Make it Intact

Intact Financial Corporation

Management Proxy Circular 2021

Notice of Annual and Special Meeting of Shareholders

May 12, 2021

We believe that insurance is about people, not things. Our purpose is clear – **to help people, businesses and society prosper in good times and be resilient in bad times**.

Our purpose extends beyond simply getting customers back on track after a crisis. We combine our financial strength and deep industry expertise to help build a resilient society.

Our strength is based on living our Values, caring for people, being open and honest, taking accountability, and driving change.

Our Values Guide Us

We won’t compromise on our Values because they matter as much as results.

Integrity

Being honest, open and fair, setting high standards, and standing up for what is right.

Respect

Being kind, seeing diversity as a strength, and being inclusive and collaborative.

Customer-driven

Listening to our customers, making it easy, finding solutions, and delivering second-to-none experiences.

Excellence

Acting with discipline, driving to outperform, embracing change, improving every day, and celebrating success, yet remaining humble.

Generosity

Helping others, protecting the environment, and making our communities more resilient.

We envision a future where we will continue to play an impactful role in helping customers and society to be more resilient.

What we aim to achieve

Our customers are our advocates:
3 out of 4 customers are our advocates, and 3 out of 4 customers actively engage with us digitally.

Our people are engaged:
Be recognized as a best employer and be a destination for top talent and experts.

Our Specialty Solutions business is a leader in North America:
Achieve combined ratio in the low 90s, and generate $6 billion in annual DPW by 2025.

Our company is one of the most respected:
Exceed industry ROE by five points and grow NOIPS 10% yearly over time.

Your Vote Matters

Choose to vote in one of two ways:

A. By proxy; or

B. Online at the Meeting

Detailed voting instructions for non-registered and registered shareholders can be found on pages 9 to 14 of this Management Proxy Circular.

Location of Annual and Special Meeting of Shareholders

Virtual-only Meeting

The well-being and safety of our communities, shareholders, employees and other stakeholders are our top priority. As such, due to the unprecedented and continued public health impact of the COVID-19 pandemic, **we will hold our Meeting this year in a virtual-only format, which will be conducted via live webcast.** You will not be able to attend the Meeting in person. The webcast will be available at https://web.lumiagm.com/439189203.

How to attend the virtual Meeting

You will be able to attend the Meeting as well as vote and submit your questions during the live webcast of the Meeting by visiting https://web.lumiagm.com/439189203 and entering your username and the Meeting password below:

- **Username:**

  If you are a **registered shareholder**, your username is the 15-digit control number located on the proxy form or the email notification you received;

  If you are a **non-registered shareholder**, you need to appoint yourself as proxyholder and you MUST register with Computershare, our transfer agent, at http://www.computershare.com/intactfinancial after submitting your voting instruction form. Computershare will provide you with a username for the Meeting.
- **Password:** "intact2021"

Please refer to pages 9 to 14 for more information on how to attend and vote at the Meeting or how to appoint a proxyholder.

March 31, 2021

Dear Shareholders,

On behalf of the Board of Directors and Senior Management team of Intact Financial Corporation, we are very pleased to invite you to join us at the 2021 Annual and Special Meeting of Shareholders of Intact Financial Corporation that will take place on May 12, 2021 at 1:00 p.m. (Eastern Time).

The well-being and safety of our communities, shareholders, employees and other stakeholders are our top priority. As such, due to the unprecedented and continuing public health impact of the COVID-19 pandemic, we will once again hold our Meeting this year in a virtual-only format, which will be conducted via live webcast. The webcast will be available at **https://web.lumiagm.com/439189203**. Detailed information on how to participate in the virtual Meeting is included in this Management Proxy Circular.

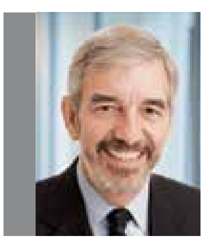
At this Meeting, you will have the opportunity to obtain first-hand information on Intact Financial Corporation, learn about our plans for the future, ask questions and hear your fellow shareholders' questions, and be called upon to vote on matters described in this Management Proxy Circular, as if you were physically present at the Meeting and regardless of your geographic location.

If you cannot attend the virtual Meeting, we invite you to exercise your vote by proxy, as described in the attached documents.

We also invite you to consult our website for information on our recent presentations to the investment community and on our results. Also available online is the full text of our 2020 Annual Report, 2020 Social Impact Report and other useful information.

As a valued shareholder, we appreciate and welcome your participation in the Annual and Special Meeting of Shareholders of Intact Financial Corporation.

Sincerely,



Claude Dussault
Chair of the Board

Charles Brindamour
Chief Executive Officer

Table of Contents

Letter to Shareholders iii

Table of Contents iv

ESG Content Map 1

Notice of the Meeting 2

Summary 4

1 Voting Information 9

2 General Information 15

3 Business of the Meeting 16
- 3.1 Financial Statements 16
- 3.2 Appointment of Auditor 16
- 3.3 Election of Directors 17
- 3.4 Amendment of the Articles of Amalgamation of the Company related to the appointment of Directors 17
- 3.5 Shareholder Advisory Vote on Approach to Executive Compensation 18
- 3.6 Approval of the Executive Stock Option Plan of the Company 19
- 3.7 Other Business 19

4 Directors 20
- 4.1 Nominees 20
- 4.2 Director Compensation 34
- 4.3 Additional Information Regarding Directors 38

5 Corporate Governance Practices 41
- 5.1 Introduction 43
- 5.2 Code of Conduct and Ethics 44
- 5.3 Board of Directors 47
- 5.4 Diversity and Inclusion 63
- 5.5 Human Capital Management 69
- 5.6 Shareholder Engagement 73
- 5.7 Other Stakeholder Engagement 76
- 5.8 Additional Information 76

6 Reports of the Committees 77
- 6.1 Compliance Review and Corporate Governance Committee 77
- 6.2 Audit Committee 82
- 6.3 Risk Management Committee 85
- 6.4 Human Resources and Compensation Committee 88

7 Statement on Executive Compensation 91
- 7.1 Executive Compensation Overview 92
- 7.2 Compensation Discussion and Analysis 96
- 7.3 CEO Compensation 119
- 7.4 Other NEO Compensation 121
- 7.5 Summary Compensation Table 125
- 7.6 Incentive Plan Awards 126
- 7.7 Pension Plan and Retirement Benefits 128
- 7.8 Termination and Change of Control Benefits 131
- 7.9 Compensation of Directors 134
- 7.10 Indebtedness of Directors and Executive Officers 134
- 7.11 Approval of the Statement on Executive Compensation 134

8 Approval of the Board of Directors 135

Glossary of Terms 136

Schedule A – Mandate of the Board of Directors 139

Schedule B – Director Appointment Resolution 142

Schedule C – Executive Stock Option Plan 143

How to Contact Us 146

Quick Links

Summary 4

Voting Information 9

Director Nominees 20

ESG Oversight 48

Diversity and Inclusion 63

Human Capital Management 69

Executive Compensation 91

How to Contact Us 146

COVID-19 Response 5, 47, 50, 51, 71, 95

This icon represents data relevant to environmental, social and governance (ESG) disclosure including its impact on our results where applicable.

ESG content map

Table of contents

The Company's disclosure with respect to environmental, social and governance factors is included across our annual disclosure documentation:

- **2020 Annual Report (which includes the Company's consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2020)**
- **2020 Annual Information Form**
- **2021 Management Proxy Circular**
- **2020 Social Impact Report**

You will find below a quick and easy guide to where you can find our ESG content:

	Pages			
	2020 Annual Report	**2020 Social Impact Report**	**2021 Management Proxy Circular**	**2020 Annual Information Form**
Environmental				
Carbon emissions		58		
Climate adaptation and resiliency	53 to 55, 81 to 82	28 to 33		
Social				
Community engagement	55 to 56	34 to 42		
Customer-driven approach and complaints handling		10 to 15, 59	44 to 47	
Diversity and inclusion	56	23 to 26	63 to 68	
Employee compensation and benefits		22, 59	69 to 73	
Human capital management		19 to 27	69 to 73	
Talent attraction and retention		22	69 to 73	
Workplace culture		19 to 27	44 to 47, 69 to 73	
Workforce demographics		26, 55, 60 to 61		
Governance				
Board of Directors		43 to 45	47 to 62	
Director independence		43	54 to 56	
Director nomination and renewal process			56 to 59	
Risk management	75 to 80		50 to 52	
Shareholder engagement			73 to 75	
Structure and oversight functions (including ESG oversight)		43 to 45	47 to 51	
Compliance and ethics		45	44 to 47	
Data privacy and security		17 to 18		
Executive compensation		44	91 to 134	
Intact Investment Management	54, 82	46 to 47		
Shareholder rights plan				19, 34 to 36
Frameworks				
Public Accountability Statement		55 to 57		
Principles for Sustainable Insurance Report		53 to 54		
Disclosure for the Sustainability Accounting Standards Board (SASB) standards for the insurance industry		51 to 52		
Task Force on Climate-related Financial Disclosures (TCFD)		49 to 50		

Notice of the Meeting

Table of contents

Notice of Annual and Special Meeting of Shareholders of Intact Financial Corporation

Date: Wednesday, May 12, 2021
Time: 1:00 p.m. (Eastern Time)
Place: Virtual-only meeting via live webcast at **https://web.lumiagm.com/439189203**

Business of the Meeting:

1. Receive the consolidated financial statements for the year ended December 31, 2020 and the auditor's report on those statements;
2. Appoint the auditor;
3. Elect Directors;
4. To consider and, if thought fit, to pass a special resolution (the text of which is set out in Schedule "B" to the accompanying Management Proxy Circular) to amend the Articles of Amalgamation of the Company to authorize the Directors to appoint additional directors to serve on the Board until the next annual meeting of shareholders;
5. Approve the non-binding advisory resolution to accept the approach to executive compensation disclosed in the Management Proxy Circular;
6. To consider, and if thought fit, to pass a resolution (the text of which is set out in Schedule "C" to the accompanying Management Proxy Circular) to approve the Executive Stock Option Plan of the Company; and
7. Transact such other business as may properly be brought before the Meeting.

Holders of Common Shares of Intact Financial Corporation of record at 5:00 p.m. (Eastern Time) on March 15, 2021 are entitled to receive the Notice of Annual and Special Meeting of Shareholders and will be entitled to vote at the Meeting. On that date, 143,018,134 Common Shares were issued and outstanding. Each holder of Common Shares is entitled to cast one (1) vote per Common Share held.

The well-being and safety of our communities, shareholders, employees and other stakeholders are our top priority. As such, due to the unprecedented and continued public health impact of the COVID-19 pandemic, we will once again hold our Meeting this year in a virtual-only format, which will be conducted via live webcast. The webcast will be available at **https://web.lumiagm.com/439189203**. Detailed information on how to participate in the virtual Meeting is included in the Management Proxy Circular.

As permitted by Canadian securities regulators, the Company is using Notice and Access to deliver the circular and its 2020 Annual Report to shareholders. Notice and Access allows the Company to post the circular and annual report online instead of mailing it out to each shareholder, saving substantial printing and mailing costs and greatly reducing the Company's paper consumption. Shareholders will receive a notice in the mail giving instructions on how to access the circular and the 2020 Annual Report on SEDAR (**www.sedar.com**) and on the Company's website (**www.intactfc.com**) and how to request a paper copy of the circular and annual report free of charge. Please take the time to review the circular carefully before voting your shares.

By order of the Board of Directors,

Frédéric Cotnoir
Senior Vice President, Corporate and
Legal Services, and Secretary

March 31, 2021

Holders of Common Shares of Intact Financial Corporation who are unable to attend the virtual Meeting are invited to register their vote at **www.investorvote.com** or by calling toll free at 1-866-732-VOTE (8683), or to complete, date and sign the enclosed form of proxy or voting instruction form, and return it by mail to Computershare in the postage-paid envelope provided. In order to be valid, the form of proxy or voting instruction form must be deposited with Computershare by internet, phone or mail no later than 12:00 p.m. (Eastern Time) on May 10, 2021, or if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment thereof. We encourage you to use the online platform **www.investorvote.com**, instead of mail, to reduce the risk related to mail disruption that may occur due to the COVID-19 pandemic.

For any questions regarding the Management Proxy Circular, the form of proxy, the voting instruction form or the exercise of voting rights, please call the Office of the Corporate Secretary of Intact Financial Corporation at 1-877-341-1464, Ext. 45149.

2020 Financial Highlights

Table of contents

DPW[1]
$12B ↑ **9%**

NOIPS[1]
$9.92 ↑ **61%**

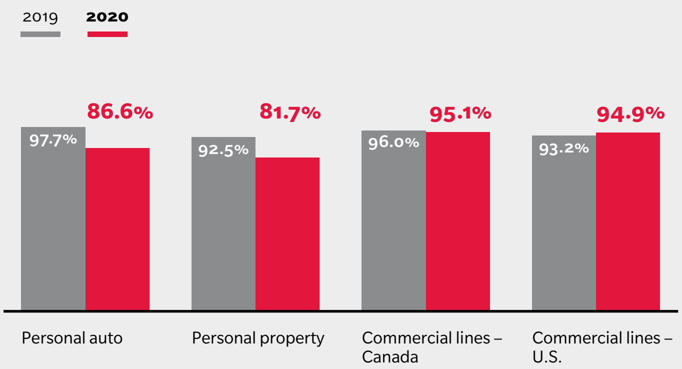
OROE[1]
18.4% ↑ **5.9 points**

Combined ratio[1]
89.1% ↓ **6.3 points**

Net investment income
$577M **Stable**

Distribution EBITA and Other[1]
$275M ↑ **32%**

Combined ratio by line of business[1]



Combined ratio by segment[1]

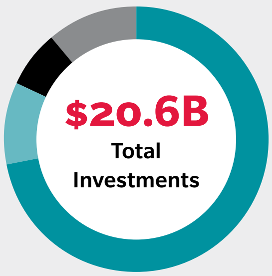
Canada
88.0%

U.S.
94.9%

IFC
89.1%

Investment portfolio

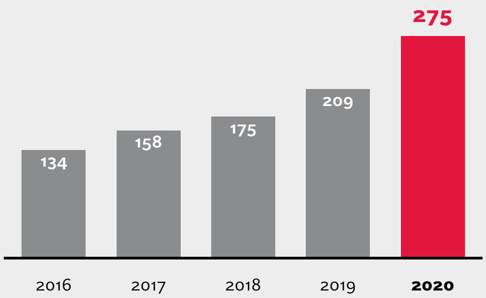
Investment mix (net exposure)



72% Fixed income
10% Common shares
7% Preferred shares
11% Cash, cash equivalents, short-term notes and loans

Distribution EBITA and Other[1]

(in $ millions)



Financial strength

Book value per share
$58.79

Debt-to-total capital ratio
24.1%

Total capital margin
$2.7B

(1) These are non-IFRS financial measures. See the glossary available in the "Investors" section of our website at www.intactfc.com.

Summary

Table of contents

Below are highlights of some of the important information you will find in this Management Proxy Circular. These highlights do not contain all the information that you should consider. You should therefore read the Management Proxy Circular in its entirety before voting.

Shareholder Voting Matters

Voting matter	Board vote recommendation	Page references for more information
Election of 12 Directors	**FOR** each nominee	17, 20 to 33
Appointing Ernst & Young LLP as Auditors	**FOR**	16 and 17
Amendment of Articles of Amalgamation to authorize the Directors to appoint additional directors to the Board until the next annual meeting of shareholders	**FOR**	17
Advisory Resolution on Executive Compensation	**FOR**	18
Approval of the Executive Stock Option Plan of the Company	**FOR**	19

Director Nominees at a Glance

	Occupation	Age	Independent Director	Director since	% Votes FOR at 2020 Annual Meeting	Committee memberships	Board and Committee attendance 2020	Other current public boards	Share Ownership Requirement
Charles Brindamour	Chief Executive Officer, Intact Financial Corporation	50		2008	99.82%	–	14/15 (93.33%)	Canadian Imperial Bank of Commerce	Met
Janet De Silva	President and CEO, Toronto Region Board of Trade	60	●	2013	99.67%	HRC, Risk	23/23 (100%)	–	Met
Claude Dussault	President, ACVA Investing Corporation	66	●	2000	94.20%	–	15/15 (100%)	Metro Inc.	Met
Jane E. Kinney	Corporate Director	63	●	2019	99.42%	Audit, Risk	25/25 (100%)	Cenovus Energy Inc.	Has until May 8, 2024 to comply
Robert G. Leary	Corporate Director	60	●	2015	99.38%	Audit, Risk	25/25 (100%)	Citizens Financial Group, Inc.	Met
Sylvie Paquette	Corporate Director	61	●	2017	99.42%	HRC, Risk	24/25 (96%)	–	Met
Timothy H. Penner	Corporate Director	65	●	2010	99.22%	CRCG, HRC	23/23 (100%)	Jamieson Wellness Inc.	Met
Stuart J. Russell	Professor of Electrical Engineering and Computer Sciences, University of California at Berkeley	59	●	2020	99.90%	HRC, Risk	12/12 (100%)	–	Has until May 6, 2025 to comply
Indira V. Samarasekera	Corporate Director and Senior Advisor, Bennett Jones, LLP	68	●	–	–	–	–	Bank of Nova Scotia* TC Energy Corporation Stelco Holdings Inc. Magna International Inc.	If elected, has until May 12, 2026 to comply
Frederick Singer	Chief Executive Officer, Echo360	58	●	2013	99.63%	Audit, CRCG	24/24 (100%)	–	Met
Carolyn A. Wilkins	Corporate Director	57	●	2021	–	Audit, Risk	–	–	Has until February 1, 2026 to comply
William L. Young	Corporate Director Chair, Magna International Chair, SNC-Lavalin Group Inc.	66	●	2018	98.66%	Audit, CRCG	23/23 (100%)	Magna International Inc. SNC-Lavalin Group Inc.	Met

*Dr. Samarasekera is not standing for re-election at The Bank of Nova Scotia's upcoming annual meeting of shareholders on April 13, 2021.

2020 Developments

Our customers are our advocates

Being Customer-driven is one of our core Values and is foundational to our success. We provide a customer experience that is second to none, by leveraging our capabilities in artificial intelligence and our leadership in claims and supply chain management. We made progress on this front in 2020:

- we have provided $530 million of relief in 2020, including premium reductions, as well as payment flexibility, to more than 1.2 million customers to recognize hardship, changing driving behaviours and lower business activity resulting from the COVID-19 pandemic. Included in the $530 million of relief is a $50 million targeted relief program, which provided additional support to approximately 100,000 vulnerable small business customers;
- to better serve the needs of customers now working from home, we enhanced our homeowners offering with increased liability and property coverage and provided optional identity theft coverage and cyber protection at a discount;
- our online Client Centre allows customers of Intact Insurance and belairdirect to access billing statements and policy documents, submit or track status of a claim, send claim documents and make policy changes;
- we launched Intact Prestige, which allowed us to enter the high net worth personal lines market with exclusive products, innovative coverage and the highest degree of customer service.

Our people are engaged

Our employees are essential to our success. We prioritize creating an inspiring and inclusive workspace where employees feel engaged and where they are rewarded for the difference they make. Below are a few examples of our progress in 2020:

- our employee engagement score reached a new all-time high in 2020, making us a leader in the Canadian and U.S. insurance industry;
- this year, we accelerated our existing Diversity and Inclusion plans and committed to support underrepresented communities, as well as identify and address gaps within our organization. Information on our diversity and inclusion initiatives can be found in our 2020 Social Impact Report;
- the COVID-19 pandemic accelerated our approach to a hybrid workplace, including the rollout of digital collaboration tools across the organization, the launch of a new e-learning platform accessible to all employees and the digitalization of many training programs. These tools will empower our employees to adapt, collaborate and succeed in the workplace of the future;
- beyond keeping our people physically safe, we focused on our employees' health and well-being. We introduced a partnership with Lifespeak, an online platform offering employees real-time access to expert mental health support, alongside our internal resource hub dedicated to helping employees adjust to life and work at home;
- the Company has been recognized as a top employer and among the best places to work in Canada and in the U.S. by the following organizations:

KINCENTRIC
Best Employer
CANADA 2020

KINCENTRIC
Best Employer
NORTH AMERICA 2020

KINCENTRIC
Best Employer
UNITED STATES 2020

glassdoor
2021 BEST PLACES TO WORK[1]

[1] belairdirect was selected as one of the Glassdoor 2021 Best Places to Work

Our Specialty Solutions business is a leader in North America

Our differentiated offering and specialized customer value proposition provide the ideal platform to deliver solutions for businesses across North America. We have made significant progress across our strategic objectives in 2020 and we are well on our way to solidify our position as a leading specialty solutions provider:

- this year, we brought together our Canadian and U.S. specialty capabilities under a single brand, Intact Insurance Specialty Solutions. We offer over 20 specialty focus areas, nine of which serve both sides of the border;
- Intact Insurance Specialty Solutions announced its new cyber insurance solutions, delivered in partnership with Resilience Insurance, to address the pervasiveness of cybercrime.

