



2018 Annual Information Form

MARCH 14, 2019

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form and the documents incorporated by reference, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's and its subsidiaries' current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this Annual Information Form and its most recent Management's Discussion and Analysis, filed with the securities regulatory authorities in Canada, available at www.sedar.com.

NON-IFRS FINANCIAL MEASURES AND ADDITIONAL IFRS MEASURES

This Annual Information Form and the documents incorporated by reference contain non-IFRS financial measures and additional IFRS measures. Net earnings available to common shareholders, which is an additional measure in accordance with International Financial Reporting Standards (IFRS), may be subdivided into two components consisting of:

- > adjusted net earnings available to common shareholders; and
- > other items, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful.

Terms by which non-IFRS financial measures are identified include but are not limited to "adjusted net earnings available to common shareholders", "adjusted earnings per share", "adjusted return on average common equity" and other similar expressions used to provide management and investors with additional measures to assess earnings performance. As well, "earnings before interest and taxes (EBIT)", "earnings before interest, taxes, depreciation and amortization before sales commissions (EBITDA before sales commissions)" and "earnings before interest, taxes, depreciation and amortization after sales commissions (EBITDA after sales commissions)" are also non-IFRS financial measures. EBIT, EBITDA before sales commissions and EBITDA after sales commissions are alternative measures of performance utilized by management, investors and investment analysts to evaluate and analyze the

Corporation's results. The two EBITDA measures have been introduced following the adoption of IFRS 15. EBITDA before sales commissions excludes all mutual fund sales commissions and is comparable to prior periods. EBITDA after sales commissions includes all sales commissions and highlights aggregate cash flows. Other items of a non-recurring nature, or that could make the period-over-period comparison of results from operations less meaningful, are further excluded to arrive at EBITDA before sales commissions and EBITDA after sales commissions.

However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies.

Terms by which additional IFRS measures are identified include "earnings before income taxes" and "net earnings available to common shareholders". Additional IFRS measures are used to provide management and investors with additional measures to assess earnings performance. These measures are considered additional IFRS measures as they are in addition to the minimum line items required by IFRS and are relevant to an understanding of the entity's financial performance.

Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS in Tables 1 to 4 on pages 26 to 30 of the 2018 Annual Report.

IGM Financial Inc.

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* Parts of the 2018 Annual Report of IGM Financial Inc. for the year-ended December 31, 2018 ("2018 Annual Report") and parts of the Management Proxy Circular dated February 22, 2019 respecting the May 3, 2019 meeting of the Corporation's shareholders ("Proxy Circular") are incorporated by reference into this Annual Information Form. Both the 2018 Annual Report and the Proxy Circular can be found on SEDAR at www.sedar.com.

General

INCORPORATION

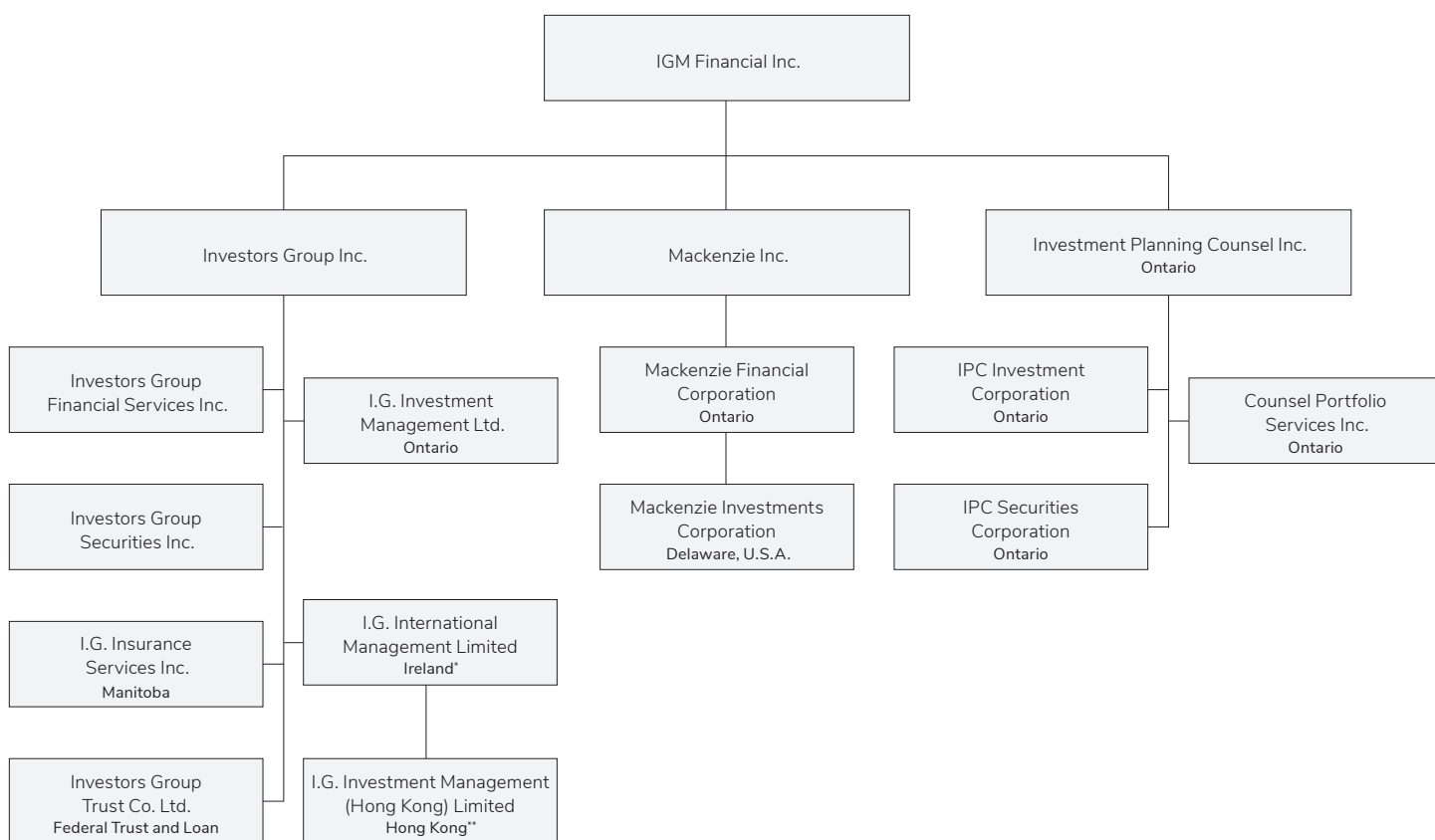
IGM Financial Inc. ("IGM Financial" or the "Corporation") was incorporated under the *Canada Business Corporations Act* on August 3, 1978 and its capital structure reorganized by Articles of Amendment effective September 19, 1986. Its name was changed to IGM Financial Inc. by Articles of Amendment effective April 30, 2004 and its Articles of Incorporation and all Articles of

