



## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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IGM Financial Inc. (the "Corporation") believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance is essential to the well-being of the Corporation and its shareholders.

The Corporation is a financial services company. The Corporation's two major operating units are IG Wealth Management and Mackenzie Investments. As of February 22, 2019, Power Financial holds in the aggregate, directly or indirectly (excluding 36,419 Common Shares held by Great-West in its segregated funds or for similar purposes), 65.2% of the outstanding Common Shares of the Corporation. Corporate governance practices are completely integrated between the Corporation, IG Wealth Management and Mackenzie Inc. Each of the Corporation, IG Wealth Management and Mackenzie Inc. have adopted essentially the same Board and Committee mandates and other governance structures, processes and practices as the Corporation, and the Board of the Corporation monitors whether the mandates and other governance structures, processes and practices have been implemented and/or followed by these subsidiaries.

In 2005 the Canadian Securities Administrators (the "CSA") adopted National Policy 58-201 – Corporate Governance Guidelines (the "Policy") which sets forth a number of suggested guidelines on corporate governance practices (the "CSA Guidelines"). Under the Policy, issuers are encouraged to consider the CSA Guidelines in developing their own corporate governance practices.

In the Board's view, no single corporate governance model is superior or appropriate in all cases. The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place effective structures and procedures to ensure the Board's independence from management and to ensure that conflicts of interest between the Corporation and any of its related parties, including Power Financial, are dealt with appropriately. Furthermore, any review of governance practices should include consideration of long-term returns to shareholders, as the Board believes this to be an important indicator of the effectiveness of a governance system.

### Independence of directors

#### (a) Current applicable standards

The CSA Guidelines, National Instrument 52-110 and National Instrument 58-101 (the "Instruments") provide that a director is "independent" of an issuer if he or she has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment. The Corporation's Board agrees with this approach to assessing director independence.

However, the Instruments go on to provide that a director is deemed to have such a direct or indirect relationship with an issuer (and thus not to be independent) if, among other things, the director is, or has been within the last three years, an executive officer or an employee of the issuer's parent corporation. In the view of the Board, the determination of director independence should be based upon whether or not the director is independent of the Corporation's management, and whether or not the director has any other relationships with the Corporation which could reasonably be expected to interfere with the exercise of the director's independent judgment. In the Board's view, that is a question of fact that should be determined by the issuer's board of directors on a case-by-case basis, without reference to any presumption such as that which is currently contained in the Instruments.

The most important function of a board of directors is to oversee management in the drive to achieve long-term shareholder returns. A financially strong and long-term oriented controlling shareholder can have a significant positive impact on a corporation's long-term returns, benefiting all shareholders and the Corporation as a whole. The benefits can include the ability to encourage and support management in the pursuit of long-term strategies and the provision of directors who are experienced and knowledgeable about the business of the Corporation. In the case of the Corporation, many of these attributes are provided through a governance model which has been developed over many years, and which includes a group of directors who are also officers of the controlling shareholder. The full-time job of a number of these directors is to focus on and become knowledgeable about the affairs of the controlling shareholder's subsidiaries, such as the Corporation. They have no other relationship with the Corporation other than as directors and shareholders.

The effect of the 'deeming provision' regarding director independence, if followed, would be to deny the Corporation and all of its shareholders the benefit of this governance model and to prevent the controlling shareholder from participating fully in the oversight function of the Corporation.

Any concerns which may exist in a controlled company situation about conflicts of interest or self-dealing should, in the view of the Board, be resolved directly through a committee of directors who are independent of the controlling shareholder. The governance model at the Corporation includes such a committee, the Related Party and Conduct Review Committee, which is discussed below in the section entitled "Resolution of Conflicts". The CSA acknowledged the concerns expressed by some reporting issuers and other commentators as to whether the CSA's view of director independence is appropriate to companies which, like the Corporation have a majority shareholder. The Corporation is disappointed that the CSA nevertheless concluded in 2018, following publication of Consultation Paper 52-404 Approach to Director and Audit Committee Member Independence, that the current regulatory approach should be maintained.

