



POWER CORPORATION  
OF CANADA

## 2016 ANNUAL INFORMATION FORM

March 29, 2017

POWER CORPORATION OF CANADA

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## GENERAL INFORMATION

The following abbreviations have been used throughout this Annual Information Form:

Name in full	Abbreviation
adidas AG	adidas
Annual Information Form of Great-West Lifeco Inc., dated February 9, 2017	Lifeco's Annual Information Form
Annual Information Form of IGM Financial Inc., dated March 16, 2017	IGM Financial's Annual Information Form
Annual Information Form of Power Financial Corporation, dated March 29, 2017	Power Financial's Annual Information Form
China Asset Management Co., Ltd.	China AMC
Great-West Life & Annuity Insurance Company	Great-West Financial
Great-West Lifeco Inc.	Lifeco
Groupe Bruxelles Lambert	GBL
IGM Financial Inc.	IGM Financial
Imerys SA	Imerys
Investors Group Inc.	Investors Group
Irish Life Group Limited	Irish Life
LafargeHolcim Ltd	LafargeHolcim
Lafarge SA	Lafarge
La Presse ltée	La Presse
Mackenzie Financial Corporation	Mackenzie Investments
Mackenzie Inc.	Mackenzie
Management's Discussion and Analysis of Power Corporation of Canada, dated March 24, 2017	Power's MD&A
Pargesa Holding SA	Pargesa
Parjointco N.V.	Parjointco
Performance Sports Group Ltd.	PSG
Pernod Ricard SA	Pernod Ricard
Portag3 Ventures Limited Partnership	Portag3
Power Corporation of Canada	Power or the Corporation
Power Energy Corporation	Power Energy
Power Financial Corporation	Power Financial
Power Financial Europe B.V.	PFE
Putnam Investments, LLC	Putnam
Sagard Capital Partners, L.P.	Sagard Capital
SGS SA	SGS
Square Victoria Communications Group Inc.	Square Victoria Communications
Suez Environnement Company	Suez
The Canada Life Assurance Company	Canada Life
The Great-West Life Assurance Company	Great-West Life
Total SA	Total
Umicore NV/SA	Umicore
Wealthsimple Financial Corp.	Wealthsimple

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents are incorporated herein by reference to the extent specified herein:

- Certain portions of Power Financial's Annual Information Form;
- Certain portions of Lifeco's Annual Information Form; and
- Certain portions of IGM Financial's Annual Information Form.

The above documents have been prepared by Power Financial, Lifeco and IGM Financial, respectively, and are available on SEDAR under their respective company profiles at [www.sedar.com](http://www.sedar.com).

In addition, certain portions of Power's MD&A are incorporated herein by reference, to the extent specified herein. Power's MD&A is available on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

## FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and the reader is 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".

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, business competition, operational and reputational risks, technological change, changes in government regulation 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 to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is 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 Power's MD&A, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com). The section entitled "Forward-Looking

Information” of Power Financial’s Annual Information Form (which section also incorporates by reference therein certain portions of Lifeco’s Annual Information Form and of IGM Financial’s Annual Information Form) is incorporated herein by reference.

## CORPORATE STRUCTURE

### I N C O R P O R A T I O N

Power Corporation of Canada — Power Corporation du Canada was incorporated on April 18, 1925 under *The Companies Act* (Canada) and continued under the *Canada Business Corporations Act* (“CBCA”) on June 13, 1980. Its head and registered office is located at 751 Victoria Square, Montréal, Québec H2Y 2J3.

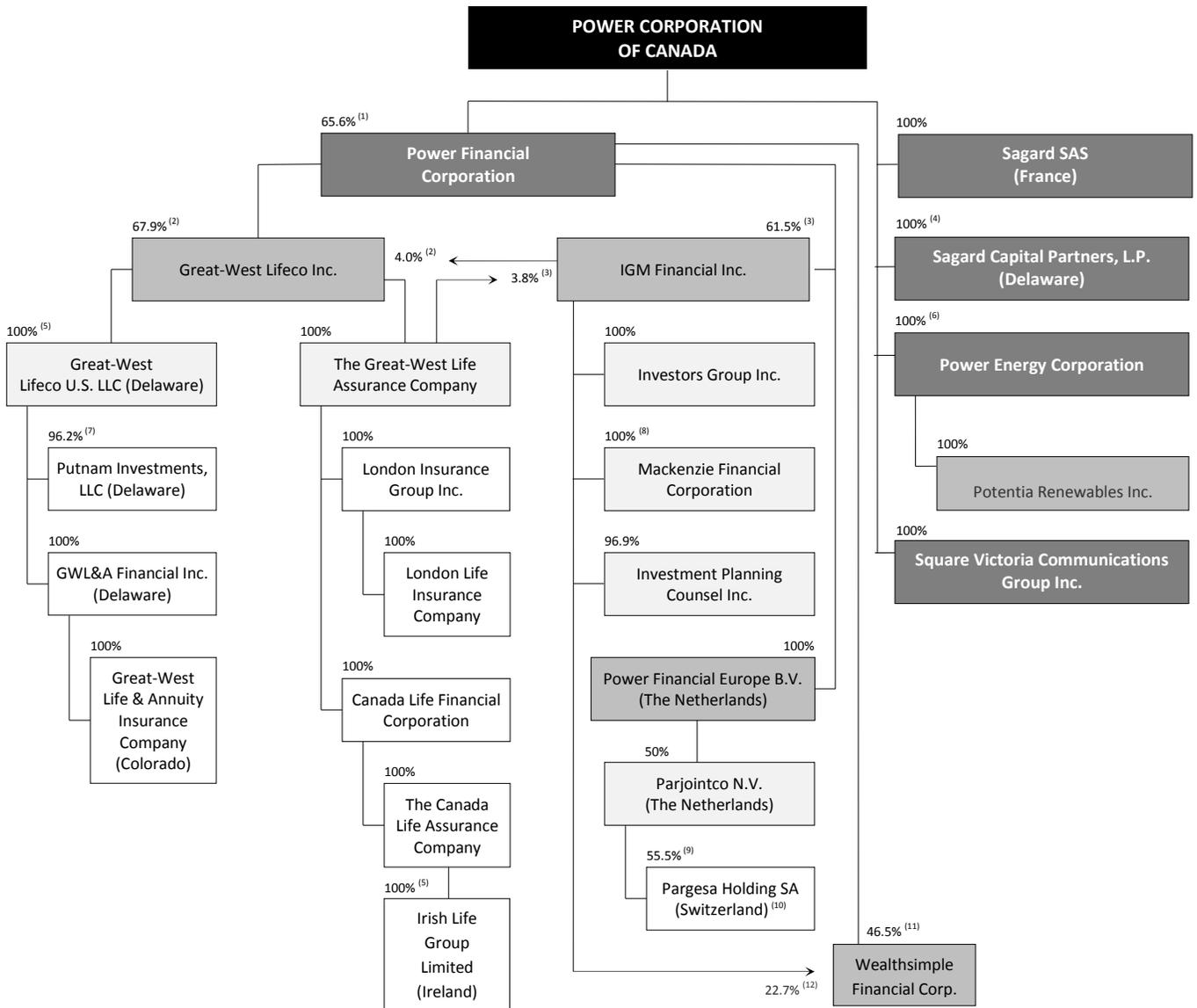
Since June 13, 1980, the Articles of Power have been amended as follows:

- effective May 11, 1984, to re-designate as Subordinate Voting Shares the common shares of Power;
- effective June 3, 1985, to subdivide the 15¢ Participating Preferred Shares and the Subordinate Voting Shares on a two-for-one basis and to re-designate the 15¢ Participating Preferred Shares as 7½¢ Participating Preferred Shares;
- effective January 31, 1986, to create 2,000,000 Cumulative Redeemable First Preferred Shares, 1986 Series (the “1986 Series First Preferred Shares”);
- effective May 1, 1986, to increase the size of the Board of Directors to a maximum of 28 members;
- effective June 16, 1986, to subdivide the 7½¢ Participating Preferred Shares and the Subordinate Voting Shares on a two-for-one basis and to re-designate the 7½¢ Participating Preferred Shares as 3¾¢ Participating Preferred Shares;
- effective July 9, 1998, to subdivide the 3¾¢ Participating Preferred Shares and the Subordinate Voting Shares on a two-for-one basis and to re-designate the 3¾¢ Participating Preferred Shares as Participating Preferred Shares;
- effective June 9, 1999, to create 6,000,000 5.60 per cent Non-Cumulative First Preferred Shares, Series A (the “Series A First Preferred Shares”);
- effective November 22, 2001, to create 8,000,000 5.35 per cent Non-Cumulative First Preferred Shares, Series B (the “Series B First Preferred Shares”);
- effective December 2, 2002, to create 6,000,000 5.80 per cent Non-Cumulative First Preferred Shares, Series C (the “Series C First Preferred Shares”);
- effective July 23, 2004, to subdivide the Participating Preferred Shares and the Subordinate Voting Shares on a two-for-one basis;
- effective October 12, 2005, to create 10,000,000 5.00 per cent Non-Cumulative First Preferred Shares, Series D (the “Series D First Preferred Shares”); and
- effective February 22, 2012, to create 8,000,000 5.60 per cent Non-Cumulative First Preferred Shares, Series G (the “Series G First Preferred Shares”).

