POWER CORPORATION OF CANADA
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SENT BY E-MAIL

Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Securities Administration Branch, New Brunswick
Office of the Attorney General, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Government of Northwest Territories
Registrar of Securities, Government of Yukon
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Proposed Multilateral Policy 58-201 and Multilateral Instrument No. 58-101

I am writing in response to the request for comments pursuant to a notice (the "Notice") dated January 16, 2004 issued in respect of proposed Multilateral Policy 58-201 respecting effective corporate governance (the "Policy") and proposed Multilateral Instrument No. 58-101 respecting disclosure of corporate governance practices (the "Instrument").

Before setting out our comments on the Policy and the Instrument, I thought it would be helpful to provide some information about Power and its approach to corporate governance matters.

ABOUT POWER CORPORATION OF CANADA

Power Corporation of Canada is an international management and holding company based in Canada with substantial interests in Canada, the United States, Europe and Asia. Power was incorporated in 1925 in Montreal.

Power Corporation's publicly traded equity shares are listed on the Toronto Stock Exchange and currently have a market capitalization in excess of C$11.5 billion. An organization chart showing the major constituents of the Power group is attached hereto as Appendix A.

Control of Power

The Honourable Paul Desmarais acquired control of Power Corporation in 1968. He was Chairman and Chief Executive Officer of Power Corporation until 1996, at which time his sons, Paul Desmarais, Jr. and André Desmarais became Chairman and Co-Chief Executive Officer, and President and Co-Chief Executive Officer, respectively, (following many years as members of management of the Corporation). The Honourable Paul Desmarais continues to be controlling shareholder.

Mr. Desmarais controls the Corporation with approximately 65 per cent of the votes attached to the voting shares. He owns directly or indirectly approximately 30 per cent of the participating equity of the Corporation with a quoted market value today in excess of C$3.5 billion. At the time Mr. Desmarais acquired control of Power Corporation in 1968, the total market capitalization of the company's participating equity shares was approximately C$60 million.

Governance, Strategy and Results

Power's goal is to provide long-term returns to shareholders, generally by acquiring and developing control positions in companies which are leaders in their sectors.

Power exercises control through the boards of directors of the companies in its group. Members of Power Corporation management, some of whom are members of the controlling family, sit on the boards and board committees of the subsidiary companies. Through these cascading board memberships Power maintains control of the companies in which it has invested and participates in supporting and assisting management to facilitate and execute corporate and group strategy. The board of each company in the group includes a number of directors who are not members of the management of the Corporation on whose board they sit and who are neither directors nor officers of the controlling shareholder, which fairly represents the investment in each such corporation by shareholders other than the controlling shareholder.

Power's overall system of governance has been in place for over thirty years. (See for example the submission of Power Corporation of Canada Limited to the Royal Commission on Corporate Concentration dated November 14, 1975, which describes Power Corporation's goals and system of governance in terms essentially similar to the foregoing.)

Power believes that its business strategy and its governance system have produced superior long-term returns for shareholders. Compound total returns to shareholders before tax over the last 36 years (since the Desmarais family acquired control) exceed 18.2 per cent per annum, while over the same period total returns for the TSX 300 index approximate 10.3 per cent. One hundred dollars invested in Power in 1968 would be worth $43,000 today, whereas $100 invested in the TSX 300 index would be worth $3,500 today, before tax.

The Positions of Chairman and CEO

Throughout the 36-year period during which the Desmarais family has controlled Power, the positions of Chairman and Chief Executive Officer have overlapped. Until very recently the Corporation had no “lead director”. Today, Paul Desmarais, Jr. is Chairman and Co-Chief Executive Officer. The controlling shareholder, the Honourable Paul Desmarais, who is Chairman of the Executive Committee of the Board of Directors, and of course is related to the Co-CEOs, acts as “lead director” and meets from time to time with the non-management and non-Desmarais-family members of the Board of Directors of Power Corporation.

At Power Financial Corporation, Power’s major financial services holding company, the offices of Chairman and Chief Executive Officer are held by different individuals. However, the Chairman, Paul Desmarais, Jr., participates in the management of the corporation. Therefore, the Deputy Chairman of Power Financial, André Desmarais, acts as “lead director” when, from time to time, the Board meets without management.

At each of the publicly traded operating subsidiaries of Power Financial Corporation – IGM Financial Inc. (formerly Investors Group Inc.) and Great-West Lifeco Inc. – the Chairman of the Board is not related to the management. The offices of Chairman and Chief Executive Officer in these companies are held by different individuals. The Chairman of both these companies is the Chief Executive Officer of the controlling shareholder, Power Financial Corporation. The operating subsidiaries of each of these companies are highly regulated financial services companies.

Board Committees

None of Power Corporation, Power Financial Corporation or any of their publicly traded operating subsidiaries has a Nominating Committee. Nominations of candidates for election to the Board are considered and made by the full Board.

Power Corporation’s Audit Committee is made up entirely of directors who are not related to the management of the Corporation. This has been the case for over ten years. Prior to that, the Corporation’s Audit Committee consisted of a majority of directors who were not related to the management of the Corporation. Power believes it important and fully consistent with its rights as a controlling shareholder that representatives of Power Corporation and Power Financial Corporation should sit on the audit committees of the companies controlled by either of them and in which they have very substantial investments.

The Compensation Committees of Power Corporation, Power Financial Corporation and their publicly traded operating subsidiaries are comprised entirely of directors who are not related to management of the Corporation. Representatives of the controlling shareholder participate on the Compensation Committees of Power Financial Corporation and its publicly traded operating subsidiaries. However, the Power Corporation Compensation Committee members are also independent of the controlling shareholder in view of the fact that the co-CEOs of Power Corporation are related to its controlling shareholder.

Power's Governance Philosophy

Power notes that there exist many models of corporate ownership and governance in Canada, including widely held and closely held companies and including boards composed largely of "related" directors and boards composed almost entirely of "unrelated" directors. It is Power's belief that no single corporate governance model is superior or appropriate in all cases. Copies of the Statement of Corporate Governance Practices published annually pursuant to requirements of the TSX, by Power and its publicy traded subsidiaries are attached hereto as Appendices B to E.

Power believes that the governance system in place at Power and throughout its group is appropriate to its circumstances and effective. Power also believes that appropriate structures and procedures are in place at Power and its subsidiaries to protect board independence from management. The duty of care and fiduciary duty applicable to directors, and codified in the *Canada Business Corporations Act*, apply to all directors and provide important protection for minority shareholders. The oppression remedies available under the Act and at common law provide further protection. These duties and remedies have been the subject of careful consideration by legislators and the courts in Canada since the earliest corporations acts were legislated in Canada some 160 years ago. Moreover, in more recent years, securities regulators have adopted additional minority shareholder protections in the form of Ontario Securities Commission Rule 61-501 and Quebec Securities Commission Policy Q-27.

COMMENTS ON THE POLICY AND INSTRUMENT

Application of the Policy and Instrument to Controlled Companies

Power Corporation and its publicly traded subsidiaries, like many of Canada's successful public companies, have controlling shareholders. Indeed, controlled public companies today and historically have played a vital role in Canada's economy. However, neither the Policy nor the Instrument address the application of corporate governance practices to controlled companies.

Like other shareholders, a controlling shareholder has a reasonable expectation that its interests will be represented on the board of the companies in which it holds a controlling position. A controlling shareholder who, like the Desmarais family, not only holds a majority of the voting rights but also a substantial share of the equity of the corporation will have strong interest in exercising oversight over its investment by overseeing management of the corporation.

As a holding company, Power Corporation also has a strong incentive to exercise oversight over management of its subsidiaries. In fact, minority shareholders of Power Corporation would expect it to do so. Representatives of Power Corporation today participate on the boards of its publicly traded subsidiaries. In some cases, the director on the board of the subsidiary is a director of Power Corporation who would otherwise be considered to be independent, in other cases the subsidiary board director is an officer of Power Corporation or Power Financial Corporation. These representatives play a special role when they act as directors of the subsidiary. They are independent of management of the subsidiary, yet are very knowledgeable of the subsidiary's businesses. It would be important to the continued effective governance of companies in our group that such relationships and interlocking directorships continue to be permitted.

The Policy and the Instrument do not clearly define director independence in terms of independence from management. A director is said to be independent "if he or she has no direct or indirect material relationship with the issuer." A "material relationship" is defined simply as a relationship which could, in the view of the issuer's board, reasonably interfere with the exercise of a director's independent judgement, provided that certain relationships are deemed to be material. While none of the relationships which are deemed to be material include shareholding relationships, in light of the broad language used in the definition of independence under the Policy and the Instrument, some may take the view that nominees of significant shareholders could be viewed as having an indirect material relationship with the issuer that would interfere with the exercise of judgement since they would not be independent of the significant shareholder (even though they may be very independent of management). It is for this reason that the original Report of The Toronto Stock Exchange Committee on Corporate Governance specifically excluded relationships arising from shareholdings in the definition of "unrelated director".