Our Company is one of the most respected

Strong governance and high ethical standards are key to being one of the most respected companies and to successfully pursuing the Company's acquisition strategy. Between 1988 and 2020, the Company successfully completed 17 major acquisitions involving the integration of several P&C insurance businesses, including its most recent acquisition of The Guarantee and FCC. The Company has also been consistently recognized over time by organizations examining our diversity, governance and disclosure practices. Below are a few examples of our achievements in 2020 and in the beginning of 2021:

- on November 18, 2020, we announced that, together with the Scandinavian P&C leader Tryg A/S, we had reached an agreement to acquire RSA Insurance Group plc. Intact will retain RSA's Canadian, UK and international businesses, Tryg will retain RSA's Swedish and Norwegian businesses, and Intact and Tryg will co-own RSA's Danish business. With the acquisition of RSA, we are taking a significant step to accelerate our strategy. The acquisition will expand our leadership position in Canada, create a leading specialty lines platform with international expertise, and provide entry into the UK and Ireland market at scale. The acquisition will strengthen our ability to outperform with increased investments in our core capabilities of data, risk selection, claims and supply chain management;
- in early 2021, we adopted new diversity goals for the representation of visible minorities, Indigenous Peoples, persons with disabilities and/or LGBTQ+ on the Board of Directors and Executive Committee. See **pages 63 to 66** for further details;
- Management of Intact Financial Corporation continued to regularly engage with the Company's shareholders in 2020. In addition, direct engagement between the Chair, our Directors and shareholders increased significantly. The Chair, accompanied by other Directors, met with shareholders representing approximately 33% of the ownership of the Company compared to 20% in the previous year, discussing a number of matters of interest, including strategy, financial performance and ESG matters. See **pages 73 to 75** for further details;
- Intact Investment Management Inc. revised its proxy voting guidelines, which integrate environmental, social and governance factors, to further support board diversity. The revised policy is available on the Company's website (**www.intactfc.com**). For more information on the integration of ESG factors into our investment management processes and strategies, please refer to our 2020 Social Impact Report;
- in early 2020, IFC adopted its data governance principles on how the Company collects and uses data;
- IFC was ranked first in the 2020 edition of The Globe and Mail Report on Business – Board Games Index for the first time.

Corporate Governance

The Board of Directors and Management of Intact Financial Corporation consider corporate governance and sound market practices to be essential components of its operations and integral in achieving the Company's objective of enhancing value for its shareholders and in ensuring the Company's long-term viability.

In 2020, the Company was once again ranked among the leaders in corporate governance in Canada.

95.66%
approval on advisory resolution on executive compensation (say-on-pay) at the 2020 Annual and Special Meeting of Shareholders

98.83%
average vote in favour of the election of the director nominees in 2020

1st place
Globe & Mail Report on Business – Board Games 2020

Highlights of our Corporate Governance Practices

What We Do

- ✔ Separation of CEO and Chair of the Board of Directors
- ✔ Independent Board and Chair: All members of the Board of Directors are independent, except the CEO
- ✔ Only independent Directors on all committees of the Board of Directors
- ✔ 36.4% women representation on the Board of Directors in 2020 and policy requiring a minimum of 30% representation each of women and men on the Board of Directors
- ✔ Adopted targets for the Board of Directors and the Executive Committee regarding the representation of visible minorities, Indigenous Peoples, persons with disabilities and/or LGBTQ+ by 2025
- ✔ Minimum director share ownership requirements equivalent to 4x total annual retainer (and more than 8x annual cash retainer)
- ✔ Private meetings of independent Directors at all Board of Directors and committee meetings
- ✔ Robust Majority Voting Policy
- ✔ Board Renewal: Use of skills matrix, diversity matrix and evergreen list as part of Board of Directors renewal process
- ✔ Shareholder Engagement Policy providing for Management and Board of Directors directed shareholder engagement
- ✔ Strong Board of Directors Assessment Process
- ✔ Regular continuing education programs for members of the Board of Directors
- ✔ Robust risk management process
- ✔ Board oversight of ESG matters

What We Don't Do

- ✘ No overboarding: No Director simultaneously sits on more than four (4) boards of publicly listed companies
- ✘ No CEO or executives of a company on the HRC Committee

Compensation

Intact Financial Corporation's compensation philosophy aims to ensure that its leaders focus on sustaining high levels of performance and growth in shareholder value, reinforcing the pay-for-performance philosophy. The Company's executive compensation program is based on the following key principles:

Attract, retain and motivate key talent in a highly competitive business environment

Align the objectives of Executives and Senior Executives with the Company's strategy and the long-term interests of shareholders

Align Executive and Senior Executive compensation with the Company's financial and strategic absolute and relative performance compared to the P&C insurance industry

The executive compensation package is designed to assist the Company in attracting and retaining the best available personnel for positions of substantial responsibility and aligning their interests with those of the Company's shareholders. Each year, the Company reviews its compensation package to ensure alignment with its compensation philosophy.

The Company's compensation components aim for an optimal balance between fixed and variable pay to encourage participation and behaviour that aligns with the longer-term interests of the Company and its shareholders.

Risk management is at the heart of our daily operations. Consequently, the Company's compensation programs are founded on principles and processes that support the management of risk, ensuring Management's plans and activities are prudent and focused on generating shareholder value within an effective risk control environment.

What We Do

- ✔ Say-on-Pay: Annual shareholder advisory vote on executive compensation
- ✔ Strong link between pay and performance
- ✔ Look back table showing the alignment of Mr. Brindamour's pay with the Company's performance since Mr. Brindamour became CEO (January 1, 2008)
- ✔ Double-trigger vesting of stock incentives under the LTIP upon change of control
- ✔ Robust Clawback Policy applicable to all variable compensation, including cash bonuses and equity compensation
- ✔ Minimum Director share ownership requirements equivalent to 4x total annual retainer (and more than 8x annual cash retainer)
- ✔ Minimum Executive share ownership requirements equivalent to 2x LTIP target and minimum retention periods for the CEO and certain other Executives
- ✔ ESG-related goals (including regarding employee engagement and customer-driven initiatives) are included in the personal objectives of the CEO and other Senior Executives under the STIP
- ✔ Retention of independent compensation consultant

What We Don't Do

- ✘ Do not allow Executives or Directors to hedge their economic risk or reduce their exposure to changes in share price with respect to any securities of the Company

- **For our 2020 Compensation Highlights, please refer to pages 93 and 94 of this Circular.**
- **For specific information regarding our approach to executive compensation in the context of the COVID-19 pandemic, please refer to page 95 of this Circular.**

1 Voting Information

Table of contents

This Management Proxy Circular is provided in connection with the solicitation of proxies to be used at the Annual and Special Meeting of Shareholders of Intact Financial Corporation, for the purposes indicated in the Notice of Meeting, to be held at 1:00 p.m. (Eastern Time) on Wednesday, May 12, 2021 via live webcast, and at any adjournment thereof.

Why is Intact holding a virtual-only Meeting?

The well-being and safety of our communities, shareholders, employees and other stakeholders are our top priority. As such, due to the unprecedented and continued public health impact of the COVID-19 pandemic, we are taking extra health and safety precautions by once again holding our Meeting this year in a virtual-only format, via live webcast. All shareholders will have equal opportunity to participate online in the virtual Meeting, engage with Management and Director nominees, ask questions and hear other shareholders' questions, and vote on matters described in this Circular, as if they were physically present at the Meeting and regardless of their geographic location.

Who is Soliciting my Proxy?

Employees, officers, Directors and agents of Intact Financial Corporation will solicit the proxies. The solicitation of proxies is done by mail or in person. The costs of such solicitation will be borne by the Company.

How can I attend the virtual Meeting?

The Meeting will be held in a virtual-only format via live webcast. You will not be able to attend the Meeting in person. You will be able to attend the Meeting by visiting **https://web.lumiagm.com/439189203**. Please follow the instructions below if you wish to vote or ask questions at the Meeting.

Who has the right to vote at the virtual Meeting?

If you hold Common Shares as at the close of business (5:00 p.m., Eastern Time) on March 15, 2021 (the record date established for receiving the Notice of Meeting and for voting in respect of the Meeting), you can cast one (1) vote for each Common Share you hold on all matters proposed to come before the Meeting. As at the close of business (5:00 p.m., Eastern Time) on March 15, 2021, 143,018,134 Common Shares were issued and outstanding. All the matters proposed before the Meeting require approval by a majority of votes cast by shareholders, except for the Director Appointment Resolution which must be passed by a majority of no less than two-thirds of the votes cast at the Meeting.

Who can vote?

Registered shareholder

You are a registered shareholder if you have a share certificate in your name.

We will prepare a list of the registered shareholders as of March 15, 2021, showing the names of all shareholders who are entitled to vote online at the Meeting and the number of shares each owns. Those wishing to consult a copy of the list during regular business hours should contact our transfer agent, Computershare Investor Services Inc., at 1-800-564-6253. You may also consult the list when you check in to the Meeting.

Non-Registered shareholder

You are a non-registered shareholder if a bank, trust company, securities broker, clearing agency, other financial institution or other intermediary (your "Nominee") holds your shares on your behalf.

As required by Canadian securities legislation, you will have received **from your Nominee** either a request for voting instructions or a proxy form for the number of Common Shares you hold.

How do I vote my Common Shares?

You have two options to exercise your right to vote:

- By proxy; or
- Online at the Meeting

Option 1 – Voting by Proxy

Voting by proxy means giving someone else (the "Proxyholder") the authority to attend the virtual Meeting and vote online for you in accordance with your instructions or as they see fit if you do not specify how you want to vote your Common Shares.

If there are any amendments to the items of business or any other matters that properly come before the Meeting (including where the Meeting will be reconvened if it is adjourned), your Proxyholder has the discretion to vote as they see fit, in each instance, to the extent permitted by law whether the amendment or other matter of business that comes before the Meeting is routine or contested.

Late proxies may be accepted or rejected by the chair of the Meeting at his or her discretion and the chair of the Meeting is under no obligation to accept or reject any particular late proxy. The chair of the Meeting may waive or extend the proxy cut-off without notice.

Shareholders are encouraged to vote in advance of the Meeting as described below. Even if you are planning to participate in the virtual Meeting, you should consider voting your shares by proxy in advance to ensure your vote is counted if you later decide not to attend the virtual Meeting or in the event that you are unable to attend the Meeting for any reason.

Registered shareholders

Your package includes a proxy form. You may give your instructions in the following manner:

By Mail: Complete, sign and return the proxy form by mail in the postage-paid envelope provided;

Online: Go to **www.investorvote.com** and follow the instructions. You will need your 15-digit control number located on your proxy form; or

By Telephone: Call Computershare toll free 1-866-732-VOTE (8683). You will need your 15-digit control number located on your proxy form.

Non-Registered shareholders

Your Nominee can only vote your Common Shares if they have received proper voting instructions from you. If you are a non-registered shareholder, your package includes a Voting Instruction Form ("VIF"). Complete the VIF and follow the return instructions on the form. The VIF is similar to a proxy form; however, it can only instruct your Nominee how to vote your Common Shares. You cannot use the VIF to vote your Common Shares directly.

Your Nominee is required by law to receive voting instructions from you before voting your Common Shares. Every Nominee has their own mailing procedures and instructions for returning the completed VIF, so be sure to follow the instructions provided on the VIF.

In order to be valid, the proxy form or VIF must be registered with Computershare by mail, phone or through the internet no later than 12:00 p.m. (Eastern Time) on May 10, 2021, or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the new date determined by adjournment of the Meeting. If you wish to return the proxy form by mail, you may use the postage-paid envelope provided. We however encourage you to use the online platform of **www.investorvote.com***, instead of mail, to reduce the risk related to mail disruption that may occur during the current COVID-19 pandemic.*

Option 2 – Voting online at the virtual Meeting

Attending the Meeting online will give you an opportunity to hear directly from Management and the individuals who have been nominated to serve on our Board of Directors. **Registered shareholders who do not have a 15-digit control number, and non-registered shareholders who do not have a Username (provided by Computershare as described below) will only be able to attend as guests which allows them to listen to the Meeting, without being able to vote or submit questions.**

The webcast will be held at **https://web.lumiagm.com/439189203**. To participate in the Meeting, you will need to log in following the instructions below, at least 15 minutes before the beginning of the Meeting. You should allow ample time to check in to the Meeting and complete the check-in procedures. You will need to be connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting.

If you are using a 15-digit control number to log in to the online Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the Meeting as a guest.

Registered shareholders

You do not need to complete or return your proxy form. You must register online at least 15 minutes before the Meeting using an internet connected device such as a laptop, computer, tablet or mobile phone at **https://web.lumiagm.com/439189203**, and **enter the 15-digit control number that appears on your form of proxy as your Username, and "intact2021" as your password.** A vote during the webcast of the Meeting will cancel any vote submitted through a form of proxy before the Meeting.

If you have already submitted your voting instructions, you may still attend the Meeting as a guest but you will not be able to participate in the Meeting and ask questions or vote again.

Non-Registered shareholders

1. If you want to attend and vote during the virtual Meeting, you **MUST** appoint yourself as Proxyholder by printing your name in the space provided on the VIF and following the instructions provided to submit the VIF.
2. Non-registered shareholders **MUST** also register with Computershare at **http://www.computershare.com/intactfinancial** **after** submitting their VIF in order to receive a Username specifically for voting at the virtual Meeting. **Registering yourself is an additional step once you have submitted your VIF. Failure to register yourself will result in you not receiving a Username to participate in the Meeting.**
3. To attend and vote during the virtual Meeting, you must register online at least 15 minutes before the Meeting using an internet connected device such as a laptop, computer, tablet or mobile phone at **https://web.lumiagm.com/439189203**, and **enter the Username provided by Computershare by email (see step 2 above) and "intact2021" as your password.**

   To be able to participate, interact, ask questions or vote at the Meeting if you are a non-registered shareholder, you **MUST** follow the instructions above. **Otherwise, you will only be able to attend as a guest and will not be able to ask a question or vote at the Meeting.**

   United States non-registered shareholders: To attend and vote at the virtual Meeting, you must first obtain a valid legal proxy form from your broker, bank or other agent and then register in advance to attend the Meeting. To register, you must submit a copy of your legal proxy to Computershare by email at **USLegalProxy@computershare.com** or by mail at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, and in both cases, requests for registration must be labelled as "Legal Proxy" and be received no later than May 10, 2021 by 12:00 pm (Eastern Time). You will receive a confirmation of your registration by email. You may attend the Meeting and vote your shares at **https://web.lumiagm.com/439189203** during the Meeting. Please note that you are also required to register your appointment at **http://www.computershare.com/intactfinancial**.

How will my Common Shares be voted if I return a proxy form/VIF?

Common Shares represented by a proxy form/VIF are to be voted for, against or withheld from voting by the Proxyholder designated in the proxy form/VIF as you instruct. **If no instructions are given, the voting rights attached to the Common Shares will be exercised by any designated Proxyholder who is a Director and/or officer of the Company by voting as follows:**

- **FOR** the appointment of the auditor;
- **FOR** the election of each proposed Director nominated by Management;
- **FOR** the approval of the special resolution of the shareholders authorizing the Directors to file Articles of Amendment such that the Directors may appoint additional directors to serve on the Board of Directors until the next annual meeting of shareholders (the **"Director Appointment Resolution"**);
- **FOR** the approval of the non-binding advisory resolution of the shareholders to accept the approach to executive compensation disclosed in this Management Proxy Circular; and
- **FOR** the approval of the resolution of the shareholders approving the Executive Stock Option Plan of the Company (the **"Executive Stock Option Plan Resolution"**).

The proxy form/VIF confers on the designated Proxyholder discretionary authority with respect to any proposed amendments or variations to the matters set out therein and any other business which may properly come before the Meeting. As of March 31, 2021, Management of Intact Financial Corporation is not aware of any amendment or other matter which may properly come before the Meeting.

How do I appoint someone else to attend the virtual Meeting and vote my Common Shares online for me?

The Proxyholders designated in the proxy form/VIF are Directors and/or officers of the Company. **If you wish to appoint a Proxyholder other than one of the persons designated in the proxy form/VIF, you can do so whether you are a registered shareholder or a non-registered shareholder, as follows:**

1. You must indicate the name of your Proxyholder in the blank space provided in the proxy form or VIF and follow the instructions for submitting such proxy form or VIF; and
2. **AFTER** submitting your proxy form or VIF, you **MUST** register your Proxyholder by visiting **http://www.computershare.com/intactfinancial** by 12:00 p.m. (Eastern Time) on May 10, 2021 and provide Computershare with your Proxyholder's contact information, so that Computershare may provide the Proxyholder with a Username via email. **Registering your Proxyholder is an additional step once you have submitted your proxy form or VIF. Failure to register the Proxyholder will result in the Proxyholder not receiving a Username to participate in the virtual Meeting.**

The person you appoint does not need to be a shareholder but must attend the virtual Meeting to vote your Common Shares. If the shareholder is a corporation, the form of proxy or voting instruction form must be executed by a duly authorized officer or a representative thereof.

You may enter your voting instructions by following the instructions indicated on the front and back of the form of proxy or voting instruction form.

In order to be valid, the proxy form or VIF must be registered with Computershare by internet, by mail or phone, no later than 12:00 p.m. (Eastern Time) on May 10, 2021, or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the new date determined by adjournment of the Meeting. If you wish to return the proxy form by mail, you may use the postage-paid envelope provided. We however encourage you to use the online platform of **www.investorvote.com***, instead of mail, to reduce the risk related to mail disruption that may occur during the current COVID-19 pandemic.*

What if I change my mind?

Registered shareholders can revoke a proxy:

- by delivering a written notice to that effect signed by you or your duly authorized representative(s) to Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 no later than 12:00 p.m. (Eastern Time) on May 10, 2021, or if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any continuation thereof after an adjournment;
- by using a 15-digit control number to log in to the online Meeting and accepting the terms and conditions; or
- in any other manner permitted by law.

If the shareholder is a legal entity, an estate or trust, the notice must be signed by an officer or attorney of the corporation duly authorized in writing by a resolution, a certified copy of which must be attached to the notice.

Non-registered shareholders may revoke a VIF (or a waiver of the right to receive meeting materials and to vote) given to a Nominee at any time by written notice to the Nominee, except that a Nominee is not required to act on a revocation of a VIF (or of a waiver of the right to receive materials and to vote) that is not received by the Nominee at least seven (7) days prior to the Meeting. Non-registered shareholders can also revoke their VIF by attending the virtual Meeting and choosing to revoke their VIF.

Is my vote confidential?

Yes, in order to protect the confidential nature of voting by proxy, the votes exercised by proxy are received and compiled for the Meeting by Computershare, the duly appointed service provider of the Company for the Meeting. Computershare submits a copy of the proxy form to the Company only when a shareholder clearly wishes to communicate with Management or when there is a legal requirement to do so. The votes exercised during the virtual Meeting will also be kept confidential.

Rules of Conduct for the virtual Meeting

For any question on joining or attending the Meeting or on voting procedures, please refer to the "Virtual AGM User Guide" which is included in the mailing envelope sent to shareholders and is on SEDAR (**www.sedar.com**).

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to be able to vote when solicited. It is your responsibility to ensure you stay connected for the duration of the Meeting. You should allow ample time to check in to the online Meeting and complete the related procedure.

Shareholders will be able to submit their votes by virtual ballot throughout the Meeting. The Chair of the Meeting will indicate the time of opening and closure of the polls. Voting options will be visible on your screen.

It is recommended to shareholders and proxyholders to submit their questions as soon as possible during the Meeting so they can be addressed at the right time.

The Chair of the Board and other members of Management present at the Meeting will answer questions relating to matters to be voted on before a vote is held on each matter, if applicable. General questions will be addressed by them at the end of the Meeting during the question period.

So that as many questions as possible are answered, shareholders and proxyholders are asked to be brief and concise and to address only one topic per question. Questions from multiple shareholders on the same topic or that are otherwise related will be grouped, summarized and answered together.

All shareholder questions are welcome. However, the Company does not intend to address questions that:

- are irrelevant to the Company's operations or to the business of the Meeting;
- are related to non-public information about the Company;
- are related to personal grievances;
- constitute derogatory references to individuals or that are otherwise offensive to third parties;
- are repetitious or have already been asked by other shareholders;
- are in furtherance of a shareholder's personal or business interest; or
- are out of order or not otherwise appropriate as determined by the Chair or Secretary of the Meeting in their reasonable judgment.

For any questions asked but not answered during the Meeting, shareholders may contact the Office of the Corporate Secretary of Intact Financial Corporation at 1-877-341-1464, Ext. 45149.