### I N T E R C O R P O R A T E R E L A T I O N S H I P S

The chart on the following page summarizes Power’s corporate structure as at December 31, 2016, including interests in its material, and certain other subsidiaries and investee companies. The chart sets forth the jurisdiction of incorporation (unless otherwise indicated, all companies were incorporated in Canada) and the approximate percentages of participating equity securities beneficially owned, or over which control or direction is exercised, directly or indirectly, by Power (unless otherwise indicated, such percentages also represent the approximate percentages of votes attached to voting securities beneficially owned, or over which control or direction is exercised, directly or indirectly, by Power) as at that date.

The section entitled “Corporate Structure – Intercorporate Relationships” of Power Financial’s Annual Information Form (which section also incorporates by reference therein certain portions of Lifeco’s Annual Information Form and of IGM Financial’s Annual Information Form) is incorporated herein by reference.



- (1) Owned by 171263 Canada Inc., which is wholly owned directly by Power.
- (2) 54.6 per cent of the participating equity securities of Lifeco are owned by Power Financial, 2.9 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of Power Financial, 7.4 per cent are owned by 3439453 Canada Inc., a wholly owned subsidiary of Power Financial, and 3.0 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of Power Financial. In addition, IGM Financial, a subsidiary of the Corporation, owns 4.0 per cent of the participating equity securities of Lifeco. Power Financial and its subsidiaries own, in the aggregate, voting securities to which are attached approximately 65.0 per cent of the votes attached to all voting securities of Lifeco.
- (3) 58.3 per cent of the participating equity securities of IGM Financial are owned by Power Financial, 2.3 per cent are owned by 3411893 Canada Inc., a wholly owned subsidiary of Power Financial, and 0.9 per cent are owned by 4400003 Canada Inc., a wholly owned subsidiary of Power Financial. In addition, Great-West Life, a subsidiary of the Corporation, owns 3.8 per cent of the participating equity securities of IGM Financial (excluding 0.02 per cent of equity securities of IGM Financial held by Great-West Life in its segregated funds or for similar purposes). Power Financial and its subsidiaries own, in the aggregate, voting securities to which are attached approximately 65.3 per cent of the votes attached to all voting securities of IGM Financial.
- (4) Owned through wholly owned subsidiaries of Power.
- (5) Owned through wholly owned subsidiaries of Lifeco.
- (6) Owned by Victoria Square Ventures Inc., which is wholly owned directly by Power.
- (7) 100 per cent voting interest
- (8) Owned through wholly owned subsidiaries of IGM Financial.
- (9) 75.4 per cent voting interest
- (10) Certain companies in the Pargesa group are more fully described in the section entitled "Narrative Description of the Business – The Pargesa Group" of Power Financial's Annual Information Form, which is incorporated herein by reference.
- (11) 46.9 per cent voting interest
- (12) 22.8 per cent voting interest

## GENERAL DEVELOPMENT OF THE BUSINESS

### BUSINESS OF POWER

Power is a diversified international management and holding company that holds interests, directly or indirectly, in companies that are active in the financial services, renewable energy, communications and other business sectors.

Power's principal asset is its controlling interest in Power Financial. As at December 31, 2016, Power held a 65.6 per cent equity and voting interest in Power Financial. Power Financial holds substantial interests in the financial services sector through its controlling interest in each of Lifeco and IGM Financial. These companies and their subsidiaries offer an extensive range of financial products and services to individuals and corporations in Canada, the United States and Europe. Through its wholly owned subsidiary, PFE, Power Financial holds a 50 per cent interest in Parjointco, which held, as of December 31, 2016, a 55.5 per cent equity interest, representing 75.4 per cent of the voting rights, in the Pargesa group. Based in Europe, the main companies in the Pargesa group are active in the following industries: mineral-based specialty solutions for industry, cement, aggregates and concrete, testing, inspection and certification, design and distribution of sportswear, wines and spirits, materials technology and recycling, and oil, gas and alternative energies. These investments are held by Pargesa through its subsidiary, GBL, a Belgian holding company.

Power operates equity investment funds in three geographical regions and holds investments in Asia. See "Narrative Description of the Business". Also, through a wholly owned subsidiary of Square Victoria Communications, Power is engaged in the publication of *LaPresse+*, a digital daily news edition for tablets and the operation of the website *LaPresse.ca*. In addition, Power indirectly holds 100 per cent of Power Energy, which holds ownership interests in two renewable energy companies.

As at December 31, 2016, Power and its subsidiaries had, in aggregate, approximately 30,259 employees worldwide.

Power's share of adjusted net earnings of subsidiaries was \$1,315 million in 2016, compared with \$1,404 million in 2015.

### DEVELOPMENT OF THE BUSINESS OVER THE LAST THREE YEARS

The section entitled "General Development of the Business – Development of the Business Over the Last Three Years" of Power Financial's Annual Information Form (which section also incorporates by reference therein certain portions of Lifeco's Annual Information Form and of IGM Financial's Annual Information Form) is incorporated herein by reference.

#### NORTH AMERICA

On January 31, 2014, Power Financial redeemed all of its \$175 million Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series M for a price of \$25.00 per share, in accordance with the terms of such shares.

On May 22, 2014, Lifeco issued 8,000,000 Non-Cumulative First Preferred Shares, Series S, priced at \$25.00 per share, to annually yield 5.25 per cent, for gross proceeds of \$200 million.

On August 29, 2014, Great-West Financial completed the acquisition of J.P. Morgan Retirement Plan Services (RPS) large-market recordkeeping business, expanding the Great-West Financial footprint in the United States retirement services business. As part of this acquisition, a new combined brand – "Empower Retirement" – was launched to consolidate and support the retirement services businesses of Great-West Financial, RPS and Putnam. Effective January 1, 2015, these retirement services businesses merged, creating the second largest recordkeeping provider in the United States. At December 31, 2016, the number of participant accounts was over 8 million.

On March 17, 2015, Square Victoria Communications, through Gesca ltée, sold its subsidiary that publishes six daily regional newspapers in the Province of Québec. On January 1, 2016, La Presse completed its digital strategy by ceasing to publish its paper edition from Monday to Friday; only the Saturday paper edition remains.

In July 2015, Square Victoria Communications sold its controlling interest in Bytheowner Inc.

In 2015 and 2016, Power Financial, through a wholly owned subsidiary, invested in Wealthsimple, a technology-driven investment manager. In the fourth quarter of 2016, IGM Financial also invested in Wealthsimple. As at December 31, 2016, Power Financial and IGM Financial held, respectively, 46.5 per cent and 22.7 per cent equity interests in Wealthsimple, representing, respectively, 46.9 per cent and 22.8 per cent of the voting rights.

On February 1, 2016, 2,234,515 of Power Financial's Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series P, were converted, on a one-for-one basis, into Non-Cumulative Floating Rate First Preferred Shares, Series Q of Power Financial, in accordance with the terms of such shares.

In May 2016, IGM Financial completed a US\$50 million investment in Personal Capital Corporation, a market-leading digital wealth advisor which operates in the United States. A subsequent US\$25 million investment was made in December 2016.

In October 2016, Power Financial, together with Lifeco and IGM Financial, announced the formation of a new investment fund, Portag3, dedicated primarily to backing early-stage innovative financial services companies.

On December 7, 2016, Lifeco completed its offering of €500 million principal amount senior bonds with an annual coupon rate of 1.75 per cent maturing on December 7, 2026.

On January 26, 2017, IGM Financial completed its offering of \$400 million principal amount of 3.44 per cent debentures due January 26, 2027 and \$200 million principal amount of 4.56 per cent debentures due January 25, 2047. The net proceeds will be used by IGM Financial to assist its subsidiary, Mackenzie Investments, in financing a substantial portion of its acquisition of a 13.9 per cent equity interest in China AMC and for general corporate purposes. See "Development of the Business Over the Last Three Years – Asia".

On January 31, 2017, Power completed its offering of \$250 million principal amount of 4.81 per cent debentures due January 31, 2047. The net proceeds will be used by the Corporation to finance the purchase price of its acquisition of an additional 3.9 per cent equity interest in China AMC and for general corporate purposes. See "Development of the Business Over the Last Three Years – Asia".

On February 27, 2017, an acquisition vehicle jointly controlled by an affiliate of Sagard Capital and Fairfax Financial Holdings Limited acquired substantially all the assets of PSG and its U.S. and Canadian subsidiaries for a purchase price of US\$575 million and the assumption of related operating liabilities.

## EUROPE

In 2014 and 2015, GBL sold, respectively, 0.6 per cent and 0.5 per cent of the share capital of Total, for proceeds of approximately €650 million and €556 million, respectively, generating gains of €335 million and €282 million, respectively. In 2016, GBL sold 1.8 per cent of the share capital of Total, for proceeds of approximately €1.7 billion, generating gains of €732 million, bringing GBL's position in Total to 0.7 per cent as at December 31, 2016.