Neither the Policy nor the Instrument include any exemptions for controlled companies from the definition of director independence. In this respect, the Policy and the Instrument are more restrictive than multilateral instrument 52-110 (the Audit Committee Instrument), which at least included limited exemptions for controlled companies in section 3.3 thereof.

If shareholding relationships are not to be explicitly addressed in the definition of independent director for purposes of the Policy and Instrument, then there should be explicit exemptions for controlled companies from the application of certain provisions of the Policy and the Instrument. In particular, the Policy and the Instrument should state that controlled companies need not:

- have a majority of the board comprised of independent directors,
- have a nominating committee comprised solely of independent directors,

- have a compensation committee comprised solely of independent directors, and
- have a board chair or lead director who is independent from the controlling shareholder.

If a controlling shareholder's relationship is not exempted from the definition of "independent director", it is not appropriate to suggest that controlled companies should have a majority of the board comprised of independent directors. It is a fundamental principle of capitalism that control means control. Controlling shareholders have a right to be fully involved in the election of boards of their companies. Shareholders invest in controlled companies knowing that the controlling shareholder has control. Many invest because of this fact. Minority investors also can take comfort in the existence of a well-established body of laws and rules designed to protect their interests. Although the TSX corporate governance guidelines explicitly excluded shareholding relationships from the definition of "unrelated director", they did recommend that companies include a number of directors who are independent of the significant shareholder in proportion to the size of the investment by minority shareholders in the corporation. We believe that approach is appropriate.

We have two principal concerns with the statements in the Policy that the board should have a nominating committee and a compensation committee, each of which is comprised solely of "independent" directors. In the first case, we do not believe that establishing another committee of the board is necessarily the best solution to the potential problem. The existence of a committee can often result in directors who are not members of the committee not knowing enough about the corporation's activities in the area and the corporation risks losing meaningful contributions from such directors. As detailed in the enclosed materials, none of the Power group companies has a separate nominating committee as we believe that it is important that the director nomination function be performed by the board as a whole. Secondly, we believe it would be counterproductive if representatives of the controlling shareholder were to be excluded from participation on such committees of controlled companies. It would be a waste of time for a controlled company to adopt a process for the identification of nominees for directors which did not seek input from a controlling shareholder holding sufficient voting rights to elect either the proposed nominees or an alternate slate. It also would not make sense to exclude the controlling shareholder from representation on the compensation committee of the controlled company - no one else has as strong an interest in exercising oversight over management compensation matters.

We note that the NYSE specifically exempted controlled companies for these requirements. The NYSE has publicly stated that "The exception … was made because the ownership structure of these companies merited different treatment. Majority voting control generally entitles the holder to determine the make-up of the board of directors, and the exchange didn't consider it appropriate to impose a listing standard that would in effect deprive the majority holder of that right." Many large U.S. companies have relied on the NYSE exemption. Canada is said to have a larger percentage of public companies with a controlling shareholder than the U.S. We submit that it would not be appropriate to adopt a standard that is more onerous for controlled companies than the standard which is applicable to the largest issuers in the U.S.

The NYSE corporate governance listing requirements do not require that either the chair of the board be an independent director or that a “lead director” who is an independent director be appointed. While the adoption of such structures may enhance the ability of some boards to operate independently of management, it would not make sense to apply these structures in all circumstances to a controlled company.

We are also of the view that the fact that compliance with the Policy is not mandatory does not adequately address the need for an explicit exemption for controlled companies as the approach to disclosure reflected in the Instrument effectively mandates adoption of the Policy’s requirements.

Power Corporation and each of its subsidiaries has adopted a corporate governance organizational model that reflects thoughtful consideration of its needs and the structures and practices necessary to enable each company to address corporate governance matters in an appropriate manner. The Policy, however, effectively seeks to circumscribe the directors’ scope to exercise business judgement in establishing management and governance processes for a company. The Policy fails to adequately address the need for flexibility in respect of controlled companies. For example, section 1.2 of the Policy encourages issuers to adopt the measures and states that “they should implement them flexibly and sensibly to fit the situation of individual issuers”, instead of stating that issuers are free not to adopt one or more of the practices referenced. Of even greater concern is the approach to disclosure adopted in the Instrument. By establishing specific “best practices” in the Policy and by requiring companies which do not comply with a “best practice” to explain why they do not comply, the Instrument implies that alternative structures or processes are inferior. Effectively, the corporate governance practices specified in the Policy are the equivalent of structural requirements.

Director Responsibilities

We submit that some provisions of the Policy appear to assign responsibilities to the chair or the board of directors that are beyond their power to assure. For example, the independent chair or independent lead director has the responsibility to “ensure that the board’s agenda will enable it to successfully carry out its duties”. Further, the board is given the mandate to assume responsibility for “ensuring the integrity of issuer’s internal control and management information systems” and to “ensure that all new directors receive a comprehensive orientation”. In addition, the board is assigned responsibility for monitoring the code of business conduct and ethics - which it is not able to do, although it should have responsibility for overseeing whether management has implemented an effective monitoring system with respect to the code of business conduct and ethics. The language used in the Policy to describe director responsibilities should be modified to avoid imposing new unrealistic obligations on directors.

Code of Conduct

Power Corporation has a code of conduct for its employees which it has administered internally for over 20 years. While we believe a code of conduct is an important internal tool, we do not think it is appropriate to impose on Canadian issuers disclosure obligations with respect to codes of conduct and amendments to them and waivers granted under them than are required with respect to "codes of ethics" under U.S. securities laws.

U.S. securities law requirements respecting a "code of ethics" apply only to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and, therefore, disclosures of amendments and waivers of the code of ethics under U.S. securities laws are required only if they relate to such officers. By contrast, the Instrument would require disclosure of any waiver in favour of any officer of the issuer (including officers who may be exempt from insider trade reporting requirements) as well as any waiver in favour of any director of the issuer.

In addition, the definition of an "implicit waiver" under the Policy and Instrument differs from the definition under U.S. securities laws. An "implicit waiver" should refer to a failure by the issuer (rather than by the board of directors) to take action within a reasonable time after an executive officer becomes aware of a material departure from the code of business conduct or ethics. As drafted, if there has been a material departure from the code of business conduct and ethics known to senior management but not to the board, it is arguable that no disclosure is required since no waiver actually has been granted by the board and no implicit waiver has occurred since the directors (as opposed to senior management) have not failed to take action within a reasonable time. The circumstances which appear to give rise to an obligation to disclose an implicit waiver under the Instrument are where the board of directors is aware of a material departure from the code of business conduct and ethics and takes no action, but later decides that it ought to have taken action earlier, which seems unlikely to occur.

Other

Certain reporting issuers which have only preferred shares or debt listed on a stock exchange are not subject to MI 52-110 or the NYSE's corporate governance rules. An equivalent to subsection 1.2(e) of MI 52-110 should be added to section 1.2 of the Instrument.

I appreciate the opportunity to comment on the proposal. Should you have any questions or wish to discuss this matter further, please feel free to contact me at (514) 286-7415.