Amendment were re-stated by Restated Articles of Incorporation effective April 30, 2004 (the "Articles"). The Articles were further amended on December 7, 2009 to create First Preferred Shares, Series B.

The Corporation is a subsidiary of Power Financial Corporation and its registered and head office is located at 447 Portage Avenue, Winnipeg, Manitoba, R3B 3H5.

SUBSIDIARIES AND CORPORATE STRUCTURE

The following chart details the inter-corporate relationships among IGM Financial and its principal and certain other subsidiaries as of December 31, 2018, giving the jurisdiction of incorporation and percentage of voting securities held:



* As of January 1, 2019, 100% of the voting securities are now owned directly by Mackenzie Financial Corporation.

* As of January 31, 2019, the company's name changed to Mackenzie Investments Europe Limited.

** As of January 31, 2019, the company's name changed to Mackenzie Investments Asia Limited.

Unless otherwise indicated, all companies were incorporated under the *Canada Business Corporations Act* and 100% of their voting securities are owned, directly or indirectly, by IGM Financial.

Description of Business

IGM Financial is a personal financial services company, primarily providing investment advisory and related services, with \$149.1 billion in total assets under management. Its activities are carried out through Investors Group Inc. ("IG Wealth Management"), Mackenzie Financial Corporation ("Mackenzie Investments") and Investment Planning Counsel Inc. ("Investment Planning Counsel"). IGM Financial is a member of the Power Financial Corporation group of companies.

As at December 31, 2018, the Corporation and its subsidiaries had 3,308 employees.

In the third quarter of 2018, the Corporation announced it had rebranded Investors Group as IG Wealth Management. IG Wealth Management, founded in 1926, delivers personalized financial solutions to Canadians through a network of 3,711 Consultants located throughout Canada, with \$83.1 billion in mutual fund assets under management. In addition to an exclusive family of mutual funds and other investment vehicles, IG Wealth Management offers a wide range of insurance, securities, mortgage products and other financial services.

Mackenzie Investments was founded in 1967, and is an investment management firm providing investment advisory and related services. With \$62.7 billion in assets under management, Mackenzie Investments distributes its products and services primarily through a diversified distribution network of third party financial advisors. In October 2017, IGM Financial combined the investment management functions of IG Wealth Management and Mackenzie Investments together to form a single global investment management organization to support both companies under Mackenzie Investments. As a result, IGM Financial is no longer recording Mackenzie Investments advisory mandates to IG Wealth Management funds within the Mackenzie Investments segment's reported assets under management. Including these assets, total assets managed by this combined team were \$129.8 billion.

Investment Planning Counsel was founded in 1996, and is an independent distributor of financial products, services and advice in Canada. Investment Planning Counsel is a financial planning organization in Canada, with 745 financial advisors and \$25.7 billion in client assets under administration, which includes \$5.1 billion in assets under management.

For a further description of the Corporation's business, see pages 25 to 129 of the 2018 Annual Report.

CORPORATE RESPONSIBILITY POLICIES

IGM Financial publishes a Corporate Responsibility Report and related policies on its website outlining how the Corporation addresses environmental, social and governance impacts on its business. This information is available at <https://www.igmfinc.com/en/corporate-responsibility>.

RISK FACTORS

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation. For discussion of risk factors reasonably expected to have a material effect on the Corporation's business, financial condition or results of operation, see pages 67 to 77 of the 2018 Annual Report. The description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

Development of Business Over the Last Three Years

Personal Capital Corporation ("Personal Capital") is a market-leading digital wealth advisor which operates in the U.S. The Corporation made an investment of \$66.8 million (USD \$50 million) in Personal Capital in January 2019. Previous investments included \$25.0 million (USD \$19.8 million) in 2017 and \$97.3 million (USD \$75 million) in 2016.

As at December 31, 2018, the Corporation invested a total of \$135 million (\$20 million in 2016, \$42.6 million in 2017 and \$72.3 million in 2018) in Wealthsimple Financial Corporation ("Wealthsimple"), and \$34.1 million in Portag3 Ventures LP and Portag3 Ventures II LP ("Portag3"). Wealthsimple is an online investment manager that provides financial investment guidance. The investment was entered into through a limited partnership controlled by the Corporation's parent, Power Financial Corporation. Portag3 are early-stage investment funds dedicated to backing innovating financial services companies and is controlled by the Corporation's parent, Power Financial Corporation.

In January 2017, the Corporation issued \$400 million principal amount of 3.44% debentures due January 26, 2027 and \$200 million principal amount of 4.56% debentures due January 25, 2047. The net proceeds were used by the Corporation to finance a substantial portion of its acquisition of the 13.9% equity interest in China Asset Management Co., Ltd. ("China AMC") and for general corporate purposes.

In August 2017, the Corporation finalized its investment in China AMC, a Chinese asset management company, which resulted in a 13.9% ownership interest at a total cost of \$638.3 million. This investment was completed in two separate transactions announced on December 29, 2016 and January 5, 2017.

In December 2017, the Corporation issued \$250 million principal amount of 4.115% debentures due December 9, 2047. The net proceeds were used by the Corporation to repay upcoming long-term debt maturities and for general corporate purposes.

On March 7, 2018, the Corporation's \$150 million principal amount of 6.58% debentures were due and repaid.