On April 7, 2014, Pargesa announced that GBL, the largest shareholder of Lafarge, with an interest of 21.1 per cent, approved and supported the proposed merger of equals between Lafarge and Holcim Ltd., a cement and aggregates company. The merger was completed on July 10, 2015. As at December 31, 2016, GBL held 9.4 per cent of the new entity, LafargeHolcim.

On June 14, 2014, Pargesa redeemed at par the remaining outstanding convertible bonds issued in 2007 and due in 2014, for an amount of SF463 million.

In 2014 and 2015, GBL received early conversion requests for approximately 99 per cent of its 2012 bonds exchangeable into Suez shares for a par value of €397 million, and delivered a total of 35 million Suez shares. The bonds that remained unredeemed matured in September 2015. As a result of these conversions, GBL no longer held any shares of Suez as at December 31, 2015.

On February 26, 2015, Imerys completed the acquisition of S&B group, an industrial minerals company, which acquisition was funded, in part, through the issuance of Imerys shares to the vendors. As a result of the transaction, GBL's interest in the share capital of Imerys was reduced to approximately 53.9 per cent as at December 31, 2015 (compared to 56.5 per cent as at December 31, 2014).

On March 24, 2015, Pargesa completed the issuance of nine-year, 0.875 per cent SF150 million bonds due April 24, 2024.

On April 24, 2015, GDF Suez changed its name to Engie. In 2016, GBL bought back €691 million in principal amount of its convertible bonds exchangeable for Engie shares. The balance of the convertible exchangeable bonds was redeemed at maturity in February 2017. Also in 2016, GBL sold approximately 1.8 per cent of the share capital of Engie for proceeds of €572 million, bringing GBL's position in Engie to 0.6 per cent as at December 31, 2016. Furthermore, in 2017 GBL sold an additional 0.5 per cent of the share capital of Engie, for proceeds of €145 million, bringing GBL's position in Engie to 0.1 per cent.

In 2015 and 2016, GBL increased its ownership in Umicore and started to invest progressively in adidas. GBL held, respectively, 17 per cent and 7.5 per cent of the share capital of Umicore and adidas as at December 31, 2016.

In 2016, GBL increased its participation in SGS to 16.2 per cent as at December 31, 2016 (compared to 15 per cent as at December 31, 2015).

The Pargesa portfolio currently consists primarily of investments in Imerys, LafargeHolcim, SGS, adidas, Pernod Ricard, Umicore and Total, which are held through Pargesa's subsidiary, GBL. The ownership interest of Power Financial in these companies as at December 31, 2016, through the Pargesa group, is more fully described in the section entitled "Narrative Description of the Business – The Pargesa Group" of Power Financial's Annual Information Form.

## ASIA

In April 2015, Power sold its 0.6 per cent equity interest in CITIC Limited, a public corporation whose shares are listed on the Hong Kong Stock Exchange, for proceeds of \$363 million.

On December 29, 2016 and January 5, 2017, IGM Financial announced that its subsidiary Mackenzie Investments entered into an agreement to acquire, in two separate transactions, a 13.9 per cent interest in China AMC, for an aggregate consideration of RMB¥3.34 billion (\$647 million).

On January 5, 2017, Power announced that it entered into an agreement to acquire an additional 3.9 per cent equity interest in China AMC for RMB¥936 million (\$179 million). Together with a 10 per cent interest purchased in 2011, Power's ownership in China AMC will be 13.9 per cent.

The transactions are subject to customary closing conditions, including Chinese regulatory approvals. Upon completion, the Corporation and Mackenzie Investments will hold a combined 27.8 per cent interest in China AMC.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

Power is a diversified international management and holding company that holds interests, directly or indirectly, in companies that are active in financial services, renewable energy, communications and other business sectors.

### **P O W E R F I N A N C I A L C O R P O R A T I O N**

Power Financial is a diversified international management and holding company that holds substantial interests, directly or indirectly, in companies that are active in the financial services sector in Canada, the United States and Europe and, through its indirect investment in Pargesa, has significant holdings in companies based in Europe, active in the following industries: mineral-based specialty solutions for industry, cement, aggregates and concrete, testing, inspection and certification, design and distribution of sportswear, wines and spirits, materials technology and recycling and oil, gas and alternative energies.

The section entitled “Narrative Description of the Business” of Power Financial’s Annual Information Form (which section also incorporates by reference therein certain portions of Lifeco’s Annual Information Form and of IGM Financial’s Annual Information Form) is incorporated herein by reference.

### **S A G A R D I N V E S T M E N T F U N D S**

The Corporation operates equity investment funds in three geographical regions under the Sagard name – Sagard Europe, Sagard Capital (United States) and Sagard China. Each of the Sagard investment funds operates with separate dedicated teams.

Sagard Europe is managed by Sagard SAS, a wholly owned subsidiary of the Corporation based in France. Pargesa and GBL have also invested in Sagard Europe’s funds. Sagard Europe invests in mid-sized private companies based in France, Belgium, Luxembourg and Switzerland.

Sagard Capital, a U.S. limited partnership indirectly owned by Power, primarily invests in small and mid-cap companies in North America. Sagard Capital holds a 96.7 per cent interest in IntegraMed America, Inc. and a 97.3 per cent interest in Vein Clinics of America, which are private healthcare services companies.

Power also invests as a Qualified Foreign Institutional Investor (QFII) in the Chinese “A” share market. In addition, the Corporation has invested in Chinese companies listed on the Hong Kong Stock Exchange (“H” shares) and the Shenzhen or Shanghai Stock Exchange (“B” shares). Collectively, the Chinese “A”, “B” and “H” share investment activities are referred to as the Sagard China portfolio.

### **O T H E R S U B S I D I A R I E S**

#### **P O W E R E N E R G Y C O R P O R A T I O N**

Power Energy actively manages investments in companies in the clean and renewable energy sector. Currently, Power Energy’s investments are in companies that develop, own and operate solar, hydro, and wind generating facilities located in North America. Power Energy holds ownership positions in two companies operating in this sector: Potentia Renewables Inc., a solar and wind power producer, and Eagle Creek Renewable Energy LLC, a U.S.-based owner and operator of hydropower facilities.

#### **S Q U A R E V I C T O R I A C O M M U N I C A T I O N S G R O U P I N C.**

Square Victoria Communications, through its subsidiary La Presse, is engaged in the publication of *LaPresse+*, a digital daily news edition for tablets, and the smartphone application *La Presse Mobile*. It also operates the related website [LaPresse.ca](http://LaPresse.ca).

## C H I N A A M C

As at December 31, 2016, the Corporation held a 10 per cent interest in China AMC. On January 5, 2017, the Corporation entered into an agreement to acquire an additional 3.9 per cent equity interest in China AMC, which would bring the Corporation's interest in China AMC to 13.9 per cent. Mackenzie Investments, a subsidiary of IGM Financial, also entered into an agreement to acquire, in two separate transactions, a 13.9 per cent interest in China AMC.

Upon completion, Power Corporation and Mackenzie will hold a combined 27.8 per cent interest in the company. The transactions are subject to customary closing conditions, including Chinese regulatory approvals.

China AMC was established in 1998 and was one of the first asset management companies approved by the China Securities Regulatory Commission. It is recognized as a leading company in the Chinese asset management sector.

## RISK FACTORS

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation, including the following and other risks discussed elsewhere in this Annual Information Form, which investors should carefully consider before investing in securities of the Corporation. This description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

Power is a holding company whose principal asset is its controlling interest in Power Financial. Power Financial holds substantial interests in the financial services sector through its controlling interest in each of Lifeco and IGM Financial. As a result, the Corporation bears the risks associated with being a significant shareholder of these operating companies. The risks of being an investor in Power Financial are described in the section entitled “Risk Factors” of Power Financial’s Annual Information Form, which section is incorporated herein by reference; the risks of being an investor in Lifeco are described and referenced in the subsection entitled “Risk Factors” of Lifeco’s Annual Information Form, which subsection and further references are incorporated herein by reference; and the risks of being an investor in IGM Financial are referenced in the last paragraph of the section entitled “Development of the Business Over the Last Three Years” of IGM Financial’s Annual Information Form, which paragraph and further references are incorporated herein by reference.

The share price of Power, Power Financial and its subsidiaries may be volatile and subject to fluctuations in response to numerous factors beyond Power’s and such subsidiaries’ control. Economic conditions may adversely affect Power and its subsidiaries, including fluctuations in foreign exchange, inflation and interest rates, as well as monetary policies, business investment and the health of capital markets in Canada, the United States, Europe and Asia. In recent years, financial markets have experienced significant price and volume fluctuations that have affected the market prices of equity securities held by the Corporation and its subsidiaries, and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. These factors may cause decreases in asset values that are deemed to be significant or prolonged, which may result in impairment charges. In periods of increased levels of volatility and related market turmoil, Power’s subsidiaries’ operations could be adversely impacted and the trading price of Power’s securities may be adversely affected.