Yours sincerely,

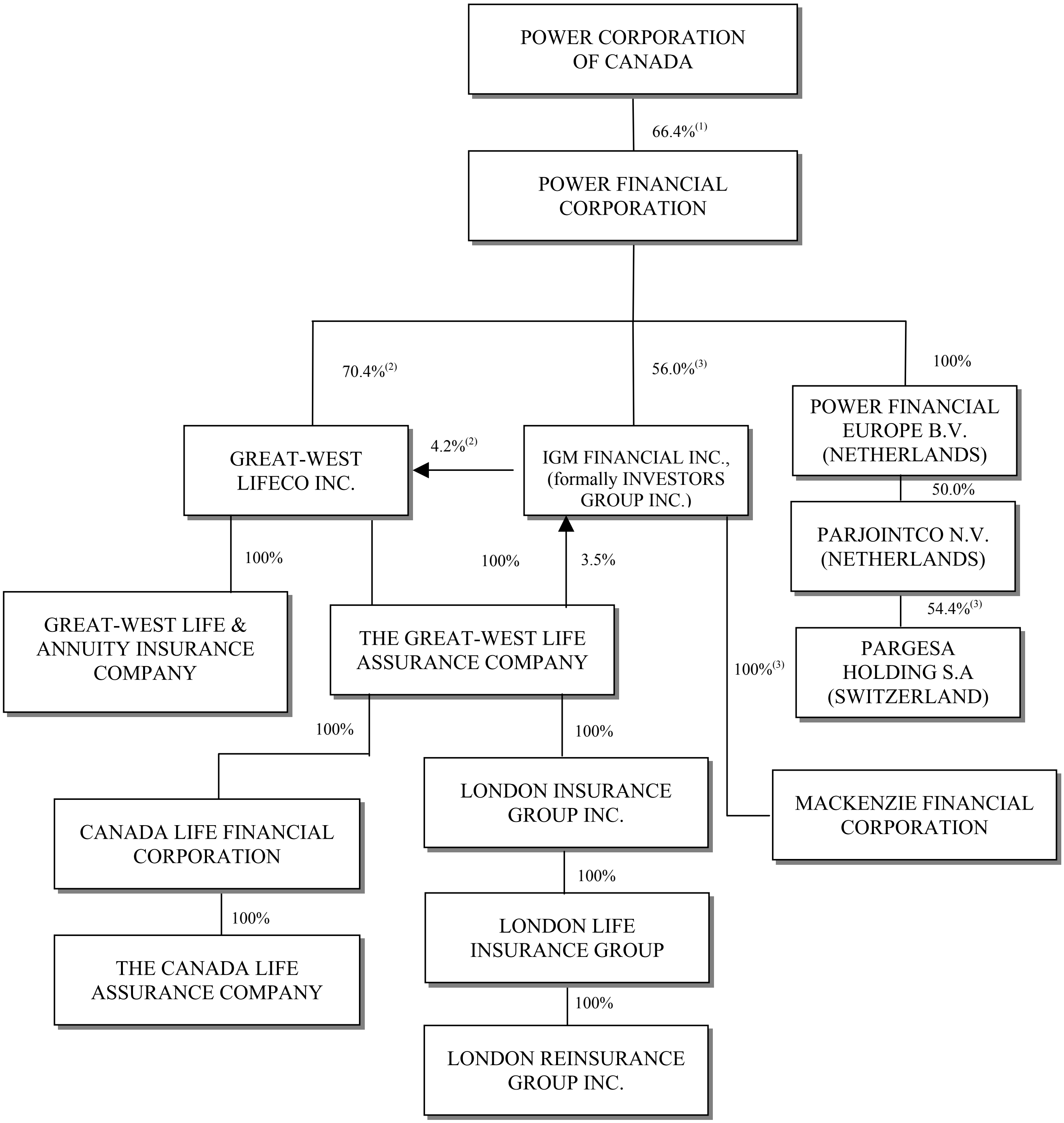
SIGNED BY

Edward Johnson

Attachments:

Appendix A	Power Corporation organization chart
Appendix B	Power Corporation – Statement of Corporate Governance Practices
Appendix C	Power Financial – Statement of Corporate Governance Practices
Appendix D	Investors Group – Statement of Corporate Governance Practices
Appendix E	Great-West Lifeco – Statement of Corporate Governance Practices

SELECTED CORPORATE INFORMATION



(1) Owned by 171263 Canada Inc., all the issued shares of which are owned indirectly by PCC.
(2) 65.0% direct and indirect voting interest, in the aggregate.
(3) Equity interest.

POWER CORPORATION OF CANADA

Statement of Corporate Governance Practices

Power believes in the importance of good corporate governance and the central role played by Directors in the governance process. The Board of Directors recognizes the utility of sharing this belief with its shareholders. The Board is responsible for, and takes this opportunity to expand on, Power's corporate governance philosophy and practices.

Power is an international management and holding company. It has had controlling shareholders since its beginnings in 1925. Its present controlling shareholder has held control since 1968 and today holds in the aggregate, directly or indirectly, or holds voting power over, shares carrying approximately 65 per cent of the votes. Power is not an operating company and over half of its interests are located outside Canada, specifically in the United States, Europe and Asia. These characteristics are important in any consideration of governance philosophy and practices as they apply to the Corporation.

As noted in the September 2003 report of the Canadian Coalition for Good Governance, there are few easy governance solutions that apply to all companies or all situations. In fact, there exist many models of corporate ownership and governance, including widely held and closely held companies and including boards composed largely of "related" directors and boards composed almost entirely of "unrelated" directors. It is our belief that no single corporate governance model is superior or appropriate in all cases. The Board believes that the governance system in place at Power is appropriate to its circumstances and effective, and that there are in place appropriate structures and procedures to ensure its independence from management.

Any review of governance practices should include consideration of long-term returns to shareholders. Power believes this to be an essential indicator of the effectiveness of a governance system.

The following describes the governance practices of the Corporation with specific reference to guidelines promulgated by the Toronto Stock Exchange.

TSX Guidelines for Improved Corporate Governance	**Governance Procedures at Power**
1. The board should explicitly assume responsibility for stewardship of the corporation and specifically for:	The Board is responsible for supervising the management of the business and affairs of the Corporation. In fulfilling that responsibility, Power's Board appoints senior management and delegates to senior management responsibility for day-to-day management of the business and affairs of the Corporation, provides advice to senior management from time to time, and assesses the ongoing progress of the Corporation and its subsidiaries. The Board has assumed various functions, either directly or through the standing committees of the Board, including the functions referred to below. The objectives of the Directors in performing these functions is to enhance shareholder value while acting in the long-term best interests of the Corporation.
(i) adoption of a strategic planning process; (ii) identification of the principal risks of the company's business and ensuring implementation of appropriate systems to manage those risks;	The Board oversees the Corporation's strategic planning process and overall strategic and business plans and their implementation, including the scope of operations and business activities, and investments or divestitures of a material nature. The Board and its committees review with senior management on an ongoing basis the Corporation's near-term and long-term objectives and strategic plans and their implementation.
(iii) planning, including appointing, training and monitoring senior management;	The Board appoints all senior executives of the Corporation. The Compensation Committee is involved in the succession planning of senior management and reviews the performance of senior executives.
(iv) communications policy;	The Corporation has adopted policies respecting communications with its shareholders and others. Management seeks to respond to shareholders' questions and concerns on a prompt basis, subject to the limitations imposed by law and the sensitivity of certain information relating to the Corporation. The Corporation also communicates with its shareholders through a variety of means, including its annual reports, quarterly reports and news releases. The Corporation maintains a Web site at www.powercorporation.com, updated with current corporate information and interlinked to the Web sites of group companies. Statutory disclosure documents such as management information circulars and annual information forms are reviewed and, where required, approved by the Board. At the Corporation's annual meetings, an opportunity is afforded to shareholders to question senior management. Shareholders may also communicate with the Corporation through the office of the Corporate Secretary. The Board believes that the Corporation's communications with its shareholders and the avenues available for shareholders and others interested in the Corporation to make inquiries about the Corporation are responsive and effective.
(v) integrity of internal control and management information systems.	The Board of Directors, through the Audit Committee, exercises oversight with respect to internal controls. See item 13 below.

TSX Guidelines for Improved Corporate Governance	Governance Procedures at Power
2. A majority of directors should be "unrelated" (independent of management and free from any relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation). The board should include a number of directors who do not have interests in or relationships with either the corporation or a significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholders.	Of the Corporation's 15 Directors, 10 are unrelated to Power. Five of the Directors are members of management of the Corporation or its subsidiaries and are therefore not unrelated Directors. (Please also see item 3 below for additional analysis.) The Corporation has a significant shareholder, the Honourable Paul Desmarais, as is more fully explained on page 2 of this proxy circular under "Voting Shares and Principal Holders Thereof". Of the 10 unrelated directors, 9 Directors are unrelated to its controlling shareholder (Messrs. Dassault, François-Poncet, Graham, Mazankowski and Nickerson, Dr. Nininger, Messrs. Parizeau, and de Seze and Dr. Szathmáry).
3. The board has responsibility for applying the definition of "unrelated director" to each individual director and for disclosing annually the analysis of the application of the principles supporting this definition and whether the board is constituted with the appropriate number of directors who are not related to the corporation or the significant shareholder.	In light of the obligations and duties falling upon directors, Power does not believe that whether a director is related or unrelated is an essential criterion for effective Board participation. All of Power's Directors, whether related or not, bring to the Corporation an interest in and knowledge of the affairs of the Corporation and its affiliated companies, which is a benefit to Power and its shareholders. Power believes that the interests of the Corporation are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those unrelated Directors who also serve on the Boards of affiliates. Over the years, Power has sought to increase the number of unrelated Directors with such interlocks. Their presence enriches the discussion and enhances the quality of governance of the Power Board and at the other group Boards at which they serve. Of the Corporation's 15 Directors, 10 are considered by the Board to be unrelated to Power. Five of the Corporation's Directors are members of management and are therefore not unrelated Directors. Paul Desmarais, Jr. and André Desmarais are the Co-Chief Executive Officers of the Corporation. John A. Rae is the Executive Vice-President, Office of the Chairman of the Executive Committee of the Corporation. Michel Plessis-Bélair, FCA is the Vice-Chairman and Chief Financial Officer of the Corporation and the Executive Vice-President and Chief Financial Officer of PFC, a subsidiary of the Corporation. Robert Gratton is the President and Chief Executive Officer of PFC. As noted in item 2 above, 9 Directors are not related to the Corporation or the Corporation's controlling shareholder.
4. The board should appoint a committee of directors, composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with responsibility for proposing new nominees to the board and for assessing directors on an ongoing basis.	The Board nomination function is performed by the Board as a whole. Nominees for election to the Board are chosen by the Board according to a variety of criteria, including integrity and reputation, general knowledge and experience in a particular field of interest. The Corporation believes that a diversity of views and experience enhance the ability of the Board as a whole to fulfill its responsibilities to the Corporation. Directors are not required to be specialists in the affairs of the Corporation or the businesses in which it invests but are expected to provide the Corporation with the benefit of their business or professional experience, their judgment and their vision.

