



# Statement of Corporate Governance Practices

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

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

## Board of Directors

### Board Mandate

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

### Director Independence

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

The Board has determined that all directors standing for election to the Board on May 14, 2008 are independent within the meaning of the relevant CSA rules and the Corporation’s Director Independence Standards with the exception of Mr. Gerald M. Soloway, who is the Chief Executive Officer of the Corporation. The determination is based on information concerning the personal, business and other relationships and dealings of the directors collected through biographical material, reports and questionnaires completed by directors.

### Chair of the Board

The Board has separated the roles of Chair of the Board and Chief Executive Officer. Mr. William A. Dimma, Chair of the Board, is an independent director and is not, and has never been, an executive officer of the Corporation. The Board has adopted a position description for the Chair setting out the Chair’s duties and responsibilities. The Chair ensures that the Board operates independently of management. The Chair manages the affairs of the Board and ensures that the Board meets its obligations and responsibilities. At every regularly scheduled Board meeting, the Chair presides over meetings of the independent directors at which non-independent directors and members of management are not present. During 2007, ten such meetings were held.

At the Annual Meeting of Shareholders on May 14, 2008, eight directors will stand for election for a one-year period. The matter of Board size is considered formally on an annual basis by the Board and on an ongoing basis by the Governance, Nominating and Conduct Review Committee.

## Position Descriptions

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

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

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

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

## Orientation and Continuing Education

The Governance, Nominating and Conduct Review Committee is responsible for the orientation and education of directors. New directors are provided with a New Director's Binder containing materials relevant to the director's responsibilities including details of the Corporation's organizational structure, the structure of the Board and its Committees, position descriptions, corporate policies, the Management Information Circular, Annual Information Form and Annual Report.

One-on-one meetings are arranged with senior management of the Corporation to enable the new director to learn about the various functions and activities of the Corporation.

On an ongoing basis, directors receive presentations on various aspects of the Corporation's businesses and operations. Directors identify their continuing education needs through a variety of means including discussions with senior management and at Board and Committee meetings.

## Code of Conduct

The Board has adopted a written Code of Conduct for its directors, officers and employees. The Code provides a framework for directors, officers and employees on the conduct and ethical decision making integral to their work.

The Board monitors compliance with the Code by requiring each director, officer and employee to annually sign an Acknowledgement concerning his or her compliance with the Code. To the knowledge of the Board, there have been no departures from the Code during 2007.

A copy of the Code may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.homecapital.com](http://www.homecapital.com).



## Related Party Transactions

In the event a director or executive officer has an interest in any transaction or agreement considered by the Board or any Committee of the Board, such interest must be declared and recorded in the minutes of the meeting and the director or executive officer must vacate the meeting while the transaction or agreement is being discussed. Each director and executive officer annually provides a certificate to the Corporation, which discloses all related parties of the director or officer and any related party transaction with the Corporation.

## Culture of Integrity

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

## Nomination of Directors

The Governance, Nominating and Conduct Review Committee of the Board, composed entirely of independent directors, is responsible for identifying and recommending to the Board suitable director candidates.

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

## Majority Voting for Election of Directors

The Board has adopted a policy regarding majority voting for the election of directors. The policy is described on page 15 of this Management Information Circular.

## Compensation

The Human Resources and Compensation Committee of the Board, composed entirely of independent directors, is responsible for reviewing directors' compensation to ensure the compensation is competitive and consistent with the responsibilities and risks involved in being an effective director.

In 2004 the Board determined that all directors of the Corporation must own a minimum of 1,500 Common Shares of the Corporation, within a period of four years from election or



appointment to the Board. In 2007, the Board reviewed this requirement and determined that all directors must hold the equivalent of \$135,000 in Common Shares of the Corporation within four years of January 1, 2006. In February 2008, the Board decided that directors must own Common Shares of the Corporation having a minimum value of \$135,000 on the later of (i) four years from election or appointment to the Board, or (ii) four years from January 1, 2006. As at February 29, 2008 six of the directors were in compliance with this requirement.

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

### Assessment of Board Committees and Directors

In response to the Board's commitment to high standards of corporate governance, the Chair of the Board biennially conducts a full Board Evaluation Survey.

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

Board members are asked to rate items such as the operation of the Board and its Committees, the adequacy of the information provided to directors, Board structure, agenda planning for Board meetings, strategic direction and process, structure and size of the Board, knowledge and diversity of Board members, timeliness and completeness of information received for discussion and the overall effectiveness of the decision-making process including the effectiveness of the Chair in managing Board meetings. The self-evaluation involves questions about issues such as the effectiveness of discussions and decision-making, attendance and contribution. In addition, annually each director meets individually with the Chair of the Board.

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

### Strategic Planning

The Board reviews and approves the Corporation's strategic plans. These plans address key initiatives and contain details of opportunities, risks, competitive position, financial projections and other key performance indicators. Throughout the year, the Board receives strategic updates on the progress of each of the principal business groups as part of regular Board meetings.



## Disclosure Policy

The Board has adopted a Disclosure Policy covering timely disclosure of all material information. The Policy is reviewed annually and establishes consistent guidance for determining what information is material and how the information should be disclosed to avoid selective disclosure and to ensure that material is widely disseminated. The Corporation has a Disclosure Committee comprised of senior management and chaired by the Vice President, Finance. The Disclosure Committee is responsible for reviewing all continuous disclosure documents and ensuring their timely public release.

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

Shareholder feedback is received through group meetings with institutional Shareholders and from retail Shareholders by mail or telephone.

Shareholders, employees and other interested parties may communicate directly with non-management directors through the Chair of the Board by writing to Chair, Board of Directors, Home Capital Group Inc., 145 King Street West, Suite 2300, Toronto, Ontario M5H 1J8.