As a holding company, Power’s ability to meet its obligations, including payment of interest, other operating expenses and dividends, and to complete current or desirable future enhancement opportunities or acquisitions generally depends upon dividends from its principal subsidiaries and other investments and its ability to raise additional capital. Dividends to shareholders of Power will be dependent on the operating performance, profitability, financial position and creditworthiness of the subsidiaries of Power and on their ability to pay dividends to Power. The ability of Power Financial to meet its obligations and pay dividends is dependent upon receipt of dividends from its subsidiaries. The payment of interest and dividends by Power Financial’s principal subsidiaries is subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained.

The ability of Power to arrange additional financing in the future will depend in part upon prevailing market conditions as well as the business performance of Power and its subsidiaries. Although the Corporation has been able to access capital on financial markets in the past, there can be no assurance this will be possible in the future. The inability of Power to access sufficient capital on acceptable terms could have a material adverse effect on Power’s business, prospects, dividend paying capability and financial condition, and further enhancement opportunities or acquisitions.

Additional information about the risks and uncertainties of the Corporation’s business is provided in the section entitled “Risk Management” in Power’s MD&A, which section is incorporated herein by reference.

## DESCRIPTION OF THE SHARE CAPITAL

### GENERAL

The authorized capital of Power consists of an unlimited number of First Preferred Shares (the “First Preferred Shares”), an unlimited number of Participating Preferred Shares (the “Participating Preferred Shares”), and an unlimited number of Subordinate Voting Shares (the “Subordinate Voting Shares”). As at March 24, 2017, there were issued and outstanding:

Share Class	Number of Shares Issued and Outstanding
<b>Non-Participating Shares</b>	
First Preferred Shares	
1986 Series	310,200
Series A	6,000,000
Series B	8,000,000
Series C	6,000,000
Series D	10,000,000
Series G	8,000,000
<b>Participating Shares</b>	
Participating Preferred Shares	48,854,772
Subordinate Voting Shares	414,944,574

Dividends on the Subordinate Voting Shares, Participating Preferred Shares and First Preferred Shares are payable only as and when declared by the Board of Directors.

### SUBORDINATE VOTING SHARES

Each Subordinate Voting Share entitles the holder to one vote at all meetings of shareholders (other than meetings exclusively of another class or series of shares) provided that holders of Subordinate Voting Shares are not entitled to vote separately as a class in the case of an amendment to the Articles of the Corporation referred to in paragraphs (a), (b) and (e) of subsection 176(1) of the CBCA. Subject to the rights of holders of the Participating Preferred Shares and the First Preferred Shares, each Subordinate Voting Share entitles the holder to receive any dividend on such share and to participate equally with all other holders of Subordinate Voting Shares in the remaining property of the Corporation on dissolution or winding-up. Power may not, without approval of two-thirds of the holders of Subordinate Voting Shares, issue any Participating Preferred Shares unless Power contemporaneously with such issue offers to holders of Subordinate Voting Shares the right to acquire from Power *pro rata* to their holdings an aggregate number of Subordinate Voting Shares that is equal to eight and one-third times the number of Participating Preferred Shares proposed to be issued for a consideration per share that is equal to the stated capital amount per share for which the Participating Preferred Shares are to be issued. There are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the Subordinate Voting Shares.

As at March 24, 2017, the Subordinate Voting Shares represented 45.9 per cent of the aggregate voting rights attached to Power’s outstanding voting securities.

The Articles of Power do not contain any rights or provisions applicable to holders of Subordinate Voting Shares where a takeover bid is made for the Participating Preferred Shares.

### PARTICIPATING PREFERRED SHARES

Each Participating Preferred Share entitles the holder to ten votes at all meetings of shareholders (other than meetings exclusively of another class or series of shares), provided that holders of Participating Preferred

Shares are not entitled to vote separately as a class in the case of an amendment to the Articles of the Corporation referred to in paragraphs (a), (b) and (e) of subsection 176(1) of the CBCA. Subject to the rights of holders of the First Preferred Shares, each Participating Preferred Share entitles the holder to receive a non-cumulative dividend of \$0.009375 per share per annum before any dividends are paid for the Subordinate Voting Shares, and the further right to participate, share and share alike, with the holders of Subordinate Voting Shares in any dividends that may be paid with respect to the Subordinate Voting Shares after payment of a dividend of \$0.009375 per share per annum on the Subordinate Voting Shares. Upon any dissolution or liquidation, in whole or in part, of Power or upon any other distribution of capital for the purpose of winding-up Power's affairs, the holders of Participating Preferred Shares, subject to the prior rights of the holders of the First Preferred Shares and by preference over the holders of the Subordinate Voting Shares or any other shares ranking junior to the Participating Preferred Shares, are entitled to receive an amount equal to \$0.421875 per share plus any declared and unpaid dividends. Power may not, without approval of two-thirds of the holders of Participating Preferred Shares, issue any Subordinate Voting Shares unless Power contemporaneously with such issue offers to the holders of Participating Preferred Shares the right to acquire from Power *pro rata* to their holdings an aggregate number of Participating Preferred Shares that is equal to 12 per cent of the number of Subordinate Voting Shares proposed to be issued for a consideration per share that is equal to the average stated capital amount per share for which the Subordinate Voting Shares are to be issued.

#### FIRST PREFERRED SHARES

The First Preferred Shares may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors designates. With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Power, whether voluntary or involuntary, or any other distribution of the assets of Power among its shareholders for the purpose of winding-up its affairs, the First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series and in priority to the Participating Preferred Shares, the Subordinate Voting Shares and any other shares ranking junior to the First Preferred Shares. Holders of First Preferred Shares of any series shall not be entitled to notice of or to attend or to vote at any meeting of its shareholders except as may be required by law or as specifically provided in the provisions attaching to the First Preferred Shares of such series.

For the Series A, Series B, Series C, Series D and Series G First Preferred Shares (for the purposes of this paragraph, the "Non-Cumulative First Preferred Shares"), in the event of the liquidation, dissolution or winding-up of Power or other distribution of the assets of Power among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of Power and of holders of shares of Power ranking prior to the Non-Cumulative First Preferred Shares, the holders of the Non-Cumulative First Preferred Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Non-Cumulative First Preferred Share plus declared and unpaid dividends before any amount shall be paid or any assets of Power shall be distributed to the holders of Participating Preferred Shares, Subordinate Voting Shares or of shares of any other class of Power ranking junior to the Non-Cumulative First Preferred Shares.

#### 1986 SERIES FIRST PREFERRED SHARES

The 1986 Series First Preferred Shares rank equally with all other First Preferred Shares and have a cumulative floating dividend, payable quarterly, equal to one quarter of 70 per cent of Prime (as defined below). Power has had the right to redeem the 1986 Series First Preferred Shares since April 15, 1991 at \$50.00 per share plus declared and unpaid dividends. Power must make all reasonable efforts to purchase for cancellation on the open market 20,000 1986 Series First Preferred Shares per quarter at a price not exceeding \$50.00 per share. "Prime" means, for any quarterly dividend period, the arithmetic average of the Prime Rates quoted by two reference banks in effect during each day during the three-month period which ends on the last day of the calendar month immediately preceding the applicable dividend payment date in respect of which the determination is being

made, and “Prime Rate” is the reference rate as quoted by those two banks for determining interest rates on Canadian dollar commercial loans made to prime commercial borrowers in Canada.

#### **SERIES A FIRST PREFERRED SHARES**

The Series A First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.60 per cent per annum, payable quarterly. Power has had the right to redeem the Series A First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after June 11, 2004, and at a declining premium to a price of \$25.00 per share if redeemed on or after June 12, 2008, in each case plus declared and unpaid dividends.

#### **SERIES B FIRST PREFERRED SHARES**

The Series B First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.35 per cent per annum, payable quarterly. Power has had the right to redeem the Series B First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after November 28, 2006, and at a declining premium to a price of \$25.00 per share if redeemed on or after November 28, 2010, in each case plus declared and unpaid dividends.

#### **SERIES C FIRST PREFERRED SHARES**

The Series C First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.80 per cent per annum, payable quarterly. Power has had the right to redeem the Series C First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after December 6, 2007, and at a declining premium to a price of \$25.00 per share if redeemed on or after December 6, 2011, in each case plus declared and unpaid dividends.

#### **SERIES D FIRST PREFERRED SHARES**

The Series D First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.00 per cent per annum, payable quarterly. Power has had the right to redeem the Series D First Preferred Shares, in whole or in part, for \$26.00 cash per share if redeemed on or after October 31, 2010, and at a declining premium to a price of \$25.00 per share if redeemed on or after October 31, 2014, in each case plus declared and unpaid dividends.

#### **SERIES G FIRST PREFERRED SHARES**

The Series G First Preferred Shares rank equally with all other First Preferred Shares and have a fixed non-cumulative dividend of 5.60 per cent per annum, payable quarterly. Power has the right to redeem the Series G First Preferred Shares on or after April 15, 2017, in whole or in part, for \$26.00 cash per share if redeemed during the 12 months commencing April 15, 2017, \$25.75 per share if redeemed during the 12 months commencing April 15, 2018, \$25.50 if redeemed during the 12 months commencing April 15, 2019, \$25.25 if redeemed during the 12 months commencing April 15, 2020, and \$25.00 per share if redeemed on or after April 15, 2021, in each case plus declared and unpaid dividends.