TSX Guidelines for Improved Corporate Governance	Governance Procedures at Power
5. The board should implement a process, to be carried out by an appropriate committee, for assessing the effectiveness of the board, its committees and the contribution of individual directors.	The effectiveness of committees and of the Board itself is reviewed from time to time.
6. The board should provide an orientation and education program for new directors.	The Corporation provides orientation for newly elected Directors. Senior officers of the Corporation and its affiliates provide detailed presentations for all directors on the activities of the Corporation and its subsidiaries.
7. The board should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision making.	The Board believes that its present size is appropriate for effective decision making. Since 1993 the size of the Board has declined from 23 to the proposed 15 members.
8. The board of directors should review the adequacy and form of compensation of directors in light of the risks and responsibilities involved in being an effective director.	The Compensation Committee oversees the compensation of Directors and reviews, and recommends to the Board for approval, the remuneration of Directors after considering time commitment, comparative fees and responsibilities. In the performance of its functions, the Committee consults with outside compensation experts. The Committee's role and Director Compensation are more fully described elsewhere in this circular.
9. Committees of the board should generally be composed of outside directors, a majority of whom are unrelated although some board committees, such as the executive committee, may include one or more inside directors.	Each of the Audit Committee and the Compensation Committee are composed entirely of non-management Directors who are unrelated to the Corporation and unrelated to its significant shareholder. The composition and role of the Audit Committee are discussed at greater length below in item 13. A majority of the Directors on the Executive Committee are Directors who are unrelated to the Corporation.
10. The board should assume responsibility for, or assign to a committee of directors responsibility for, developing the approach to corporate governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.	The Board as a whole has responsibility for overseeing the Board's approach to corporate governance issues. Certain reforms regulating governance have been promulgated by the Canadian Securities Administrators, while others remain to be finalized. The Board is mindful of this reform process, and under its supervision a study of these reforms is under way.

TSX Guidelines for Improved Corporate Governance	Governance Procedures at Power
11. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities.	A description of the functions of the Board are set out in some detail in the response to Guideline number 1 above. The Board's stewardship responsibility and certain limits to management's authority are contained in the governing statute, the *Canada Business Corporations Act.* More generally, it is the Board's view that boards and management have separate responsibilities, with the former approving and overseeing and the latter initiating and executing. In addition to those matters that must by law be approved by the Board, management is required to seek Board approval for major transactions including those that involve investments and expenditures above certain monetary thresholds.
The board should approve or develop the corporate objectives, which the CEO is responsible for meeting.	The Board as a whole is responsible for the approval of the corporate objectives that the Co-Chief Executive Officers are responsible for meeting. The Compensation Committee establishes from time to time certain corporate objectives that are relevant to the determination of the compensation payable to the Co-Chief Executive Officers.
12. The board should have in place appropriate structures and procedures to ensure that it can function independently of management. An appropriate structure would be to (i) appoint a chairman of the board who is not a member of management with responsibility to ensure that the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director".	The Board believes it is appropriate in a management and holding company such as Power, with a controlling shareholder, that the positions of the Chairman of the Board and Co-Chief Executive Officer overlap. However, the Board has implemented structures and procedures to provide sufficient assurance that the Board can act independently of management. A majority of the Board is unrelated to management and unrelated to the controlling shareholder. Both the Audit Committee and the Compensation Committee are constituted entirely with non-management Directors who are unrelated to the Corporation and unrelated to the significant shareholder, and a majority of the Directors on the Executive Committee are non-management Directors who are unrelated to the Corporation and unrelated to the significant shareholder. The Board meets from time to time without management and management directors. At these meetings, the Chairman of the Executive Committee (who is the controlling shareholder of the Corporation) acts as "lead director".

TSX Guidelines for Improved Corporate Governance	Governance Procedures at Power
13. The audit committee should be composed only of outside directors.	The Audit Committee is composed entirely of non-management, outside Directors who are unrelated.
The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as their duties.	Two members of the Audit Committee serve as well on the boards of other companies in the Power group. The Board and the Audit Committee believe that the first-hand understanding of the affairs of group companies that is brought to the Committee by these members enhances the effectiveness of the Committee. The role and responsibilities of the Committee have been defined by the Board in a charter which is reviewed from time to time by the Committee. The charter is posted on the Corporation's Web site www.powercorporation.com. In the performance of its functions, the Audit Committee reviews with the Corporation's auditors the audited financial statements and reviews financial information to be included in public disclosure documents. It also reviews the nature and scope of the annual audit plan, and makes a recommendation to the Board regarding the appointment of auditors and the payment of their fees.
The audit committee should have direct communication channels with the internal and the external auditors to discuss and review specific issues as appropriate.	The Committee communicates directly and, from time to time, meets privately, with the Corporation's auditors.
The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.	The Audit Committee exercises oversight with respect to internal controls. Pursuant to its mandate, as approved by the Board, the Committee's functions include the review of any report from the auditors on internal control.
14. The board should implement a system to enable an individual director to engage an outside adviser, at the company's expense in appropriate circumstances. The engagement of the outside adviser should be subject to the approval of an appropriate committee of the board.	Individual directors may, through and with the approval of the Board Committees on which they serve, retain outside advisers to assist in carrying out their duties and responsibilities. The Compensation Committee regularly retains independent compensation consultants directly to assist in the performance of its duties.

Additional information relating to the Corporation is available on SEDAR at www. sedar.com.

Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year. Copies of the Corporation's financial statements and MD&A can be obtained by contacting the Secretary of the Corporation at 751 Victoria Square, Montréal, Québec H2Y 2J3.

POWER FINANCIAL CORPORATION

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Power Financial believes in the importance of good corporate governance and the central role played by directors in the governance process. The Board of Directors recognizes the utility of sharing this belief with its shareholders. The Board is responsible for, and takes this opportunity to expand on, Power Financial's corporate governance philosophy and practices.

Power Financial is an international management and holding company. Power has controlled Power Financial since the latter was first organized in 1984. Power Financial is not an operating company and over half of its interests are located outside Canada, specifically in the United States and Europe. These characteristics are important in any consideration of governance philosophy and practices as they apply to the Corporation.

As noted in the September 2003 report of the Canadian Coalition for Good Governance, there are few easy governance solutions that apply to all companies or all situations. In fact, there exist many models of corporate ownership and governance, including widely held and closely held companies and including boards composed largely of "related" directors and boards composed almost entirely of "unrelated" directors. It is our belief that no single corporate governance model is superior or appropriate in all cases. The Board believes that the governance system in place at Power Financial is appropriate to its circumstances and effective, and that there are in place appropriate structures and procedures to ensure its independence from management.

Any review of governance practices should include consideration of long-term returns to shareholders. Power Financial believes this to be an essential indicator of the effectiveness of a governance system.

The following describes the governance practices of the Corporation with specific reference to guidelines promulgated by the Toronto Stock Exchange.

