

# Schedule A – Statement of Corporate Governance Practices

At Home Capital Group Inc., we aspire to uphold high standards of corporate governance which reflect applicable legal and regulatory requirements and also emerging best practices. As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange (“TSX”), our corporate governance practices meet applicable rules adopted by the Canadian Securities Administrators (“CSA”).

Home Capital Group Inc. has amended its governance practices as regulatory changes have evolved and will continue to follow changes and consider amendments to our governance practices as appropriate.

## **Board of Directors**

### **Board Mandate**

The Board Mandate sets out the Board’s purpose, organization, duties and responsibilities. The text of the Board Mandate is attached hereto as Schedule B. The Charter of the Board (which includes the Mandate) is available on the Corporation’s website at [www.homecapital.com](http://www.homecapital.com).

### **Director Independence**

The Board has adopted standards for determining whether a director is independent within the meaning of the CSA rules.

The Board has determined that all existing directors and directors standing for election to the Board on May 16, 2018 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 President and Chief Executive Officer of the Corporation and Mr. Robert J. Blowes who served as interim Chief Financial Officer of the Corporation from May 11 to August 31, 2017. The determination is based on information concerning the personal, business and other relationships and dealings of the directors collected through biographical material, reports and questionnaires completed by directors.

### **Independent Chair of the Board**

The Board has separated the roles of Chair of the Board and Chief Executive Officer. Ms. Brenda J. Eprile, Chair of the Board, is an independent director and is not, and has never been, an executive officer of the Corporation. The Board has adopted a position description for the Chair setting out the Chair’s duties and responsibilities. The Chair ensures that the Board operates independently of management. The Chair manages the affairs of the Board and ensures that the Board meets its obligations and responsibilities. At every regularly scheduled Board meeting, the Chair presides over meetings of the independent directors at which non-independent directors and members of management are not present.

### **Director Attendance**

Board members are expected to attend the Annual and Special Meeting of Shareholders as well as board meetings and meetings of Committees on which they serve. Directors are expected to attend all meetings except when an unprecedented commitment arises which cannot be rearranged.

### **Position Descriptions**

The Board has adopted written position descriptions for the Chair of the Board, Committee Chairs, individual directors and the Chief Executive Officer. The position descriptions are available on the Corporation’s website at [www.homecapital.com](http://www.homecapital.com).

The Committee Chair position description sets out the responsibilities and duties of the Chair of each Committee. The position description of the Chair of the Board is described above.

The position description for the Chief Executive Officer is approved by the Board. The Chief Executive Officer’s position description identifies the accountabilities and responsibilities of the Chief Executive Officer.

The Human Resources and Compensation Committee reviews and approves corporate goals and objectives that the Chief Executive Officer is responsible for meeting each year. The HRC Committee conducts an annual assessment of the Chief Executive Officer’s performance in relation to those objectives and reports the results of the assessment to the Board.

### **Code of Conduct and Ethics Policy**

The Board has adopted a written Code of Conduct and Ethics Policy for its directors, officers and employees. The Code provides a framework for directors, officers and employees on the conduct and ethical decision making integral to their work. By setting a tone from the top, the Board fosters a strong governance culture that influences every level of the organization.

The Board monitors compliance with the Code by requiring each director, officer and employee to annually sign an acknowledgement concerning his or her compliance with the Code.

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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](http://www.homecapital.com).

### **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 annually provides a certificate to the Corporation, which discloses all related parties of the director or officer and any related party transaction with the Corporation.

### **Culture of Integrity**

The Board believes that senior management must create a culture of strong corporate governance, ethical business conduct and integrity throughout the organization. The Code of Conduct and Ethics Policy addresses many areas of business conduct and provides a procedure for employees to raise concerns or questions regarding questionable audit or accounting matters.

### **Nomination of Directors**

The Governance, Nominating and Conduct Review Committee of the Board, comprised entirely of independent directors, is responsible for determining criteria for selecting and assessing potential and current directors and identifying and recommending to the Board suitable director candidates. At the Annual and Special Meeting of Shareholders on May 16, 2018, nine directors will stand for election for a one-year term. The matter of Board size is considered formally on an annual basis by the Board and on an ongoing basis by the Governance, Nominating and Conduct Review Committee.

The Committee considers the competencies and skills the Board, as a whole, should possess, assesses the competencies of current Board members and identifies any additional competencies deemed to be beneficial, when considering candidates. As part of the director selection process, the Committee uses a Board Matrix and a Director Competencies/Attributes Inventory supplemented by a Director Peer Evaluation to consider the competencies the Board, as a whole, should possess and to assess the competencies of current directors. The Board Matrix also enables the Committee to identify any additional competencies determined to be beneficial when considering candidates for the Board. The Director Competencies/Attributes Inventory enables the Board to identify competency gaps. Potential candidates are screened to ensure that they have the competencies necessary to execute their duties and responsibilities.

The Committee also considers a diversity of backgrounds and genders when reviewing qualified candidates for recommendation for appointment or election to the Board.