## RATINGS

The table below provides the ratings assigned to the Corporation's outstanding securities as at March 29, 2017.

	DBRS Limited ("DBRS")	Standard & Poor's Ratings Services ("S&P")
Issuer rating	-	A
7.57% debentures due April 22, 2019	A	A
8.57% debentures due April 22, 2039	A	A
4.81% debentures due January 31, 2047	A	A
Preferred shares:		
Cumulative	Pfd-2	Canadian scale P-2 (High) Global scale BBB+
Non-cumulative	Pfd-2	Canadian scale P-2 (High) Global scale BBB+

The ratings of the Corporation and its outstanding securities have been assigned a stable trend by DBRS and a stable outlook by S&P.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. The definitions of the categories of each rating set forth below have been obtained from the respective rating agencies' websites.

The Corporation has paid customary rating fees to S&P and DBRS in connection with the above-mentioned ratings. In addition, the Corporation has, in the ordinary course of business, made payments in respect of other services provided to the Corporation by S&P and DBRS during the last two years.

### (a) DBRS Limited

In general terms, DBRS ratings are opinions that reflect the creditworthiness of an issuer, a security or an obligation. They are opinions based on forward-looking measurements that assess an issuer's ability and willingness to make timely payments on outstanding obligations (whether principal, interest, dividend, or distributions) with respect to the terms of an obligation.

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.

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.

Most rating categories are 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 Corporation's debentures rating of A is the sixth highest of twenty-six ratings used by DBRS for long-term debt. Long-term debt rated "A" is of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than that of "AA" rated entities. Entities in this category may be vulnerable to future events, but qualifying negative factors are considered manageable.

The Corporation's preferred shares rating of Pfd-2 is the fifth highest of sixteen ratings used by DBRS for preferred shares in Canada. Preferred shares with a Pfd-2 rating are of satisfactory credit quality, and protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as Pfd-1 rated companies. Generally, a Pfd-2 rating corresponds with companies whose senior bonds are rated in the "A" category.

#### (b) Standard & Poor's Ratings Services

An S&P issuer credit rating is a current opinion of an obligor's overall financial capacity (creditworthiness) to pay its financial obligations and focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation.

In contrast, an issue rating relates to a specific financial obligation, a specific class of financial obligations, or a specific financial program. The rating on a specific issue may reflect positive or negative adjustments relative to the issuer's rating for (i) the presence of collateral, (ii) explicit subordination, or (iii) any other factors that affect the payment priority, expected recovery, or credit stability of the specific issue.

Since there are future events and developments that cannot be foreseen, the assignment of credit ratings is not an exact science and, for this reason, S&P ratings opinions are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular security issue will default. Instead, ratings express relative opinions about the creditworthiness of an issuer or credit quality of an individual issue, from strongest to weakest, within a universe of credit risk.

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.

An S&P issuer rating usually refers to the issuer's ability and willingness to meet senior, unsecured obligations. The Corporation's S&P issuer rating is A. The Corporation's debentures' rating of A is the sixth highest of twenty-two ratings used by S&P in its long-term issue credit rating scale. A long-term debenture rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still strong.

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 scale 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.

The Corporation's preferred shares' rating of P-2 (High) on S&P's Canadian national preferred share rating scale corresponds to BBB+ on S&P's Global preferred share rating scale. A P-2 (High) rating is the fourth highest of eighteen ratings used by S&P in its Canadian national preferred share rating scale. Correspondingly, a BBB+ rating is the sixth highest of twenty ratings used by S&P in its Global preferred share rating scale. A preferred share rating of BBB+ exhibits adequate protection parameters; however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments on the obligation.

## DIVIDENDS

The cash dividends declared per share for each class of the Corporation's shares outstanding as at December 31, 2016 were as follows:

	2016	2015 (in dollars)	2014
Subordinate Voting Shares (POW)	1.31625	1.22375	1.1600
Participating Preferred Shares (POW.PR.E)	1.31625	1.22375	1.1600
First Preferred Shares, Series A (POW.PR.A)	1.4000	1.4000	1.4000
First Preferred Shares, Series B (POW.PR.B)	1.3375	1.3375	1.3375
First Preferred Shares, Series C (POW.PR.C)	1.4500	1.4500	1.4500
First Preferred Shares, Series D (POW.PR.D)	1.2500	1.2500	1.2500
First Preferred Shares, 1986 Series (POW.PR.F)	0.9452	0.9862	1.0500
First Preferred Shares, Series G (POW.PR.G)	1.4000	1.4000	1.4000

The current practice of the Corporation is to pay dividends to the holders of Participating Preferred Shares and Subordinate Voting Shares on a quarterly basis. All future dividend amounts and dates are subject to approval by the Board of Directors.

## MARKET FOR SECURITIES

The following table provides information regarding the price range and volume traded for each of these classes of securities of Power on the Toronto Stock Exchange (the "TSX") on a monthly basis for each month of the year ended December 31, 2016.

	Subordinate Voting Shares (POW)	Participating Preferred Shares (POW.PR.E)	First Preferred Shares, Series A (POW.PR.A)	First Preferred Shares, Series B (POW.PR.B)	First Preferred Shares, Series C (POW.PR.C)	First Preferred Shares, Series D (POW.PR.D)	First Preferred Shares, 1986 Series (POW.PR.F)	First Preferred Shares, Series G (POW.PR.G)
<b>January 2016</b>								
Intraday High (\$)	29.79	28.00	24.80	23.57	25.25	22.55	30.40	24.88
Intraday Low (\$)	26.25	27.00	23.22	22.11	23.80	20.75	29.00	23.40
Volume	18,016,540	1,000	54,125	116,961	101,477	66,363	3,200	77,091
<b>February 2016</b>								
Intraday High (\$)	29.67	29.00	24.94	23.48	25.29	22.10	30.00	24.60
Intraday Low (\$)	26.58	28.00	23.59	22.84	24.60	21.33	26.50	24.09
Volume	13,224,283	900	38,464	81,013	147,627	55,381	3,200	107,585
<b>March 2016</b>								
Intraday High (\$)	30.75	29.50	24.96	23.91	25.58	22.49	28.49	24.94
Intraday Low (\$)	28.27	29.50	24.14	23.04	25.20	21.66	27.49	24.25
Volume	18,478,420	28	46,766	94,406	143,787	106,710	20,778	304,130
<b>April 2016</b>								
Intraday High (\$)	31.12	-	25.00	24.10	25.52	22.72	28.50	25.05
Intraday Low (\$)	28.90	-	24.53	23.54	25.32	22.20	26.50	24.39
Volume	11,682,418	-	51,367	134,510	58,242	247,340	6,550	104,903
<b>May 2016</b>								
Intraday High (\$)	30.71	30.00	25.31	24.39	25.72	23.08	28.99	25.63
Intraday Low (\$)	28.42	29.50	24.85	23.84	25.35	22.35	26.55	25.00
Volume	11,648,947	1,180	74,983	96,592	93,073	285,408	14,940	71,230
<b>June 2016</b>								
Intraday High (\$)	29.70	29.50	25.50	24.95	25.86	23.60	29.00	25.85
Intraday Low (\$)	26.63	29.50	25.09	24.34	25.40	22.85	28.50	25.25
Volume	19,861,812	328	69,634	78,420	111,636	148,970	3,045	172,853
<b>July 2016</b>								
Intraday High (\$)	28.63	-	25.70	25.53	26.08	24.63	30.00	26.63
Intraday Low (\$)	27.01	-	25.25	24.77	25.77	23.40	28.50	25.70
Volume	10,437,034	-	99,302	81,260	58,252	116,680	1,810	61,910
<b>August 2016</b>								
Intraday High (\$)	28.50	-	25.95	25.95	26.05	25.16	31.49	26.76
Intraday Low (\$)	26.95	-	25.35	24.95	25.60	24.50	30.50	25.98
Volume	12,395,726	-	42,647	61,400	59,098	137,582	900	50,553
<b>September 2016</b>								
Intraday High (\$)	28.47	-	25.42	25.40	25.67	24.85	33.00	26.30
Intraday Low (\$)	26.80	-	25.10	24.95	25.33	24.45	31.00	25.37
Volume	13,899,673	-	71,603	298,819	65,703	246,007	9,226	36,240
<b>October 2016</b>								
Intraday High (\$)	29.15	28.50	25.55	25.20	25.60	24.93	33.50	25.69
Intraday Low (\$)	27.32	28.50	25.23	25.00	25.36	24.66	32.00	25.40
Volume	10,452,599	1,000	50,768	43,116	82,371	239,843	23,322	30,116
<b>November 2016</b>								
Intraday High (\$)	30.31	29.51	25.46	25.32	25.63	25.00	34.00	25.69
Intraday Low (\$)	28.17	29.51	24.85	24.47	25.15	23.39	32.75	25.00
Volume	12,258,665	100	128,919	120,726	131,294	174,616	26,390	60,641

	Subordinate Voting Shares  (POW)	Participating Preferred Shares  (POW.PR.E)	First Preferred Shares, Series A  (POW.PR.A)	First Preferred Shares, Series B  (POW.PR.B)	First Preferred Shares, Series C  (POW.PR.C)	First Preferred Shares, Series D  (POW.PR.D)	First Preferred Shares, 1986 Series  (POW.PR.F)	First Preferred Shares, Series G  (POW.PR.G)
<b>December 2016</b>								
Intraday High (\$)	30,81	30.00	25.29	24.70	25.58	23.50	34.01	25.44
Intraday Low (\$)	29.47	30.00	24.93	24.01	25.20	22.79	32.01	24.79
Volume	18,016,540	300	78,789	101,783	96,112	216,126	7,201	70,429

## DIRECTORS AND OFFICERS

### D I R E C T O R S

The following table sets forth the full name, province or state and country of residence and principal occupation for each current Director of the Corporation.