The Company intends to offer a forum in which, to the extent possible using the electronic solutions available at the time of the Meeting, shareholders can adequately communicate during the Meeting.

In the event of technical malfunction or other significant problem that disrupts the Meeting, the Chair of the Meeting may adjourn, recess, or expedite the Meeting, or take such other action as the Chair determines is appropriate considering the circumstances.

2 General Information

Table of contents

Date of Information

The information contained in the Circular is given as at March 31, 2021, except where otherwise noted.

Glossary of Terms

Capitalized terms used in this Circular are defined in the glossary provided on page 136 of this Circular.

Currency

Unless indicated otherwise, all amounts are in Canadian dollars and "$" or "dollars" refer to Canadian dollars.

Non-IFRS financial measures

We use both IFRS and non-IFRS financial measures to assess our performance. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. For additional information on the non-IFRS measures included in this Circular, please refer to Section 36 – *Non-IFRS financial measures* of the Management's Discussion and Analysis for the year ended December 31, 2020 available on SEDAR (**www.sedar.com**).

Non-IFRS financial measures and other insurance-related terms used in this Circular are defined in the glossary available in the "Investors" section of our website at **www.intactfc.com**.

Notice and Access

As permitted by the Canadian Securities Administrators, the Company is using the Notice and Access rules to deliver this Circular to shareholders. Notice and Access allows the Company to post the Circular and other relevant materials online instead of mailing it out to each shareholder, saving substantial printing and mailing costs and greatly reducing the Company's paper consumption.

Shareholders will receive a Notice of Meeting, along with the proxy or voting instruction form, giving instructions on how to access this Circular and other relevant materials (including the 2020 Annual Report – see below) on SEDAR (**www.sedar.com**) and on the Company's website (**www.intactfc.com**) and how to request a paper copy of the Circular free of charge.

The 2020 Annual Report, including the consolidated financial statements of the Company for the year ended December 31, 2020, together with the auditor's report thereon, and Management's Discussion and Analysis of the financial position and results of operations, are also available online on SEDAR (**www.sedar.com**) and on the Company's website (**www.intactfc.com**), in accordance with Notice and Access. No vote will be taken at the Meeting in respect of the Company's 2020 Annual Report.

Share Capital and Principal Holders

The Company has an authorized share capital consisting of an unlimited number of Common Shares and an unlimited number of Class A Shares.

Subject to the following, to the knowledge of the Directors and officers of the Company, no individual or corporation beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to the Common Shares of the Company.

In November 2020, CDPQ Marchés boursiers inc. ("CDPQ"), a wholly-owned subsidiary of Caisse de dépôt et placement du Québec, participated in the financing of the proposed acquisition of RSA Insurance Group plc by the Company and Tryg A/S. In connection with the financing, CDPQ entered into a subscription agreement and acquired, as of November 25, 2020, 11,152,417 subscription receipts entitling CDPQ to receive, automatically upon closing of the RSA Acquisition, one Common Share per subscription receipt. Should this conversion occur, CDPQ will own, in aggregate with its current Common Share ownership, approximately 12.4% of the issued and outstanding Common Shares of the Company.

Shareholder proposals

The *Canada Business Corporations Act* permits certain eligible shareholders of the Company to submit shareholder proposals to the Company for inclusion in a management proxy circular for an annual meeting of shareholders. No shareholder proposals were submitted for consideration at the 2021 Annual and Special Meeting of Shareholders. The final date by which the Company must receive shareholder proposals for the annual meeting of shareholders of the Company to be held in 2022 is December 31, 2021.

Further information relating to Intact Financial Corporation may be obtained on its website at www.intactfc.com and on the SEDAR website at www.sedar.com. Financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2020 and these documents are accessible through SEDAR.

3 Business of the Meeting

Table of contents

Where to find it

3.1 Financial Statements 16

3.2 Appointment of Auditor 16

3.3 Election of Directors 17

3.4 Amendment of the Articles of Amalgamation of the Company related to the appointment of additional directors to the Board 17

3.5 Shareholder Advisory Vote on Approach to Executive Compensation 18

3.6 Approval of the Executive Stock Option Plan of the Company 19

3.7 Other Business 19

3.1 Financial Statements

You can find the Company's consolidated financial statements for the year ended December 31, 2020 in our 2020 Annual Report.

3.2 Appointment of Auditor

On the advice of the Audit Committee, the Board of Directors recommends voting **FOR** the appointment of the accounting firm of Ernst & Young LLP as auditor of the Company for the financial year commencing January 1, 2021 and ending December 31, 2021 and to hold office until the next annual meeting of shareholders. EY has served as auditor of Intact Financial Corporation and its predecessor companies since 1993. Please note that the lead audit partner in charge of the services provided to the Company and its property and casualty insurance subsidiaries is replaced every seven (7) years.

EY was appointed as auditor of Intact Financial Corporation at the 2020 Annual and Special Meeting of Shareholders of the Company. The detailed voting results of the past two years concerning the appointment of the auditor are set out below:

Year	Votes for	% of Votes for	Votes withheld	% Votes withheld
2020	107,956,618	91.73%	9,729,845	8.27%
2019	102,579,460	95.10%	5,284,856	4.90%

Pre-approval of External Auditor Services

As part of the Company's corporate governance practices, the Audit Committee has adopted a policy restricting non-audit services that may be provided by EY to the Company or its subsidiaries. Prior to the engagement of the External Auditor for non-audit services, the Audit Committee must pre-approve the provision of such services with due consideration to avoiding an impact on auditor independence. This includes consideration of applicable regulatory requirements and guidance and the Company's own internal policies. Fees paid to the External Auditor for 2019 and 2020 are as follows:

Auditor Fees

(in thousands of dollars)	2020	2019
Audit Fees[(1)]	4,385	4,360
Audit-Related Fees[(2)]	1,649	372
Tax Fees[(3)]	371	147
All Other Fees	–	–
Total	**6,405**	**4,879**

Notes:
(1) Audit fees are for professional services provided by the External Auditor for the audit and review of the Company's financial statements or services that are normally provided by the External Auditor in connection with statutory and regulatory filings or engagements. Audit fees include fees in relation to the audit of the Company's annual financial statements and those of its subsidiaries, review of the Company's interim financial statements, consultations concerning financial accounting and reporting standards, prospectus services, as well as translation services related to financial statements and prospectuses.
(2) Audit-related fees are for assurance and related services performed by the External Auditor not reported as audit fees and include due diligence services, accounting consultation related to future accounting standards, employee benefit plan audits and translation services of information other than financial statements and prospectuses. Audit-related fees for 2020 include those related to the RSA Acquisition expected to close in the second quarter of 2021.
(3) Tax fees are mainly related to assistance on tax audit matters and tax advisory services.

Information regarding the Audit Committee as disclosed in the Company's 2020 Annual Information Form on page 26 is hereby incorporated by reference. The AIF is available on SEDAR at **www.sedar.com**, and upon request, shareholders may obtain a copy delivered free of charge.

3.3 Election of Directors

Unless otherwise indicated, all nominees are now members of the Board of Directors and have been Directors of the Company since the dates indicated. Directors elected at the Meeting will hold office from the close of the Meeting until the next annual meeting or until their successors are elected or appointed.

If no instructions were given, any designated Proxyholder who is a Director and/or an officer of the Company will vote **FOR** the election of each proposed Director nominee listed in the Circular.

See pages 20 to 33 for more information about the Director nominees.

3.4 Amendment of the Articles of Amalgamation of the Company related to the appointment of additional directors to the Board

At the Meeting, shareholders will be asked to consider and, if thought fit, pass the Director Appointment Resolution in the form set out in Schedule "B" to this Circular, authorizing an amendment to the Articles of Amalgamation of the Company to authorize the Board of Directors to appoint additional directors to serve on the Board until the next meeting of shareholders of the Company, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual general meeting of shareholders. The Director Appointment Resolution must be passed by a majority of not less than two-thirds of the votes cast at the Meeting. The Directors of the Company unanimously recommend to the shareholders of the Company that they vote **FOR** the approval of the Director Appointment Resolution.

If no instructions were given, any designated Proxyholder who is a Director and/or an officer of the Company will vote **FOR** the approval of the Director Appointment Resolution.

3.5 Shareholder Advisory Vote on Approach to Executive Compensation

The Board of Directors believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles that the Board of Directors has used to make executive compensation decisions. It is the Board of Directors' intention that this shareholder advisory vote will form an important part of the ongoing process of engagement between shareholders and the Board of Directors on compensation.

97.3%
average approval on say-on-pay since first adopted in 2011.

The approach to Executive Compensation was accepted by a majority of shareholders in 2020. The detailed voting results of the past two years concerning the Advisory Resolution on the Approach to Executive Compensation are set out below:

Year	Votes for	% of Votes for	Votes Against	% Votes Against
2020	112,580,487	95.66%	5,105,976	4.34%
2019	104,122,144	96.96%	3,263,537	3.04%

The **"Statement on Executive Compensation"** section discusses the Board of Directors' compensation philosophy, the objectives of the different elements of the Company's compensation programs and the way the Board of Directors assesses performance and makes decisions. It explains how the Company's compensation programs are centred on a pay-for-performance culture and are aligned with strong risk management principles and the long-term interests of shareholders. Furthermore, in the event that 25% or more of the shareholders vote against the approach to executive compensation disclosed in the Company's Circular delivered in advance of the Meeting, the Board of Directors will engage with the shareholders to better understand and respond to their concerns. This disclosure has been approved by the Board of Directors on the recommendation of the HRC Committee.

- **Please see the "Statement on Executive Compensation" section starting on page 91 of this Circular for more information on compensation matters.**
- **If there are specific concerns you wish to discuss, please consult the "How to contact us" section of the Circular for contact information.**

If no instructions were given, any designated Proxyholder who is a Director and/or an officer of the Company will vote **FOR** the approval of the Advisory Resolution on the Approach to Executive Compensation.

- **The Board of Directors recommends that shareholders approve the following non-binding advisory resolution:**

  "BE IT RESOLVED, on a non-binding and advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Company's Management Proxy Circular delivered in advance of the 2021 Annual and Special Meeting of Shareholders."

3.6 Approval of the Executive Stock Option Plan of the Company

The HRC Committee has identified the strengthening of retention and alignment among key Senior Executives as a top priority as the Company embarks on its next stage of growth through the transformational RSA Acquisition. To support this objective, the Company is seeking approval for an Executive Stock Option Plan that will allow for the granting of a special, one-time performance-based stock option award to select Senior Executives, concurrent with the anticipated closing of the RSA Acquisition in the coming months. The performance stock options are designed to drive performance and align executive interests with those of shareholders over the mid- to long term, through the inclusion of both extended time-based vesting and performance conditioning.

The HRC Committee recognizes that stock options have not historically been utilized in the Company's long-term incentive plan for Senior Executives, which instead provides for full share units (PSUs and RSUs). Limitations on the ability to use market-settled PSUs and RSUs to develop a truly long-term equity-based instrument (due to Canadian tax deferral rules), led the HRC Committee to select performance stock options as an appropriate instrument in this circumstance.

The size of the Executive Stock Option Plan reserve request, not to exceed 1% of the aggregate outstanding Common Shares issued and outstanding from time to time, is intended to cover the upcoming performance stock option grants for select Senior Executives, plus a modest pool of additional Common Shares available for other retention-based awards, as determined by the HRC Committee.

A description of the Executive Stock Option Plan is included in Schedule "C" of the Circular. The Executive Stock Option Plan Resolution must be passed by a majority of the votes cast at the Meeting. The Directors of the Company unanimously recommend to the shareholders of the Company that they vote **FOR** the approval of the Executive Stock Option Plan Resolution in the form set out in Schedule "C" to this Circular.

If no instructions were given, any designated Proxyholder who is a Director and/or an officer of the Company will vote **FOR** the approval of the Executive Stock Option Plan Resolution.

3.7 Other Business

As of the date of this Circular, the Company is not aware of any changes to the items described above and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, your Proxyholder can vote your shares on these items as he or she sees fit.

Table of contents

4 Directors

Where to find it

4.1 Nominees 20

4.2 Director Compensation 34

Total Compensation Paid to Directors in 2020 34

Directors' Compensation for 2020 and 2021 34

Director Share Ownership Requirement Policy 36

Information on DSU and Share Purchase Plan for Non-Related Directors 37

Outstanding Director Share-Based Awards 38

4.3 Additional Information Regarding Directors 38

Board of Directors and Committee Meetings in 2020 38

Committee Composition and Director Independence 39

Director Attendance 39

Supplementary Information relating to Directors 40

Attendance of Director whose term ended in 2020 40

Attendance of Director whose term will end in 2021 40

4.1 Nominees

The twelve (12) nominees are profiled below, including their backgrounds and experience, key skills, meeting attendance, past annual meeting voting results, share ownership and other public company boards served on during the past five years. Please note that, unless otherwise indicated, the information hereunder as to Common Shares and deferred share units beneficially owned or controlled, directly or indirectly, has been furnished by each of the nominees, as of December 31, 2020 and, with respect to non-executive Directors, includes Common Shares and DSUs received in early 2021 for services rendered in the fourth quarter of 2020. Unless otherwise indicated, all of the nominees are now members of the Board of Directors and have been Directors of the Company since the dates indicated.

Ms. Carol Stephenson, who has been a Director of the Company since 2004, will not be standing for re-election to the Board of Directors in 2021. Ms. Stephenson has brought her extensive knowledge and experience to the Board of Directors of the Company, and before that on its Advisory Board, for more than twenty (20) years. Her skills in the areas of governance and strategic leadership greatly benefited our Compliance Review and Corporate Governance Committee and Human Resources and Compensation Committee over the years. Ms. Stephenson has also been a model for women across Canada, being ranked one of Canada's Top 25 Women in Influence and recognized by the National Association of Corporate Directors as one of the top 100 directors in North America. She was also given one of the highest honours a Canadian civilian can achieve when she was appointed an Officer of the Order of Canada for her contributions to the development of our national telecommunications industry and her work at the Ivey Business School. The Company is very grateful for the time and energy she has contributed to advancing our vision and values and would like to offer its deepest thanks for her service.

Carolyn A. Wilkins was appointed to the Board of Directors on February 1, 2021 and is nominated for election at the upcoming Meeting.

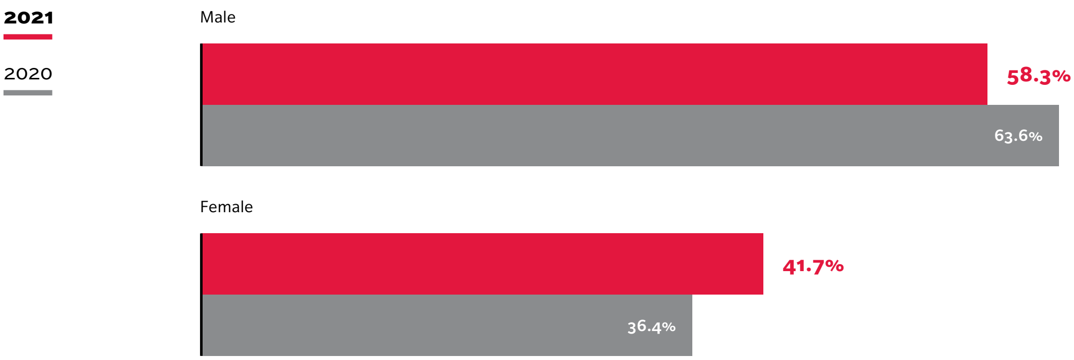
Indira V. Samarasekera is a new Director nominee at this year's Board of Directors election.

See page 56 for more information about Intact's Majority Voting Policy for the election of Directors.

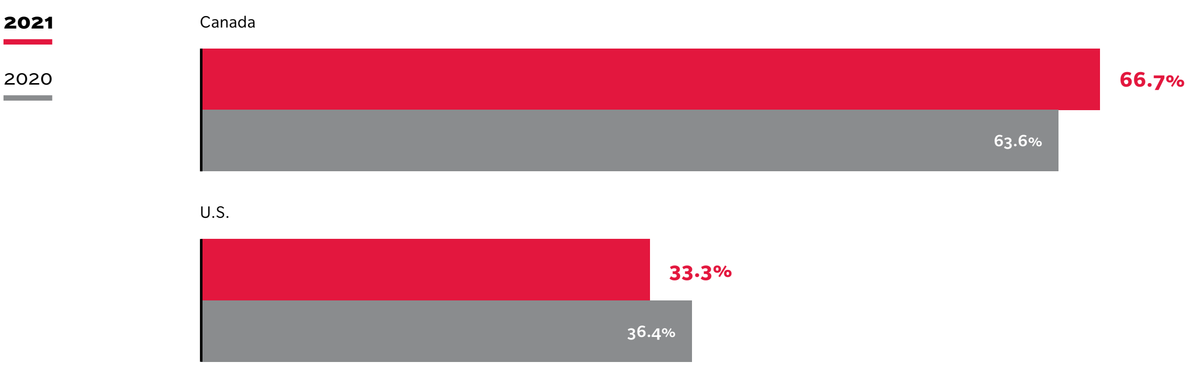
Management does not contemplate that any of the proposed nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the Board of Directors or Management representatives designated in the proxy form/VIF reserve the right to vote for another nominee at their discretion. All elected Directors of the Company will hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Should all twelve (12) nominees profiled below be elected, the gender diversity, geographic mix and average tenure of the Board of Directors for 2021 will be the following as compared to 2020:

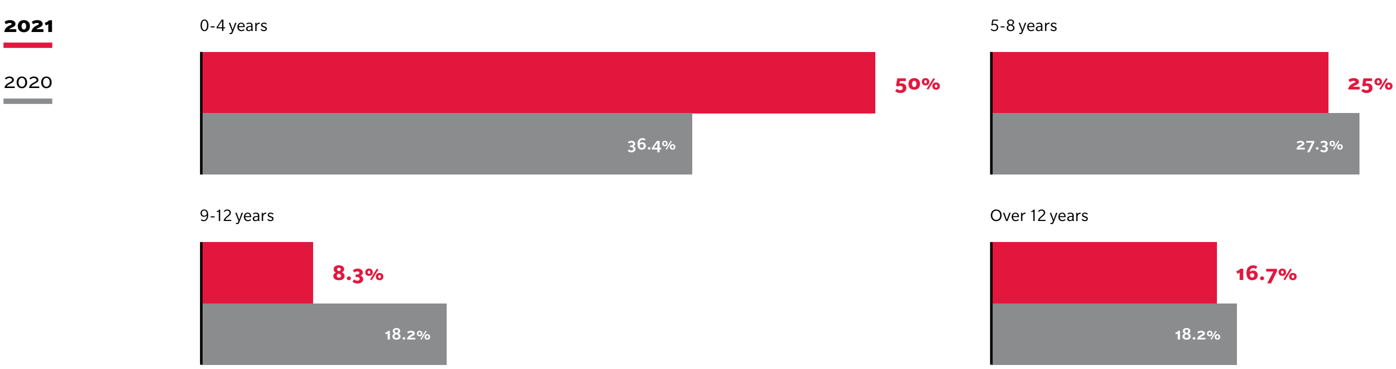
Gender



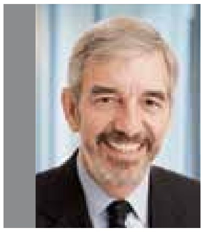
Geographic mix



Tenure



See pages 58 and 59 as well as 63 to 66 for more information about Director tenure and diversity, respectively.



Claude Dussault, B.Sc.

Independent Director

Québec City, Québec, Canada
Director since: 2000
Age: 66

Key Skills

- Governance
- Investment management
- P&C operations
- Risk management
- Strategic leadership / Senior Executive

Mr. Dussault is currently President of ACVA Investing Corporation, which is a privately held investment company. Mr. Dussault has been Chair of the Board of Directors of Intact Financial Corporation since January 1, 2008 and was President and Chief Executive Officer of the Company from 2001 to the end of 2007. Mr. Dussault has been a Director of Intact Financial Corporation and its P&C insurance subsidiaries since 2000. He is a Fellow of the Canadian Institute of Actuaries and the Casualty Actuarial Society; he graduated from Université Laval with a Bachelor of Actuarial Sciences degree and has completed the Advanced Executive Education Program at the Wharton School of Business.

Board and Committee Membership	2020 Meeting Attendance
Board (Chair)	15/15 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	104,355,310	**110,862,201**
% of Votes for	97.18%	**94.20%**
Votes Withheld	3,030,371	**6,824,262**
% Votes Withheld	2.82%	**5.80%**

Securities Held	2019	2020
Common Shares	32,411	**32,411**
DSUs	15,374	**17,295**
Total Common Shares and DSUs	47,785	**49,706**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years	
Metro Inc.	2005 to present
Cominar REIT	2017 to 2019

Charles Brindamour, B.Sc.