In July 2018, the Corporation issued \$200 million of 30 year 4.174% debentures due July 13, 2048. The net proceeds were used by the Corporation, together with a portion of the Corporation's existing internal

cash resources, to fund the early redemption in August of all its \$375 million aggregate principal amount of 7.35% debentures due April 8, 2019.

For additional information concerning the general development of the Corporation's business, see pages 25 to 129 of the 2018 Annual Report.

Dividend Policy

The current practice of the Corporation is to pay dividends to the holders of Common Shares on a quarterly basis. A fixed 5.90% annual non-cumulative dividend is payable quarterly to holders of First Preferred Shares, Series B.

The Corporation's ability to pay Common Share dividends is restricted by the terms of the outstanding Preferred Shares, which provide that IGM Financial may not pay dividends on Common Shares at any time unless all dividends

to which Preferred shareholders are then entitled have been declared and paid or set apart for payment.

The following table reflects the amount of cash dividends declared per share for each class of the Corporation's outstanding shares for each of the three most recently completed financial years.

Year	Quarter	Common dividends declared [\$]	Preferred share, Series B – dividends declared [\$]
2016	1 st Quarter	0.5625	0.36875
	2 nd Quarter	0.5625	0.36875
	3 rd Quarter	0.5625	0.36875
	4 th Quarter	0.5625	0.36875
2017	1 st Quarter	0.5625	0.36875
	2 nd Quarter	0.5625	0.36875
	3 rd Quarter	0.5625	0.36875
	4 th Quarter	0.5625	0.36875
2018	1 st Quarter	0.5625	0.36875
	2 nd Quarter	0.5625	0.36875
	3 rd Quarter	0.5625	0.36875
	4 th Quarter	0.5625	0.36875

All future dividend amounts and dates are subject to approval by the Board of Directors.

Description of Capital Structure

GENERAL DESCRIPTION

The authorized capital of IGM Financial consists of an unlimited number of First Preferred Shares, issuable in series, 8,000,000 Non-Cumulative First Preferred Shares, Series B, an unlimited number of Second Preferred Shares, issuable in series, an unlimited number of Common Shares and an unlimited number of Class 1 Non-Voting Shares.

The following table sets out the number of issued and outstanding shares for each class of share of the Corporation as at December 31, 2018.

Share class	Issued and outstanding
First Preferred Shares, Series A	0
Non-Cumulative First Preferred Shares, Series B	6,000,000
Second Preferred Shares, issuable in series	0
Common Shares	240,885,317
Class 1 Non-Voting Shares	0

The characteristics of each class of shares are as follows:

(a) First Preferred Shares:

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend meetings of shareholders, nor are they entitled to vote at such meetings. The First Preferred Shares are issuable in series.
- (ii) **Dividends:** Holders of any series of First Preferred Shares will be entitled to receive dividends in priority to the holders of Second Preferred Shares, Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.
- (iii) **Liquidation, Dissolution or Winding-up:** Before any amount can be paid to, or assets distributed among holders of Second Preferred Shares, Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the First Preferred Shares, the holders of the First Preferred Shares are entitled to receive amounts the Articles provide must be paid to them in respect of return of capital, premium and accumulated dividends remaining unpaid, including all cumulative dividends, whether declared or not. Holders of this class of shares are not entitled to share in any further distribution of the assets.

(b) Non-Cumulative First Preferred Shares, Series B ("Series B Shares")

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend or vote at any meeting of shareholders unless and until the Corporation has failed to declare and pay eight quarterly dividends, on the Series B Shares, whether or not consecutive. In that event, until such time as the whole amount of a dividend is paid, the holder of the shares is entitled to receive notice of and to attend all shareholders meetings and will be entitled to one vote per Series B Share. Upon payment by the Corporation of the whole amount of a dividend, these voting rights cease.
- (ii) **Dividends:** Non-cumulative, preferential cash dividends in an amount equal to \$0.36875 per Series B Share, as and when declared by the Board, are paid on the last day of January, April, July

and October in each year. Holders of any series of First Preferred Shares will be entitled to receive dividends in priority to the holders of Second Preferred Shares, Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.

- (iii) **Redemption and Purchase:** Under certain circumstances, the Corporation is entitled to redeem the Series B Shares. The shares are redeemable by the Corporation on or after December 31, 2014 in cash, at \$26.00 per share, if redeemed prior to December 31, 2015; \$25.75 if redeemed on or after December 31, 2015, but prior to December 31, 2016; \$25.50 if redeemed on or after December 31, 2016, but prior to December 31, 2017; \$25.25 if redeemed on or after December 31, 2017 but prior to December 31, 2018; and \$25.00 on or after December 31, 2018. The Corporation, subject to the Articles and applicable law, may purchase for cancellation any number of the outstanding Series B Shares.
- (iv) **Liquidation, Dissolution or Winding-up:** Before any amount can be paid to, or assets distributed among, holders of Second Preferred Shares, Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the First Preferred Shares, the holders of the Series B Shares are entitled to receive \$25.00 per Series B Share, together with all dividends declared and unpaid. Holders of this class of shares are not entitled to share in any further distribution of the assets.

(c) Second Preferred Shares:

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend meetings of shareholders, nor are they entitled to vote at such meetings. The Second Preferred Shares are issuable in series and are subject and subordinate to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares.

(ii) **Dividends:** Holders of any series of Second Preferred Shares will be entitled to receive dividends in priority to the holders of Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.

(iii) **Liquidation, Dissolution or Winding-up:** Before any amount can be paid to, or assets distributed among, holders of Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the Second Preferred Shares, the holders of the Second Preferred Shares are entitled to receive amounts the Articles provide must be paid to them in respect of return of capital, premium and accumulated dividends remaining unpaid, including all cumulative dividends, whether declared or not. Holders of this class of shares are not entitled to share in any further distribution of the assets.

(d) Common Shares:

(i) **Voting Rights:** Common Shares of the Corporation entitle the holders to vote at any meeting of shareholders.

(ii) **Dividends:** Holders of these shares are entitled to dividends, as and when declared by the Board, and are subject to the priority of payment of dividends attaching to the series of First Preferred and Second Preferred Shares as noted above.