TSX GUIDELINES FOR IMPROVED CORPORATE GOVERNANCE	GOVERNANCE PROCEDURES AT POWER FINANCIAL
1. The board should explicitly assume responsibility for stewardship of the corporation and specifically for:	The Board is responsible for supervising the management of the business and affairs of the Corporation. In fulfilling that responsibility, Power Financial's Board appoints senior management and delegates to senior management responsibility for day-to-day management of the business and affairs of the Corporation, provides advice to senior management from time to time, and assesses the ongoing progress of the Corporation and its subsidiaries. The Board has assumed various functions, either directly or through the standing committees of the Board, including the functions referred to below. The objectives of the Directors in performing these functions is to enhance shareholder value while acting in the long-term best interests of the Corporation.
[i] adoption of a strategic planning process; [ii] identification of the principal risks of the company's business and ensuring implementation of appropriate systems to manage those risks;	The Board oversees the Corporation's strategic planning process and overall strategic and business plans and their implementation, including the scope of operations and business activities, and investments or divestitures of a material nature. The Board and its committees review with senior management on an ongoing basis the Corporation's near-term and long-term objectives and strategic plans and their implementation.

TSX GUIDELINES FOR IMPROVED CORPORATE GOVERNANCE	GOVERNANCE PROCEDURES AT POWER FINANCIAL
[iii] succession planning, including appointing, training and monitoring senior management;	The Board appoints the senior executives of the Corporation. The Compensation Committee is involved in the succession planning of senior management.
[iv] communications policy;	The Corporation has adopted policies respecting communications with its shareholders and others. Management seeks to respond to shareholders' questions and concerns on a prompt basis, subject to the limitations imposed by law and the sensitivity of certain information relating to the Corporation. The Corporation also communicates with its shareholders through a variety of means, including its annual reports, quarterly reports and news releases. The Corporation maintains a website at www.powerfinancial.com, updated with current corporate information and interlinked to the websites of group companies. Statutory disclosure documents such as management information circulars and annual information forms are reviewed, and where required, approved by the Board. At the Corporation's annual meetings, an opportunity is afforded to shareholders to question senior management. Shareholders may also communicate with the Corporation through the office of the Corporate Secretary. The Board believes that the Corporation's communications with its shareholders and the avenues available for shareholders and others interested in the Corporation to make inquiries about the Corporation are responsive and effective.
[v] integrity of internal control and management information systems.	The Board of Directors, through the Audit Committee, exercises oversight with respect to internal controls. See item 13.
2. A majority of directors should be "unrelated" (independent of management and free from any relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation).	Of the 12 Directors to be elected, 9 are unrelated to Power Financial. Three of the 12 Directors are members of management of the Corporation and are therefore related Directors. (Please also see item 3 below for additional analysis.)
The board should include a number of directors who do not have interests in or relationships with either the corporation or a significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholders.	The Corporation has a significant shareholder, Power Corporation of Canada, as is more fully explained on page 2 of this proxy circular under "Voting Shares and Principal Holders Thereof". Of the 9 unrelated Directors: • 3 Directors (Messrs. Frère, Royer and St-Germain) are neither directors of nor related to the Corporation's significant shareholder; • 4 Directors (Messrs. Graham, Nickerson and Mazankowski and Dr. Szathmáry) are directors of the significant shareholder and are unrelated to the significant shareholder; and • 2 Directors are directors of the significant shareholder; one (Mr. André Desmarais) is related to the significant shareholder and the other (Hon. Paul Desmarais) is the controlling shareholder of the significant shareholder. Accordingly, 7 of the 12 Directors are unrelated to both the Corporation and its significant shareholder.

TSX GUIDELINES FOR IMPROVED CORPORATE GOVERNANCE	GOVERNANCE PROCEDURES AT POWER FINANCIAL
3. The board has responsibility for applying the definition of "unrelated director" to each individual director and for disclosing annually the analysis of the application of the principles supporting this definition and whether the board is constituted with the appropriate number of directors who are not related to the corporation or the significant shareholder.	In light of the obligations and duties falling upon directors, Power Financial does not believe that whether a director is related or unrelated is essential to effective board participation. All of the Corporation's Directors, whether related or not, bring to the Corporation an interest in and knowledge of the affairs of the Corporation and its affiliated companies, which is a benefit to Power Financial and its shareholders. The Corporation believes that the interests of the Corporation are well served by the experience of and expertise in the affairs of its group companies that is brought to the Corporation by those unrelated Directors who also serve on the Boards of affiliates. Over the years, the Corporation has sought to increase the number of unrelated Directors with such interlocks. Their presence enriches the discussion and enhances the quality of governance by the Corporation's Board and at the other group boards on which they serve. Of the 12 Directors to be elected, 9 are considered by the Board to be unrelated to Power Financial. Three of the Directors to be elected are members of management and are therefore not unrelated Directors: Paul Desmarais Jr. is Chairman of the Board and executes certain management functions; Mr. Robert Gratton is the President and Chief Executive Officer of the Corporation and Mr. Michel Plessis-Bélair, FCA, is the Executive Vice-President and Chief Financial Officer of the Corporation. As noted in Guideline 2 above, of the 12 Directors nominated for re-election: • 9 are unrelated to the Corporation; and • 7 are unrelated to the Corporation and unrelated to the Corporation's significant shareholder.
4. The board should appoint a committee of directors, composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with responsibility for proposing new nominees to the board and for assessing directors on an ongoing basis.	The Board nomination function is performed by the Board as a whole. Nominees for election to the Board are chosen by the Board according to a variety of criteria, including integrity and reputation, general knowledge and experience in a particular field of interest. The Corporation believes that a diversity of views and experience enhance the ability of the Board as a whole to fulfill its responsibilities to the Corporation. Directors are not required to be specialists in the affairs of the Corporation or the businesses in which it invests but are expected to provide the Corporation with the benefit of their business or professional experience, their judgment and their vision.
5. The board should implement a process, to be carried out by an appropriate committee, for assessing the effectiveness of the board, its committees and the contribution of individual directors.	The effectiveness of committees and of the Board itself is reviewed from time to time under the stewardship of the Chairman. The Corporation believes that long-term returns to shareholders provide a useful indicator for assessing the effectiveness of a corporation's governance system.
6. The board should provide an orientation and education program for new directors.	The Corporation provides orientation for newly elected Directors. Senior officers of the Corporation and its affiliates regularly provide in-depth information for all Directors on the activities of the Corporation and its subsidiaries.

TSX GUIDELINES FOR IMPROVED CORPORATE GOVERNANCE	GOVERNANCE PROCEDURES AT POWER FINANCIAL
7. The board should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision making.	The Board examines its size and the size of its Committees, and where appropriate, increases or decreases the number of Directors to facilitate effective decision-making. The Directors believe that the size of the Board and the Committees is appropriate and effective in the Corporation's circumstances.
8. The board of directors should review the adequacy and form of compensation of directors in light of the risks and responsibilities involved in being an effective director.	The Compensation Committee oversees the compensation of Directors and reviews, and recommends to the Board for approval, the remuneration of Directors after considering time commitment, comparative fees and responsibilities. In the performance of its functions, the Committee consults with outside compensation experts. The Committee's role and Director Compensation are more fully described elsewhere in this circular.
9. Committees of the board should generally be composed of outside directors, a majority of whom are unrelated although some board committees, such as the executive committee, may include one or more inside directors.	Each of the Audit Committee and the Compensation Committee are composed entirely of Directors who are unrelated to the Corporation and unrelated to the significant shareholder and its controlling shareholder. The composition and role of the Audit Committee are discussed at greater length below in item 13. The Executive Committee is composed of a majority of Directors who are unrelated to the Corporation.
10. The board should assume responsibility for, or assign to a committee of directors responsibility for, developing the approach to corporate governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.	The Board as a whole has responsibility for overseeing the Board's approach to corporate governance issues. Certain reforms regulating governance have been promulgated by the Canadian Securities Administrators, while others remain to be finalized. The Board is mindful of this reform process, and under its supervision a study of these reforms is under way.
11. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities.	A description of the functions of the Board are set out in some detail in the response to Guideline number 1 above. The Board's stewardship responsibility and certain limits to management's authority are contained in the governing statute, the *Canada Business Corporations Act*. More generally, it is the Board's view that boards and management have separate responsibilities, with the former approving and overseeing and the latter initiating and executing. In addition to those matters that must by law be approved by the Board, management is required to seek Board approval for major transactions including those that involve investments and expenditures above certain monetary thresholds.
The board should approve or develop the corporate objectives which the CEO is responsible for meeting.	The Board as a whole reviews corporate objectives. These and other factors are considered by the Compensation Committee in determining the compensation of the Chief Executive Officer.