Chief Executive Officer

Toronto, Ontario, Canada
Director since: 2008
Age: 50

Key Skills

- International markets
- P&C operations
- Risk management
- Strategic leadership / Senior Executive
- Talent management / Executive compensation

Charles Brindamour is Chief Executive Officer of Intact Financial Corporation, the largest provider of property and casualty insurance in Canada and a leading provider of specialty insurance in North America. He began his career with Intact in 1992 and has held progressively senior roles, in Canada and abroad, within the Company and its former affiliates, including Senior Vice President of Personal Lines, Executive Vice President and Chief Operating Officer. Mr. Brindamour was appointed President and CEO in January 2008.

Under Mr. Brindamour's leadership, the Company became an independent and widely-held Canadian company in 2009 and two years later acquired AXA Canada; the largest acquisition in the history of Canada's property and casualty (P&C) insurance industry. In 2017, Mr. Brindamour grew the Company's presence further into the United States with the acquisition of OneBeacon Insurance Group, Ltd., creating a North American leader in specialty insurance with over $2 billion of annual premiums.

Mr. Brindamour is a graduate of Université Laval in Actuarial Science and an Associate of the Casualty Actuarial Society. In May 2019, Mr. Brindamour received an honorary PhD from HEC Montréal. He is Chair of the Board of the Geneva Association and a board member of Intact Financial Corporation, the Canadian Imperial Bank of Commerce, Branksome Hall and the Business Council of Canada.

Board and Committee Membership	2020 Meeting Attendance
Board	14/15 (93.33%)

Past Annual Meeting Voting Results	2019	2020
Votes for	107,258,559	**117,474,461**
% of Votes for	99.88%	**99.82%**
Votes Withheld	127,122	**212,002**
% Votes Withheld	0.12%	**0.18%**

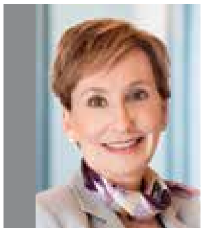
Securities Held	2019	2020
Common Shares	264,356	**296,374**
RSUs*	45,265	**47,821**
PSUs**	105,617	**111,581**
Total Common Shares, RSUs and PSUs	415,238	**455,776**

Director Share Ownership Requirement	
2x Annual LTIP target in Common Shares	**Met**

Other Public Company Board Memberships During the Last Five (5) Years	
Canadian Imperial Bank of Commerce	2020 to present
Hydro One Limited	2015 to 2018

* Refers to Restricted Share Units that automatically vest three years following grant on a one for one basis into Common Shares of Intact Financial Corporation. Restricted Share Units are uniquely granted to members of Management of the Company. See pages 110 to 113 for further details.

** Refers to Performance Share Units which reward operational excellence. The PSU payouts are based on IFC's three-year average ROE relative to the industry. Unvested PSUs are not included in the ownership calculation for purposes of the Senior Executive share ownership policy.



Janet De Silva, MBA

Independent Director

Toronto, Ontario, Canada
Director since: 2013
Age: 60

Key Skills

- Financial services
- Governance
- Government / Public affairs
- International markets
- Talent management / Executive compensation

In 2015, Ms. De Silva was named President & CEO of the Toronto Region Board of Trade, one of the largest and most influential business organizations in North America. Prior to this role, she had 14 years of international CEO experience in Asia leading Sun Life Financial's businesses in Hong Kong and mainland China. She co-founded and later sold Retail China Limited, a company that worked with international retail brands operating their retail stores and managing their franchises in China. Ms. De Silva was also Dean of Ivey Asia, leading the Hong Kong campus and mainland China operations of Ivey Business School at Western University. She presently serves as a board member of Blue Umbrella Limited, a global compliance technology company headquartered in Hong Kong. She is a past member of the board of the Asian Corporate Governance Association. She has served terms both as Chair and President of the Canadian Chamber of Commerce in Hong Kong and Chair of the Canada China Business Council, Beijing. In 2019, Ms. De Silva was appointed by Prime Minister Justin Trudeau to represent Canada on the APEC Business Advisory Council. Ms. De Silva holds an MBA from the Ivey Business School at Western University and a Doctor of Law *honoris causa* from Thompson Rivers University.

Board and Committee Membership	**2020 Meeting Attendance**
Board	15/15 (100%)
Compliance Review and Corporate Governance Committee	2/2 (100%)*
Risk Management Committee	2/2 (100%)**
Human Resources and Compensation Committee	4/4 (100%)

Past Annual Meeting Voting Results	2019	**2020**
Votes for	106,795,737	**117,301,691**
% of Votes for	99.45%	**99.67%**
Votes Withheld	589,944	**384,772**
% Votes Withheld	0.55%	**0.33%**

Securities Held	2019	**2020**
Common Shares	5,310	**5,310**
DSUs	8,401	**10,284**
Total Common Shares and DSUs	13,711	**15,594**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years
—

* Ms. De Silva ceased to be a member of the Compliance Review and Corporate Governance Committee effective May 6, 2020.

** Ms. De Silva was appointed a member of the Risk Management Committee effective May 6, 2020. She attended every meeting held in 2020 following her appointment.

Jane E. Kinney, FCPA, FCA

Independent Director

Toronto, Ontario, Canada
Director since: 2019
Age: 63

Key Skills

- Financial expertise
- Financial services
- Governance
- Legal and regulatory affairs
- Risk management

With over 30 years of experience in the financial services sector, Ms. Kinney is a recognized leader in governance, risk management, regulatory compliance and internal audit services. Until 2019, she was Vice Chair of Deloitte and she is a former member of its leadership team. Prior to that role, she occupied various positions at Deloitte, including Canadian Managing Partner, Quality & Risk and Global Chief Risk Officer. She is also a former member of Deloitte's board of directors and Risk Committee. Ms. Kinney's governance and risk experience includes numerous reviews and independent evaluations of organizations responding to regulator findings. A substantial portion of her practice has focused on the evolving areas of risk governance and risk appetite.

Ms. Kinney is an active member of the community and has been a member of various boards, and is presently a director at the Perimeter Institute for Theoretical Physics and Chair of the Audit & Finance Committee. She also is a long-time supporter and the current chair of the Patron's Council of the Alzheimer Society of Toronto. Since 2019, she has been a board member of Cenovus Energy Inc., and in February 2021 she was appointed a director of Nautilus Indemnity (Europe) DAC, a private insurance company based in Ireland. She is a leader of her profession and has been recognized as a Fellow of the Chartered Professional Accountants of Ontario, in addition to being a frequent speaker at conferences focusing on regulatory compliance, internal audit, corporate governance and enterprise risk management. Ms. Kinney has a Mathematics degree from the University of Waterloo and was recognized with an Alumni Achievement Award in 2013. She has been an advocate for women throughout her career and was recognized as one of Canada's Most Powerful Women in 2014.

Board and Committee Membership	2020 Meeting Attendance
Board	15/15 (100%)
Audit Committee (Chair)	5/5 (100%)
Risk Management Committee	5/5 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	107,335,542	**117,007,896**
% of Votes for	99.95%	**99.42%**
Votes Withheld	50,139	**678,567**
% Votes Withheld	0.05%	**0.58%**

Securities Held	2019	2020
Common Shares	500	**500**
DSUs	1,134	**2,922**
Total Common Shares and DSUs	1,634	**3,422**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	Has until May 8, 2024 to comply

Other Public Company Board Memberships During the Last Five (5) Years	
Cenovus Energy Inc.	2019 – Present

Robert G. Leary, J.D.

Independent Director

North Palm Beach, Florida, USA
Director since: 2015
Age: 60

Key Skills

- Social and environmental responsibility
- Investment management
- Financial expertise
- Risk management
- Strategic leadership / Senior Executive

Mr. Leary is a corporate director. He was previously CEO of The Olayan Group, a private international investor and a diverse commercial and industrial group with operations globally. Mr. Leary was also previously CEO of Nuveen, a U.S.-based investment management firm that was acquired in 2014 by TIAA-CREF (Teachers Insurance & Annuity Association – College Retirement Equities Fund), now known as TIAA. Mr. Leary joined TIAA-CREF in 2013 and was instrumental in the acquisition and invigoration of Nuveen as well as its integration with TIAA's pre-existing asset management business. In that role, Mr. Leary oversaw the expansion of TIAA/Nuveen's socially responsible and ESG assets under management. Mr. Leary began his career as a lawyer for White & Case in New York, and then moved into the financial services arena with J.P. Morgan & Co., where he led the development of fixed-income derivative applications and investment strategies for pension plans and other investment managers. In the course of more than 20 years in the industry, Mr. Leary helped build AIG Financial Products' investment business and led all of its client-facing businesses globally, from marketing to distribution, and later was CEO of ING Investment Management Americas and ING Insurance U.S. At ING U.S., he was responsible for the investment management, retirement, insurance and annuity businesses, as well as operations, IT and marketing in the U.S. He has been a frequent speaker or panelist at numerous industry conferences and has appeared in major financial media. He earned his bachelor's degree in political science at Union College and his law degree from Fordham University School of Law.

Board and Committee Membership	2020 Meeting Attendance
Board	15/15 (100%)
Audit Committee	5/5 (100%)
Risk Management Committee (Chair)	5/5 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	107,342,376	**116,959,198**
% of Votes for	99.96%	**99.38%**
Votes Withheld	43,305	**727,265**
% Votes Withheld	0.04%	**0.62%**

Securities Held	2019	2020
Common Shares	2,645	**2,645**
DSUs	9,862	**11,913**
Total Common Shares and DSUs	12,507	**14,558**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years	
Citizens Financial Group, Inc.	2020 – Present

Sylvie Paquette, B.Sc.

Independent Director

Québec City, Québec, Canada
Director since: 2017
Age: 61

Key Skills

- Financial expertise
- P&C operations
- Risk management
- Strategic leadership / Senior Executive
- Talent management / Executive compensation

Sylvie Paquette has spent her entire career in the P&C insurance industry in Canada. She joined Desjardins Group in 1984 and held a variety of progressively senior roles within the organization before being promoted in 2008 to Senior Executive Vice-President and General Manager of the Group's P&C insurance division as well as President and Chief Operating Officer of Desjardins General Insurance Group (DGIG). During Ms. Paquette's tenure as President and COO, she spearheaded Desjardins' acquisition of State Farm's Canadian operations in 2015. She retired from Desjardins Group in December 2016.

Ms. Paquette has been actively involved in key industry associations. In recent years, she was a board member of the Insurance Bureau of Canada (Chair in 2015 and 2016), of the General Insurance Statistical Agency, of the Institute for Catastrophic Loss Reduction and of the Centre for Insurance and Financial Services Development (Chair from 2009 to 2014). Throughout her career, Ms. Paquette has co-chaired major fundraising campaigns, and she sat on the board of Laval University's Foundation until recently. Ms. Paquette is a graduate of the Actuarial Science program at Laval University. She is also certified as a corporate director *(Administrateur de sociétés certifié (ASC))* by the *Collège des administrateurs de sociétés*.

Board and Committee Membership	2020 Meeting Attendance
Board	14/15 (93.33%)
Audit Committee	3/3 (100%)*
Human Resources and Compensation Committee	2/2 (100%)**
Risk Management Committee	5/5 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	107,343,751	**117,008,876**
% of Votes for	99.96%	**99.42%**
Votes Withheld	41,930	**677,587**
% Votes Withheld	0.04%	**0.58%**

Securities Held	2019	2020
Common Shares	2,000	**2,000**
DSUs	5,602	**7,425**
Total Common Shares and DSUs	7,602	**9,425**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years
–

* Ms. Paquette ceased to be a member of the Audit Committee effective May 6, 2020.

** Ms. Paquette was appointed a member of the Human Resources and Compensation Committee effective May 6, 2020. She attended every meeting held in 2020 following her appointment.

Timothy H. Penner, BBA

Independent Director

Toronto, Ontario, Canada
Director since: 2010
Age: 65

Key Skills

- Governance
- International markets
- Marketing / Brand awareness
- Strategic leadership / Senior Executive
- Talent management / Executive compensation

Tim Penner served as President of Procter & Gamble Canada for 12 years and retired after 33 years with the company in 2011. He has international experience as Vice President of P&G's Health and Beauty Care business in the UK and Ireland, and later as Vice President of P&G's North American Paper business, in Cincinnati, Ohio.

He currently serves as an independent director on the boards of Jamieson Wellness Inc., Club Coffee, SickKids Hospital and SickKids Foundation. Mr. Penner is past Chair of the YMCA of Greater Toronto, Toronto Innovation Acceleration Partners (at the time named MaRS Innovation), GS-1 and Food & Consumer Products of Canada. He served on the Conference Board of Canada, the Board of the Youth Challenge Fund and Career Bridge and was Chair of the United Way of Greater Toronto 2007 Campaign, after serving as Deputy Chair for 2006.

Board and Committee Membership	2020 Meeting Attendance
Board	15/15 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Human Resources and Compensation Committee (Chair)	4/4 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	106,726,944	**116,766,516**
% of Votes for	99.39%	**99.22%**
Votes Withheld	658,737	**919,947**
% Votes Withheld	0.61%	**0.78%**

Securities Held	2019	2020
Common Shares	18,765	**19,272**
DSUs	0	**0**
Total Common Shares and DSUs	18,765	**19,272**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years	
Jamieson Wellness Inc.	2019 to present

Stuart J. Russell, Ph.D.

Independent Director

Berkeley, California, USA
Director since: 2020
Age: 59

Key Skills

- Technology
- Talent management / Executive compensation
- Social and environmental responsibility
- Strategic leadership / Senior Executive
- Risk management

Mr. Russell is a pioneer researcher in artificial intelligence ("AI") who co-authored in the mid-1990s *Artificial Intelligence: A Modern Approach*, the leading textbook in the field. His research on AI covers a broad range of topics including machine learning, probabilistic reasoning, knowledge representation, planning and real-time decision making. He joined the faculty of the University of California at Berkeley in 1986 and is a Professor (and former Chair) of Electrical Engineering and Computer Sciences and holder of the Smith-Zadeh Chair in Engineering. Mr. Russell also served as Vice-Chair of the World Economic Forum's Council on AI and Robotics, and is a co-founder and Vice-President of Bayesian Logic, Inc., a data analysis start-up under contract with the United Nations Comprehensive Nuclear-Test-Ban Treaty Organization. Mr. Russell is also a member of the advisory boards of Varo Money, Inc., ReciTAL SAS, Planet Labs Inc., Faculty Science Ltd. and Semiotic Labs BV.

Mr. Russell is a recipient of the Presidential Young Investigator Award of the National Science Foundation, the IJCAI Computers and Thought Award, the World Technology Award (Policy category), the Mitchell Prize of the American Statistical Association and the International Society for Bayesian Analysis, the Feigenbaum Prize of the Association for the Advancement of Artificial Intelligence, the ACM Karlstrom Outstanding Educator Award and the AAAI/EAAI Outstanding Educator Award. Mr. Russell holds a Bachelor of Arts degree with first-class honours in Physics from the University of Oxford and a Ph.D. in Computer Science from Stanford University. He is a Fellow of the American Association for Artificial Intelligence, the Association for Computing Machinery and the American Association for the Advancement of Science, and is an Honorary Fellow of Wadham College, Oxford.

Board and Committee Membership	2020 Meeting Attendance
Board	8/8 (100%)*
Human Resources and Compensation Committee	2/2 (100%)**
Risk Management Committee	2/2 (100%)***

Past Annual Meeting Voting Results	2020
Votes for	**117,566,171**
% of Votes for	**99.90%**
Votes Withheld	**120,292**
% Votes Withheld	**0.10%**

Securities Held	2019	2020
Common Shares	0	**489**
DSUs	0	**0**
Total Common Shares and DSUs	0	**489**

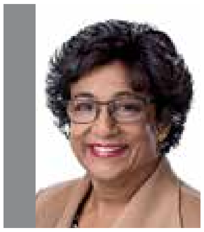
Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	Has until May 6, 2025 to comply

Other Public Company Board Memberships During the Last Five (5) Years
–

* Mr. Russell was elected a member of the Board of Directors effective May 6, 2020. He attended every meeting held in 2020 following his election.

** Mr. Russell was appointed a member of the Human Resources and Compensation Committee effective May 6, 2020. He attended every meeting held in 2020 following his appointment.

*** Mr. Russell was appointed a member of the Risk Management Committee effective May 6, 2020. He attended every meeting held in 2020 following his appointment.



Indira V. Samarasekera, Ph.D., P. Eng.

New Director Nominee (Independent)

Vancouver, British Columbia, Canada
Age: 68

Key Skills

- Technology
- Strategic leadership / Senior Executive
- Government / Public affairs
- Talent management / Executive compensation
- Governance

Dr. Samarasekera is a corporate director and Senior Advisor at Bennett Jones, LLP. Dr. Samarasekera served as the President and Vice-Chancellor of the University of Alberta from 2005 to 2015. She is internationally recognized as a leading metallurgical engineer, including for her work on steel process engineering for which she was appointed an Officer of the Order of Canada. Among other things, Dr. Samarasekera was previously a member of Canada's Science, Technology and Innovation Council as well as Canada's Global Commerce Strategy. She possesses an M.Sc. in mechanical engineering from the University of California, as well as a Ph.D. in metallurgical engineering from the University of British Columbia. Dr. Samarasekera has also been elected as a Foreign Associate of the National Academy of Engineering in the U.S. She currently serves on the board of the Canadian Institute for Advanced Research, together with Mr. Young. Dr. Samarasekera is also a committee member of the TMX Group/Institute of Corporate Directors' Committee on the Future of Corporate Governance in Canada.

Securities Held*

Common Shares	**0**
DSUs	**0**
Total Common Shares and DSUs	**0**

Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	If elected, has until May 12, 2026 to comply

Other Public Company Board Memberships During the Last Five (5) Years

Bank of Nova Scotia	2008 – present**
Magna International Inc.	2014 – present
TC Energy Corporation	2016 – present
Stelco Holdings Inc.	2018 – present

* As of March 31, 2021.

** Dr. Samarasekera is not standing for re-election at The Bank of Nova Scotia's upcoming annual meeting of shareholders on April 13, 2021.

Frederick Singer, BA, B.Comm, LL.B, MA, MBA

Independent Director

Great Falls, Virginia, USA
Director since: 2013
Age: 58

Key Skills

- Technology
- Strategic leadership / Senior Executive
- Talent management / Executive compensation
- Marketing / Brand awareness
- International markets

Mr. Singer is an internet pioneer and entrepreneur whose career and philanthropic accomplishments have spanned a broad range of sectors from media, education, arts, science and veterans affairs. He is currently CEO of Echo360, which provides a next-generation educational software platform to help over 1,200 schools in 20 countries deliver better educational outcomes. Previously, Mr. Singer was a Senior Advisor to Masayoshi Son, President and CEO of Softbank Corporation in Japan and was also active as a venture partner at Softbank Capital in the U.S. Prior to Softbank, Mr. Singer held a number of senior roles at AOL including Chief Operating Officer of AOL Studios, Chief Operating Officer for ICQ (instant messaging) and Senior Vice President of Emerging Products. Prior to AOL, he was a founder of the Washington Post Online Service (now WashingtonPost.com) and a consultant with Bain & Company. Mr. Singer has served on a number of business, charitable and educational boards including DoubleClick, Motley Fool Company, Kennedy Center for the Performing Arts (International Committee), Queen's University School of Business, Upper Canada College, The Langley School and "Warrior to Cyber Warrior", which focuses on providing distance learning training in the field of cybersecurity to wounded veterans. He was named one of Washingtonian Magazine's "Tech Titans" in 2013 and 2015. He has also funded pioneering research in autism with the Children's National Medical Center and Stanford University. Mr. Singer holds an MBA from Harvard University, as well as an LLB, MA in Philosophy, BA with Distinction in Philosophy and a Bachelor of Commerce (Honours) from Queen's University in Canada. He is also a recipient of the Tricolour award at Queen's University.

Board and Committee Membership	2020 Meeting Attendance
Board	15/15 (100%)
Audit Committee	2/2 (100%)*
Risk Management Committee	3/3 (100%)**
Compliance Review and Corporate Governance Committee	4/4 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	106,952,484	**117,249,729**
% of Votes for	99.60%	**99.63%**
Votes Withheld	433,197	**436,734**
% Votes Withheld	0.40%	**0.37%**

Securities Held	2019	2020
Common Shares	1,380	**1,380**
DSUs	14,402	**16,419**
Total Common Shares and DSUs	15,782	**17,799**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years
–

* Mr. Singer was appointed a member of the Audit Committee effective May 6, 2020. He attended every meeting held in 2020 following his appointment.