(iii) **Liquidation, Dissolution or Winding-up:** After payment to holders of First Preferred Shares, Second Preferred Shares and any other class of shares of amounts which they are entitled to receive in the event of liquidation, dissolution or winding-up of the Corporation, the remaining assets of the Corporation will be paid to or distributed equally among the Common shareholders and Class 1 Non-Voting shareholders, without preference or distinction.

(e) Class 1 Non-Voting Shares:

(i) **Voting Rights:** The holders of Class 1 Non-Voting Shares are not entitled to vote at shareholders meetings, but are entitled to receive notice thereof.

(ii) **Dividends:** These shares rank equally with the Common Shares as to dividends.

(iii) **Liquidation, Dissolution or Winding-up:** After payment to holders of First Preferred Shares, Second Preferred Shares and any other class of shares of amounts which they are entitled to receive in the event of liquidation, dissolution or winding-up of the Corporation, the remaining assets of the Corporation will be paid to or distributed equally among the Common shareholders and Class 1 Non-Voting shareholders, without preference or distinction.

RATINGS

The following table sets out ratings⁽¹⁾ given to the Corporation's outstanding securities as at December 31, 2018:

Specific securities	DBRS	S&P
Long-term Debt (unsecured debentures)	A (High)	A
Preferred Shares	Pfd-2 (High)	BBB+/P-2 (High)

⁽¹⁾ The rating trend of DBRS and the S&P rating outlook are both "Stable" for the securities and/or issuer.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites.

These ratings are not a recommendation to buy, sell or hold the securities of the Corporation and do not address market price, nor other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

(a) Dominion Bond Rating Services (DBRS)

DBRS has different rating scales for short-term debt, long-term debt and preferred shares. The DBRS long-term obligation rating scale provides an opinion on the risk of default, which is the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All

rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity. Each rating category is denoted by the subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.

Rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates.

The A (High) rating assigned to the Corporation's senior unsecured debentures is the fifth highest of 26 ratings used by DBRS for long-term debt. Under the DBRS long-term rating scale, debt securities rated A (High) are of good credit quality and the capacity for the payment of financial obligations is substantial. While this is a favorable rating, entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

The Pfd-2 (High) rating assigned to the Corporation's preferred shares is the fourth highest of 16 ratings used by DBRS for preferred shares. Under the DBRS preferred share rating scale, preferred shares rated Pfd-2 (High) are of a satisfactory credit quality and protection of dividends and principal is substantial. The earnings, balance sheet and coverage ratios of borrowers rated Pfd-2 (High) are, however, not as strong as Pfd-1 rated companies.

(b) Standard & Poor's (S&P)

S&P also has different rating scales for short-term debt, long-term debt and preferred shares in Canada. S&P's issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program. Long-term issue credit ratings are based, in varying degrees, on S&P's analysis of:

- (i) the likelihood of payment (capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation),
- (ii) the nature and provisions of the obligation, and the promise imputed; and
- (iii) the protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Long-term issue credit ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default.

The S&P Canadian preferred share rating scale serves issuers, investors and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms

of rating symbols that have been actively used in the Canadian market over a number of years. An S&P preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P. The Canadian scale rating is fully determined by the applicable global rating and there are no additional analytical criteria associated with the determination of ratings on the Canadian scale. It is the practice of S&P to present an issuer's preferred share ratings on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer.

Most ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major letter rating categories. An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future credit watch action.

The Corporation's senior unsecured debentures are rated A by S&P. An A rating is the sixth highest of the 22 ratings used for long-term debt. This rating indicates S&P's view that the Corporation's capacity to meet its financial commitment on the obligation is strong, but the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories.

The Corporation's preferred shares are rated BBB+ using S&P's global scale for preferred shares and P-2 (High) using S&P's Canadian scale for preferred shares. A P-2 (High) rating is the fourth highest of 18 ratings used by S&P in its Canadian preferred share rating scale. Correspondingly, a BBB+ rating is the sixth highest of 20 ratings used by S&P in its global preferred share rating scale. A preferred share rating of BBB+ reflects S&P's view that the Corporation's capacity to meet its financial commitment on the preferred shares is adequate, but more subject to adverse economic conditions or changing circumstances that are more likely to lead to a weakened capacity to meet its financial commitment on the preferred shares.

PAYMENTS TO RATING ORGANIZATIONS

Payments were made to DBRS and S&P by the Corporation in the last two years to maintain an issuer rating on the Corporation and to rate publicly distributed debt, including unsecured debentures and preferred shares. The Corporation expects that DBRS and S&P will continue to provide these services in 2019. The Corporation has made customary payments in respect of certain other services provided to the Corporation by S&P during the last two years.

Market for Securities

The Common Shares and the First Preferred Shares, Series B of the Corporation are listed on the Toronto Stock Exchange. The Common Shares are listed under the stock symbol "IGM" and the First Preferred Shares, Series B are listed under the stock symbol "IGM.PR.B".

The following tables provide information concerning the closing price range and volume of shares traded for each of these classes of securities on a monthly basis on the Toronto Stock Exchange for each month of the year ended December 31, 2018.

COMMON SHARES

2018	Low price	High price	Volume
January	43.330	44.130	4,618,366
February	39.100	44.000	7,032,589
March	37.180	40.330	6,218,886
April	36.690	39.660	6,102,774
May	38.320	39.550	4,174,709
June	37.780	39.810	3,650,984
July	38.480	39.830	3,483,848
August	36.410	39.490	4,922,854
September	35.310	36.240	5,379,051
October	31.860	35.550	7,185,223
November	32.790	34.550	5,470,936
December	30.310	34.840	6,314,023

FIRST PREFERRED SHARES, SERIES B

2018	Low price	High price	Volume
January	25.570	25.890	42,555
February	25.270	25.710	326,259
March	25.210	25.660	19,356
April	25.330	25.600	87,003
May	25.410	25.690	35,143
June	25.400	25.730	27,908
July	25.410	25.580	31,439
August	25.460	25.620	36,832
September	25.350	25.580	42,941
October	24.710	25.440	60,056
November	24.720	25.350	26,601
December	23.400	25.190	38,135

Directors and Officers

DIRECTORS

See pages 6 to 13 of the Proxy Circular for a list of Directors, their business affiliations, municipality of residence, their shareholdings in the Corporation, their tenure as directors of the Corporation and a list of board committees and the members thereof. Messrs. Bibeau, A. Desmarais, P. Desmarais Jr., Doer, Orr^[1] and Ms. McArthur are directors of the Corporation's parent corporation, Power Financial Corporation.