TSX GUIDELINES FOR IMPROVED CORPORATE GOVERNANCE	GOVERNANCE PROCEDURES AT POWER FINANCIAL
12. The board should have in place appropriate structures and procedures to ensure that it can function independently of management. An appropriate structure would be to [i] appoint a chairman of the board who is not a member of management with responsibility to ensure that the board discharges its responsibilities or [ii] adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director".	The positions of Chairman of the Board and Chief Executive Officer are separate. Board structures and procedures provide assurance that the Board can function independently of management. A majority of the Board is unrelated to the Corporation and its significant shareholder. Both the Audit Committee and the Compensation Committee are constituted entirely with non-management Directors who are unrelated to the Corporation and unrelated to its significant shareholder. In addition, the Board meets from time to time without management and management directors.
13. The audit committee should be composed only of outside directors.	The Audit Committee is composed entirely of non-management, outside Directors who are unrelated.
The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as their duties.	The role and responsibilities of the Committee have been defined by the Board in a charter which is reviewed from time to time by the Committee. The charter is posted on the Corporation's Web site, at www.powerfinancial.com. In the performance of its functions, the Audit Committee reviews with the Corporation's auditors the audited financial statements and reviews financial information to be included in public disclosure documents. It also reviews the nature and scope of the annual audit plan, and makes a recommendation to the Board regarding the appointment of auditors and the payment of their fees.
The audit committee should have direct communication channels with the internal and the external auditors to discuss and review specific issues as appropriate.	The Committee communicates directly and, from time to time, meets privately with the Corporation's auditors.
The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.	The Audit Committee exercises oversight with respect to internal controls. Pursuant to its mandate, as approved by the Board, the Committee's functions include the review of any report from the auditors on internal control.

TSX GUIDELINES FOR IMPROVED CORPORATE GOVERNANCE	GOVERNANCE PROCEDURES AT POWER FINANCIAL
14. The board should implement a system to enable an individual director to engage an outside adviser, at the company's expense in appropriate circumstances. The engagement of the outside adviser should be subject to the approval of an appropriate committee of the board.	Individual directors may, through and with the approval of the Board Committees on which they serve, retain outside advisers at the Corporation's expense to assist in carrying out their duties and responsibilities. The Compensation Committee regularly retains independent compensation consultants directly to assist in the performance of its duties.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year. Copies of the Corporation's financial statements and MD&A can be obtained by contacting the Secretary of the Corporation at 751 Victoria Square, Montréal, Québec, Canada, H2Y 2J3.

AVAILABLE DOCUMENTATION

The Corporation shall provide to any person or company, upon request to the Secretary of the Corporation, one copy of (i) the Corporation's latest annual information form, together with any document, or the pertinent pages of any document, incorporated therein by reference, (ii) the comparative financial statements of the Corporation for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, management's discussion and analysis of financial condition and results of operations and any interim financial statements of the Corporation issued subsequent to the annual financial statements and (iii) the information circular of the Corporation in respect of the most recent Annual Meeting of its shareholders. The Corporation may require the payment of a reasonable charge when the request is made by someone who is not a security holder thereof unless securities of the Corporation are in the course of a distribution pursuant to a short form prospectus, in which case such documents will be provided free of charge.

APPROVAL BY DIRECTORS

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

"Edward Johnson"
Vice-President, General Counsel
and Secretary

Montréal, Québec
April 2, 2004

INVESTORS GROUP

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance is essential to the well being of the Corporation and its shareholders.

Investors Group Inc. is one of Canada's premier personal financial services companies and the country's largest manager and distributor of mutual funds and other managed asset products. The Corporation's two operating units, Investors Group and Mackenzie Financial Corporation, offer their own distinctive products and services through separate advice channels encompassing over 43,000 consultants and independent financial advisors. Operating in the financial services industry, the Corporation is subject to many guidelines and regulations concerning its affairs. Many of the processes and structures that are required to direct and manage the business and affairs of the Corporation (i.e. prudent and effective corporate governance practices) have been implemented through the Corporation's subsidiaries.

The Board of the Corporation is currently comprised of 17 Directors, and there are currently five Committees of the Board, namely the Executive Committee, the Audit Committee, the Investment Committee, the Compensation Committee and the Public Policy Committee. The mandate of the Board is to supervise the management of the business and affairs of the Corporation and the mandate of the Executive Committee is to supervise the management of the business and affairs of the Corporation when the Board is not in session. The primary mandate of the Investment Committee is to monitor the investment operations of the Corporation and its subsidiaries, and to review compliance with, and approve changes in, the investment policy of the Corporation and its subsidiaries. The primary mandate of the Audit Committee is to review the financial statements of the Corporation and public disclosure documents containing financial information and to report on such review to the Board, to review and monitor the role of the external auditors, and to ensure that appropriate internal control procedures are in place. The primary mandate of the Compensation Committee is to approve compensation arrangements, strategies, policies and guidelines for employees of the Corporation, to recommend to the Board compensation arrangements for the Directors and for the Presidents and Chief Executive Officers of the Corporation and of Mackenzie, respectively, to administer incentive compensation plans, and to approve succession plans for senior executives. The primary mandate of the Public Policy Committee is to review and assess the Corporation's policies and procedures with respect to charitable contributions, personnel policies and employment practices and other matters relative to the Corporation's response to its social obligations and to the public interest in the conduct of its business.

The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place appropriate structures and procedures to ensure the Board's independence from management.

The following describes the governance practices of the Corporation with specific reference to guidelines promulgated by the Toronto Stock Exchange.

TSX GUIDELINES	**GOVERNANCE PROCEDURES AT THE CORPORATION**
1. The board should explicitly assume responsibility for the stewardship of the corporation and specifically for:	The Board is responsible for supervising the management of the business and affairs of the Corporation. In fulfilling that responsibility, the Board appoints senior management and delegates to senior management responsibility for the day-to-day management of the business and affairs of the Corporation, provides advice to senior management from time to time, and assesses the ongoing progress of the Corporation and its subsidiaries. The Board has assumed various functions, either directly or through the standing committees of the Board, including the functions referred to below.
(i) adoption of a strategic planning process; (ii) the identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage those risks;	The Board oversees the Corporation's strategic planning process and the implementation of the Corporation's overall strategic and business plans, including the scope of operations and business activities and risks, and investments or divestitures of a material nature. The Board and its committees review with senior management on an ongoing basis the Corporation's short-term and long-term objectives and strategic plans and the implementation of those objectives and plans, and monitor and manage competitive and other business risks.
(iii) succession planning, including appointing, training and monitoring senior management;	The Board appoints the senior management of the Corporation. The Compensation Committee is involved in the succession planning for senior management and reviews the performance of senior management.
(iv) a communications policy; and	It is the Corporation's policy that management seek to respond to shareholders' questions and concerns on a prompt basis, subject to the limitations imposed by law and by the confidentiality of certain information relating to the Corporation. The Corporation also communicates with its shareholders through a variety of means, including its annual reports, quarterly

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
	reports and news releases. The Corporation maintains a website at *www.investorsgroup.com*, updated with current corporate information. Statutory disclosure documents such as management information circulars and annual information forms are reviewed and, where required, are approved by the Board. At the Corporation's annual meetings, an opportunity is afforded to shareholders to question senior management. The Board believes that the Corporation's communications with its shareholders and the avenues available for shareholders and others interested in the Corporation to make inquiries about the Corporation are timely, responsive and effective.
(v) the integrity of internal control and management information systems.	The Board, through the Audit Committee, exercises oversight with respect to internal controls. See the response to Guideline 13.
2. A majority of the directors should be "unrelated" to the corporation (i.e. they should be independent of management and free from any interest and any business or other relationship (other than those arising from shareholdings) which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation). The board should also include a number of directors who do not have interests in or relationships with either the corporation or a significant shareholder of the corporation and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder.	Of the 17 Directors currently on the Board, there are 15 Directors who are unrelated to the Corporation. Two Directors are members of management of the Corporation and are therefore related Directors. Of the 15 unrelated Directors: • 6 Directors are unrelated to the Corporation's significant shareholder and/or its subsidiaries (the "significant shareholder"); • 2 Directors are Directors of the significant shareholder, and are unrelated to the significant shareholder; and • 7 Directors are related to the significant shareholder. Accordingly, there are 8 Directors who are unrelated to both the Corporation and its significant shareholder.
3. The board should be responsible for applying the definition of "unrelated director" to the circumstances of each individual director, for disclosing annually whether the board is constituted with the appropriate number of directors who are not related to the corporation or to the significant shareholder, and for disclosing annually the analysis of the application of the principles supporting this conclusion.	The composition of the Board effectively reflects the make-up of its shareholder base. We believe that all of the Corporation's Directors bring with them an interest in and knowledge of the business of the Corporation, and of its affiliated companies, which is a benefit to the Corporation and its shareholders. As well, we believe that the interests of the Corporation are well served by the experience and expertise in the financial services industry that is brought to the Corporation by those Directors who are officers or Directors of the significant shareholder. As noted in Guideline 2, of the 17 Directors currently on the Board: • 15 are unrelated to the Corporation; and • 8 Directors are unrelated to both the Corporation and its significant shareholder.
4. The board should appoint a committee of directors composed exclusively of outside (i.e. non-management) directors, a majority of whom are unrelated directors, with responsibility for proposing to the full board new nominees to the board and for	The Board nomination function is performed by the Board as a whole. Nominees for election to the Board are chosen by the Board according to a variety of criteria, including integrity and reputation, general knowledge, and experience in a particular field. The