** Mr. Singer ceased to be a member of the Risk Management Committee effective May 6, 2020.

Carolyn A. Wilkins, BA, MA

Independent Director

Ottawa, Ontario, Canada
Director since: 2021
Age: 57

Key Skills

- Financial services
- Strategic leadership / Senior Executive
- Government / Public affairs
- Risk management
- Governance

Ms. Wilkins had a distinguished twenty-year career at the Bank of Canada, serving as Senior Deputy Governor for the last six and a half years, overseeing strategic planning and economic and financial research. She was a member of the Bank's Governing Council and served as a member of the Bank's Board of Directors. Ms. Wilkins recently led the development of the Bank's market liquidity facilities as part of its COVID-19 response. She was active in international policy fora, including the Financial Stability Board. Before her appointment as Senior Deputy Governor, Ms. Wilkins was an Advisor to the Governor and a member of the Basel Committee on Banking Supervision. Prior to joining the Bank, she held senior analytical roles related to economic forecasting and fiscal policy development at both the Department of Finance Canada and the Privy Council Office.

Ms. Wilkins holds an Honours BA in Economics from Wilfrid Laurier University and an MA in Economics from Western University. She was named one of Canada's Most Powerful Women: Top 100 Award by the Women's Executive Network in 2016 and 2018.

Board and Committee Membership	2020 Meeting Attendance*
Board	N/A
Audit Committee	N/A
Risk Management Committee	N/A

Securities Held**	2019	2020
Common Shares	0	**0**
DSUs	0	**0**
Total Common Shares and DSUs	0	**0**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	Has until February 1, 2026 to comply

Other Public Company Board Memberships During the Last Five (5) Years
–

* Ms. Wilkins was appointed a member of the Board, as well as a member of the Audit Committee and Risk Management Committee effective February 1, 2021.

** As of March 31, 2021.

William L. Young, P. Eng., MBA

Independent Director

Lexington, Massachusetts, USA
Director since: 2018
Age: 66

Key Skills

- Financial expertise
- Governance
- International markets
- Strategic leadership / Senior Executive
- Talent management / Executive compensation

Mr. Young is a corporate director with extensive public company board experience. He has been a member of the Magna International Board of Directors since 2011 and has chaired that board since 2012. More recently, he was appointed Chair of the Board of Directors of SNC-Lavalin Group Inc. in September 2020. He also has extensive experience in the private equity sector. He co-founded and was a partner of Monitor Clipper Partners, a private equity firm established in 1998. He is also a founding partner of Westbourne Management Group (1988) and was a partner in the European practice of Bain & Company (1981 to 1988). Mr. Young possesses significant operational experience, as well as extensive mergers and acquisitions experience. He is Chair Emeritus of the Board of Trustees of Queen's University, which he chaired from 2006 to 2012 and he is chair of the board of the Canadian Institute for Advanced Research (CIFAR). Mr. Young has significant private company board and board leadership experience over the last 20 years, including a number of European and U.S.-based companies. He is a professional engineer (P.Eng. – Ontario) with a B.Sc (Honours) in chemical engineering (Queen's) and an MBA with distinction (Harvard).

Board and Committee Membership	2020 Meeting Attendance
Board	15/15 (100%)
Audit Committee	2/2 (100%)*
Human Resources and Compensation Committee	2/2 (100%)**
Compliance Review and Corporate Governance Committee (Chair)	4/4 (100%)

Past Annual Meeting Voting Results	2019	2020
Votes for	107,329,524	**116,104,564**
% of Votes for	99.95%	**98.66%**
Votes Withheld	56,157	**1,581,899**
% Votes Withheld	0.05%	**1.34%**

Securities Held	2019	2020
Common Shares	8,200	**8,200**
DSUs	2,441	**3,536**
Total Common Shares and DSUs	10,641	**11,736**

Director Share Ownership Requirement	
4x Annual Retainer in Common Shares and/or DSUs	**Met**

Other Public Company Board Memberships During the Last Five (5) Years	
Magna International Inc.	2011 to present
SNC-Lavalin Group Inc.	2020 to present

* Mr. Young was appointed a member of the Audit Committee effective May 6, 2020. He attended every meeting held in 2020 following his appointment.

** Mr. Young ceased to be a member of the Human Resources and Compensation Committee effective May 6, 2020.

4.2 Director Compensation

Total Compensation Paid to Directors in 2020

The total compensation paid to Directors of the Company during the year ended December 31, 2020, other than Directors who also serve as officers of Intact Financial Corporation or its affiliates, is set out in the table below. Directors' compensation is not, and has not been in the past, paid to Directors who serve as officers of the Company or its affiliates.

Name	Fees earned in cash[3] ($)	Share-Based Awards (DSUs)[1],[2] ($)	Share-Based Awards (Common Shares) ($)	Percentage of Fees in Cash/DSUs/Shares[6] (%)	Total ($)
Janet De Silva	0	234,604	0	0/100/0	234,604
Claude Dussault	248,605[4]	215,000	0	46/54/0	463,605
Jane E. Kinney	0	247,069	0	0/100/0	247,069
Robert G. Leary	0	253,000	0	0/100/0	253,000
Eileen Mercier	56,290[5]	0	37,333	58/0/42	93,623
Sylvie Paquette	0	236,000	0	0/100/0	236,000
Timothy H. Penner	103,000	0	146,000	41/0/59	249,000
Stuart J. Russell	107,296	0	69,962	61/0/39	177,258
Frederick Singer	0	232,000	0	0/100/0	232,000
Stephen G. Snyder	0	0	82,341	0/0/100	82,341
Carol Stephenson	73,500	0	158,500	32/0/68	232,000
William L. Young	131,026	145,000	0	47/53/0	276,026

Notes:
(1) Share-based awards to Directors of the Company are made in the form of DSUs or Common Shares as discussed more fully under the heading "Information on DSU and Share Purchase Plan for Non-Related Directors" below.
(2) The number of DSUs granted to each Director in 2020 is disclosed in the table entitled "Outstanding Director Share-Based Awards" on page 38.
(3) The cash component of our U.S. Directors' compensation is paid in U.S. dollars without adjustments to reflect the exchange rate. For the purpose of the table above, the cash component of our U.S. Directors' compensation has been converted to Canadian dollars using the exchange rate as at December 31, 2020, which was 1.27210.
(4) The amount also includes compensation for service on the Company's U.S. Advisory Board. Such compensation is paid in U.S. dollars and has been converted to Canadian dollars for the purpose of the table above, using the exchange rate as at December 31, 2020, which was 1.27210.
(5) The amount also includes compensation for service on the board of an international operating subsidiary of the Company, for the period during which Ms. Mercier was a Director of the Company (i.e. until May 6, 2020). Such compensation was paid in U.S. dollars and has been converted to Canadian dollars for the purpose of the table above, using the exchange rate as at December 31, 2020 which was 1.27210.
(6) The percentages above reflect the proportion of Fees in Cash, DSUs and Common Shares received by each Director of the Company as compensation for their service as Director of the Company (excluding any compensation received for service on the Company's U.S. Advisory Board or on the boards of the Company's international operating subsidiaries, if applicable), pursuant to the election made by each Director as described on page 35.

Directors' Compensation for 2020 and 2021

The responsibility for Directors' compensation is part of the mandate of the Company's Compliance Review and Corporate Governance Committee.

Based on a comparative analysis of Directors' compensation with a peer group of Canadian public corporations carried out independently by WTW in 2015, the CRCG Committee reconfirmed its policy of aligning the Company's total Directors' compensation to that of the median of its comparable market. The Board of Directors also approved the recommendation of the CRCG Committee to eliminate the per meeting attendance fees and replace them with annual flat fees, determined by the positions occupied on the committees of the Board of Directors, as a flat fee structure is simpler to administer and disclose and aligns better with the role of a Director at the Company.

In 2017, the CRCG Committee retained WTW to review the composition of the comparator group used to benchmark Directors' compensation in the context of the Company's expansion into the U.S. following the acquisition of OneBeacon. WTW completed this review and recommended that the comparator group approved by the Board of Directors for the 2018 compensation of Canadian Executives and Canadian Senior Executives with North American oversight also be used for Directors' compensation purposes. This recommendation was approved by the CRCG committee.

In early 2018, WTW independently carried out a comparative analysis of Directors' compensation using the North American Comparator Group. As a result of this comparative analysis, the CRCG Committee recommended to the Board of Directors changes to the Director compensation, which were approved by the Board of Directors to further align with the comparator group's median compensation. In late 2018, the composition of the North American Comparator Group was reviewed once again and it was determined that it was still appropriate for Directors' compensation purposes. Please see pages 98 to 100 for more information on the comparator groups.

In 2019, changes to the North American Comparator Group were approved by the Board of Directors, as further described on page 99 of this Circular. It was determined that the revised composition of the North American Comparator Group was still appropriate for Directors' compensation purposes, to be used for the 2020 compensation. In late 2019, Management completed an internal review of Directors' compensation and upon the recommendation of the CRCG Committee, the Board of Directors approved Directors' compensation for 2020 without changes from 2019.

In 2020, a comprehensive review of the Company's Directors' compensation was undertaken by WTW and presented to the CRCG Committee in order to establish and approve Directors' compensation for 2021. It was concluded that the Company's compensation for its Board of Directors remains competitive with the market median. The CRCG Committee only recommended to the Board of Directors for approval that the compensation for the Chair and members of the CRCG Committee be harmonized with that of the other committees. Such change was approved by the Board of Directors.

The fees payable in 2020 and 2021 and approved by the Board of Directors are described in the table below.

Description of fees

	2020	2021
Annual Retainer fee	$210,000: – $107,000 payable in DSUs or Common Shares – $103,000 payable in cash, DSUs or Common Shares	$210,000: – $107,000 payable in DSUs or Common Shares – $103,000 payable in cash, DSUs or Common Shares
Members of the CRCG Committee	$9,000	$13,000
Members of the Audit Committee	$13,000	$13,000
Members of the HRC Committee	$13,000	$13,000
Members of the Risk Committee	$13,000	$13,000
Chair Retainer fees Chair of the Board	$400,000: – $215,000 payable in DSUs or Common Shares – $185,000 payable in cash, DSUs or Common Shares	$400,000: – $215,000 payable in DSUs or Common Shares – $185,000 payable in cash, DSUs or Common Shares
Chair of the CRCG Committee	$25,000	$30,000
Chair of the Audit Committee	$30,000	$30,000
Chair of the HRC Committee	$30,000	$30,000
Chair of the Risk Committee	$30,000	$30,000
Other fees		
All reasonable travel expenses incurred to attend meetings	Included	Included

The compensation above covers the function of a Director of the Board of Directors of Intact Financial Corporation and of its Canadian P&C insurance companies.

The cash component of our U.S. Directors' compensation will be paid in U.S. dollars without adjustments to reflect the exchange rate, while the equity component payment will be based on the Canadian dollar value.

Part of the compensation must be paid in Common Shares or DSUs. In addition, each Director may elect to receive the remainder of their compensation, in total or in part, in cash, DSUs or Common Shares at his or her discretion.

The Company has created a U.S. Advisory Board to assist with strategy and provide informed guidance to the Board of Directors or Senior Management, as appropriate, with respect to the management and affairs of the Company's operations in the United States. Directors of the Company serving on the boards of the Company's international operating subsidiaries or as members of the U.S. Advisory Board will receive additional compensation in accordance with the following tables:

	Member	Chair
U.S. Advisory Board	$50,000	$75,000

	If additional travel is required	If no additional travel is required*
International operating subsidiaries	$25,000	$12,500

* Given other IFC Board commitments or pre-existing travel arrangements

In 2020, compensation for service on the U.S. Advisory Board and on the boards of the Company's international operating subsidiaries was paid in U.S. dollars for all Directors.

Director Share Ownership Requirement Policy

In accordance with the Company's minimum share ownership requirement policy, the minimum share ownership requirement for independent Directors has been set to Common Shares or DSUs valued at four (4) times the total annual IFC Board of Directors retainer (excluding fees received for service on a committee of the Board of Directors, on the Company's international operating subsidiaries, or on the U.S. Advisory Board) received in cash, DSUs or Common Shares. This is equivalent to more than eight (8) times the annual cash retainer paid to independent Directors in 2020. Newly appointed Directors are required to reach this level within five (5) years from their election to the Board of Directors or becoming independent and starting to receive Director compensation.

Based upon the annual Board of Directors retainer of $210,000 in 2020, the minimum Director share ownership requirement in 2020 was $840,000 worth of Common Shares and/or DSUs ($1,600,000 for the Chair of the Board of Directors). The market or payout value of DSUs/Common Shares outstanding is based on the closing share price of $150.72 on the TSX as of December 31, 2020.

Each independent Director must hold at least four (4) times his/her total annual retainer in Common Shares and/or DSUs ($840,000 in 2020 – equivalent to more than eight (8) times total annual cash retainer).

	Common Shares held (#)	DSUs held[1] (#)	Total value of all equity holdings ($)	Conformity with Director Share Ownership Policy
Claude Dussault	32,411	17,295	7,491,688	Yes
Janet De Silva	5,310	10,284	2,350,328	Yes
Jane E. Kinney	500	2,922	515,764	Has until May 8, 2024 to comply
Robert G. Leary	2,645	11,913	2,194,182	Yes
Sylvie Paquette	2,000	7,425	1,420,536	Yes
Timothy H. Penner	19,272	0	2,904,676	Yes
Stuart J. Russell	489	0	73,702	Has until May 6, 2025 to comply
Indira V. Samarasekera	0	0	0	If elected, will have until May 12, 2026 to comply
Frederick Singer	1,380	16,419	2,682,665	Yes
Carol Stephenson	8,371	14,642	3,468,519	Yes
Carolyn A. Wilkins	0	0	0	Has until February 1, 2026 to comply
William L. Young	8,200	3,536	1,768,850	Yes

Note:
(1) The number of DSUs is rounded to the nearest whole number.

As of January 1, 2019, the minimum Director share ownership requirement was increased from $800,000 to $840,000 for members of the Board of Directors. Unless a Director has already met the revised level of minimum ownership requirement, the additional retainer must be received in DSUs or Common Shares until the new requirements are reached.

Information on DSU and Share Purchase Plan for Non-Related Directors

To ensure that Directors' compensation is aligned with shareholders' interests, the following program has been put in place:

- $107,000, effective since 2019, of the compensation of Directors is in DSUs issued or Common Shares; and
- the remainder of the Board of Directors and Committee annual retainers may be received by a Director, in total or in part, in cash, DSUs or Common Shares at his or her discretion.

A DSU is a bookkeeping entry that represents an amount owed by the Company to the Director having the same value as one (1) Common Share of the Company, but that will not be settled until such time as the Director leaves the Board of Directors. Payment of DSUs is made in cash at the time of settlement, equal in amount to the number of DSUs held by the Director multiplied by the closing Common Share price on the TSX as of the redemption date. Canadian Directors may choose the redemption date, the final redemption date being at least three (3) months after a Director terminates his/her directorship with the Company, but no later than December 15 of the first calendar year commencing after the year in which the termination date occurred. Our U.S. Directors are not entitled to choose a redemption date, the final redemption date being December 15 of the first calendar year commencing after the year in which the U.S. Director terminated his or her directorship.

DSUs provide a notional ongoing equity stake in the Company, therefore ensuring alignment of the interests of the Directors with those of the shareholders of the Company. A total of 13,444 DSUs and 2,020 Common Shares were granted to eligible Directors in 2020.

Those Directors who elect to receive all or a portion of their compensation in DSUs are credited such amounts on record in quarterly instalments, with the DSUs being granted within 15 days of the end of the quarter based on the closing Common Share price on the TSX on the fourteenth (14th) day of the month following the end of such quarter (or where such day is not a business day, the preceding business day when Common Shares are publicly traded).

In addition to their compensation in DSUs, in the event that any cash dividend is declared and paid by the Company on Common Shares, the Directors will be credited with additional DSUs. The number of such additional DSUs is calculated by dividing the total amount of dividends that would have been paid to a Director if his/her outstanding DSUs had been Common Shares on the dividend record date, by the closing Common Share price on the TSX on the dividend payment dates.

When a Director elects to receive his/her compensation in Common Shares, such Common Shares are not subject to a vesting requirement and are purchased in the market by Computershare as agent of the Company on the fifteenth (15th) day (or where such day is not a business day, the preceding business day when Common Shares are publicly traded) of the month following the end of a quarter.

In 2012, the Board of Directors approved a policy whereby Directors may not resell their Common Shares acquired through the Deferred Share Unit and Share Purchase Plan for Non-Related Directors for at least three (3) months after a member leaves the Board of Directors.

DSUs provide a notional ongoing equity stake in the Company, therefore ensuring alignment of the interests of the Directors with those of the shareholders of the Company.

Outstanding Director Share-Based Awards

	Number of Common Shares granted in 2020[1] (#)	Market or Payout Value of Common Shares granted in 2020 at year-end[3],[5] ($)	Number of DSUs granted in 2020 that have not vested[2],[7] (#)	Market or Payout Value of DSUs granted in 2020 that have not vested[3],[6] ($)	Number of DSUs outstanding that have not vested[7] (#)	Market or Payout Value of DSUs outstanding at year-end that have not vested[4] ($)	Payout Value of vested DSUs ($)
Janet De Silva	0	0	1,883	283,865	10,284	1,550,004	N/A
Claude Dussault	0	0	1,920	289,435	17,295	2,606,702	N/A
Jane E. Kinney	0	0	1,788	269,469	2,922	440,404	N/A
Robert G. Leary	0	0	2,052	309,202	11,913	1,795,527	N/A
Eileen Mercier	143	21,553	497	74,911	20,136	3,034,845	N/A
Sylvie Paquette	0	0	1,823	274,704	7,425	1,119,096	N/A
Timothy H. Penner	507	76,415	0	0	0	0	N/A
Stuart J. Russell	489	73,702	0	0	0	0	N/A
Frederick Singer	0	0	2,017	303,977	16,419	2,474,672	N/A
Stephen G. Snyder	323	48,683	9	1,302	350	52,779	N/A
Carol Stephenson	558	84,102	361	54,473	14,642	2,206,842	N/A
William L. Young	0	0	1,094	164,962	3,536	532,946	N/A

Notes:
[1] The number of Common Shares granted in 2020 is equal to the number of Common Shares available for purchase on the open market by the Company's share agent in consideration of the amount equal to the Director's elected percentage of Common Shares to be received under the Director compensation plan, multiplied by the Director's annual retainers and committee retainers.
[2] The number of DSUs granted in 2020 was paid quarterly in four (4) equal instalments and is equal to the Director's elected percentage of DSUs to be received under the Director compensation plan, multiplied by the director's annual retainers and committee retainers, divided by the closing Common Share price on the TSX as of the last trading day preceding the fifteenth (15th) day following the end of a quarter (or where such day is not a business day, the preceding business day when Common Shares are publicly traded), the whole in accordance with the Director compensation plan. In the event that any cash dividend was declared and paid on the Common Shares, an amount equal to the number of DSUs in the Director's account divided by the closing Common Share price on the TSX on the dividend payment dates was credited as DSUs to the Director's account.
[3] The market or payout value of DSUs/Common Shares granted in 2020 is based on the closing Common Share price of $150.72 on the TSX as of December 31, 2020.
[4] The market or payout value of DSUs outstanding is based on the closing Common Share price of $150.72 on the TSX as of December 31, 2020.
[5] The value of the Common Shares reflects the after-tax amount due to the immediate vesting of the Common Shares.
[6] The value reflects the before-tax amount due to the vesting period until the departure of the Director.
[7] The number of DSUs is rounded to the nearest whole number.

4.3 Additional Information Regarding Directors

Board of Directors and Committee Meetings in 2020

	Number of Meetings
Board Meetings	15
Committee Meetings	
Audit Committee	5
Compliance Review and Corporate Governance Committee	4
Human Resources and Compensation Committee	4
Risk Management Committee	5

Committee Composition and Director Independence

	Audit Committee	CRCG Committee	HRC Committee	Risk Committee	Independent Director
Claude Dussault					●
Charles Brindamour					
Janet De Silva			Member	Member	●
Jane E. Kinney	Chair			Member	●
Robert G. Leary	Member			Chair	●
Sylvie Paquette			Member	Member	●
Timothy H. Penner		Member	Chair		●
Stuart J. Russell			Member	Member	●
Frederick Singer	Member	Member			●
Carol Stephenson		Member	Member		●
Carolyn A. Wilkins	Member			Member	●
William L. Young	Member	Chair			●

Chair Member

Director Attendance

Directors are expected to attend all Board of Directors and committee meetings in person, although attendance by video-conference or telephone is also accepted in appropriate circumstances. Since March 2020, the meetings have been held by video-conference or telephone due to the COVID-19 pandemic. Directors are also expected to prepare in advance of each meeting in order to positively contribute to discussions and decisions and to participate in the Company's education programs, both by attending sessions and suggesting topics of interest.

The table below shows the record of attendance by Director at meetings of the Board of Directors and its committees during the 12-month period ended December 31, 2020.