Name and Province/State and Country of Residence	Director since	Principal Occupation
Pierre Beaudoin Québec, Canada	May 2005	Executive Chairman of Bombardier Inc., a diversified transportation manufacturing company, since February 2015; previously, President and Chief Executive Officer of Bombardier Inc.
Marcel R. Coutu Alberta, Canada	May 2011	Company Director since January 2014; previously, President and Chief Executive Officer of Canadian Oil Sands Limited and Chairman of Syncrude Canada Ltd.
André Desmarais Québec, Canada	May 1988	Deputy Chairman, President and Co-Chief Executive Officer of the Corporation and Executive Co-Chairman of Power Financial
Paul Desmarais, Jr. Québec, Canada	May 1988	Chairman and Co-Chief Executive Officer of the Corporation and Executive Co-Chairman of Power Financial
Gary A. Doer Manitoba, Canada	May 2016	Senior Business Advisor to Dentons Canada LLP, a law firm, since August 2016; previously, Canada's Ambassador to the United States
Anthony R. Graham Ontario, Canada	May 2001	Vice-Chairman and a Director of Wittington Investments, Limited, an investment management company and the principal holding company of the Weston-Loblaw Group, since May 2014; previously, President and a Director of Wittington Investments, Limited
J. David A. Jackson Ontario, Canada	May 2013	Senior Counsel to Blake, Cassels & Graydon LLP, a law firm, since 2012; previously, Partner at Blake, Cassels & Graydon LLP
Isabelle Marcoux Québec, Canada	May 2010	Chair of the Board of Transcontinental Inc., a printing, publishing and marketing company, since February 2012; previously, Vice-Chair of the Board and Vice-President, Corporate Development of Transcontinental Inc.
Christian Noyer Paris, France	May 2016	Company Director since May 2016; previously, Governor of the Banque de France
R. Jeffrey Orr Québec, Canada	May 2005	President and Chief Executive Officer of Power Financial
T. Timothy Ryan, Jr. Florida, United States of America	May 2014 <sup>(1)</sup>	Company Director since October 2014; previously, Managing Director, Global Head of Regulatory Strategy and Policy of JPMorgan Chase & Co., a global financial services firm, since 2013; previously, President and Chief Executive Officer of the Securities Industry and Financial Markets Association (SIFMA), a trade association representing global financial market participants
Emőke J.E. Szathmáry Manitoba, Canada	May 1999	President Emeritus of the University of Manitoba

All Directors listed above were elected as Directors at the Annual Meeting of Shareholders held on May 13, 2016, to hold office until the close of the next annual meeting of shareholders.

(1) Mr. Ryan also served as a Director of the Corporation from May 2011 to May 2013.

EXECUTIVE AND OTHER OFFICERS NOT REFERRED TO ABOVE

<b>Name and Province/State and Country of Residence</b>	<b>Principal Occupation</b>
Michel Plessis-Bélair Québec, Canada	Vice-Chairman of the Corporation since 2008 and of Power Financial since May 2012
Henri-Paul Rousseau Québec, Canada	Vice-Chairman of the Corporation and of Power Financial
John A. Rae <sup>(1)</sup> Québec, Canada	Executive Vice-President of the Corporation since October 2013; previously, Executive Vice-President, Office of the Chairman of the Executive Committee of the Corporation
Gregory D. Tretiak Québec, Canada	Executive Vice-President and Chief Financial Officer of the Corporation and of Power Financial since May 2012; previously, Executive Vice-President and Chief Financial Officer of IGM Financial
Claude Généreux Québec, Canada	Executive Vice-President of the Corporation and of Power Financial since March 2015; previously, senior Director of McKinsey & Company, a global management consulting firm
Paul C. Genest Ontario, Canada	Senior Vice-President of the Corporation and of Power Financial since September 2016; previously, Fellow at the Brookfield Institute for Innovation and Entrepreneurship since October 2015; previously, Deputy Minister in the Ontario Government
Arnaud Vial Québec, Canada	Senior Vice-President of the Corporation and of Power Financial and Managing Director of Pargesa
Arnaud Bellens Québec, Canada	Vice-President of the Corporation since September 2016; previously, Chief Financial Officer and Vice-President of Finance at La Presse
Olivier Desmarais Québec, Canada	Senior Vice-President of the Corporation and of Power Financial since January 2017; previously, Vice-President of the Corporation and of Power Financial since May 2014; previously, Director of Business Development at Square Victoria Digital Properties Inc. and Associate at Putnam
Paul Desmarais, III Québec, Canada	Senior Vice-President of the Corporation and of Power Financial since January 2017; previously, Vice-President of the Corporation and of Power Financial since May 2014; previously, Assistant Vice-President in the Risk Management Group of Lifeco since 2012; previously, Project Manager at Imerys
Peter Kruyt <sup>(2)</sup> Québec, Canada	Vice-President of the Corporation
Pierre Larochelle <sup>(1)</sup> Québec, Canada	Vice-President of the Corporation
Stéphane Lemay Québec, Canada	Vice-President, General Counsel and Secretary of the Corporation and of Power Financial since August 2012; previously, Vice-President, Assistant General Counsel and Associate Secretary of the Corporation and of Power Financial
Denis Le Vasseur Québec, Canada	Vice-President and Controller of the Corporation and of Power Financial
Henry Yuhong Liu Québec, Canada	Vice-President of the Corporation since May 2011; previously, Director of Asian Affairs
Richard Pan Québec, Canada	Vice-President of the Corporation and of Power Financial
Fabrice Morin Québec, Canada	Vice-President of the Corporation and of Power Financial since May 2016; previously, partner at McKinsey & Company
Eoin Ó hÓgáin Québec, Canada	Vice-President of the Corporation and of Power Financial since September 2016; previously, Vice-President, Fundamental Equities Investing at State Street Global Advisors, an investment advisory firm, since 2013; previously, Associate Principal, Strategy and Corporate Finance at McKinsey & Company
Luc Reny Québec, Canada	Vice-President of the Corporation and of Power Financial

Name and Province/State and Country of Residence	Principal Occupation
Samuel Robinson New York, United States	Vice-President of the Corporation and President and a Director of Sagard Capital since April 2016; previously, Chief Administrative Officer and Head of Strategy for the global Investment Banking division at Goldman Sachs
Adam Vigna Ontario, Canada	Vice-President of Power and Managing Partner and Chief Investment Officer of Sagard Capital since November 2016; previously, Managing Director at the Canada Pension Plan Investment Board
Sacha Haque Québec, Canada	Assistant General Counsel and Assistant Secretary of the Corporation and Power Financial since March 2016; previously, Senior Legal Counsel and Assistant Secretary of the Corporation and of Power Financial since May 2013; previously, Senior Legal Counsel of the Corporation

- (1) Mr. Rae retired as Executive Vice-President of the Corporation on December 31, 2016.
- (2) On July 3, 2009, while Messrs. Kruyt and Larochelle were directors of Adaltis Inc. (“Adaltis”), a company in which Victoria Square Ventures Inc. held at that time approximately a 31.3 per cent interest, the Québec Superior Court ordered the stay of all proceedings against Adaltis pursuant to the Companies’ Creditors Arrangement Act (Canada) (“CCAA”). On July 14, 2009, Messrs. Kruyt and Larochelle resigned as directors of Adaltis. On August 3, 2009, Adaltis filed a voluntary assignment in bankruptcy under the Bankruptcy and Insolvency Act (Canada) in order to effect an orderly liquidation of its assets, property and operations. The stay of proceedings under the CCAA initial court order expired the same day. On August 6, 2009, the TSX delisted the common shares of Adaltis for failure to meet its continued listing requirements. Between September 2, 2009 and December 4, 2009, cease trade orders were issued in respect of Adaltis by the Securities Administrators in British Columbia, Alberta, Manitoba, Ontario and Québec. The trustee to Adaltis’ bankruptcy, RSM Richter Inc. (as it then was), completed its administration of the estate and was discharged on May 13, 2011.