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
assessing directors on an ongoing basis.	Corporation believes that a diversity of views and experience enhances the ability of the Board as a whole to fulfill its responsibilities to the Corporation. Directors are not required to be specialists in the affairs of the Corporation or the businesses in which it invests, but are expected to provide the Corporation with the benefit of their business experience, their judgment and their vision.
5. The board should implement a process, to be carried out by an appropriate committee, for assessing the effectiveness of the board, of board committees, and of the contributions of individual directors.	The effectiveness of the Board, of Board committees, and of the contributions of individual directors is reviewed from time to time, under the stewardship of the Chairman.
6. The corporation should provide an orientation and education program for new directors.	The Corporation provides an orientation program for newly elected Directors and provides information for all Directors on the activities of the Corporation and its subsidiaries on an ongoing basis.
7. The board should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.	The Board examines its size and the size of its Committees and, where appropriate, increases or decreases the number of directors to facilitate effective decision-making. The Directors believe that the size of the Board, and its Board Committees, is appropriate and effective in the Corporation's circumstances.
8. The board should review the adequacy and form of compensation of directors in light of the risks and responsibilities involved in being an effective director.	The Compensation Committee recommends to the Board for approval compensation arrangements for the Directors after considering time commitment, comparative fees and responsibilities. In the performance of its functions, the Committee may consult with outside compensation experts.
9. Committees of the board should generally be composed of outside directors, a majority of whom are unrelated, although some board committees, such as the executive committee, may include one or more inside directors.	Each of the Audit Committee, the Compensation Committee and the Public Policy Committee is composed entirely of non-management Directors who are unrelated (see Guideline 2 above) to the Corporation. The Executive Committee and the Investment Committee are composed of non-management Directors who are unrelated with the exception of Jeffrey Orr who is President and Chief Executive Officer of the Corporation and is a member of both the Executive and Investment Committee, and Jim Hunter, President and Chief Executive Officer of Mackenzie Financial Corporation, who is a member of the Executive Committee.
10. The board should assume responsibility for, or assign to a committee of directors responsibility for, developing the corporation's approach to governance issues. This committee would, among other things, be responsible for the corporation's response to these governance guidelines.	The Board as a whole has responsibility for overseeing the Corporation's approach to governance issues, and conducts an ongoing review of its approach in light of the Corporation's evolving needs, as well as in response to the ongoing developments in this area.
11. The board, together with the Chief Executive Officer, should develop position descriptions for the board and for the Chief Executive Officer, involving	A description of the functions of the Board is set out in the response to Guideline 1 above. The Board's stewardship responsibility and certain limits on

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
the definition of the limits to management's responsibilities. The board should approve or develop the corporate objectives which the Chief Executive Officer is responsible for meeting.	management's authority are contained in the Corporation's governing statute, the *Canada Business Corporations Act*. More generally, it is the Board's view that boards and management have separate responsibilities, with the former approving and overseeing and the latter initiating and executing. In addition to those matters that must by law be approved by the Board, management is required to seek Board or committee approval for major transactions and for investments above certain monetary thresholds. The Board as a whole reviews and approves corporate objectives that the President and Chief Executive Officer of the Corporation and of Mackenzie Financial Corporation, are responsible for meeting.
12. The board should have in place appropriate structures and procedures to ensure that it can function independently of management. An appropriate structure would be to (i) appoint a chairman of the board who is not a member of management with responsibility to ensure that the board discharges its responsibilities, or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a "lead director".	The Chairman of the Board is not a member of management.
13. The audit committee should be composed only of outside directors. The role and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and the external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.	The Audit Committee is composed entirely of non-management Directors who are unrelated to the Corporation. The role and responsibilities of the Audit Committee have been specifically defined by the Board. The responsibilities of the Audit Committee include reviewing with the Corporation's auditors the audited financial statements and reviewing financial information to be included in public disclosure documents, reviewing the nature and scope of the annual audit plan, and making a recommendation to the Board regarding the appointment of auditors. The Audit Committee communicates directly and, from time to time, meets privately with the Corporation's internal and external auditors. The Audit Committee exercises oversight with respect to internal controls. Pursuant to its mandate, the Committee's functions include the review of any report from the auditors on internal controls.

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
14. The board should implement a system to enable an individual director to engage an outside advisor at the corporation's expense in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.	Individual Directors may, through and with the approval of the Board Committees on which they serve and at the Corporation's expense, retain outside advisors to assist the Committees in carrying out their duties and responsibilities.

AVAILABLE DOCUMENTATION

The Corporation will provide to any person or corporation, upon request to the Secretary of the Corporation, One Canada Centre, 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6, a copy of: (i) the Corporation's latest Annual Information Form, together with any document, or the pertinent pages of any document, incorporated therein by reference; (ii) the Comparative Financial Statements of the Corporation for its most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditors thereon, Management's Discussion and Analysis of financial condition and results of operations and any interim financial statements of the Corporation issued subsequent to the annual financial statements; and (iii) the Management Proxy Circular of the Corporation in respect of its most recent Annual Meeting of Shareholders. The Corporation reserves the right to charge a reasonable fee if the request is made by a person who is not a shareholder of the Corporation.

PROPOSALS

The Corporation must receive a proposal for any matter that a person entitled to vote proposes to raise at next year's Annual Meeting of Shareholders on or before December 13, 2004.

APPROVAL OF MANAGEMENT PROXY CIRCULAR

The contents and the sending of this Management Proxy Circular have been approved by the directors.

Dated at Winnipeg, Manitoba
March 12, 2004

W. T. Wright, Q.C.
Secretary

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process. The Corporation believes that sound corporate governance is essential to the well being of the Corporation and its shareholders.

The Corporation is an international financial services holding company, with interests in the life insurance, health insurance, retirement savings, and reinsurance businesses. The Corporation has operations in Canada and internationally through Great-West, London Life and Canada Life, and in the United States through GWL & A and Canada Life. Many of the processes and structures that are required to direct and manage the business and affairs of the Corporation (i.e. prudent and effective corporate governance practices) have been implemented through these subsidiaries.

The Board of the Corporation is currently comprised of 22 Directors, and there are currently three Committees of the Board, namely the Executive Committee, the Audit Committee, and the Compensation Committee. The mandate of the Board is to supervise the management of the business and affairs of the Corporation and the mandate of the Executive Committee is to supervise the management of the business and affairs of the Corporation when the Board is not in session. The primary mandate of the Audit Committee is to review the financial statements of the Corporation and public disclosure documents containing financial information and to report on such review to the Board, to review and monitor the role of the external auditors, and to ensure that appropriate internal control procedures are in place. The primary mandate of the Compensation Committee is to approve compensation arrangements, strategies, policies and guidelines for employees of the Corporation, to recommend to the Board compensation arrangements for the Directors and for the Co-Presidents and Chief Executive Officers, to administer incentive compensation plans, and to approve succession plans for senior executives.

The Board believes that the Corporation's governance system is effective and is appropriate to its circumstances, and that there are in place appropriate structures and procedures to ensure the Board's independence from management.

The following describes the governance practices of the Corporation with specific reference to guidelines promulgated by the Toronto Stock Exchange.