All of the other Directors have held their present business affiliations for the past five (5) years, with the exception of:

Director	Date(s)	History
Jeffrey R. Carney	May 2013 to May 2016 May 2013 to July 2016	Co-President and Chief Executive Officer, IGM Financial President and Chief Executive Officer, Mackenzie Investments
Gary Doer	October 2009 to February 2016	Ambassador, Government of Canada
Susan Doniz	January 2015 to January 2017 July 2011 to January 2015	Chief Expert, Office of the Global CEO, SAP Canada Inc. Global Product, Digital Strategy & Chief Information Officer, Aimia Inc.
Claude Généreux	July 1987 to February 2015	Senior Partner, McKinsey & Company
Sharon Hodgson	January 2017 to December 2017 May 2014 to January 2017 December 2012 to May 2014	Global Leader for Cognitive Watson and Advance Analytics, IBM Global Business Services Canada General Manager, IBM Global Business Services Canada GMU Consulting Services Leader, IBM Global Business Services Canada
Sharon MacLeod	July 2016 to January 2019 January 2014 to June 2016 January 2012 to December 2013	Global Brand Vice-President, Dove Men+ Care, Unilever Vice-President, Personal Care, Unilever North America Vice-President, Marketing, Canada, Unilever
Beth Wilson	September 2000 to December 2016	Partner, KPMG LLP

EXECUTIVE AND OTHER OFFICERS

The executive and other officers of the Corporation and its principal and certain other subsidiaries are as follows:^[1]

Name and Province/State and Country of Residence of Officer	Position held with the Corporation and affiliates
Jeffrey R. Carney, Massachusetts, U.S.A.	President and Chief Executive Officer, IGM Financial and IG Wealth Management
Luke Gould, Manitoba, Canada	Executive Vice-President and Chief Financial Officer, IGM Financial
Todd Asman, Manitoba, Canada	Executive Vice-President, Products and Financial Planning, IG Wealth Management
Cynthia Currie, Ontario, Canada	Executive Vice-President and Chief Human Resources Officer, IGM Financial
Michael Dibden, Ontario, Canada	Chief Operating Officer, IGM Financial
Tony Elavia, Ontario, Canada	Executive Vice-President, Chief Investment Officer, Mackenzie Investments
Rhonda Goldberg, Ontario, Canada	Senior Vice-President, General Counsel, IGM Financial
Mark Kinzel, Manitoba, Canada	Executive Vice-President, Financial Services, IG Wealth Management
Charles McDevitt, Massachusetts, U.S.A.	Executive Vice-President, Strategy Execution Office, IGM Financial
Barry McInerney, Connecticut, U.S.A.	President and Chief Executive Officer, Mackenzie Investments
Douglas Milne, Ontario, Canada	Executive Vice-President, Chief Marketing and Strategy Officer, IGM Financial
Damon Murchison, Ontario, Canada	Executive Vice-President, Head of Retail, Mackenzie Investments
Chris Reynolds, Ontario, Canada	Vice-Chairman, President and Chief Executive Officer, Investment Planning Counsel
Blaine Shewchuk, Manitoba, Canada	Senior Vice-President, IGM Corporate Planning and Development, IG Wealth Management

[1] Information concerning Mr. Orr, as Chair of the Corporation, is included in the Directors' Information Table in the Proxy Circular.

All executive and other officers of the Corporation have held their present business affiliations for the past five (5) years, with the exception of:

Executive officer	Date(s)	History
Jeffrey R. Carney	May 2013 to May 2016 May 2013 to July 2016	Co-President and Chief Executive Officer, IGM Financial President and Chief Executive Officer, Mackenzie Investments
Luke Gould	January 2012 to December 2017 October 2013 to December 2017	Senior Vice-President, Finance and Chief Financial Officer, IG Wealth Management Senior Vice-President, Finance and Chief Financial Officer Mackenzie Investments
Todd Asman	July 2012 to July 2015	Senior Vice-President, Products and Financial Planning, IG Wealth Management
Cynthia Currie	November 2012 to November 2017	Vice-President, Human Resources (Global Head), Sun Life Financial
Michael Dibden	April 2008 to June 2017	Senior Vice-President, Technology Operations and Wealth Management Technology, Canadian Imperial Bank of Commerce
Rhonda Goldberg	April 2017 to August 2018 September 2015 to April 2017 April 2010 to August 2015	Senior Vice-President, Client and Regulatory Affairs, Mackenzie Investments Vice-President, Regulatory Affairs, Mackenzie Investments Director, Investment Funds and Structured Products, Ontario Securities Commission
Charles McDevitt	July 2014 to July 2017 January 1996 to July 2014	Executive Vice-President, Great-West Lifeco. U.S. Senior Vice-President, Fidelity Investments
Barry McInerney	March 2009 to May 2016	Director, President and Chief Executive Officer, BMO Asset Management Corp.
Douglas Milne	April 2013 to May 2017	Vice-President, Marketing, TD Bank Group
Damon Murchison	June 2014 to January 2018 March 2013 to June 2014 July 2010 to February 2013	Senior Vice-President, Retail Sales, National Sales Manager, Mackenzie Investments Senior Vice-President and Head of Sales, Retail Markets, Manulife Financial Vice-President and National Sales Manager, Manulife Investments, Manulife Financial
Blaine Shewchuk	January 2012 to November 2017	Senior Vice-President, Planning and Forecasting, Corporate Services, IG Wealth Management

SHAREHOLDINGS OF DIRECTORS, EXECUTIVE AND OTHER OFFICERS

To the knowledge of the Corporation, the directors and executive and other officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over, approximately 423,250 or 0.2% of the outstanding Common Shares of the Corporation.