## VOTING SECURITIES

The aggregate number and percentage of securities of each class of voting securities of Power and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all Directors and executive officers of Power as a group<sup>(1)</sup>, as at December 31, 2016 was:

Name	Number of shares	Percentage
<b>Power</b>		
Subordinate Voting Shares	30,980,329	7.47
<b>Power Financial</b>		
Common Shares	960,438	0.13
<b>Lifeco</b>		
Common Shares	650,472	0.07
<b>IGM Financial</b>		
Common Shares	160,688	0.07

(1) Securities directly or indirectly controlled or beneficially owned by Power, Power Financial, Lifeco and IGM Financial have not been included in the table. The Desmarais Family Residuary Trust exercises control over Pansolo Holding Inc. ("Pansolo") which owns voting shares of Power carrying 59.2 per cent of the votes attached to the voting securities of Power. Power in turn controls 65.6 per cent of the voting shares of Power Financial, which in turn controls directly or indirectly 65.0 per cent and 65.3 per cent of the voting shares of Lifeco and IGM Financial, respectively. The Desmarais Family Residuary Trust is for the benefit of members of the family of The Honourable Paul G. Desmarais. The trustees of the Desmarais Family Residuary Trust are Jacqueline Desmarais, Paul Desmarais, Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin. The trustees also act as voting administrators. Jacqueline Desmarais, Paul Desmarais, Jr. and André Desmarais determine how to exercise the voting rights attached to Pansolo's shares of Power. Paul Desmarais, Jr., André Desmarais and Michel Plessis-Bélair are each a Director and/or officer of Power. Other than 29,000,000 Subordinate Voting Shares of Power, for which control and direction is shared by Pansolo and Paul Desmarais, Jr. or his designee as to 15,000,000 Subordinate Voting Shares or André Desmarais or his designee as to 14,000,000 Subordinate Voting Shares, securities controlled by Pansolo have not been included in the table.

## COMMITTEES

The CBCA and securities legislation require the Corporation to have an Audit Committee. The Corporation also appoints a Compensation Committee, a Related Party and Conduct Review Committee and a Governance and Nominating Committee.

The current membership of the Audit Committee is set forth below at “Audit Committee – Composition of Audit Committee”. The current members of the Compensation Committee are Anthony R. Graham, Marcel R. Coutu and Isabelle Marcoux. The current members of the Related Party and Conduct Review Committee are Emőke J.E. Szathmáry, Pierre Beaudoin and Christian Noyer. The current members of the Governance and Nominating Committee are Paul Desmarais, Jr., André Desmarais, Anthony R. Graham and Isabelle Marcoux.

### AUDIT COMMITTEE

#### AUDIT COMMITTEE'S CHARTER

The charter of the Audit Committee is attached as Appendix A to this Annual Information Form.

#### COMPOSITION OF AUDIT COMMITTEE

The members of the Audit Committee are J. David A. Jackson, Marcel R. Coutu, Gary A. Doer, T. Timothy Ryan, Jr. and Emőke J.E. Szathmáry. Each member of the Audit Committee is independent (as defined under National Instrument 52-110 – *Audit Committees*) and none receives, directly or indirectly, any compensation from Power other than for service as a member of the Board of Directors and its committees. All members of the Audit Committee are financially literate (as defined under National Instrument 52-110 – *Audit Committees*).

#### RELEVANT EDUCATION AND EXPERIENCE OF AUDIT COMMITTEE MEMBERS

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

**Mr. Jackson** retired as a Partner of the law firm Blake, Cassels & Graydon LLP (“Blakes”) in 2012, and currently serves as Senior Counsel to the firm, providing advice primarily in the areas of mergers and acquisitions and corporate governance. He was the Chairman of Blakes from 1995 to 2001. He was recognized throughout his career as a leading practitioner in the areas of mergers and acquisitions, corporate finance and corporate governance by numerous independent assessment organizations. He has served as Chairman of the Audit Committee of Power since May 2013. Mr. Jackson is also a Director of Power Financial and Lifeco and of several of its subsidiaries and served as a Director of Investors Group from 1991 to 2001. Mr. Jackson has also served as a Director of a number of public and private corporations. He was a Director and the Vice-Chairman of the Board of Sunnybrook Health Sciences Centre until June 2011. He holds a Bachelor of Commerce degree from the University of Windsor and a Bachelor of Laws (LL.B.) from Osgoode Hall Law School, and was called to the Bar of Ontario in 1974.

**Mr. Coutu** is a Company Director. He is a Director of Brookfield Asset Management Inc. and Enbridge Inc. From 2001 to January 1, 2014, he was President and Chief Executive Officer of Canadian Oil Sands Limited and Chairman of Syncrude Canada Ltd., a Canadian oil sands project. Mr. Coutu was previously Senior Vice-President and Chief Financial Officer of Gulf Canada Resources Limited. He has more than 25 years of experience in the energy sector, primarily focused in the areas of corporate finance, investment banking, mining, and oil and gas exploration and development. He has been a member of the Audit Committee of Power since May 2012. He is a Director of several other Power group companies including Lifeco, Great-West Life, London Life Insurance Company, Canada Life Financial Corporation, Canada Life, Putnam, IGM Financial, Investors Group and Mackenzie. He serves as a member and Designated Financial Expert of the Audit Committee of Brookfield Asset Management Inc. and also serves as a Director of the Calgary Exhibition and Stampede Board. Mr. Coutu has also

held board positions with Gulf Indonesia Resources Limited, TransCanada Power Limited Partnership and the Board of Governors of the Canadian Association of Petroleum Producers. He holds a Bachelor of Science (Honours) in Geology from the University of Waterloo and an MBA from the University of Western Ontario (now Western University). Mr. Coutu was a member of the Canadian Council of Chief Executives (now the Business Council of Canada) and a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta until 2014.

**Mr. Doer** is a Senior Business Advisor to the law firm Dentons Canada LLP since August 2016. Previously, he served as Canada's Ambassador to the United States from 2009 to 2015. He served as the 20th Premier of Manitoba from 1999 until 2009. He was elected a member of the Legislative Assembly of Manitoba in 1986 and during his tenure also served as Minister of Urban Affairs and as Minister of Crown Investments. From 1979 to 1986, Mr. Doer was the President of the Manitoba Government Employees' Association. Mr. Doer is also a director of several Power group companies, including Power Financial, Lifeco, Great-West Life, London Life Insurance Company, Canada Life Financial Corporation, Canada Life, Putnam, IGM Financial, Investors Group and Mackenzie. He is also a director of Barrick Gold Corporation since April 2016. Mr. Doer serves as volunteer Co-Chair of the Wilson Centre's Canada Institute, a non-partisan public policy forum which focuses on Canada-United States relations. In 2010, Mr. Doer was named a Member of the Order of Manitoba and, in 2011, he received a diplomatic service award from the World Affairs Council.

**Mr. Ryan** is a Company Director. Until October 2014, he was Managing Director, Global Head of Regulatory Strategy and Policy for JPMorgan Chase & Co. ("J.P. Morgan"), a global financial services firm. Previously, Mr. Ryan was President and Chief Executive Officer of the Securities Industry and Financial Markets Association (SIFMA), a trade association representing 680 global financial markets participants, and Chief Executive Officer of the Global Financial Markets Association (GFMA), SIFMA's global affiliate, until February 2013. Prior to joining SIFMA, Mr. Ryan held a number of senior positions with J.P. Morgan from 1993 to 2008, including Vice-Chairman, Financial Institutions and Governments, and Managing Director. He was a private sector member of the Global Markets Advisory Committee for the U.S. National Intelligence Council from 2007 to 2011. From 2002 to 2004, Mr. Ryan was a member of the U.S.-Japan Private Sector/Government Commission with responsibility for Corporate Restructuring and the Non-Performing Loans workout, and from 2000 to 2004, he served as a board member and Chairman of the Audit Committee at KorAm Bank of Seoul, Korea. Before joining J.P. Morgan, Mr. Ryan was the Director of the Office of Thrift Supervision, U.S. Department of the Treasury, where he served as the principal manager of the savings and loan cleanup that involved closing approximately 700 insolvent institutions, improving capital bases, and selling over \$300 billion of assets. He is a Director of Power Financial and the United States-Japan Foundation and Chairman of the Boards of Santander Holdings USA, Inc., Santander Bank, N.A. and Banco Santander International. He served as a Director of Markit Group Limited from April 2013 to October 2014, Lloyds Banking Group from March 2009 to April 2013, Power and Power Financial from May 2011 to May 2013, and Lifeco from May 2010 to May 2013. He has been a member of the Corporation's Audit Committee since May 2014 and previously served as a member and the Chairman of the Audit Committee from May 2012 to May 2013. Mr. Ryan is a graduate of Villanova University and the American University Law School. He served as an officer in the U.S. Army from 1967 to 1970.