### **Majority Voting Policy for Directors**

The Board has adopted a policy stipulating that any nominee for director who receives a greater number of votes "withheld" for his or her election than votes "for" his or her election must tender his or her resignation promptly after the Annual and Special Meeting for the Governance, Nominating and Conduct Review Committee's consideration. The Governance, Nominating and Conduct Review Committee will consider the offer of resignation and, absent exceptional circumstances, will recommend that the Board accept the resignation and the Board will accept the resignation absent exceptional circumstances. The Board's decision to accept or reject the resignation offer will be disclosed to the public. The nominee will not participate in any Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

### **Executive Compensation**

The Human Resources and Compensation Committee is responsible for annually reviewing and approving the compensation of the President and Chief Executive Officer and other senior officers. The level of remuneration is designed to provide a competitive level of remuneration relative to comparable positions in the marketplace. A comparator group is developed by identifying companies primarily within the Corporation's market, of similar size considering value of assets, number of employees and revenue. Consultants may be retained to obtain this information and to assess the Corporation's relative position.

### **Shareholder Advisory Vote on Approach to Executive Compensation**

At the 2018 Annual and Special Meeting, Shareholders are invited to participate in an advisory vote on our 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. In 2012 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 Management Information Circular.

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### **Assessment of Board Committees and Directors**

In response to the Board's commitment to high standards of corporate governance, the Chair of the Governance, Nominating and Conduct Review Committee annually conducts a full Board Evaluation Survey including a written director peer review.

Board members assess their effectiveness as a Board, the effectiveness of the Board Committees and the effectiveness of each director through a peer review and annual one-on-one meetings with the Chair of the Board.

Board members are asked to rate items such as 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 managing Board meetings. The self-evaluation involves questions about issues such as the effectiveness of discussions and decision-making, attendance and contribution. In addition, annually each director meets individually with the Chair of the Board.

The evaluation process is conducted in-house and requires all Board members to complete the evaluation survey. The completed survey is delivered to the Chair of the Governance, Nominating and Conduct Review Committee. The Chair compiles the results and prepares a single document that includes an analysis of responses. The analysis is presented to the Board for discussions and action if required.

### **Strategic Planning**

The Board reviews and approves the Corporation's strategic plan which takes into account, among other things, the opportunities and risks of the businesses. The strategic plan addresses key initiatives and contains details of opportunities, risks, competitive position, financial projections and other key performance indicators. Throughout the year, the Board receives strategic updates on the progress of each of the principal business groups as part of regular Board meetings.

### **Identification of Risks and Oversight of Risk Management**

The Board oversees and approves the Corporation's Risk Appetite Framework. The Board exercises its oversight of risk management through the Audit Committee, Risk and Capital Committee and Human Resources and Compensation Committee.

The Risk and Capital Committee receives regular reports on key risks affecting the Corporation, reviews the Corporation's risk profile relative to its risk appetite and oversees the structure of management's approach to defining the type and amount of risk that is appropriate to accept.

The Audit Committee oversees the Corporation's management of legislative and regulatory risk and management's implementation and maintenance of adequate and effective internal controls through review and discussion of key issues identified in reports received from the Corporation's Corporate Compliance and Internal Audit functions.

The Human Resources and Compensation Committee is responsible for reviewing the alignment of the Corporation's major compensation programs and policies with sound risk management principles.

### **Succession Planning and Evaluation of Management Performance**

The Board and the Human Resources and Compensation Committee supervise succession planning processes which include selection, appointment and the development of the President and CEO and senior management. The Board reviews the depth and diversity of succession pools for the President and CEO and other key leadership roles and monitors the progress made by succession candidates. The Board annually reviews and assesses the contingency and long-term succession plans for the CEO and senior management. The Human Resources and Compensation Committee reports to the Board at least annually on succession planning.

The Board and the Human Resources and Compensation Committee evaluate and approve compensation of the CEO and senior management team in a manner that is consistent with prudent incentives.

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### **Disclosure Policy**

The Board has adopted a Disclosure Policy covering timely disclosure of all material information. The Policy is reviewed annually and 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 widely disseminated. The Corporation has a Disclosure Committee comprised of senior management and chaired by the Chief Financial Officer. The Disclosure Committee is responsible for reviewing all continuous disclosure documents and ensuring their timely public release.

The Corporation communicates with Shareholders and other stakeholders through a variety of channels including the Annual Report, the Management Information Circular, quarterly reports, the Annual Information Form, news releases and the Corporation's website.

Shareholder feedback is 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.

### **Additional Information Available Online**

The following information is available on the Corporation's website at [www.homecapital.com](http://www.homecapital.com):

- Code of Conduct and Ethics Policy;
- Charters of the Board of Directors and Board Committees;
- Position Descriptions for the Chair of the Board, Chair of a Committee, independent directors and the CEO;
- Directors Independence Policy; and
- This Statement of Corporate Governance Practices.