

**Home Capital Group Inc.  
Charter of the Board of Directors**

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### **1.0 Overall Role and Responsibility**

The Board of Directors (“Board”) is elected by shareholders and is responsible for the stewardship and oversight of the Corporation and for the supervision of the management of the business and affairs of the Corporation with the goal of enhancing long-term shareholder value.

### **2.0 Membership**

- 2.1 The composition and organization of the Board of Directors, including: the number, qualifications and remuneration 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 the by-laws of the Corporation.
- 2.2 A majority of the Directors shall be resident Canadians at the time of each Director’s election or appointment.
- 2.3 The Board shall establish independence standards for the Directors and the Board shall annually review and make a determination as to each Director’s status as an independent Director.

### **3.0 Meetings**

- 3.1 The Board shall meet no less than six times per year. A quorum of the Board shall consist of two-thirds of the Directors, and a majority of Directors participating in any meeting shall be resident Canadians. Each meeting of the Board shall be followed by an in camera meeting of independent Directors.
- 3.2 The Corporate Secretary or his or her designate shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for review and approval.
- 3.3 For regularly scheduled meetings, an agenda for each Board meeting and other documents for consideration will generally be provided to all Directors about one week in advance of each meeting. The Chair of the Board or the Corporate Secretary may waive this requirement in specific instances to allow appropriate material to be presented to the Board.

### **4.0 Mandate of the Board**

- 4.1 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;

- 4.2 Adopting and annually approving a strategic planning process for the Corporation under which the Board reviews (i) 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.
- 4.3 Considering and approving all Corporation activities related to major capital expenditures, raising capital, allocation of resources to the Corporation's lines of business, organizational restructurings and other major financial activities;
- 4.4 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;
- 4.5 Determining the Board structures for and oversight of subsidiaries;
- 4.6 Supervising the succession planning processes at the Corporation, including the selection, appointment, development, evaluation and compensation of the Chief Executive Officer and the senior management;
- 4.7 Reviewing the effectiveness of the Corporation's internal controls and management information systems by establishing appropriate internal and external audit and control systems and by receiving frequent updates on the status of those systems;
- 4.8 Regularly reviewing the Corporation's Disclosure Policy, and approving all material disclosure items prior to disclosure in accordance with the Disclosure Policy;
- 4.9 Assessing the effectiveness of the Corporation's communications, including measures for receiving feedback from stakeholders;
- 4.10 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;
- 4.11 Developing and communicating the Board's expectations and responsibilities to individual Directors as such expectations are updated and refined; and
- 4.12 Creating a culture of integrity throughout the Corporation and satisfying itself as to the integrity of the Chief Executive Officer and senior management.

## **5.0 Accountabilities and Responsibilities**

The Board shall have the accountabilities and responsibilities set out below. In addition, the Board shall perform such duties as may be required by the Corporation's governing legislation, binding requirements of the stock exchange on which the securities of the Corporation are listed and all other applicable laws.

## **5.1 Oversight of the Corporation**

- 5.1.1 The Board shall supervise the management of the business and affairs of the Corporation to ensure that appropriate organizational structures, monitoring and control systems are in place. Senior management is responsible for the day-to-day management of the Corporation, as delegated by the Board. The delegations of authority conform to the limitations set out in the *Business Corporations Act* (Ontario). Any responsibilities not delegated to management remain with the Board of Directors and its Committees.
- 5.1.2 The Board, and each Director, is expected to understand and meet the duties and performance standards expected of them by the applicable statutory and regulatory rules governing the Corporation.

## **5.2 Oversight of the Committees of the Board**

- 5.2.1 The Board shall establish such Committees, as the Board deems necessary to assist the Board in meeting its responsibilities. Each Committee shall be composed entirely of independent Directors and shall report to the Board on its deliberations after each Committee meeting.
- 5.2.2 The Board shall establish and approve a Charter for each Committee and shall require each Committee to annually review its performance against the Committee Charter and provide a report thereon to the Board.
- 5.2.3 Each Committee shall annually provide the Board with a report on its activities in the previous year.

## **5.3 Oversight of Human Resource Management**

- 5.3.1 The Board shall actively supervise the succession planning processes of the Corporation, including the selection, appointment, development, evaluation and compensation of the Chief Executive Officer and senior management.
- 5.3.2 The Board shall oversee the annual performance review of the Chief Executive Officer and senior management and establish the annual performance targets for the Chief Executive Officer and senior management in accordance with the corporate targets for the Corporation.
- 5.3.3 The Board shall annually review the Corporation's overall approach to human resource management and senior management compensation philosophy.

## **5.4 Strategic Planning**

- 5.4.1 The Board shall establish, annually review and approve the strategic direction, plans and priorities of the Corporation, and shall monitor the implementation and effectiveness of those plans through reports from senior management.
- 5.4.2 The Board shall review and, if thought fit, approve, any revisions to the strategic plan prior to being publically disclosed.

- 5.4.3 The Board shall review and approve all Corporation activities related to major capital expenditures, raising capital, allocation of resources among the Corporation's lines of business, organizational restructurings and other major financial activities.

## **5.5 Risk Management**

The Board shall monitor and annually review the procedures implemented for identifying the principal risks of the Corporation's businesses and operations and receive regular reports from senior management on the status of risk management activities and initiatives. The Board shall annually review and approve the Corporation's overall risk appetite framework, including risk limits.