#### **(b) Assessment of independence**

As summarized in the table set out below, in the Board's view, 9 of the 15 directors, are independent within the meaning of the Instruments and 14 of the 15 directors are

independent of management. Mr. Jeffrey R. Carney, President and Chief Executive Officer of the Corporation, is not independent within the meaning of the Instruments nor independent of management.

INDEPENDENCE OF DIRECTORS			
	Director	Independent within the meaning of the Instruments <sup>[1]</sup>	Independent of Management <sup>[2]</sup>
1.	Marc. A. Bibeau	✓	✓
2.	Jeffrey R. Carney		
3.	Marcel R. Coutu	✓	✓
4.	André Desmarais		✓
5.	Paul Desmarais, Jr.		✓
6.	Gary Doer	✓	✓
7.	Susan Doniz	✓	✓
8.	Claude Généreux		✓
9.	Sharon Hodgson	✓	✓
10.	Sharon MacLeod	✓	✓
11.	Susan J. McArthur	✓	✓
12.	John McCallum	✓	✓
13.	R. Jeffrey Orr		✓
14.	Gregory D. Tretiak		✓
15.	Beth Wilson	✓	✓
		TOTAL = 9	TOTAL = 14

[1] Messrs. Carney, A. Desmarais, P. Desmarais, Jr., Généreux, Orr and Tretiak are, or within the last three years have been, executive officers or employees of the Corporation, Power Financial or Power Corporation, or otherwise receive some compensation from the Corporation, Power Financial or Power Corporation, and on that basis alone are deemed by the Instruments to be non-independent.

[2] These directors are independent of management and in the Corporation's view, they can reasonably be expected to exercise independent judgment in discharging their duties to the Corporation.

### (c) Committee membership

The Related Party and Conduct Review Committee and the Audit Committee are composed entirely of directors who are independent within the meaning of the Instruments.

The Human Resources Committee and the Governance and Nominating Committee are composed entirely of directors who are independent of management and, in the Board's view, this ensures an objective process for determining compensation for the Corporation's directors and officers, and it ensures an objective process for the nomination of directors. However, some members of the Governance and Nominating Committee and the Human Resources Committee, as noted above, are deemed not to be independent within the meaning of the Instruments only because they are executive officers of Power Corporation or Power Financial. All but one of the directors on the Board are independent of management.

### (d) Meetings of independent directors

The Chair of the Board is responsible for ensuring that the directors who are independent of management have opportunities to meet without management present. All independent

directors are encouraged by the Chair of the Board to have open and candid discussions with the Chair or with the President and Chief Executive Officer.

The Board has adopted a policy relating to meetings of independent directors at Board and committee meetings. The directors on the Board who are independent of management meet at least twice annually without members of management present. Each of the Human Resources Committee and the Governance and Nominating Committee are comprised of directors who are independent of management. The Human Resources Committee and Governance and Nominating Committee typically meet without members of management in attendance as follows: Human Resources Committee – two times per year, Governance and Nominating Committee – one time per year. The entire Related Party and Conduct Review Committee and the Audit Committee are comprised entirely of directors who are independent within the meaning of the Instruments. Those committees meet without members of management in attendance as follows: Audit Committee – four times per year, Related Party and Conduct Review Committee – at every meeting.

For the year ended December 31, 2018, the following numbers of meetings have been held without members of management present: Board– four; Human Resources Committee – one; Governance and Nominating Committee – zero; Audit Committee – four; and Related Party and Conduct Review Committee – one.

#### **(e) Chair of the Board**

The Chair of the Board is independent of management, and in the Board’s view has no other relationships that could reasonably interfere with the exercise of his independent judgment or with his leading the Board to exercise independent judgment on matters that come before it. However, he is deemed not to be an independent director within the meaning of the Instruments, only because he is the President and Chief Executive Officer of Power Financial.