	Number and % of meetings attended						
Director	Board of Directors	Audit Committee	CRCG Committee	HRC Committee	Risk Committee	Committees (Total)	Overall attendance
Claude Dussault	15/15 (100%)	–	–	–	–	–	**15/15 (100%)**
Charles Brindamour	14/15 (93.3%)	–	–	–	–	–	**14/15 (93.3%)**
Janet De Silva	15/15 (100%)	–	2/2 (100%)	4/4 (100%)	2/2 (100%)	8/8 (100%)	**23/23 (100%)**
Jane E. Kinney	15/15 (100%)	5/5 (100%)	–	–	5/5 (100%)	10/10 (100%)	**25/25 (100%)**
Robert G. Leary	15/15 (100%)	5/5 (100%)	–	–	5/5 (100%)	10/10 (100%)	**25/25 (100%)**
Sylvie Paquette	14/15 (93.3%)	3/3 (100%)	–	2/2 (100%)	5/5 (100%)	10/10 (100%)	**24/25 (96%)**
Timothy H. Penner	15/15 (100%)	–	4/4 (100%)	4/4 (100%)	–	8/8 (100%)	**23/23 (100%)**
Stuart J. Russell	8/8 (100%)			2/2 (100%)	2/2 (100%)	4/4 (100%)	**12/12 (100%)**
Frederick Singer	15/15 (100%)	2/2 (100%)	4/4 (100%)	–	3/3 (100%)	9/9 (100%)	**24/24 (100%)**
Carol Stephenson	14/15 (93.3%)	–	4/4 (100%)	4/4 (100%)	–	8/8 (100%)	**22/23 (95.7%)**
William L. Young	15/15 (100%)	2/2 (100%)	4/4 (100%)	2/2 (100%)	–	8/8 (100%)	**23/23 (100%)**

Supplementary information relating to Directors

To the knowledge of the Company, no proposed Director of the Company is or has been, within the last 10 years, a director, chief executive officer or chief financial officer of any company that (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed Director was acting in the capacity of director, chief executive officer or chief financial officer; or (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the proposed Director was acting in that capacity. Moreover, to the knowledge of the Company, no proposed Director is or has been, within the last 10 years, (a) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets; or (b) a director or executive officer of any company that, while the proposed Director was acting in that capacity, or within a year of the proposed Director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

- William L. Young was a director of Pharmetics (2011) Inc., a private company, until he resigned in connection with its sale in September 2017. Approximately five months after the sale, in February 2018, Pharmetics filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) and was subsequently declared bankrupt as of March 16, 2018.

Attendance of Directors whose term ended in 2020

The term of Ms. Eileen Mercier as Director of the Company ended on May 6, 2020. From January 1, 2020 to May 6, 2020, her attendance record as a Director was as follows:

Board	7/7	(100%)
Audit Committee	3/3	(100%)
Risk Management Committee	3/3	(100%)

The term of Mr. Stephen G. Snyder as Director of the Company ended on May 6, 2020. From January 1, 2020 to May 6, 2020, his attendance record as a Director was as follows:

Board	3/7	(42.9%)
Audit Committee	2/3	(66.7%)
Human Resources and Compensation Committee	1/2	(50%)

Attendance of Director whose term will end in 2021

The term of Ms. Carol Stephenson as Director of the Company will end on May 12, 2021. From January 1, 2021 to March 31, 2021, her attendance record as a Director was as follows:

Board	3/3	(100%)
Compliance Review and Corporate Governance Committee	1/1	(100%)
Human Resources and Compensation Committee	2/2	(100%)

5 Corporate Governance Practices

Table of contents

Where to find it

5.1	**Introduction**	**43**
5.2	**Code of Conduct and Ethics**	**44**
	Relationship with customers	47
5.3	**Board of Directors**	**47**
	Structure	47
	Size of the Board of Directors	47
	Board of Directors and Committee Mandates	47
	Board Oversight Responsibilities	48
	Strategy Oversight	48
	ESG Oversight	48
	Risk Management Oversight	50
	Risk Management Committee Structure	52
	Position Descriptions	53
	Chair of the Board of Directors	53
	Chief Executive Officer	53
	Oversight Functions	54
	Director Independence	54
	Independence of the Chair of the Board of Directors	55
	Policy on External Positions and Interlocking	55
	Private Meetings of Directors	56
	Nomination of Directors	56
	Majority Voting for Directors	56
	Board of Directors' Skills Matrix	57
	Director Term Limits and Other Mechanisms of Board of Directors Renewal	58
	Advance Notice By-law	59
	Board of Directors and Board Member Assessment	60
	Orientation and Continuing Education of our Directors	61
5.4	**Diversity and Inclusion**	**63**
	Board of Directors Diversity	64
	General Executive and Workforce Diversity	66
	Executive Committee Diversity	66
	Executive Officer Diversity	67
	Vice President and Higher and Managerial Positions Diversity	67
	Workforce Diversity	68
5.5	**Human Capital Management**	**69**
	Strategy	69
	Oversight	70
	Values and Workplace Culture	70
	Risks	72
	Benefits and Career Development	73
5.6	**Shareholder Engagement**	**73**
5.7	**Other Stakeholder Engagement**	**76**
5.8	**Additional Information**	**76**

Highlights of our Corporate Governance Practices

What We Do

- ✔ Separation of CEO and Chair of the Board of Directors
- ✔ Independent Board and Chair: All members of the Board of Directors are independent, except the CEO
- ✔ Only independent Directors on all committees of the Board of Directors
- ✔ 36.4% women representation on the Board of Directors in 2020 and policy requiring a minimum of 30% representation each of women and men on the Board of Directors
- ✔ Adopted targets for the Board of Directors and the Executive Committee regarding the representation of visible minorities, Indigenous Peoples, persons with disabilities and/or LGBTQ+ by 2025
- ✔ Minimum director share ownership requirements equivalent to 4x total annual retainer (and more than 8x annual cash retainer)
- ✔ Private meetings of independent Directors at all Board of Directors and committee meetings
- ✔ Robust Majority Voting Policy
- ✔ Board Renewal: Use of skills matrix, diversity matrix and evergreen list as part of Board of Directors renewal process
- ✔ Shareholder Engagement Policy providing for Management and Board of Directors directed shareholder engagement
- ✔ Strong Board of Directors Assessment Process
- ✔ Regular continuing education programs for members of the Board of Directors
- ✔ Robust risk management process
- ✔ Board oversight of ESG matters

What We Don't Do

- ✘ No overboarding: No Director simultaneously sits on more than four (4) boards of publicly listed companies
- ✘ No CEO or executives of a company on the HRC Committee

1st place

Globe & Mail Report on Business – Board Games 2020

5.1 Introduction

In establishing its governance practices, the Board of Directors of the Company has adopted principles, structures and processes to enable it to carry out its responsibilities more effectively and that are focused on the implementation, development and maintenance of a sound corporate governance and compliance culture throughout the Company. The Company's corporate governance practices are reviewed regularly to ensure they support the achievement of the Company's purpose to help people, businesses and society prosper in good times and be resilient in bad times. Intact Financial Corporation considers corporate governance and sound market practices to be essential components of its operations. As a Canadian reporting issuer with securities listed on the TSX, the Company has corporate governance practices that meet or exceed the requirements of the TSX and the applicable rules of the Canadian Securities Administrators.

This statement of Corporate Governance Practices is responsive to the rules and guidelines adopted by the Canadian securities regulatory authorities, as set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 52-110 – *Audit Committees*, among others. In addition, this statement provides additional disclosure that complies with and exceeds various recommended best practices.

Our Values

The Company's Values are the cornerstone of the organization and underlie its decisions and actions – they are essential to achieving its purpose and strategic goals. The Board of Directors and Senior Management lead by example and believe that staying true to Intact's Values will help continue to build a company whose people are its biggest strength and whose customers are its advocates. As our Values are behind everything we do, a discussion of our corporate Values is embedded throughout this Statement of Corporate Governance Practices.

Additional information about the Company's Values can be found in the following sections:

- **Section 5.2 Code of Conduct and Ethics**
- **Section 5.4 Diversity and Inclusion**
- **Section 5.5 Human Capital Management**
- **"Risk Management Oversight" subsection on page 50 of this Circular**
- **the Company's 2020 Social Impact Report**

5.2 Code of Conduct and Ethics

- **The Company adopted its code of conduct entitled "Living our Values" in 2009, which was refreshed and updated in 2020.**
- **By virtue of our "Living our Values" code of conduct, the Company has endorsed high ethical and compliance principles to promote Integrity, Respect, Customer-driven actions, Excellence and Generosity.**
- **Policies and procedures, including a whistleblower process, make up a robust compliance framework.**
- **The CRCG Committee as well as the Audit Committee are notified, when required, in the event of complaints or fraudulent conduct.**
- **New data governance principles on how the Company collects and uses data were adopted in early 2020.**

Living our Values

The Company has a complete compliance program that includes a code of conduct and business principles document entitled "**Living our Values**," along with related Company policies, in addition to maintaining an Ombudsman's Office and a Privacy Office headed by the Compliance Department.

"Living our Values" was adopted by the Board of Directors in 2009. In 2019, as part of the 10th anniversary of the Company, we refreshed our Values to ensure that they reflect the Company's evolution and growth and in 2020, our "Living our Values" code of conduct was fully revised and updated to ensure alignment with the refreshed Values and to provide more robust guidance for our employees. Focus groups of employees were consulted in this review, and their comments were considered in the formulation of the revised document. Our updated "Living our Values" code of conduct, approved by the Board of Directors, is available on SEDAR (**www.sedar.com**) and on our website at **www.intactfc.com**.

We strive to create an environment where our employees live our Values every day. Our Values define our culture and provide a framework for who we are, how we behave as we strive to achieve our purpose and how we maintain our excellent reputation. The Values we live by each day are organized according to five core themes, defined as follows:

Integrity

- Be honest, open and fair
- Set high standards
- Stand up for what is right

Respect

- Be kind
- See diversity as a strength
- Be inclusive and collaborate

Customer-Driven

- Listen to our customers
- Make it easy, find solutions
- Deliver second-to-none experiences

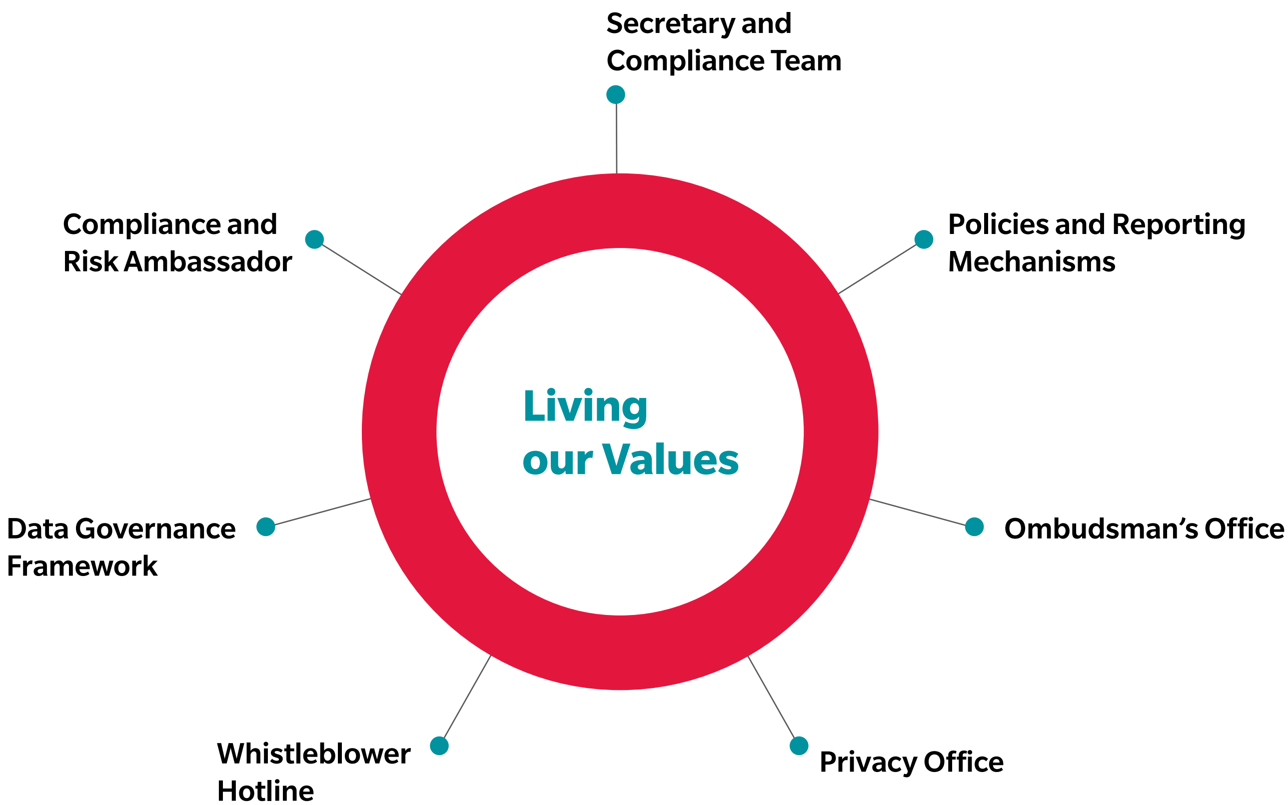
Excellence

- Act with discipline and drive to outperform
- Embrace change, improve every day
- Celebrate success, yet remain humble

Generosity

- Help others
- Protect the environment
- Make our communities more resilient

These principles shape the Company's activities globally and apply to our employees, officers and Directors. The "Living our Values" code of conduct has also been adopted by Intact USA, BrokerLink and FCC, and is expected to be adopted by On Side in 2021. The principles in the "Living our Values" code of conduct promote the highest levels of personal conduct and ethical standards and include respecting confidentiality, avoiding conflicts of interest, prioritizing respect in the workplace, acting in a socially-responsible manner, using the Company's resources and opportunities appropriately, engaging in sound market conduct and abiding by the law. The principles found in our "Living our Values" code of conduct promote a spirit of fairness and honesty, respect for privacy and confidential information, and foster open and honest communication and disclosure. Together with related compliance programs, the "Living our Values" code of conduct provides mechanisms to detect and deter wrongdoing and encourage good corporate citizenship, guides how we work with customers, colleagues and shareholders, and defines our role in society.



Our governance and compliance structures and processes include the following:

- our Living our Values code of conduct that details our high ethical standards, and which is embedded into our internal training programs;
- the support of a dedicated Compliance team that follows legislative, governance, regulatory and compliance rules, trends and best practices, and strives to maintain a high level of good governance and a compliance mindset across our companies;
- robust policies and reporting mechanisms including whistleblower and incident reporting procedures that protect anonymity and confidentiality;
- an Ombudsman's Office and a Privacy Office that provide services mainly to insureds and employees who have queries in this regard or who wish to file a complaint;
- data governance principles on how the Company collects and uses data; and
- strict policies on conflicts of interest, disclosure of material information and insider trading.

For more information on the Company's data governance principles, please refer to the Company's 2020 Social Impact Report, which is available on the Company's website at www.intactfc.com.

The compliance programs and systems are managed by the Company's full-time dedicated Compliance team, which reports to the Senior Vice President, Corporate and Legal Services, and Secretary, who is the Company's Chief Compliance Officer and who reports to the Board of Directors and its committees and acts independently from the operations of the Company. In addition, 35 representatives from the operational, corporate and Human Resources departments across North America also act as compliance and risk ambassadors throughout the Company.

We provide a Whistleblower Hotline to report incidents or issues that might breach the "Living our Values" code of conduct, policies, laws or regulations, or any other potential misconduct. Employee reports are thoroughly investigated with oversight by the Compliance team and results are communicated to the Audit and CRCG Committees, when relevant and required. The process is confidential and anonymous and there is no retaliation against anyone who reports a suspected violation.

A number of policies have been adopted over the years and are amended from time to time to take into account new trends in best practices and legal requirements. Such policies deal with, among other subjects, conflicts of interest, media, respect in the workplace, proper use of the Company's assets, incident reporting, whistleblowing procedures and use of data. These policies provide guidelines on how to address various situations. For example, the Board of Directors' Conflict of Interest Policy ensures that Directors exercise independent judgment in considering transactions and agreements in which a Director or Executive Officer may have a material interest by excluding such person from the decision-making process in relation to a transaction giving rise to a conflict of interest. The procedures also allow reporting on a confidential and anonymous basis: complaints can be made via the Whistleblower Hotline, email or direct communications through Corporate Audit Services, the Legal and Compliance Department or Human Resources. Complaints can also be brought to the CRCG Committee or to the Board of Directors. The "Living our Values" code of conduct specifically does not tolerate any retaliation of any kind against anyone who reports suspected violations, and the Company is committed to protecting everyone who reports a suspected breach of the "Living our Values" code of conduct.

All compliance issues are reported to the Legal and Compliance team, which makes a determination as to the most appropriate forum to deal with each issue. The Senior Vice President, Corporate and Legal Services, and Secretary, who is also the Company's Chief Compliance Officer, reports to the CRCG Committee on a quarterly basis, which in turn reports to the Board of Directors on a quarterly basis. The Chief Compliance Officer also makes an annual report to the CRCG Committee. The annual and quarterly reports cover compliance programs, material compliance issues, the customer complaints handling process and statistics, performance for the past year and the action plan for the next 12 to 15 months. The Audit Committee is also notified by the Chief Internal Auditor if a complaint relates to accounting, internal controls or audit matters or if fraudulent conduct is involved. In such instances, Corporate Audit Services or the Audit Committee determines how the case will be handled.

Relationship with customers

Over the years, the Company has also developed policies and processes related to the fair treatment of customers and adopted a national policy based on our core value of being customer-driven. This policy formalizes the roles and responsibilities of all employees and various stakeholders in putting forward initiatives that will benefit customers and promote their fair treatment across the Company. The CRCG Committee oversees the policies relating to customer relations, ensuring that they are aligned with our culture and purpose.

Our COVID-19 response – Supporting our customers

We are focused on supporting our customers through the COVID-19 pandemic and maintaining our customer service quality. In 2020, we provided $530 million in relief to over 1.2 million customers, and have expanded our insurance offerings to better serve our clients who are now working from home. For more information regarding our relationship with our customers, our Customer-driven policy and the customer relief measures provided in the context of the COVID-19 pandemic, please refer to the Company's 2020 Annual Report and 2020 Social Impact Report, which are available on the Company's website at www.intactfc.com.

5.3 Board of Directors

Structure

Size of the Board of Directors

- **The Board of Directors was composed of 11 members in 2020, and following Ms. Carolyn Wilkins' appointment as Director of the Company on February 1, 2021, is currently composed of 12 members. Should all proposed Director nominees be elected at the Meeting, the Board of Directors will be composed of 12 members after the Meeting. Biographical details with respect to the Director nominees can be found on pages 22 to 33 of this Circular. We consider that the size of the Board of Directors and its committees in 2020 was appropriate.**

Board of Directors and Committee Mandates

- **The Board of Directors is responsible for the stewardship of the Company.**
- **The Board of Directors and its committees have independent access to external consultants and experts.**
- **The Board of Directors holds strategic sessions during all its regularly scheduled meetings to discuss the positioning of the Company, its long-term objectives and overall business strategy. It also holds a specific meeting focused on the Company's strategy.**

The Board of Directors, either directly or through its committees, explicitly assumes responsibility for the stewardship of the Company. It is responsible for the supervision of the management of the business and affairs of the Company, including its pension funds. In carrying out its duties, the Board of Directors will provide direction to Management to pursue the best interests of the Company.

The mandate of the Board of Directors (reproduced in Schedule A of this Circular), which is reviewed at least annually by the CRCG Committee and approved by the Board of Directors, sets out the responsibilities of the Board of Directors, which can be summarized as follows:

- reviewing and approving the strategic plan and material transactions;
- overseeing the Company's strategy, including reviewing and approving all major strategy and policy recommendations in light of the opportunities and risks pertaining to the Company, and monitoring of the Company's performance against the strategic plan using appropriate metrics and milestones at separate and dedicated strategy meetings and discussions with Management throughout the year;
- ensuring that the Company has effective risk management programs and evaluating the Company's risk culture;
- setting the tone for the integrity, ethics and compliance culture throughout the organization;
- supervising Senior Management, oversight functions and human capital management matters as well as compensation and succession planning, including the appointment of the Chief Executive Officer and oversight functions, and ensuring that other executives with complementary skills are in place to ensure sound management of the Company;
- monitoring of the Company's pension plans;
- overseeing and monitoring the Company's environmental, social and governance as well as corporate social responsibility initiatives, including with respect to diversity and inclusion;
- overseeing financial reporting, including ensuring the accuracy of financial statements and returns, that the Company has appropriate internal controls in place and that reporting and disclosure is done in a timely manner; and
- assessing its own effectiveness and that of its committees, committee Chairs and members.

The mandates of the Board of Directors and all its committees confirm independent access of the Board of Directors and its committees to external consultants.

The full-text version of the mandates of the Board of Directors and its committees is available in the "Corporate Governance" section of the Company's website at www.intactfc.com.