## **5.6 Internal Control and Financial Reporting**

- 5.6.1 The Board shall ensure the integrity of the Corporation's internal, financial, non-financial and business control and management information systems by establishing appropriate internal and external audit and control systems and by receiving regular status reports thereon. The Board shall at least every five years, and more often where the Board deems it appropriate commission an independent review to assess the appropriateness and effectiveness of the Corporation's oversight functions and processes.
- 5.6.2 The Board shall oversee and ensure compliance with applicable legislative, regulatory and corporate policy requirements and ensure that systems are in place to ensure compliance on an ongoing basis.
- 5.6.3 The Board shall review all financial reports and related materials of the Corporation prior to release and shall receive a detailed analysis of those reports from senior management. The Board shall ensure that the financial reports of the Corporation reflect the financial condition of the Corporation with accuracy and transparency.

## **5.7 Promoting a Culture of Integrity**

- 5.7.1 The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other senior management and that the Chief Executive Officer and other senior management strive to create a culture of integrity throughout the Corporation.
- 5.7.2 The Board shall annually review the conflict of interest policies, related party transaction procedures and treatment of confidential information and receive a report on the status and review of the Corporation's Code of Conduct and Ethics Policy.

## **5.8 Communication**

- 5.8.1 The Board shall establish a Disclosure Policy to govern the release of information about the Corporation, and shall regularly review the Disclosure Policy and approve in advance disclosure items as required in the Disclosure Policy.
- 5.8.2 Shareholders or stakeholders of the Corporation may communicate with the Board or the independent members of the Board by writing to the Chair of the Board in care of the Corporate Secretary of the Corporation.
- 5.8.3 The Board shall promptly notify regulators of substantive issues.

## **5.9 Corporate Governance Program**

The Board shall annually review the development and implementation of the corporate governance program at the Corporation including the governance principles and guidelines applicable to the Corporation. Governance policies, practices and procedures shall be regularly reviewed to ensure that the Corporation has an encompassing and effective governance system in place.

## **5.10 Review of the Board and Individual Directors**

- 5.10.1 The Board shall oversee annual, formal evaluations of the Board, the Chair of the Board, Board Committees and individual Directors. The evaluation process shall consist of a written Board Effectiveness Survey completed by each Director, and presentation of the consolidated results to the Board. Individual Directors shall complete Peer Evaluation Questionnaires and participate in individual meetings with the Chair of the Board.
- 5.10.2 The Board self-assessment shall occasionally be performed with the assistance of an external advisor.
- 5.10.3 The Board shall annually receive a report from the Governance, Nominating and Conduct Review Committee on the overall size and operation of the Board and its Committees and shall consider and implement any changes to ensure effective operation of the Board and its Committees.
- 5.10.4 The Board shall annually review the qualifications of each Director prior to nominating that Director for re-election. The Corporation does not put specific limits on the external obligations that Directors may take on, but will assess the availability and time commitments of each Director when assessing his or her qualifications.

## **5.11 Director Succession and Selection Criteria**

- 5.11.1 The Chair of the Board shall maintain a framework for assessing desired competencies, expertise, skills, background and personal qualities that are sought in potential candidates for the Board. This framework shall be used both for assessing the current structure of the Board and in selecting candidates for the Board.

- 5.11.2 The Chair of the Board shall maintain a list of candidates for positions on the Board. The Chair shall review the framework and list of candidates with the Governance, Nominating and Conduct Review Committee as required. The Committee will make a recommendation on nomination of a Director to the Board. The Chair and Chief Executive Officer shall meet with any potential candidates prior to nomination to discuss the time commitments and performance expectations.
- 5.11.3 The Board shall establish and annually review policies that address independence criteria and term limits for Directors. The Board believes that it is important to retain Directors that have attained a fully developed understanding of the Corporation. Service on the Board is based on the ability of an individual Director to meet the expected standards of independence as set out in the Board's independence policy and of service as determined in the annual performance review.

## **5.12 Board and Committee Meeting Attendance and Preparation**

- 5.12.1 Directors must attend all Board and applicable Committee meetings unless there is a compelling reason for non-attendance.
- 5.12.2 The Board expects that each Director will prepare for each meeting of the Board by reviewing materials provided in advance of the meeting. The expected preparation time required for each meeting will depend on the topics to be addressed at that meeting.

## **5.13 Directors' Remuneration and Share Ownership**

- 5.13.1 The Board shall oversee a biennial review of Director compensation to ensure development of a compensation strategy that properly aligns the interests of Directors with the long-term interests of the Corporation and shareholders.
- 5.13.2 The Board shall not authorize the issuance of stock options as a form of compensation for non-management Directors.
- 5.13.3 Directors shall hold an equity position in the Corporation having a minimum value and within such period of time as determined, from time to time, by the Board. Deferred Share Units are considered equity for this purpose.

## **5.14 Director Orientation and Continuing Education**

The Corporation shall provide an orientation program for new Directors, as well as an ongoing continuing education program for all Directors. As part of the program, Directors' seminars, business unit presentations to the Board, orientation and update materials, and on-site visits to the Corporation's business units assist Directors to better understand the Corporation's strategies, operations and the external business and competitive environment.

## **5.15 Protection of Directors**

The Corporation shall indemnify a Director or a former Director against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by a Director in respect of any civil, criminal, administrative, investigative or other proceeding to which a Director is made a party by reason of being a Director of the Corporation. The Corporation shall arrange for an adequate level of Directors Liability Insurance to supplement this indemnity.

## **6.0 Independent Advisors**

The Board shall have the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Corporation.

This Charter was approved by the Board of Directors on February 13, 2006 and was last reviewed by the Board of Directors on February 14, 2018.