Power Financial Corporation owns 140,266,259 Common Shares directly, representing 58.2% of the outstanding Common Shares of the Corporation, and indirectly through 3411893 Canada Inc. and 4400003 Canada Inc., wholly owned subsidiaries of Power Financial Corporation, 5,532,000 Common

Shares and 2,133,821 Common Shares, respectively, representing 2.3% and 0.9%, respectively, and through The Great-West Life Assurance Company, 9,200,000 Common Shares representing 3.8% (excluding 36,440 Common Shares of the Corporation, representing 0.01%, held by The Great-West Life Assurance Company in its segregated funds or for similar purposes). The Desmarais Family Residuary Trust, a trust for the benefit of the members of the family of The Honourable Mr. Paul G. Desmarais, has voting control, directly and indirectly, of Power Corporation of Canada, which in turn controls Power Financial Corporation.

Legal Proceedings and Regulatory Actions

LEGAL PROCEEDINGS

The Corporation is subject to legal actions arising in the normal course of its business. Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, will be material. For additional information, please see pages 74 to 75 of the 2018 Annual Report.

REGULATORY ACTIONS

On April 6, 2018, Mackenzie Investments entered into a Settlement Agreement with the Ontario Securities Commission (the "OSC"). The Settlement Agreement was in respect to non-compliance with **National Instrument 81-105 – Mutual Fund Sales Practices**. Mackenzie Investments agreed to (i) pay an administrative penalty of \$900,000 to the OSC; (ii) submit to regular reviews of its sales practices, procedures and controls by an independent consultant until the OSC is satisfied Mackenzie's sales practices program is fully compliant with securities laws; and (iii) pay costs of the OSC's investigation in the amount of \$150,000. In the Settlement Agreement, the OSC noted that in response to its investigation, Mackenzie Investments had dedicated significant resources to enhance its systems of control and supervision for sales practices.

On June 7, 2018, IPC Securities Corporation ("IPCSC") and IPC Investment Corporation ("IPCIC") each entered into a settlement agreement with the OSC

in relation to allegations by the OSC that there were inadequacies in IPCSC's and IPCIC's systems of controls and supervision which resulted in certain clients paying, directly or indirectly, excess fees. There were no allegations or evidence of dishonest conduct by IPCSC or IPCIC. IPCSC and IPCIC agreed to compensate affected clients a total of \$10,970,518 in respect of the control and supervision inadequacies and also agreed to pay the OSC \$30,000 in costs and an additional payment of \$460,000 for allocation or use by the OSC.

From time to time, and in the ordinary course of business, the Corporation is assessed fees or fines by securities regulatory authorities in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulations, but which are not, individually or in the aggregate, material to the Corporation.

Transfer Agents and Registrars

Computershare Investor Services Inc. acts as transfer agent and registrar for the Common Shares of the Corporation, and has offices in Calgary (Alberta), Montréal (Québec), Toronto (Ontario) and Vancouver (British Columbia).

The Corporation, at its head office in Winnipeg, acts as transfer agent and registrar for the First Preferred Shares, Series B of the Corporation.

Interests of Experts

Deloitte LLP is the external auditor of IGM Financial who prepared the Auditors' Report to Shareholders included with the consolidated annual financial statements of IGM Financial for the most recently completed financial year. To the knowledge of the Corporation, Deloitte LLP is independent in accordance with the rules of professional conduct applicable to it under the Chartered Professional Accountants of Manitoba.

Audit Committee

AUDIT COMMITTEE CHARTER

The responsibilities and duties of the Audit Committee are described in detail in the Charter of the Committee, which is set out in Appendix A to this Annual Information Form.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of IGM Financial is comprised of the following five members: John S. McCallum (Chair), Marc A. Bibeau, Susan Doniz, Sharon Hodgson and Sharon MacLeod. All of the Audit Committee members are “independent” as such term is defined under Canadian securities laws. The Board has determined that each of the Audit Committee members is financially literate.

RELEVANT EDUCATION AND EXPERIENCE OF AUDIT COMMITTEE MEMBERS

In addition to their general business background and involvement with other companies, Mr. McCallum and Mr. Bibeau have many years of experience as Audit Committee members with the Corporation. Ms. Doniz and Ms. Hodgson were appointed to the Corporation's Audit Committee in June 2018, and Ms. MacLeod was appointed in August 2018. In this capacity, they each have experience reviewing financial statements and dealing with related accounting and auditing issues. The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibility as a member of that committee.

Mr. McCallum has been a Professor of Finance at the University of Manitoba since 1973. He has a Ph. D. from the University of Toronto in Finance, an M.B.A. from Queen's University in Marketing and Operations Research, a B.Sc. from the University of Montréal in Mathematics and Physics and a B.A. from the University of Montréal in Economics and Philosophy. His teaching and research interests are in corporate finance, monetary economics, capital markets and financial institutions. From 1977 to 1981, he was economic advisor to the Premier of Manitoba; from 1984 to 1991, he was special advisor to the Federal Minister of Finance and, from 1991 to 1993, was special advisor to the Federal Minister of Industry, Science, Technology and Trade. From 1988 to 1990, he was Vice-Chairman of Manitoba Hydro, Chairman from 1991 to 2000 and chaired the Audit Committee from 1988 to 1990. Mr. McCallum also was on the Board of Directors and Audit Committee of Toromont Industries Ltd. and chaired the Audit Committee of Toromont Industries Ltd. from 1987 to 2016. He was on the Board of Directors of The Wawanesa Insurance Company from 2001 to 2016 and previously served on its Audit Committee. His work has appeared in a number of finance related journals. He has been a member of the Audit Committee of IGM Financial since April 1998. He has been Chair of the Audit Committee since May 2010.

Mr. Bibeau is President and Chief Executive Officer of Beauward Real Estate Inc., a privately-owned company which develops, leases and operates real estate properties. He has been President of Beauward Real Estate Inc. since 1996, and previously held several other positions with the company. Mr. Bibeau is a director of the Nicklaus Children's Health Centre Foundation (USA) and of Tennis Canada. He has a Bachelor of Business Administration from Bishop's University.