#### **Resolution of conflicts**

It is the duty of the Board to supervise the management of the business and affairs of the Corporation for the benefit of all shareholders. In discharging this duty, the Board identifies and resolves conflicts that might arise between the interests of the Corporation and the interests of Power Financial and its affiliates. The Corporation has established a Related Party and Conduct Review Committee composed entirely of directors who are independent of management and who are neither officers, employees nor directors of Power Financial or any of its affiliates (except for those members of the Committee who are directors of the Corporation and its subsidiaries). The Corporation’s Related Party and Conduct Review Committee reviews transactions with “related parties” of the Corporation and approves only those transactions that it deems appropriate.

#### **Board and committee mandates**

The mandate of the Board, which is discharged directly or through one of the five Board committees, is to supervise the management of the business and affairs of the Corporation,

and includes without limitation responsibility for strategic planning, review of operations, risk management, corporate policies, oversight of financial reporting and other internal controls, oversight of pension plans, corporate governance, director orientation and education, senior management compensation and oversight and director compensation and assessment.

The primary mandate of the Audit Committee is to review the financial statements of the Corporation and certain public disclosure documents containing financial information and to report on such review to the Board, to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, to oversee the work and review the independence of the external auditors, to oversee the work of the internal auditor, to review, evaluate and approve the internal controls that are implemented and maintained by management and to review compliance with applicable laws.

The primary mandate of the Human Resources Committee is to review and approve compensation policies and guidelines for employees of the Corporation; to review and approve compensation arrangements for senior officers of the Corporation; to approve grants under equity compensation plans for all employees; to review and recommend to the Board compensation arrangements for the President and Chief Executive Officer; to recommend to the Board compensation arrangements for the directors, the Chair of the Board and Chairs of the committees; to recommend to the Board incentive compensation plans, equity compensation plans, supplemental pension plans and other compensation plans for employees as it deems appropriate and to review succession plans for senior management. The Human Resources Committee is also responsible for overseeing all aspects of the Corporation's role as plan sponsor of the Corporation's registered pension plans. The Human Resources Committee is responsible for the risk oversight of the Corporation's compensation policies and practices.

The primary mandate of the Governance and Nominating Committee is to oversee the Corporation's approach to corporate governance and to recommend to the Board corporate governance practices consistent with the Corporation's commitment to high standards of corporate governance, to assess the effectiveness of the Board of Directors, of Committees of the Board and of the directors and to recommend to the Board candidates for election as directors and for appointment to Board committees.

The primary mandate of the Related Party and Conduct Review Committee is to require management to establish satisfactory procedures for the consideration and approval of transactions with related parties and to review and, if deemed appropriate to approve, such related party transactions and to recommend to the Board a code of business conduct and ethics that addresses, among other things, conflicts of interest, the protection and use of corporate assets and confidentiality.

Both the Corporation and IG Wealth Management have an Investment Committee whose primary mandate is to review the investment of their proprietary assets and to monitor adherence to the investment policies, procedures and guidelines that have been approved by the Boards. These Investment Committees are also responsible for ensuring that appropriate procedures are in place to identify and manage the financial risks associated with the

Corporation's business and operations and to monitor the implementation and maintenance by management of policies, procedures and controls to manage these financial risks.

The Board has adopted a Charter for itself and for each of its committees. The Board's Charter is attached as Schedule "A" to the Corporation's Management Proxy Circular, dated February 22, 2019 (available at [www.sedar.com](http://www.sedar.com)).

### **Director affiliations and attendance**

Additional information relating to directors, including other public company boards on which they serve, as well as their attendance records for all Board and committee meetings held during 2018, can be found in the sections entitled "Election of Directors" in the Corporation's Management Proxy Circular, dated February 22, 2019 (available at [www.sedar.com](http://www.sedar.com)).

### **Chair and CEO position description**

The Board has approved written position descriptions for the Chair of the Board and for the Chairs of each Board committee. In general terms, the Chair of the Board and the Chairs of the Board Committees are responsible for ensuring that the Board or committee is able to fulfill its duties and responsibilities in an effective manner, for planning and organizing the activities of the Board and of the committee, for ensuring that delegated committee functions are carried out and reported as necessary, for facilitating effective interaction with management and for engaging outside advisors where necessary.