Board Oversight Responsibilities

Strategy oversight, ESG oversight and risk management oversight are some of the Board of Directors' key responsibilities, as described below.

Strategy Oversight

The Board of Directors assumes responsibility for the oversight of the overall business strategy of the Company. In accordance with its mandate, the Board of Directors reviews and approves, at least annually, the strategic plan and the long-term objectives of the Company and oversees their execution. This oversight includes reviewing and approving the Company's risk appetite statement, major strategies, resource allocation and policy recommendations as well as monitoring the Company's performance against its strategic plan, using appropriate metrics and milestones. Furthermore, ESG factors of material value or risk to the Company are incorporated into the long-term strategic objectives of the Company, with oversight by the Board of Directors. For more information on the Company's strategic roadmap and strategic objectives, please refer to page i of this Management Proxy Circular.

The Board of Directors monitors Management's progress throughout the year and strategic sessions are held at all its regularly scheduled meetings, along with a specific meeting focused on the Company's overall strategy, during which the Company is repositioned in its various markets and its long-term objectives and overall business strategy are discussed. Discussions typically include a review of the macro environment and the Company's place in it, as well as an analysis of the changes and deeper trends on the horizon, including those with a disruptive effect. The role of Management in this context is also reviewed, to ensure appropriate staffing, compensation and incentives are in place to realize strategic objectives. As required, the Board of Directors will oversee adjustments Management makes to the medium- and long-term plans to reflect new conditions and environmental or market factors.

ESG Oversight

IFC was built to help people, businesses and society prosper in good times and be resilient in bad times. We are guided by our Values to deliver for our customers, employees, shareholders and communities. Having a clear purpose and Values enables ESG performance to be naturally integrated into our strategy.

The Board of Directors ensures key ESG issues are overseen and reviewed. The Board of Directors delegates certain of its ESG oversight functions to its committees, which report their findings and provide recommendations to the Board of Directors. The following summarizes the responsibilities and accountability of the Board and its Committees with respect to ESG matters:

Board of Directors

Oversees and monitors our environmental, social and governance and social impact initiatives, including but not limited to:

- ✔ Approves our **strategic plan** and corporate objectives, oversees their execution and ensures ESG performance is accounted for in our strategy;
- ✔ Oversees the **identification and monitoring of our principal risks**, including ESG-related risks, and ensures we have effective risk management programs and practices aligned with our risk appetite framework;
- ✔ Sets the tone for our **culture through the promotion of our Values** as well as the **integrity, ethics and compliance culture** by ensuring that the appropriate structures and programs are in place to meet and maintain the highest rules of ethics, compliance and conduct;
- ✔ Oversees our **focus and approach on social impact**;
- ✔ Develops our general approach to **corporate governance**, including principles and objectives;
- ✔ Oversees our general **approach to human capital management**, including our compensation philosophy and programs, succession planning and talent development, including diversity and inclusion;

Audit Committee

Oversees:

- the integrity, fairness and completeness of our financial statements and other financial disclosure;
- the quality and integrity of our internal controls and procedures;
- our actuarial practices, ensuring pricing and segmentation practices are adapted to address our risks including those related to climate change and trends in catastrophes and severe weather events;

Compliance Review and Corporate Governance Committee

Oversees:

- our governance framework;
- our compliance framework and programs, including our "Living our Values" code of conduct;
- the monitoring of market conduct practices and ensuring fair customer treatment;
- the monitoring of potential conflicts of interests;
- our director recruitment and nomination process, including integration of diversity and inclusion considerations;
- the assessment process of the Board, its Committees and the directors;
- our directors' compensation program, ensuring alignment with shareholders' interest;
- our shareholder engagement strategy;
- IIM's proxy voting guidelines.

Human Resources and Compensation Committee

Oversees:

- our policies and initiatives related to human capital management, including on diversity and inclusion;
- our policies and initiatives related to workplace culture;
- our executive compensation programs;
- our policies and programs related to succession planning, talent development and management;
- the suitability of the executives and senior executives' conduct, in line with our high ethical values;

Risk Management Committee

Oversees:

- the assessment and monitoring of the principal risks affecting our business, including ESG-related risks;
- the development of strategies to manage these risks;
- our initiatives to promote awareness of the potential impact of climate change and to provide practical solutions for our communities;
- our reinsurance programs, ensuring they adequately limit our losses in the event of significant weather-related losses and other catastrophic events.

For further details, please refer to the "Reports of the Committees" section beginning on page 77.

Climate Change Risk Oversight

Climate change poses a significant risk not only for our Company, but also for the insurance industry in general, for our customers and for our communities. Climate change is an integral accountability of the Risk Committee, which oversees the assessment and monitoring of the risks related to climate change, including the potential impact of insured losses resulting from damage to property and assets arising from climate related natural catastrophe events, and the development of strategies to manage these risks. The Risk Committee also oversees the Company's initiatives to promote awareness of the potential impact of climate change and provide practical solutions for our communities.

Please see the Company's 2020 Social Impact Report and 2020 Annual Report for more information on our actions to manage the potential impact of climate change and on our climate change resiliency and adaptation efforts and environmental initiatives.

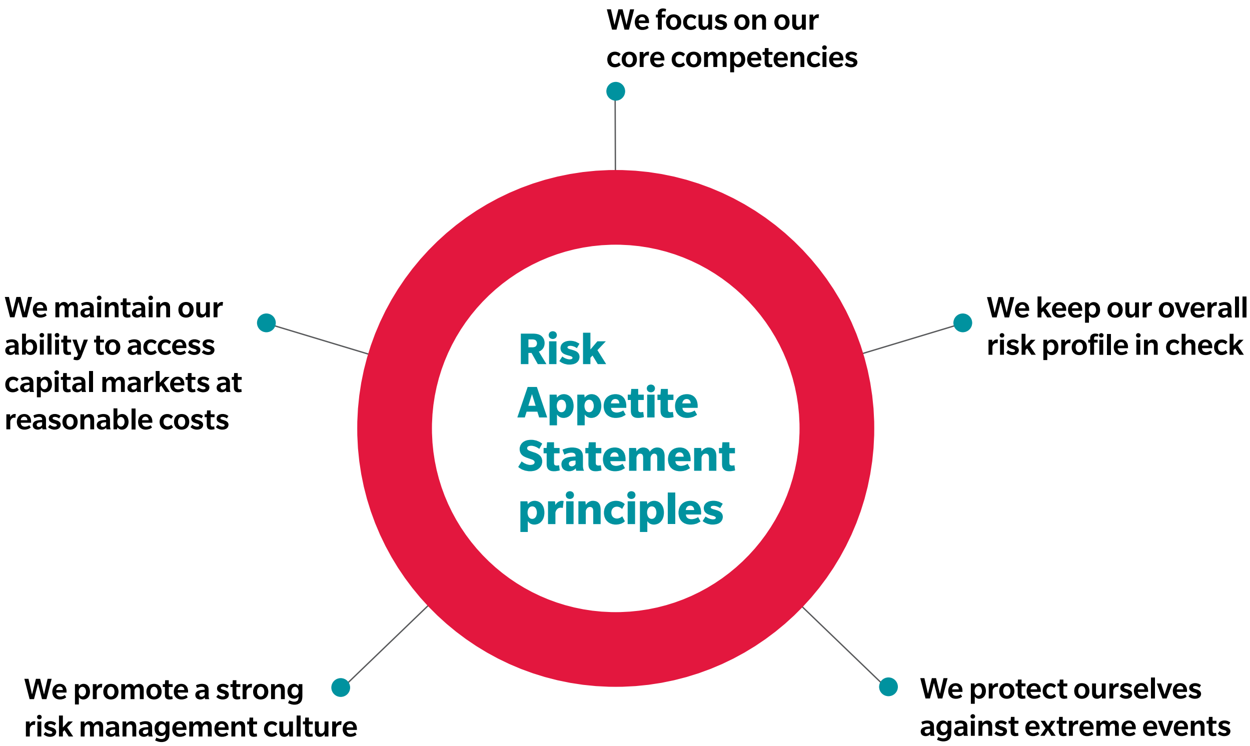
Risk Management Oversight

- **The Board of Directors has adopted a risk appetite statement for the Company.**
- **Dedicated Risk Management Committee.**
- **Risk metrics adapted to the Company's context.**
- **The Board of Directors has oversight of the Company's response to the COVID-19 pandemic.**

Throughout the 2020 fiscal year, we continued to foster an enterprise-wide culture of compliance, to improve our risk management practices and to achieve even better corporate governance standards. We have monitored and reviewed the Company's response to the COVID-19 pandemic as part of the risk management process. We continued to improve policies and procedures in light of the recommendations of the Office of the Superintendent of Financial Institutions as set out in its Corporate Governance Guideline (issued in January 2013 and revised in September 2018). This guideline sets out OSFI's expectations on corporate governance in federally regulated financial institutions and aims to help boards of directors and senior management of FRFIs identify and manage the risks being undertaken by their companies.

The Board of Directors is ultimately responsible for overseeing the identification and monitoring of the principal risks affecting the Company's business, which will vary depending on the prevailing economic climate and the specific nature of the Company's activities at the relevant time. The Board of Directors' functions include annually evaluating the Company's risk management culture, overseeing the Company's risk-taking activities and risk management programs, and establishing mitigation strategies. It is supported by its committees to ensure that risks are being properly measured, monitored and reported throughout the Company.

The Board of Directors is responsible for ensuring that the Company's business strategies and allocation of capital are in line with the Company's risk appetite and tolerance and must ensure that the Company has effective risk management programs and practices in place. To this end, the Board of Directors has adopted a risk appetite statement in order to ensure the sustainability of the Company's activities through a prudent approach to managing risk.



The Board of Directors has created a committee – the Risk Management Committee – dedicated to assisting the Board of Directors with its risk oversight role in order to build a sustainable competitive advantage. The Risk Committee reviews at least annually the Company's Enterprise Risk Management Policy, including the corresponding risk appetite framework, and ensures that the policy is fully integrated into all business activities, strategic planning and operations of the Company, its subsidiaries and pension funds. In 2020, the Risk Committee closely monitored the Company's earthquake exposure reduction plan and reviewed a stress test on social unrest, which included a list of potential risk mitigation ideas. The Board of Directors and Risk Committee are also assisted by the Enterprise Risk Committee, a committee composed of senior executives, in overseeing the Company's risk management priorities and the effectiveness of the Company's risk management programs and policies. The Enterprise Risk Committee reports to the Risk Committee on a quarterly basis.

A list of the top and emerging risks applicable to the Company and how they are mitigated is provided in the 2020 Management's Discussion and Analysis for the year ended December 31, 2020, available on SEDAR (www.sedar.com).

Our COVID-19 response – Managing pandemic risks

The Board of Directors has been monitoring the Company's response to the COVID-19 pandemic throughout 2020, holding special meetings to discuss the situation and receiving frequent updates from Senior Management. Our strong risk management framework allowed the Company to take action quickly in response to the pandemic: our business continuity and major health and crisis plans were activated to ensure the safety and well-being of our employees and the continuity of our operations.

Our Crisis Management Committee has been meeting regularly since January 1, 2020 to review the situation and determine actions and strategies. In 2020, the Risk Committee also reviewed a stress test on the potential impact of the pandemic, including potential insurance risk, financial risk (including liquidity risk) and operational risk. The stress test included management actions and further actions that would be taken if the situation deteriorated.

The Company's progress on our action plans is monitored by the Board of Directors as the situation continues to evolve, to ensure appropriate actions are taken by the Company to face the crisis. Please see section 5.5 Human Capital Management to see how the Company has responded to the COVID-19 pandemic to support its employees and reinforce its culture.

Risk Management Committee Structure

Board of Directors

- Risk Management Committee
- Compliance Review and Corporate Governance Committee
- Human Resources and Compensation Committee
- Audit Committee

Enterprise Risk Committee

Operational Committee
Reviews all aspects related to operations

Executive Committee
Discusses organization structure, objectives and plans

Operational Investment Committee
Reviews investment strategies and performance and discusses investment risks

Profitability Committee
Reviews results and performance

Reserve Review Committee
Reviews the adequacy of our financial reserves and the variation of our losses

Large Loss Committee
Discusses claims related to large losses and potential class actions

Fraud Prevention and Management Committee
Oversees and monitors fraud prevention and detection activities

Disclosure Committee
Ensures all disclosures are complete, accurate and timely

Capital Management Committee
Reviews capital allocation decisions

See pages 85 to 87 of this Circular for information on the members of the Risk Committee, its responsibilities and activities.

Position Descriptions

- **Position descriptions have been developed for the Chair of the Board of Directors, committee Chairs and the CEO.**
- **The positions of Chair of the Board of Directors and CEO are separate.**
- **The Chair is an independent member of the Board of Directors.**
- **Mandates have been implemented for oversight functions within the Company: Chief Risk Officer, Chief Compliance Officer, Chief Financial Officer, Chief Internal Auditor, Chief Actuarial Officer and Canadian Appointed Actuary. See page 54 for more details.**

The Board of Directors mandate and the position descriptions of the Chair of the Board of Directors and of the committee Chairs define the roles and responsibilities of the Board of Directors, its committees and their Chairs. The description of the functions of the CEO as well as principal oversight functions delineate Management's responsibilities. These mandates, the by-laws of the Company and Board of Directors resolutions that are adopted from time to time, including signature authority limits, clearly define the limits to Management's authority.

Chair of the Board of Directors

The Chair of the Board of Directors is responsible for the management, development and effective performance of the Board of Directors and its committees. The Chair of the Board of Directors assumes his leadership with a view to ensuring that the Board of Directors and its committees fully execute their mandate and that Directors clearly understand and respect the boundaries between the Board of Directors and its committees and Management responsibilities. The key responsibilities of the Chair of the Board of Directors include:

- managing the affairs of the Board of Directors to ensure it is organized properly, functions effectively and meets its obligations and responsibilities;
- facilitating the Board of Directors' independent functioning;
- acting as a liaison between the Board of Directors, the CEO and Management; and
- interfacing with the CEO on performance and governance issues and leading the Board of Directors in the execution of its obligations and responsibilities to the Company for the benefit of all shareholders.

The Chair of the Board of Directors may not serve as Chair of the Risk Committee.

Chief Executive Officer

The description of the functions of the CEO has been developed with the input of the CEO and has been approved by the Board of Directors. This description of functions includes:

- leadership;
- strategic planning;
- financial results and overall performance;
- succession planning; and
- board relations.

The CEO is responsible for defining, communicating and implementing the strategic direction, goals and core Values of the Company with a view to ensuring the long-term success of the Company.

- **The roles of the Chair of the Board of Directors and CEO of the Company are separate. Claude Dussault was elected Chair of the Board of Directors of the Company, effective January 1, 2008.**

Oversight functions

The Board of Directors has implemented mandates for oversight functions within the Company, namely:

Oversight Function	Which Committee the Oversight Function Reports to	Responsibilities
Chief Risk Officer	Risk Committee	• implement the Enterprise Risk Management Policy which is designed to oversee the Company's risks and ensure that appropriate actions are taken to protect the Company's clients, employees, shareholders and other stakeholders; and • the CRO may call a meeting of the Board of Directors or the Risk Committee at any time.
Chief Compliance Officer	CRCG Committee	• support the Company's Code of Conduct through disciplined management and oversight of compliance risks; and • develop the compliance vision of a world-class organization aimed at identifying, managing and mitigating compliance risks.
Chief Financial Officer	Audit Committee	• support the Company's strategic goals through disciplined management and oversight of the financial affairs of the Company.
Chief Internal Auditor	Audit Committee	• provide independent oversight of the effectiveness of, and adherence to, the Company's organizational and procedural controls.
Chief Actuarial Officer	Audit Committee	• oversee the actuarial practices Company-wide and provide leadership and direction for the Company's actuarial community; • the Company's Appointed Actuaries report directly to the Chief Actuarial Officer; and • support the Company's strategic goals through establishing and implementing sound and appropriate reserving practices.
Canadian Appointed Actuary	Audit Committee	• value the actuarial and other policy liabilities of the Company's Canadian P&C subsidiaries and support the Company's strategic goals through establishing and implementing sound and appropriate reserving practices.

Director Independence

- **Ten (10) of the eleven (11) Directors in 2020 were independent. Following Ms. Carolyn Wilkins' appointment as Director of the Company on February 1, 2021, eleven (11) of the twelve (12) current Directors are independent.**
- **If all the Director nominees are elected at the Meeting, eleven (11) of the twelve (12) Directors in 2021 will be independent.**
- **Policy on Director Independence.**
- **The Audit Committee, HRC Committee (responsible for executive compensation), CRCG Committee (responsible for nomination and compensation of Directors) and the Risk Committee are composed exclusively of independent Directors.**
- **Additional disclosure regarding Directors standing for election is available on pages 20 to 33 of this Circular.**

The Company is subject to various disclosure rules, guidelines and requirements governing the independence of the Board of Directors and its committees.

The Board of Directors has approved a Director Independence Policy establishing the standards and procedures determining the independence of Directors and proposed Directors as it relates to the Board of Directors and its committees, which are aligned with the requirements for independence set out in National Instrument 52-110 – *Audit Committees*.

A Director is considered to be independent if that Director, or an immediate family member, has no direct or indirect material relationship with the Company, its subsidiaries or its auditor, and is not a partner, officer or significant shareholder of an entity that has a material relationship with the Company.

The CRCG Committee determines, at least annually, whether a Director is independent, based on information provided by each Director on a conflict of interest questionnaire that lists his/her personal business and other relationships and dealings with the Company or its affiliates and our External Auditor. The conflict of interest questionnaire also requires disclosure of all entities with which a Director is involved.

Additional information relating to each Director standing for election, including the name(s) of any other reporting issuer(s) on whose board the Director serves and the attendance record for each Director, may be found on pages 20 to 33 of this Circular.

Eleven (11) of the twelve (12) candidates proposed for election qualify as unrelated and independent, as they are independent from Management and free from any interest, function, business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the Company's best interest. Only the Company's CEO is considered a non-independent Director.

Independence of the Chair of the Board of Directors

The Chair of the Board of Directors is responsible for providing leadership that enhances the effectiveness and independence of the Board of Directors. He manages the Board of Directors' affairs to assist the Directors in carrying out their responsibilities and helps the Board of Directors operate cohesively by working closely with the Chairs of the different committees. He brings a deep-seated knowledge of the Company, substantial leadership experience and a notable level of industry and business expertise.

The Chair of the Board of Directors is an independent director in accordance with our Director Independence Policy as well as all applicable legal, regulatory and securities exchange requirements, including the CSA's corporate governance rules and guidelines. He does not have any direct or indirect relationship with the Company, its subsidiaries or its auditor that could reasonably be expected to interfere with his ability to exercise independent judgment. Furthermore, the roles of Chair of the Board of Directors and CEO are separated to promote independent leadership and oversight by the Board of Directors.

Policy on External Positions and Interlocking

> **No Director may simultaneously sit on more than four (4) boards of publicly listed companies, including their service as a Director of the Company.**

The Board of Directors has adopted a Policy on External Positions and Interlocking which sets out a procedure to be followed before a Director can be appointed to a high-profile position at another organization and includes a limitation on the number of public company board directorships that can be held by Directors of the Company at one time. The policy sets out that no Director may simultaneously sit on more than four (4) boards of publicly listed companies, including their service as a Director of the Company.

If a Director's circumstances change significantly in the course of the year such that he/she may potentially have a material relationship with the Company, the Director shall promptly advise the Chair of the Board of Directors, the Chair of the CRCG Committee or the Corporate Secretary, who shall make the necessary inquiries and report to the CRCG Committee if warranted. The CRCG Committee may consider whether any action is required to be taken before the next annual meeting or during the year and if so, make a recommendation to the Board of Directors in this regard.

It is the Company's view that Directors should be independent of Management but also of each other. If two (2) Directors sit on more than one (1) board of directors together, this is referred to as a "Director Interlock".

A Director Interlock results in a perceived risk of decisions being made in the interest of another company and suggests a degree of inter-related interests that might be detrimental to director independence. Interlocking relationships can also raise concerns when there is an imbalance of power between two Directors such as when one of the Directors is an executive on the first board and is evaluated and remunerated by his/her fellow Director. In such a situation, on the second board where he/she is expected to serve as an independent non-executive director, his/her independence may be compromised.

The Chair of the Board of Directors or the Chair of the CRCG Committee will take into account any Director Interlocks before accepting that a Director be appointed to the board of another organization, whether a private or publicly listed company, or a not-for-profit organization. No Director Interlock will be accepted should there be a conflict of interest.

If Dr. Samarasekera and Mr. Young are elected, there will be an interlocking relationship between them, as they will both sit on the Board of the Company and the board of Magna International Inc. The Board of Directors has examined the potential conflict of interest resulting from this interlocking relationship and after consideration, is satisfied that there is no conflict of interest. Adequate measures will however be put in place to ensure that no such conflict or appearance of conflict results from the interlocking relationship, if both Directors are elected.