Ms. Doniz was appointed as the Group Chief Information Officer for Qantas Airways Limited on February 1, 2017. Previously, she was the Chief Expert, Office of the Global CEO for SAP SE, as position she held since January 2016. Ms. Doniz is also the Founder and President of Mzungu, a firm that provides digital, big data and technology executive advisory services. She previously served as Global Product, Digital Strategy and Chief Information Officer for Aimia from July 2011 to January 2015. She was the Director of Global Business Services for Procter & Gamble from 2009 to 2011, and served in a number of other senior positions at Procter & Gamble from 1994 to 2009. Ms. Doniz is currently a director of goeasy Ltd. and serves as an Advisory Board member

to the Centre for Digital Transformation, Paul Merage School of Business, UC Irvine. She previously served on the Advisory Board of Engineers without Borders Canada, was a member of the Royal Bank Advisory Council and was a director of the CIO Association of Canada. Ms. Doniz has been an Audit and Risk Committee member of Liquor Stores NA and goeasy Ltd., as well as chairing several Technology Investment Committees of not-for-profit organizations and for profit such as Procter & Gamble Canada, Global P&G Digital Value Chain and Qantas Group.

Ms. Hodgson retired in 2017 as the Global Leader for Cognitive, AI, Watson and Advanced Analytics, at IBM Global Business Services. Prior to this role, Ms. Hodgson served as the General Manager of Global Business Services, IBM Canada, a position she held from May 2014 to January 2017. Between 2010 and 2014, she led several IBM businesses including Consulting Services Leader for IBM's Growth Markets Unit in Shanghai, and IBM's NA Business Analytics and Optimization practice Leader out of Philadelphia. Prior to that, Ms. Hodgson held the role of Global Relationship Partner for several of IBM's strategic accounts. She has over two decades of experience in leading large scale/global business transformation programs for Fortune 100 clients and delivering the benefits associated with these programs. Ms. Hodgson has an undergraduate degree in Commerce from the University of Manitoba and an MBA from the Wharton School of Business, University of Pennsylvania.

Ms. MacLeod has over 20 years of strategic and operational profit and loss (P&L) responsibility with Unilever, holding executive positions such as Global Brand Vice-President, North American Vice-President of Personal Care, and Vice-President of Unilever Canada. As Unilever's North American Vice-President of Personal Care, she drove the brand growth, investment, net revenue management and profitability strategy for a portfolio of 17 brands across 5 personal care categories. Ms. MacLeod was Unilever Canada's Vice President of Marketing and her operational leadership responsibilities included P&L and Sales & Operating Plan (S&OP) for Beauty & Personal Care, Foods & Refreshments and Home Care. Since 2008, Ms. MacLeod has acted as an advisor to Villa Leadership, a Women's Leadership program that she founded. She previously was a member of the Advertising Standards Canada Council and acted as Unilever's Global Diversity Champion. She holds an M. Sc. and B. Commerce.

PRE-APPROVAL POLICY

The Audit Committee has adopted a Policy Regarding Pre-approval of Services Provided by the External Auditor. The policy sets out audit services that are pre-approved by the Committee, outlines prohibited and pre-approved non-audit services and stipulates that all other non-audit services must be pre-approved by the Audit Committee. The pre-approved list of audit services

and the pre-approved list of permitted non-audit services are reviewed and re-approved periodically. The policy requires that the external auditor implement its own policies and procedures in order to ensure that prohibited non-audit services are not provided and to ensure that permitted non-audit services are pre-approved before an engagement is accepted.

EXTERNAL AUDITOR SERVICES FEES

Aggregate fees paid to the Corporation's external auditor during the fiscal years ended December 31, 2018 and December 31, 2017 are as follows:^[1]

(\$,000s)	2018	2017
Audit Fees	2,562	2,616
Audit-Related Fees	376	311
Tax Fees	64	149
All Other Fees	281	629
Total	3,283	3,705

[1] Does not include:

- audit fees for which \$2,326 (2017 – \$2,280) related to the audit of certain of the mutual funds managed by the Corporation.
- audit-related fees for which \$29 (2017 – \$32) related to certain of the mutual funds managed by the Corporation
- tax services fees for which \$41 (2017 – \$48) related to certain of the mutual funds managed by the Corporation.
- all other fees for which \$15 (2017 – \$0) related to certain of the mutual funds managed by the Corporation.

Audit Fees

Audit fees were paid for professional services by the external auditor for the audit of the annual financial statements of the Corporation and its subsidiaries or services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements of the Corporation and are not reported under the audit fees item above.

Tax Fees

Fees were paid for tax consultation and tax compliance services including the review of tax returns, assistance with matters regarding tax audits, and assistance in completing routine tax schedules and calculations.

Other Fees

Fees disclosed under the item "All Other Fees" were paid for services other than the audit fees, audit-related fees and tax fees described above. These services consisted of French translation of the annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2017 and the 2018 interim consolidated financial statements and quarterly reports to shareholders of the Corporation and other advisory services.

Additional Information

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Proxy Circular.

Additional financial information is provided in the financial statements and management's discussion and analysis for the year-ended December 31, 2018 which are contained in the 2018 Annual Report.

Appendix A: Audit Committee Charter

IGM FINANCIAL INC.

1.0 COMPOSITION

The Audit Committee (the "Committee") of IGM Financial Inc. (the "Corporation") shall be composed of not less than three directors of the Corporation, all of whom shall be *independent* and *financially literate* within the meaning of the Canadian Securities Administrators National Instrument 52-110.

2.0 PROCEDURAL MATTERS

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:

1. **Meetings.** The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
2. **Advisors.** The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation's expense, the compensation of such advisors.
3. **Quorum.** A quorum at any meeting of the Committee shall be two Committee members.
4. **Secretary.** The Corporate Secretary or an Associate Secretary or such other person as may be designated by the Chair of the Committee, or any person appointed by the Chair of the Committee, shall act as secretary of meetings of the Committee.
5. **Calling of Meetings.** A meeting of the Committee may be called by the Chair of the Committee, by the Chair of the Board of Directors (the "Board"), by the President and Chief Executive Officer, by the external auditor of the Corporation, or by any member of the Committee. Meetings may be held at any time without notice if all members of the Committee waive notice, provided that the attendance of a Committee member at any such meeting shall be a waiver of notice of that meeting except where the Committee member objects to the transaction of business on the grounds that the meeting has not been validly called. When a meeting of the Committee is called by any one other than the Chair of the Board, the Chair of the Committee shall so inform the Chair of the Board.