The Board has approved a written position description for the President and Chief Executive Officer of the Corporation. In general terms, the President and Chief Executive Officer of the Corporation is responsible for managing the strategic and operational performance of the Corporation in accordance with the goals, policies and objectives set from time to time by the Board, including developing for the Board's approval the Corporation's strategic plans and initiatives and developing sound operating strategies to implement such plans, for developing and implementing policies to identify and manage the risks inherent in the Corporation's businesses, for setting an operational environment that is performance driven, for assisting the Board with succession planning, and for representing the Corporation to its major stakeholders.

### **Orientation and continuing education**

The Governance and Nominating Committee is responsible for orientating and educating new directors. The orientation program's purpose is to: (i) provide new directors with the information necessary to understand the financial industry and Board operations; (ii) provide new directors with the historical background of and current issues and opportunities the Corporation is facing; and (iii) facilitate a smooth transition for directors into their roles as Board members.

Upon joining the Board, new directors participate in a comprehensive orientation by the CEO and senior management that provides a general overview of the financial products and services distributed by the Corporation and its subsidiaries, including how the Corporation

differs from its peers, as well as the financial and regulatory issues affecting their operation. In addition to training and education for the full Board, there is specialized training for committees as required or desirable.

Throughout the year, Directors also receive:

- regular presentations on different aspects of the Corporation's operations, strategic direction, capital management, finance, human capital, technology initiatives, cybersecurity and key risks;
- periodic presentations and reports summarizing significant regulatory and market developments;
- an opportunity to participate in an annual strategy meeting on different business and economic topics. Each session includes an element of general education as context for this discussion (e.g. industry, competitors, risk/opportunities); and
- informal board/executive interaction opportunities for Directors to meet additional members of senior management and the Corporation's next generation of talent.

For prompt dissemination of information to Directors, the Corporation maintains a secure electronic delivery system that includes a comprehensive Resource Centre. The Resource Centre contains corporate governance documents including the Corporation's By-Laws, Articles of Incorporation, Board and Board committee meeting minutes and Board committee Charters. Directors also receive a comprehensive package of information prior to each Board and committee meeting. Directors also have a direct resource in the Chair and chairs of committees on which Directors serve.

### **Ethical business conduct**

The Corporation has adopted a written conduct policy (the "Conduct Policy") that governs its directors, officers and employees and those of its respective subsidiaries. Copies of the Conduct Policy can be found at [www.sedar.com](http://www.sedar.com). A copy of the Conduct Policy is also available by contacting the Corporation's Chief Compliance Officer.

The Board oversees compliance with the Conduct Policy through the Corporation's Chief Compliance Officer, who monitors compliance with the Conduct Policy and reports to the relevant audit committee on such compliance at least annually. Officers and employees must report known and suspected breaches of the Conduct Policies to the Chief Compliance Officer. All reported breaches and results of investigations are reported to the relevant audit committee by the Chief Compliance Officer. The Conduct Policy is distributed annually to each of the directors, officers and employees of the Corporation and its subsidiaries, all of whom are required to provide an acknowledgement of review and compliance with the Conduct Policy.

In order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or an executive officer has a material interest, the director or executive officer having a conflict of interest must declare his or her interest and excuse himself or herself from the meeting during the consideration of and voting on that

particular matter. If a conflict of interest arises on a non-material matter, the director must declare his or her interest and abstain from discussion and voting. Any potential conflicts that may arise between the Corporation and related parties, including Power Corporation and Power Financial, relating to transactions between those companies or companies controlled by Power Corporation or Power Financial, are dealt with by the Related Party and Conduct Review Committee as described earlier.

The Corporation has adopted a Corporate Social Responsibility Statement and an Environmental Policy, which are available on the Corporation's website at [www.igmfinancial.com](http://www.igmfinancial.com). The Corporation has also adopted an Anti-Corruption and Anti-Bribery Policy as well as a Policy regarding Reporting Concerns.

### **Nomination and assessment of directors**

The Board has established a Governance and Nominating Committee which is responsible for recommending to the Board candidates for directors who possess the qualifications, competencies, skills, business and financial experience, leadership roles and level of commitment required of a director to fulfill Board responsibilities. The committee recognizes that each director will contribute differently to the Board and will each bring particular strengths in different areas of qualification.