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
1. The board should explicitly assume responsibility for the stewardship of the corporation	The Board is responsible for supervising the management of the business and affairs of the Corporation. In fulfilling that responsibility, the Board appoints senior management and delegates to senior management responsibility for the day-to-day management of the business and affairs of the Corporation, provides advice to senior management from time to time, and assesses the ongoing progress of the Corporation and its subsidiaries. The Board has assumed various functions, either directly or through the standing committees of the Board, including the functions referred to below.
and specifically for: (i) adoption of a strategic planning process; (ii) the identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage those risks;	The Board oversees the Corporation's strategic planning process and the implementation of the Corporation's overall strategic and business plans, including the scope of operations and business activities and risks, and investments or divestitures of a material nature. The Board and its committees review with senior management on an ongoing basis the Corporation's short-term and long-term objectives and strategic plans, and the implementation of those objectives and plans, and monitor and manage competitive and other business risks.
(iii) succession planning, including appointing, training and monitoring senior management;	The Board appoints the senior management of the Corporation. The Compensation Committee is involved in the succession planning for senior management and reviews the performance of senior management.
(iv) a communications policy; and	It is the Corporation's policy that management seek to respond to shareholders' questions and concerns on a prompt basis, subject to the limitations imposed by law and by the confidentiality of certain information relating to the Corporation. The Corporation also communicates with its shareholders through a variety of means, including its annual reports, quarterly reports and news releases. The Corporation maintains a website at www.greatwestlifeco.com, updated with current corporate information. Statutory disclosure documents such as management information circulars and annual information forms are reviewed and, where required, are approved by the Board. At the Corporation's annual meetings, an opportunity is afforded to shareholders to question senior management. The Board believes that the Corporation's communications with its shareholders and the avenues available for shareholders and others interested in the Corporation to make inquiries about the Corporation are timely, responsive and effective.
(v) the integrity of internal control and management information systems.	The Board, through the Audit Committee, exercises oversight with respect to internal controls. See the response to Guideline 13.

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
2. A majority of the directors should be "unrelated" to the corporation (i.e. they should be independent of management and free from any interest and any business or other relationship (other than those arising from shareholdings) which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation). The board should also include a number of directors who do not have interests in or relationships with either the corporation or a significant shareholder of the corporation and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder.	Of the 21 Directors nominated for re-election, there are 19 Directors who are unrelated to the Corporation. Two Directors are members of management of the Corporation and are therefore related Directors. Of the 19 unrelated Directors: • 8 Directors are unrelated to the Corporation's significant shareholder and/or its subsidiaries (the "significant shareholder"); • 4 Directors are Directors of the significant shareholder, and are unrelated to the significant shareholder; and • 7 Directors are related to the significant shareholder. Accordingly, there are 12 Directors who are unrelated to both the Corporation and its significant shareholder.
3. The board should be responsible for applying the definition of "unrelated director" to the circumstances of each individual director, for disclosing annually whether the board is constituted with the appropriate number of directors who are not related to the corporation or to the significant shareholder, and for disclosing annually the analysis of the application of the principles supporting this conclusion.	The composition of the Board effectively reflects the make-up of its shareholder base. We believe that all of the Corporation's Directors bring with them an interest in and knowledge of the business of the Corporation, and of its affiliated companies, which is a benefit to the Corporation and its shareholders. As well, we believe that the interests of the Corporation are well served by the experience and expertise in the financial services industry that is brought to the Corporation by those Directors who are officers or Directors of the significant shareholder. As noted in Guideline 2, of the 21 Directors nominated for re-election: • 19 are unrelated to the Corporation; and • 12 Directors are unrelated to both the Corporation and its significant shareholder.
4. The board should appoint a committee of directors composed exclusively of outside (i.e. non-management) directors, a majority of whom are unrelated directors, with responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.	The Board nomination function is performed by the Board as a whole. Nominees for election to the Board are chosen by the Board according to a variety of criteria, including integrity and reputation, general knowledge, and experience in a particular field. The Corporation believes that a diversity of views and experience enhances the ability of the Board as a whole to fulfill its responsibilities to the Corporation. Directors are not required to be specialists in the affairs of the Corporation or the businesses in which it invests, but are expected to provide the Corporation with the benefit of their business experience, their judgment and their vision.
5. The board should implement a process, to be carried out by an appropriate committee, for assessing the effectiveness of the board, of board committees, and of the contributions of individual directors.	The effectiveness of the Board, of Board committees, and of the contributions of individual directors is reviewed from time to time, under the stewardship of the Chairman.

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
6. The corporation should provide an orientation and education program for new directors.	The Corporation provides an orientation program for newly elected Directors and provides information for all Directors on the activities of the Corporation and its subsidiaries on an ongoing basis.
7. The board should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.	The Board examines its size and the size of its Committees and, where appropriate, increases or decreases the number of directors to facilitate effective decision-making. The Directors believe that the size of the Board, and its Board Committees, is appropriate and effective in the Corporation's circumstances.
8. The board should review the adequacy and form of compensation of directors in light of the risks and responsibilities involved in being an effective director.	The Compensation Committee recommends to the Board for approval compensation arrangements for the Directors after considering time commitment, comparative fees and responsibilities. In the performance of its functions, the Committee may consult with outside compensation experts.
9. Committees of the board should generally be composed of outside directors, a majority of whom are unrelated, although some board committees, such as the executive committee, may include one or more inside directors.	The Corporation's Audit Committee and Compensation Committee, and the Audit Committees and Compensation Committees of Great-West, London Life, Canada Life and GWL&A, are composed entirely of non-management Directors who are unrelated (see Guideline 2 above) to those companies. Twelve of the fourteen members of the Corporation's Executive Committee, and all but one member of the Executive Committees of Great-West, London Life, Canada Life and GWL&A, are non-management Directors who are unrelated to those companies.
10. The board should assume responsibility for, or assign to a committee of directors responsibility for, developing the corporation's approach to governance issues. This committee would, among other things, be responsible for the corporation's response to these governance guidelines.	The Board as a whole has responsibility for overseeing the Corporation's approach to governance issues, and conducts an ongoing review of its approach in light of the Corporation's evolving needs, as well as in response to the ongoing developments in this area.

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
11. The board, together with the Chief Executive Officer, should develop position descriptions for the board and for the Chief Executive Officer, involving the definition of the limits to management's responsibilities.	A description of the functions of the Board is set out in the response to Guideline 1 above. The Board's stewardship responsibility and certain limits on management's authority are contained in the Corporation's governing statute, the Canada Business Corporations Act. More generally, it is the Board's view that boards and management have separate responsibilities, with the former approving and overseeing and the latter initiating and executing. In addition to those matters that must by law be approved by the Board, management is required to seek Board or committee approval for major transactions and for investments above certain monetary thresholds.
The board should approve or develop the corporate objectives which the Chief Executive Officer is responsible for meeting.	The Board as a whole reviews and approves corporate objectives that the Co-Presidents and Chief Executive Officers are responsible for meeting.
12. The board should have in place appropriate structures and procedures to ensure that it can function independently of management. An appropriate structure would be to (i) appoint a chairman of the board who is not a member of management with responsibility to ensure that the board discharges its responsibilities, or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a "lead director".	The Chairman of the Board is not a member of management.

TSX GUIDELINES	GOVERNANCE PROCEDURES AT THE CORPORATION
13. The audit committee should be composed only of outside directors. The role and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and the external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.	The Corporation's Audit Committee, and the Audit Committees of Great-West, London Life, Canada Life and GWL&A, are composed entirely of non-management Directors who are unrelated to those companies. The role and responsibilities of the Audit Committee have been specifically defined by the Board. The responsibilities of the Audit Committee include reviewing with the Corporation's auditors the audited financial statements and reviewing financial information to be included in public disclosure documents, reviewing the nature and scope of the annual audit plan, and making a recommendation to the Board regarding the appointment of auditors. The Audit Committee communicates directly and, from time to time, meets privately with the Corporation's internal and external auditors. The Audit Committee exercises oversight with respect to internal controls. Pursuant to its mandate, the Committee's functions include the review of any report from the auditors on internal controls.
14. The board should implement a system to enable an individual director to engage an outside advisor at the corporation's expense in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.	Individual Directors may, through and with the approval of the Board Committees on which they serve and at the Corporation's expense, retain outside advisors to assist the Committees in carrying out their duties and responsibilities.

ADDITIONAL INFORMATION

The Corporation will provide any person, upon request to the Vice-President, Counsel and Secretary, Canada, 100 Osborne Street North, Winnipeg, Manitoba, R3C 3A5, with a copy of:

i) the Corporation's latest Annual Information Form, together with any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;

ii) the comparative financial statements of the Corporation for its most recently completed financial year, together with the accompanying report of the auditor, and any interim financial statements subsequent to such annual financial statements; and

iii) the management proxy circular of the Corporation in respect of its most recent annual meeting of shareholders that involved the election of directors.

The Corporation reserves the right to charge a reasonable fee if the request is made by a person who is not a shareholder of the Corporation.

PROPOSALS

The Corporation must receive a proposal for any matter that a person entitled to vote proposes to raise at next year's Annual Meeting on or before December 4, 2004.

APPROVAL OF MANAGEMENT PROXY CIRCULAR

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

March 4, 2004

S.A. Wagar,
Vice-President, Counsel and
Secretary, Canada