



→ Corporate Governance in 2021

- Addition of a Letter to Shareholders
- Increased executive compensation disclosure
- First Say-on-Pay vote at the 2021 AGM
- Regular engagement with shareholders and key stakeholders
- Diversity Policy: objective of having **women representing not less than 30% of our Board membership** by the completion of the 2025 AGM
- One new woman nominee to our Board at this year's AGM:
 - **Representation of women on the Board:** increase from 15% to **21%**
- Adopted a **Charter of Expectations for Directors** which includes, among other things:
 - 1) Attendance policy = 75% for regularly scheduled Board and Committee meetings
 - 2) Policy limiting the potential for interlocking directorships on boards outside the Power group
- Introduced an equity holding period of 1 year following the departure of the NEOs representing **300% of their annual base salary** (CEO = already a holding period of 2 years for a **minimum of \$12.5M**)
- Lead Director; separate CEO and Chairman roles; and Governance and Nominating Committee with only non-executive members
- Related Party and Conduct Review Committee: a key component of our governance model
- New email address for shareholders: **corporate.secretary@powercorp.com**

→ CEO Compensation

- Mr. Orr appointed CEO of Power Corporation on **February 12, 2020** on closing of Reorganization
- Reorganization resulted in **lowering overall CEO compensation costs** by reducing the combined 3 CEOs for Power Corporation and Power Financial to only one CEO
- 2020 – a transitional year for Mr. Orr's compensation:
 - Base salary for 2020 at the **same level** as 2019 (\$4,776,000)
 - **No annual incentive** (bonus): appropriate in the context of a management holding company focused on long-term value creation
 - **Pension plan capped** at \$2.5M in 2020
 - Special grant of options in 2020 with longer vesting (5 years), related to:
 - His appointment as CEO;
 - Completion of the PFC Reorganization; and
 - New corporate strategy.
- Changes to Mr. Orr's compensation for 2021 (versus 2019 Power Financial compensation):
 - Reduction of base salary to \$4,500,000
 - Greater weight on long-term incentives, and **greater weight on PSUs vs options (i.e. 2/3 PSUs - 1/3 options vs 50-50 before)**
 - **Increase of the "at-risk"** long-term incentive compensation from 45% in 2019 to 61% in 2021

→ NEO Compensation

- In 2020, Messrs. Tretiak and Généreux received a special 3-year grant of stock options with a 10-year term, a third of which vest on the 3rd, 4th and 5th year following the grant.
 - Recognizing their contribution to and successful execution of the PFC Reorganization and providing a strong incentive for delivering the expected strategic financial benefits
 - The year-over-year variation in 2020 of their total compensation when the 3-year grant is annualized is -1.8% and +2.9%, respectively
 - **There is currently no intention to grant stock options to such NEOs for the next two years**
- Annual incentive (bonus):
 - Assessed through a **process tailored to Power's particular circumstances as a management holding company** (vs an operating company)
 - Process based on assessing the **contributions of the NEOs to the pursuit of Power's corporate strategy and related initiatives**
 - Focused on progress accomplished in:
 - functional roles and strategic agenda
 - specific transactions
 - impact in special projects

→ Chairman and Deputy Chairman

- **As of April 1, 2020**, following their retirement as Co-CEOs, Messrs. André Desmarais and Paul Desmarais, Jr. each receive \$350,000 annually in compensation for their respective roles as Deputy Chairman and Chairman.
- Compensation determined by the Board as approximating the median retainer paid to individuals performing similar roles and functions at a subset of the Canadian reference group.
- In 2020, options awarded to the Deputy Chairman and Chairman, **in their former capacity as Co-CEOs**, had a **shorter term** (5 years vs. the usual 10 years).
 - **Recognizing their contributions** to the Reorganization and the Corporation's pursuit of its new strategy
 - Options vesting over 4 years (rate of 50% after 3 years and 50% after 4 years) = the normal vesting period of options at Power