**Dr. Szathmáry** was named President Emeritus of the University of Manitoba in 2008. She received the title of Professor Emeritus in the Department of Anthropology in 2014. From 1996 to 2008, she was President and Vice-Chancellor of the University of Manitoba, a member of its Board of Governors and a member of the Board's Audit Committee and a member of the Finance, Administration and Human Resources Committee. In the course of her administrative duties at the University, she was accountable for monitoring and communicating financial information with respect to the University's annual budget, including its trust and endowment funds. She was also a member of the committee that is responsible for the University's endowments, which oversees the professional investment managers of these funds. Dr. Szathmáry was previously Provost and Vice-President (Academic) at McMaster University in Hamilton and, prior thereto, Dean of the Faculty of Social Science at the University of Western Ontario (now Western University) in London. She has been a member of the Corporation's

Audit Committee since May 2002, and a Director of Power Financial and a member of its Audit Committee since May 1999. She is a Director of several other Power group companies including Lifeco, Great-West Life, London Life Insurance Company, Canada Life Financial Corporation and Canada Life. She also serves on the Board of Directors of several national and provincial educational, research and philanthropic not-for-profit organizations. She has received the Lieutenant Governor's Medal for Excellence in Public Administration in Manitoba, as well as seven Honorary Doctorates. Dr. Szathmáry is a Fellow of the Royal Society of Canada and is a member of the Order of Canada and of the Order of Manitoba. In 2015, she was appointed Honorary Colonel of the Royal Winnipeg Rifles.

## PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted a Policy Regarding Pre-approval of Services Provided by the External Auditor (the "Policy"). The Policy sets out audit services that are pre-approved by the Committee, outlines prohibited non-audit services and sets out a pre-approved list of permitted non-audit services. The pre-approved list of permitted non-audit services is to be reviewed and pre-approved periodically and certain other non-audit services must be approved on a case-by-case basis by the Audit Committee. The Policy further requires that the external independent auditor (referred to as "the auditor" hereafter) implement its own policies and procedures to provide that prohibited services are not provided and that permitted services are pre-approved before an engagement is accepted.

### AUDITOR'S FEES

Fees payable by Power <sup>(1)</sup> for the years ended December 31, 2016 and December 31, 2015 to Deloitte LLP and its affiliates were \$1,201,000 and \$1,076,000, respectively, as follows:

	Years ended December 31	
	2016	2015
Audit Fees <sup>(2)</sup>	\$678,000	\$584,000
Audit-Related Fees <sup>(2)</sup>	\$227,000	\$322,000
Tax Fees <sup>(2)</sup>	\$296,000	\$170,000
<b>TOTAL</b>	<b>\$1,201,000</b>	<b>\$1,076,000</b>

(1) Fees payable by Power Financial are described in the section entitled "Audit Committee" of Power Financial's Annual Information Form; fees payable by Lifeco are described in the section entitled "Audit Committee Information" of Lifeco's Annual Information Form and fees payable by IGM Financial are described in the section entitled "Audit Committee" of IGM Financial's Annual Information Form.

(2) During the financial year ended December 31, 2016, Deloitte LLP provided audit, audit-related and tax services to certain subsidiary entities of the Corporation, other than Power Financial, Lifeco and IGM Financial, for additional fees in the amount of \$672,000 (2015 - \$728,000), \$411,000 (2015 - \$377,000) and \$362,000 (2015 - \$398,000), respectively.

The nature of each category of fees is described below.

### AUDIT FEES

Audit fees were paid for professional services rendered by the auditor for the audit of the annual financial statements of Power and its wholly owned subsidiaries, for the review of Power's quarterly financial statements and for services provided in connection with statutory and regulatory filings or similar engagements. In addition, audit fees included the cost of translation of various continuous disclosure documents of the Corporation.

### 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 and are not reported under the audit fees item above. These services consisted primarily of other attest services not required by statute or regulation and consultations with respect to accounting and reporting standards.

### TAX FEES

Tax fees were paid for tax compliance services, assistance with tax audits and assistance with various other tax related questions.

## PROCEDURES FOR COMPLAINTS

In accordance with National Instrument 52-110 – *Audit Committees*, the Corporation has established procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting,

internal accounting controls or auditing matters. Persons wishing to utilize such procedures may contact the Vice-President, General Counsel and Secretary of the Corporation at 751 Victoria Square, Montréal, Québec H2Y 2J3.

### **TRANSFER AGENT AND REGISTRAR**

Power's securities are transferable at the principal offices of its transfer agent and registrar, Computershare Investor Services Inc., in Toronto, Vancouver and Montréal.

### **EXPERTS**

Power's auditor is Deloitte LLP. Deloitte LLP has advised the Corporation that it is independent with respect to the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

### **SOCIAL RESPONSIBILITY**

On March 21, 2007, the Board of Directors of the Corporation initially adopted a Corporate Social Responsibility Statement with respect to the making and overseeing of its investments. The Board adopted a revised Statement on November 14, 2013. An Environmental Policy was also adopted by the Corporation in November 2013. Power's Corporate Social Responsibility Statement and Environmental Policy are available on its dedicated Corporate Social Responsibility website at [www.powercorporationcsr.com](http://www.powercorporationcsr.com).

### **ADDITIONAL INFORMATION**

Additional information relating to Power may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Information including Directors' and officers' remuneration and indebtedness, principal holders of Power's securities, stock options and interests of insiders in material transactions is, where applicable, contained in its latest Management Proxy Circular. Additional financial information is provided in the financial statements for the year ended December 31, 2016 and Power's MD&A, which have been filed on SEDAR.

Power Financial, Lifeco and IGM Financial, the major direct and indirect subsidiaries of Power, are reporting issuers under Canadian securities legislation. Power Financial, Lifeco and IGM Financial are subject to the same continuous disclosure obligations as Power. These obligations include the requirement to file annual and interim financial statements, material change reports and copies of material contracts. Investors who wish to do so may view such documents under the respective company profiles at [www.sedar.com](http://www.sedar.com).

## APPENDIX A

### POWER CORPORATION OF CANADA AUDIT COMMITTEE CHARTER

#### 1.0 PURPOSE AND COMPOSITION

The purpose of the Audit Committee (the “*Committee*”) of Power Corporation of Canada (the “*Corporation*”) is to assist the Board of Directors in reviewing:

- (1) the Corporation’s financial disclosure;
- (2) the qualifications and independence of the Corporation’s external auditor; and
- (3) the performance of the external auditor.

The Committee of 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 a majority of the Committee members.
- (4) **Secretary.** The Chair, or any person appointed by the Chair, 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 and Co-Chief Executive Officer, by the external auditor of the Corporation, or by any member of the Committee. When a meeting of the Committee is called by anyone other than the Chair and Co-Chief Executive Officer, the Chair of the Committee shall so inform the Chair and Co-Chief Executive Officer forthwith.

#### 3.0 DUTIES AND RESPONSIBILITIES

**3.1 Financial Disclosure.** The Committee shall:

- (1) unless otherwise determined by the Board, approve the Corporation’s:
  - (a) interim management’s discussions and analyses (pursuant to delegation of authority by the Board).
- (2) review the Corporation’s:
  - (a) interim and annual financial statements;
  - (b) annual management’s discussions and analyses;
  - (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 of Directors (the “*Board*”) before such documents are approved by the Board and disclosed to the public;

- (3) 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 Co-Chief Executive Officers’ Expense Reports.** The Chair of the Committee shall review, at least annually, the expense reports of each Co-Chief Executive Officer. Following this review, the Chair shall report to the Committee.

**3.3 Policy on Use of Corporate Aircraft.** The Chair of the Committee shall review, at least annually, the application of the Policy on Use of Corporate Aircraft. Following this review, the Chair shall report to the Committee.

**3.4 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) 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;
- (5) review with the external auditor and management any changes in Generally Accepted Accounting Principles that may be material to the Corporation’s financial reporting;
- (6) have the authority to communicate directly with the external auditor;
- (7) require the external auditor to report directly to the Committee;
- (8) 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;
- (9) 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);
- (10) 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;
- (11) review any evaluation of the Corporation’s internal control over financial reporting conducted by the external auditor, together with management’s response;
- (12) pre-approve (or delegate such pre-approval to one or more of its independent 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;

(13) review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor;

(14) in the event of a change of auditor, review and approve the Corporation's disclosure relating thereto.

**3.5 Risk Oversight.** In performing its duties and exercising its powers, the Committee shall consider and address:

(1) the risks related to the establishment, maintenance and implementation of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) in relation to disclosure by the Corporation in accordance with applicable law; and

(2) the risks related to cybersecurity that would reasonably be expected to have a material effect on the Corporation's ongoing business, affairs and/or reputation.

**3.6 Financial 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 Global Anti-Bribery Policy.** The Committee shall be responsible for monitoring the implementation of, and compliance with, the Corporation's Global Anti-Bribery Policy.

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

**3.9 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 the first Material Operating Subsidiary entity below the Corporation in a corporate ownership chain 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 and shall promptly inform the Chair and Co-Chief Executive Officer of any significant issues raised during the performance of the functions as set out herein, by the external auditor or any Committee member, and shall provide the Chair and Co-Chief Executive Officer copies of any written reports or letters provided by the external auditor to the Committee.