of the Corporation and its directors to ensure that directors engage in ongoing training and development in order to provide effective oversight of the Corporation amidst a rapidly changing commercial landscape.

In 2018, the Corporation developed an orientation plan specific to each new director's skill, background and experience including materials for self-study and training on the use of the Corporation's Board Portal. The Corporation also coordinated two in-person orientation sessions for the new directors as well as on-site meetings with members of senior management and business unit leaders, 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 experiences. As well, the Corporation organizes presentations for directors on various aspects of the Corporation's businesses and operations. In 2018, the Corporation provided training to directors on agile development and on risk appetite frameworks. All directors who were directors at the time attended these sessions. In addition, James Lisson and Lisa Ritchie attended a training session conducted by the Office of the Superintendent of Financial Institutions ("OSFI") on OSFI's revised Corporate Governance Guideline. Paul Haggis, James Lisson and Sharon Sallows also attended the Global Risk Institute's Board Risk Oversight and Insight Program.

7. ASSESSMENT OF THE BOARD, COMMITTEES AND DIRECTORS

Historically, the Chair of the GNCR Committee has led the annual review process of Board, Committee and individual director effectiveness. This evaluation process was conducted in-house and required all Board members to complete an evaluation survey. The completed survey was then delivered to the Chair of the GNCR Committee. The Chair

compiled the results and prepared a single document that included an analysis of responses. The analysis was then presented to the Board for discussions and action if required.

In 2018, as most of the directors were relatively new, the Committee decided not to have an individual performance review of each director. Instead, the GNCR reviewed overall Board performance. This was done by having each director fill out a questionnaire which required a rating of a number of practices of the Board, including the operation of the Board and its Committees, the adequacy of the information provided to directors, Board structure, agenda planning for Board meetings, strategic direction and process, structure and size of the Board, knowledge and diversity of Board members, timeliness and completeness of information received for discussion and the overall effectiveness of the decision-making process, including the effectiveness of the Chair. In addition, the questionnaire included a series of open-ended questions about possible improvements in the way the Board discussed and arrived at its decisions.

The 2018 Board assessment resulted in the addition of new members to the Board with skill sets in marketing and branding, public relations and digital, technology and information security and experience in the retail/consumer marketplace as well as the addition of a new Board Chair.

Looking forward, the Board plans to engage, on a regular basis, an independent third party to assist it in the assessment of the functioning of the Board and in coordinating the Board assessment process including director self-assessment and peer review processes, including soliciting input from management.

8. DIRECTOR TENURE & BOARD RENEWAL

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

Non-management directors are expected to 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 GNCR 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 on the Board, in senior management and at all levels of the workplace and is accordingly committed to fostering a culture of

acceptance and inclusiveness. This includes building a Board and an executive team composed of highly talented and experienced individuals whose diverse backgrounds reflect the Corporation's stakeholders, including its customers and employees, and the communities and markets in which the Corporation operates. Diversity at the Corporation means respecting and appreciating the characteristics that make individuals and groups different from one another.

The Corporation has adopted a Board and Executive Diversity Policy to ensure that the benefits of diversity, together with skills, background, experience and knowledge, are taken into account when considering candidates for the Board, and to promote the development of strategies for identifying and attracting a diverse slate of board candidates. In its most recent director recruitment activities, the GNCR specifically mandated its recruiting firm to bring forward candidates who met these criteria and was presented with a broad array of candidates to consider. In the end, the Board is confident that the candidates identified met the Board's needs as identified in its skills matrix while also satisfying its diversity objectives.

33% of independent directors are women

With respect to gender diversity, the Board has adopted the objective that at least one-third of its independent directors are women. In 2018 the Corporation achieved this target: 33% (3 of 9) of independent directors are women and 27% (3 of 11) of all directors are women. In 2019, if all director nominees are elected, 33% (3 of 9) of independent directors will be women and thus that the target will be met for 2019. The Board remains focused on further enhancing gender diversity on the Board in the future.

30% of executive positions are held by women

The Policy also ensures that the benefits of diversity, together with skills, background, experience and knowledge, are taken into account when considering candidates for executive positions. Currently, 13% (1 of 8) of executive officer positions are held by women. The Corporation also considers a broader group of executive positions (Vice President and above) where 30% (12 of 40) of such positions are held by women. While the

Corporation has achieved its objective that at least 30% of executive positions be held by women, the Corporation remains committed to further increasing the gender diversity of its executives and ensuring that diversity objectives are considered in reviewing candidates for executive roles and succession, particularly at the executive officer level.

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 that, while that person was acting in that capacity, (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 Information 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.

10. DISCLOSURE AND SHAREHOLDER ENGAGEMENT

The Board has adopted a Disclosure Policy covering the timely disclosure of material information. This Policy and its related Guideline were reviewed in detail and approved by the Board in July 2018. Where appropriate, the Policy and Guideline were updated, primarily for clarity and to provide additional guidance. 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 Corporation has a Disclosure Committee composed of senior management and which is subject to the supervision and oversight of and which 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 stock exchange to ensure compliance with the Corporation's disclosure obligations under applicable securities law and stock exchange requirements.

The Corporation communicates with Shareholders and other stakeholders through a variety of channels including the Annual Report, quarterly reports, the Annual Information Form, Public Accountability Statement, the Information Circular, news releases and the Corporation's website. Shareholder feedback is also received through group meetings with institutional Shareholders and from retail Shareholders by mail or telephone.

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.