The committee maintains a skills matrix to assist with reviewing the skills and experience of director candidates and of the Board as a whole. The matrix outlines a compliment of qualifications, attributes, skills and experience that are viewed as being relevant to the proper functioning of the Board. The matrix includes industry specific and business experience, as well as other expertise, such as public sector and corporate social responsibility, in order to ensure the Board includes members with a broad range of complementary experience, knowledge and skills. While the skills matrix is an important tool in assessing Board candidates, the committee, and subsequently the Board, is mindful of the importance of having a Board with a balance of competencies, skills, experience, as well as geographic representation. The committee and the Board believe that these factors and the continuity of membership are critical to the Board's efficient operation.

The Board believes that diversity is important to ensure that Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship of the Corporation. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective in the Boardroom.

On February 13, 2015, the Board adopted the Board and Senior Management Diversity Policy (the "Diversity Policy"), which includes provisions relating to the identification and nomination of women directors. The Diversity Policy provides that in discharging their responsibilities in recommending to the Board candidates for director nominations, members of the committee consider candidates that are highly qualified based on their experience, education, expertise, personal qualities, and general and sector specific knowledge; consider diversity criteria, among other relevant criteria, when determining the optimum composition and balance for



the Board; review potential candidates from a variety of backgrounds and perspectives, having in mind the Corporation's diversity objectives; and, in order to support the specific objective of gender diversity, ensure that appropriate efforts are made to include women in the short list of candidates being considered for nomination for a Board position. In that regard, the committee may, from time to time, engage one or more independent advisors to assist in identifying qualified candidates for Board membership and will direct such advisors to take into account the objectives of the Corporation's Diversity Policy. At this time, the Corporation has not adopted a target regarding women on the Board and in Senior Management roles as the Board believes that selection of candidates should be based on merit having due regard to the benefits of diversity and what is in the best interests of the Corporation. The Diversity Policy provides that the Committee will assess the effectiveness of the Board nomination process in achieving the Corporation's diversity objectives on an annual basis.

After considering the qualifications that existing directors possess and that each new nominee will bring to the Board, and after considering the appropriate level of representation on the Board by directors who are independent of management and who are neither officers nor employees of any affiliates of the Corporation, and after giving consideration to the Diversity Policy, the committee identifies candidates qualified for Board membership, and recommends to the Board nominees to be placed before shareholders at the next annual general meeting.

There are currently 5 women on the Board, representing 33% of the total directors. The following chart shows the evolution of women on the Board of Directors of the Corporation since the adoption of the Diversity Policy:

Date	February 29, 2016	February 24, 2017	February 23, 2018	February 22, 2019
Percentage of women on the Board of Directors	12.5%	19%	27%	33%

The Board has not adopted policies imposing an arbitrary term limit or retirement age for its directors, as it does not believe such limits are in the best interests of the Corporation. Such limits fail to take into account the special characteristics of issuers, such as the Corporation, that operates in a highly complex and heavily-regulated environment. In such a context, the Corporation believes that a lengthy Board tenure, not limited by arbitrary determinations is vital to the directors understanding of the business and to their bringing a substantive contribution to the Board. The Corporation's Governance and Nominating Committee annually reviews the composition of the Board, including tenure of individual directors. The Board strives to achieve a balance between the desirability to have a depth of institutional experience from its members on one hand, and the need for renewal and new perspective on the other hand. This approach has served the Corporation well.

The contributions and effectiveness of individual directors, and of the Board and its committees, are reviewed and assessed by the committee from time to time. In 2014, a general evaluation was conducted consisting of Board and committee member surveys and interviews, although the scope, focus, and process for evaluations may vary from year to year. As a result of the evaluation, the Board undertook a number of steps to improve Board and director effectiveness including: 1) the review and enhancement of agenda items for Board

and committee meetings; 2) extension of meeting sessions to facilitate more fulsome discussions; and 3) increased reporting and focus on strategic initiatives. The Board continues to review its processes to identify further opportunities for improvements.