3.0 DUTIES AND RESPONSIBILITIES

3.1 Financial Disclosure.

- The Committee shall:
1. review the Corporation's:
 - (a) interim and annual financial statements;
 - (b) interim and annual management's discussions and analysis;
 - (c) interim and annual earnings press releases; and
 - (d) other documents containing audited or unaudited financial information, at its discretion;
 and report thereon to the Board before such documents are approved by the Board and disclosed to the public; and

2. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures.

3.2 External Audit.

- The Committee shall:
1. recommend to the Board the external auditor to be appointed for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services;
 2. review the terms of the external auditor's engagement, the appropriateness and reasonableness of proposed audit fees, and any issues relating to the payment of audit fees, and make a recommendation to the Board with respect to the compensation of the external auditor;
 3. review the independence of the external auditor, including an annual report prepared by the external auditor regarding its independence;
 4. review the external auditor's engagement to ensure that the external auditor is duly appointed as external auditor of each of the Corporation's subsidiary entities, unless in the opinion of the Corporation, after consulting the external auditor, the total assets and/or net income of the subsidiary entity are not a material part of the total assets and/or net income of the Corporation, or unless, in the case of a subsidiary entity that carries on its operations in a country other than Canada, the laws of the country do not permit such appointment;
 5. review the recommendation of the external auditor for the person designated to conduct the audit;
 6. meet with the external auditor and with management to review the audit plan, audit findings, and any restrictions on the scope of the external auditor's work;
 7. review with the external auditor and management any changes in Generally Accepted Accounting Principles; the quality and the acceptability of major accounting policies and assumptions; alternative treatments of financial information within Generally Accepted Accounting Principles that have been discussed with management, the ramifications of the use of alternative treatments, and the treatment preferred by the external auditor; the presentation and impact of significant risks and uncertainties that could adversely affect the wellbeing of the Corporation; and key estimates and judgments of management; in each case that may be material to the Corporation's financial reporting;
 8. have the authority to communicate directly with the external auditor;
 9. receive reports directly from the external auditor;

10. directly oversee the work of the external auditor that is related to the preparation or issue of an auditor's report or other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
11. meet with the external auditor to discuss the annual financial statements (including the report of the external auditor thereon) and the interim financial statements (including the review engagement report of the external auditor thereon);
12. review any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
13. review any evaluation of the Corporation's internal control over financial reporting conducted by the external auditor, together with management's response;
14. pre-approve (or delegate such pre-approval to one or more of its members) in accordance with a pre-approval policy, all engagements for non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor, together with all non-audit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;
15. review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor; and
16. review all issues and statements related to a change of the external auditor and the steps planned by management for an orderly transition.

3.3 Pension Plans. The Committee shall:

1. review and approve (i) reports and certifications with respect to all plan audit-related activities as outlined in the Pension Plan Annual Report and (ii) Pension Plan financial reports; and
2. approve the appointment of the Pension Plan auditor.

3.4 Internal Audit. The Committee shall:

1. have the authority to communicate directly with the internal auditor;
2. review periodically the internal audit mandates of the Corporation;
3. review annually the internal audit plan;
4. require management to implement and maintain appropriate internal control procedures and review, evaluate and approve those procedures;
5. meet with the internal auditor and with management to discuss the effectiveness of the internal control procedures established for the Corporation; and
6. review a summary of the internal auditor's reports and management's responses and subsequent follow-up to any material risks identified in such reports.

3.5 Compliance. The Committee shall:

1. review reports of the chief compliance officer and chief privacy officer;

2. meet with the chief compliance officer and chief privacy officer to discuss the effectiveness of existing policies and procedures for compliance with applicable laws and regulations;
3. monitor compliance with the Code of Conduct or Business Conduct Policy, as applicable; and
4. review periodically the mandate of the chief compliance officer and chief privacy officer of the Corporation.

3.6 Accounting Complaints Handling Procedures. The Committee shall establish procedures for:

1. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
2. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3.7 In-Camera Sessions. The Committee shall periodically meet in-camera alone, and meet separately with each of the external auditor, internal auditor and management, as the Committee deems appropriate.

3.8 Subsidiaries.

1. With respect to any Material Operating Subsidiary in the corporate ownership chain between the Corporation and any Direct Subsidiary, the Committee shall review the financial statements of that Material Operating Subsidiary.
2. With respect to any Direct Subsidiary:
 - (a) the Committee shall rely on the review and approval of the financial statements of the Direct Subsidiary by the audit committee and the board of directors of the Direct Subsidiary, and on reports or opinions of the external auditor on those financial statements;
 - (b) the Committee shall receive a copy of the charter of the Direct Subsidiary's audit committee, together with a memorandum summarizing its meeting processes and structure ("Process Memorandum"); and
 - (c) at each meeting of the Committee, the secretary of the Committee shall table a report from the secretary of the Direct Subsidiary's audit committee confirming that the processes mandated by its charter and Process Memorandum have been followed.
3. For these purposes:
 - (a) **"Material Operating Subsidiary"** means an operating subsidiary whose net income represents 10% or more of the net income of the Corporation; and
 - (b) **"Direct Subsidiary"** means any Material Operating Subsidiary that is directly owned by the Corporation and that has an audit committee which is comprised of a majority of independent directors.

4.0 AUDITOR'S ATTENDANCE AT MEETINGS

The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

5.0 ACCESS TO INFORMATION

The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

6.0 REVIEW OF CHARTER

The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.

7.0 REPORTING

The Chair of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require on matters subject to the Committee's review and consideration and shall promptly inform the Chair of the Board of any significant issues raised by the members of the Committee, the internal or external auditor or the regulators and shall provide the Chair of the Board copies of any written reports or letters provided by the external auditor and the regulators to the Committee.

Adopted by the Board of Directors on December 23, 2004, as amended October 29, 2009 and November 8, 2012.