The Corporation has adopted a form of proxy which gives shareholders the ability to vote for or withhold from voting for each individual director proposed for election to the Board of the Corporation.

### **Executive officer and senior management diversity**

The Board believes that diversity is important to ensure that the profiles of senior management provide the necessary range of perspectives, experience and expertise required to achieve effective management. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective in senior management roles.

The Diversity Policy adopted on February 13, 2015 also relates to the Corporation's approach to achieve and maintain greater diversity on the Corporation's senior management team. The Diversity Policy provides that in discharging their responsibilities of considering candidates for senior management appointments, the President and Chief Executive Officer considers candidates that are highly qualified based on their experience, education, expertise, personal qualities, and general and sector specific knowledge; and review potential candidates from a variety of backgrounds and perspectives, having in mind the Corporation's diversity objectives, including the specific objective of gender diversity. The Diversity Policy provides that the President and Chief Executive Officer of the Corporation will assess the effectiveness of the senior management appointment process at achieving the Corporation's diversity objectives on an annual basis.

Our approach to diversity and inclusion starts at the top. The Chief Executive Officers and Presidents of the Corporation and Mackenzie Investments serve as Advisory Chairs to our Diversity and Inclusion Council who are responsible for championing diversity and inclusion initiatives, to drive awareness and involvement. The council includes senior leaders who are responsible for the IG Wealth Management advisors network, as well as leadership for employees.

The Corporation has a Diversity and Inclusion Strategy with three common objectives to escalate high performance and help evolve and grow our business. First, the Corporation is committed to enhancing training and education programs on various diversity related topics, including unconscious bias training for leaders, and enhancing the skills and abilities of our women to drive leadership presence. Second, the Corporation is focused on enabling the upward mobility of women and other under-represented groups through talent management, and third, we are focused on deepening partnerships with key internal and external community groups. In furthering its commitment to gender equality, the Corporation's operating companies became signatories to the UN Women's Empowerment Principles in 2018.

Women currently occupy 5 of the 17 executive officer positions with the Corporation, including its major subsidiaries, representing 29 % of the total number of executive officer positions at such entities. Among our wider employee base, the Corporation has adopted a goal in which each gender comprises at least 35% of our senior leadership roles (Vice-President and higher) by 2020. The following chart shows the percentage of women in leadership positions at the Corporation and its subsidiaries as of December 31, 2018:

	#	Percentage
Women in senior leadership roles (Vice President level and higher)	64 of 207	31%
Women in middle management roles	428 of 950	45%

### Human Resources Committee

The Board has established a Human Resources Committee which is responsible for reviewing and approving compensation policies and guidelines for employees of the Corporation, as well as the risk oversight of the Corporation's compensation policies and practices. The Human Resources Committee reviews and recommends to the Board compensation arrangements for the President and Chief Executive Officer of the Corporation and of Mackenzie Investments (including grants under equity compensation plans); reviews and approves compensation arrangements for the senior officers of the Corporation and approves grants under equity compensation plans for all employees (except for the President and Chief Executive Officer of the Corporation and of Mackenzie Investments). The Human Resources Committee also reviews and recommends to the Board compensation arrangements for the directors, the Chair of the Board and the Chairs of Board committees. The Human Resources Committee recommends to the Board such incentive compensation plans, equity compensation plans, registered plans, supplemental pension plans and other compensation plans for employees as it deems appropriate. The Human Resources Committee is responsible for overseeing all aspects of the Corporation's role as plan sponsor of the Corporation's registered pension plans. The Human Resources Committee also reviews succession plans for senior officers of the Corporation. The boards of the Corporation's major operating subsidiaries have also established human resources committees with similar mandates.

Further particulars of the process by which compensation for the Corporation's directors and officers is determined is set forth the Corporation's Management Proxy Circular, dated February 22, 2019 (available at [www.sedar.com](http://www.sedar.com)), under the headings "Compensation of Directors", "Statement of Executive Compensation" and "Compensation Discussion and Analysis".