The Secretary's Office will provide the CRCG Committee with a register of the existing interlocking relationships on an annual basis.

The Board of Directors has also adopted a policy providing that no more than one-third of the members of the HRC Committee shall be sitting chief executive officer(s) of another company.

Private Meetings of Directors

- **Independent Directors met *in camera* at all meetings of the Board of Directors and also met *in camera* at all committee meetings.**

In 2020, an *in camera* meeting of the independent Directors was held at all meetings of the Board of Directors.

It is also the practice of each committee of the Board of Directors to meet *in camera* immediately following each of its meetings. Topics discussed at these meetings include, but are not limited to, Board processes and contexts, succession planning, executive assessments, organizational changes and strategy. Each committee held a private meeting following each of its meetings in 2020.

Nomination of Directors

- **The CRCG Committee acts as the nominating committee of the Board of Directors.**
- **Term of office and Board of Directors tenure framework in place.**
- **Majority Voting Policy in place.**
- **A Skills Matrix as well as a Diversity Matrix has been developed to help identify talent and Board requirements of current and potential Directors.**
- **An evergreen list of Director candidates is maintained. It is one of the tools used to enhance diversity on the Board of Directors. In 2020, specific candidates continued to be identified to fill vacancies that will likely be left by retiring Directors.**
- **Directors may sit on no more than four (4) public company boards at one time and Director Interlocks are reviewed before recommending a new Director nominee to the shareholders.**
- **In early 2021, we adopted the target to have at least one (1) Director who identifies as a member of a visible minority, Indigenous Peoples, persons with disabilities and/or LGBTQ+ by 2025. We will further strive to have two (2) Directors who identify as members of these communities by that time.**

The CRCG Committee is the nominating committee of the Board of Directors. As such, this committee is responsible for the review of the nomination policy for the Board of Directors and committee members and for its implementation once it is approved by the Board of Directors. The CRCG Committee also reviews the nomination process as well as the orientation and education programs for new and current members.

The recruitment process includes references, verification of reputation and ethics as well as background checks (credit and criminal); external consultants are called upon from time to time to give additional support to the recruitment and verification process.

Majority Voting for Directors

- **The Board of Directors has adopted a robust majority voting policy for the election of Directors.**

The Board of Directors believes that each Director should have the confidence and support of the shareholders of the Company. To this end, the Board of Directors has approved a written policy stipulating that a Director nominee who receives more votes against their election than votes in his or her favour at an election of Directors at an annual and/or special meeting of shareholders will be considered not to have received the support of the shareholders and will be required to forthwith submit his or her resignation to the Board of Directors. Such resignation will be referred to the CRCG Committee for consideration.

The Board of Directors will promptly accept the resignation unless the CRCG Committee determines that there are extraordinary circumstances relating to the composition of the Board of Directors or the voting results that should delay the acceptance of the resignation or justify rejecting it. The Board of Directors will act on the CRCG Committee's recommendation within ninety (90) days of the shareholder meeting at which the election took place. Following the Board of Directors' decision on the resignation, its decision shall promptly be disclosed by press release and shall include the reasons for its decision.

This policy does not apply to contested meetings. A "contested meeting" shall mean a meeting at which the number of Directors nominated for election is greater than the number of seats available on the Board of Directors.

Board of Directors' Skills Matrix

In 2017, a new Skills Matrix was developed for use by the CRCG Committee to identify the talent and Board requirements of current and potential Directors, and it was refreshed in 2021.

The Board of Directors' Skills Matrix sets out the selection criteria and reflects the current strengths of the Board of Directors as a whole. Board of Directors member selection criteria include the following for each candidate: availability, personality, good judgment, ethics and reputation. In addition, Management and the Board of Directors aim to develop a diversified Board of Directors composition that includes the following skills and strengths, which are in line with the needs of the Company, its mission and future development. The skills of each of the Directors are identified within the Skills Matrix below (based on self-identification).

Skills[(1)]	**Claude Dussault**	**Charles Brindamour**	**Janet De Silva**	**Jane E. Kinney**	**Robert G. Leary**	**Sylvie Paquette**	**Timothy H. Penner**	**Stuart J. Russell**	**Indira V. Samarasekera** (new nominee)	**Frederick Singer**	**Carol Stephenson** (outgoing director)	**Carolyn A. Wilkins**	**William L. Young**	**Total Number of Directors with Skill**
Financial expertise	✔	✔		✔	✔	✔	✔			✔		✔	✔	9
Financial services	✔	✔	✔	✔	✔			✔				✔		7
Governance	✔		✔	✔		✔	✔	✔	✔	✔	✔	✔	✔	11
Government / Public affairs			✔						✔	✔	✔	✔		5
International markets		✔	✔		✔		✔			✔	✔		✔	7
Investment management	✔	✔			✔								✔	4
Legal and regulatory affairs				✔	✔						✔			3
Marketing / Brand awareness	✔				✔		✔			✔			✔	5
P&C operations	✔	✔				✔								3
Risk management	✔	✔	✔	✔	✔	✔		✔		✔	✔	✔		10
Social and environmental responsibility	✔	✔			✔		✔	✔	✔	✔	✔	✔		9
Strategic leadership / Senior executive	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	13
Talent management / Executive compensation	✔	✔	✔	✔		✔	✔	✔	✔	✔	✔		✔	11
Technology	✔	✔		✔				✔	✔	✔	✔			7

(1) Definitions of skills:

- **Financial expertise –** Experience in financial accounting, corporate finance and reporting. Experience with Canadian or U.S. Generally Accepted Accounting Principles or International Financial Reporting Standards and knowledge of financial and accounting controls.
- **Financial services –** Oversight, advisory or operational experience in the financial services industry other than serving as a Director of the Company.
- **Governance –** Experience with corporate governance practices and principles at a major organization.
- **Government/Public affairs –** Experience in government relations and public policy.
- **International markets –** Experience acquired in the management of an entity with international operations or the management of an entity based outside of Canada.
- **Investment management –** Experience and/or oversight experience with investment and management of investment portfolios.
- **Legal and regulatory affairs –** Experience as a lawyer within a public or major private corporation or in private practice or experience with complex legal and regulatory regimes.
- **Marketing/Brand awareness –** Experience as a senior executive in a major retail customer products, services or distribution company or experience with brand development and awareness as a senior executive of a public or major private corporation.
- **P&C operations –** Operational experience in the P&C insurance industry.
- **Risk management –** Experience with internal risk controls and risk assessment, management and mitigation.
- **Social and environmental responsibility –** Experience or knowledge in environmental or sustainable practices including climate change adaptation initiatives, or in social responsibility practices and impacts on various stakeholders at a major organization.
- **Strategic leadership/Senior executive –** Experience in strategic management, planning and development acquired as a senior officer of a public or major private corporation.
- **Talent management/Executive compensation –** Experience and knowledge of human resource practices and principles, with an emphasis on compensation, benefit plans, pension plans, executive remuneration, talent management and succession planning.
- **Technology –** Knowledge or experience relating to information technologies, emerging technologies and their integration including artificial intelligence, digital technologies, machine learning and data analysis, and other security and technology needs of a major organization (e.g. cybersecurity).

Director Term Limits and Other Mechanisms of Board of Directors Renewal

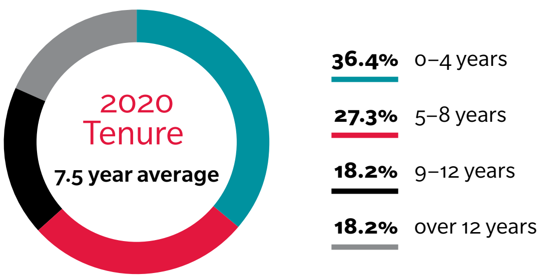
The Board of Directors has determined that a mandatory retirement age is not appropriate for the Company; however, the CRCG Committee has established a planned retirement schedule for all Directors as part of the succession planning process for the Board of Directors.

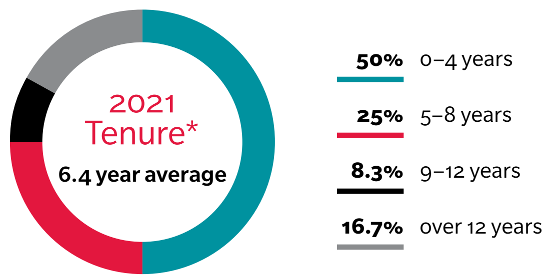
Furthermore, it believes that the current average tenure of its members constitutes an adequate balance between established Directors with experience with the Company, and recent Directors with new perspectives. In 2015, the Board of Directors implemented a tenure and term of office framework which states the maximum period of service for new Directors (excluding the CEO) as 12 years, to be served in successive one (1) year terms, though this term remains open to extension. However, term limits do not provide Directors with a guarantee of tenure. The Company is continuing to transition to the tenure and term of office framework and aims to fully comply with the maximum period of service of 12 years as new Directors are named and the Board of Directors is refreshed.

The CEO shall serve as a Director so long as he or she holds the office of CEO. Thereafter, he or she may be retained as a Director in accordance with the framework. Where a former CEO of the Company is elected to serve as a Director, other than in his or her capacity as CEO, tenure will be counted as of the first annual meeting where such former CEO is so elected.

The CRCG Committee is responsible for reviewing the composition of the Board of Directors on an annual basis, proposing new Directors and administering the tenure limit and term of office framework. The CRCG Committee will exercise discretion judiciously to ensure that the Board of Directors remains composed of independent Directors possessing the required skills and in-depth knowledge of the Company.

Average Tenure





* Should all proposed Director nominees be elected.

The Board of Directors may extend such term where it determines that it is in the best interests of the Company to do so. Among the factors that may influence the decision to recommend the nomination of a Director with a tenure over 12 years are the institutional experience and key competencies of said Director. When evaluating its composition, the Board of Directors always aims to balance various criteria between its independent members, including the representation of the Designated Groups, as well as skills, age, gender, tenure, linguistic background and residency. Instructions are given to any external firm retained to support Director recruitment efforts to integrate diversity as a key selection criterion. The evergreen list of potential candidates for the Board of Directors is maintained with a view to reflecting different dimensions of diversity. The ultimate objective is ensuring its fundamental responsibility of providing stewardship and good governance for the Company. We believe that our high governance standards, policies and procedures effectively maintain the independence of longer-tenured Directors.

Rotation of membership on the Board of Directors committees is discretionary and may be used by the Board of Directors to ensure continuity. Directors are elected to a committee for a term of one (1) year. At the end of each year, the CRCG Committee shall review the lists of Board of Directors committee members and make recommendations on their composition to the Board of Directors.

The CRCG Committee is also responsible for ensuring assessment of the Board of Directors and the members of the Board of Directors and its committees on an ongoing basis. As part of the process, the CRCG Committee considers the competencies and skills of the Board of Directors, as a whole, and required competencies and skills from new members. In addition to reflecting on diversity of skills, age, gender, tenure, linguistic background and residency, the CRCG Committee will screen candidates to ensure they have the following attributes:

- integrity;
- judgment;
- financial literacy;
- excellent communication skills;
- ability to act as a team player; and
- adherence to the Values of the Company.

Furthermore, the Chair of the Board of Directors and the Chair of the CRCG Committee will take into account any Director Interlock before accepting that a candidate be proposed for nomination.

The CRCG Committee uses the Board of Directors Skills Matrix in identifying the best Director candidates.

In 2020, specific candidates continued to be identified to fill potential vacancies or vacancies that will likely be left by retiring Directors. The CRCG Committee reviewed its evergreen list for 2020 in consultation with the Board of Directors, identifying potential candidates with diverse experience and expertise to deepen the Board of Directors' and each of the committees' bench strength, and discussed how to use this tool as a means to enhance diversity, in all its forms, on the Board of Directors. Furthermore, members of the CRCG Committee met with a number of candidates in an effort to identify individuals with the skills and competencies that are likely to be needed to fill vacancies that are likely to occur in upcoming years.

The Nomination Policy process also provides for verification and monitoring of conflicts of interest and relationships with the Company and its affiliates, as well as the independence of Directors. Finally, the Nomination Policy and Diversity Policy provide for diversity criteria. For further details, please refer to the "Diversity and Inclusion" section on page 63.

These Board renewal mechanisms, along with the formal Board of Directors and committee assessment process discussed below, aim to ensure ongoing Board of Directors renewal and to assemble a diverse Board of Directors putting forward an effective balance between fresh perspectives and experienced Directors.

Advance Notice By-law

In 2017, shareholders adopted By-Law No. 2 of the Company, a By-law relating to Advance Notice of Nominations of Directors of the Company, which establishes a framework for advance notice of nominations of persons for election to the Board of Directors. By-law No. 2 sets deadlines for a certain number of days before a shareholders' meeting for a shareholder to notify the Company of his, her or its intention to nominate one or more Directors, and lists the information that must be included with the notice for such nominations to be valid. By-Law No. 2 applies at an annual meeting of shareholders or a special meeting of shareholders that was called to elect Directors (whether or not also called for other purposes), may be waived by the Board and does not interfere with the ability of shareholders to requisition a meeting or nominate Directors by way of shareholder proposal in accordance with the *Canada Business Corporations Act*. The purpose of this requirement is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of Director nominations and sufficient information with respect to all Director nominees in connection with any annual or special meeting of shareholders. The Board of Directors believes that this requirement establishes a transparent and fair process for all shareholders to follow if they intend to nominate Directors, and for all shareholders to have sufficient time and information before they vote for the election of Directors. By-law No. 2 is also intended to facilitate an orderly and efficient meeting process. By-Law No. 2 is available on our website at **www.intactfc.com** and on SEDAR at **www.sedar.com**.

Board of Directors and Board Member Assessment

- The evaluation of the Board of Directors is overseen by the CRCG Committee with assistance from the Secretary's Office of the Company and with the support of an external consultant, as required.
- The CRCG Committee is responsible for ensuring assessment of the Board of Directors, committees, the Chair of the Board of Directors and each of the committees and individual Directors.
- A self-assessment questionnaire is completed by all Directors.
- Committee Chairs also complete a self-assessment questionnaire and meet with the Chair of the Board of Directors to discuss their performance.
- The Chair of the Board of Directors is assessed by all Directors. The Chair of the CRCG Committee meets with the Chair of the Board of Directors to discuss his/her assessment.
- The Chair of the Board of Directors meets each member of the Board of Directors and obtains his or her comments in relation to peer review.

Who Undergoes Assessment?	Who Performs the Assessment?
The Directors	The Directors themselves (self-assessment)
Board of Directors	All Directors
Chair of the Board of Directors	All Directors
Committees	All members of the committee in question
Chairs of the Committees	The Chairs of the committees themselves (self-assessment) All members of the committee in question

The Board of Directors and Directors assessment process is overseen by the CRCG Committee and the Secretary's Office of the Company, with the support of an external consultant, as required.

Since the Company became publicly listed, the Board of Directors has been proceeding with its self-assessment. A self-assessment questionnaire is completed by all Directors. The results are analyzed by the Secretary's Office of the Company for the benefit of the CRCG Committee and the Board of Directors.

The CRCG Committee monitors the Board of Directors self-assessment process and reports to the Board of Directors, which also receives a summary report and analysis that includes all of the comments received from the Directors. The CRCG Committee also reviews and approves an action plan to address comments from the Directors with a view to improving Board of Directors and committee processes, documentation and performance.

Questionnaires and processes adapted to the particular context of the Company have been put into place for the self-assessment of each individual Director. Both the process and the questionnaires are reviewed annually to make sure they continue to be adapted to our particular context and to take into account new trends and best practices. The self-assessment process includes completion of a self-assessment questionnaire by all of the Directors, who return it on a confidential basis to the Secretary's Office for analysis and reporting to the Chair of the Board of Directors, with recommendations. Each Director will then meet with the Chair of the Board of Directors to discuss his or her contribution to the Board of Directors and its committees, any views on the performance of his or her peers, as well as his or her own competencies and skills and what he or she is expected to bring to the Board of Directors. The Directors will also give their comments and feedback on the assessment and peer review process and the Chair of the Board of Directors will follow up with each Director in this regard. The report is presented to the CRCG Committee.

- **The CRCG Committee monitors the Board of Directors self-assessment process and reports to the Board of Directors.**

Committee Chairs are assessed in a similar manner. Each committee Chair must complete a self-assessment and then meet with the Chair of the Board of Directors to discuss his or her performance.

Finally, the Chair of the Board of Directors is assessed by each Director, who gives his or her comments to the Chair of the CRCG Committee; the Chair of the CRCG Committee then discusses their assessment with the Chair of the Board of Directors.

Orientation and Continuing Education of our Directors

- **Directors are provided with regular briefings regarding industry developments, new legislation, as well as industry, economic, political and ESG trends.**
- **Information sessions for specific subjects are also held.**
- **Directors have the opportunity to meet one-on-one with key executives.**
- **The Board of Directors also holds a special meeting focused specifically on the corporate strategy of the Company.**

The CRCG Committee is responsible for ensuring that all Directors:

- fully understand the nature of their roles, responsibilities and duties as Directors; and
- are knowledgeable about the nature and operation of the Company's business.

Directors receive individual orientation that reflects their knowledge, skills, experience and education. Each new Director receives a copy of onboarding materials, which includes information on the corporate and organizational structures of the Company and its subsidiaries, a description of the Board of Directors and its committees, their mandates and composition, the corporate governance and compliance programs of the Company, "Living our Values", and relevant policies of the organization. Each Director also receives periodic updates of these materials.

Programs for new Directors also include one-on-one meetings with executives holding key functions at the Company.

Strategic sessions are held at all the regularly scheduled meetings of the Board of Directors to reposition the Company in its various markets and to discuss its long-term objectives and overall business strategy. In addition, all Directors receive verbal reports by the Committee Chairs on the proceedings of each Committee of the Board of Directors. Furthermore, special subjects are also covered with a view to keeping the Directors informed and up to date in relation to industry developments, new legislation that affects operations and distribution, major files and projects, as well as economic, political and ESG trends.

In 2020, the Board of Directors held strategic sessions at all its regularly scheduled meetings to discuss positioning of the Company, its long-term objectives and overall business strategy. It also held a meeting specifically focused on the Company's overall corporate strategy, the COVID-19 pandemic and the proposed acquisition of RSA.

Each year, the Board of Directors holds dedicated strategic planning meetings or discussions at which an overview of the industry is provided to the Directors together with an assessment of the risks, opportunities and market trends. Threats and opportunities as well as strengths and weaknesses are presented and discussed with the Directors, who are expected to give their points of view and provide input on the assessment of such risks. Senior Management is also invited to present its vision of the main aspects affecting the Company's sectors of activity. The Board of Directors held special meetings in 2020 in March, April and June to discuss the COVID-19 pandemic, the effect on the Company's workforce, its customer relief measures and cybersecurity, including discussions and presentations from Senior Management, and such discussions also occurred at its regular Board meetings.

On an ongoing basis, the Company:

- ensures that Directors have timely access to materials and information required to properly discharge their responsibilities;
- maintains a secure Directors' portal for prompt dissemination of information and provides published information, industry publications, articles of interest and other relevant materials to Directors in between meetings; and
- canvasses Directors for suggestions as to topics and issues for which they would like to receive a presentation, briefing or report.

Finally, site visits and training sessions are organized from time to time. Training sessions cover various aspects related to the Company and its subsidiaries, including subjects such as industry information, interpretation of financial information, marketing programs, distribution programs, corporate governance, risk management and other pertinent subjects.

Some of the presentations and publications provided to the Board of Directors and its committees in 2020 are set out below:

Educational Event	Presenter	Date	Attendees
Financial market and economic reviews	IIM's operational investment team	February 3 May 4 July 27 November 2	All Risk Committee members
Strategic sessions and developments updates	Management	February 4 May 5 July 10 July 27 August 14 November 3	All Directors
Presentation on shareholder confidence	External consultant	January 22	All Directors
M&A landscape in the P&C industry	Management	January 22	All Directors
Corporate governance best practices and industry benchmarking report, including a presentation on current issues and emerging trends in relation to the 2020 Annual Meeting of Shareholders of the Company	Legal and Compliance team	February 3	All CRCG Committee members
Review of Data Governance/Guiding Principles	Legal and Compliance Team	February 3	All CRCG Committee members
Trends in CEO compensation	WTW	May 4	4 of 5 HRC Committee members
UK High Court Decision (Business Interruption Ruling)	Management	September 15	All Directors
IFRS 17 & IFRS 9 Training	Management	November 18	8 of 10 independent Directors
Education session on the duties and responsibilities regarding UK takeover rules	External advisors and Management	November 17	All Directors
Development updates on IFRS 17	Management	February 3 May 4* July 27 November 2	All Audit Committee members *except Stephen Snyder

5.4 Diversity and Inclusion

- **We are a company that values diversity and strives to build an inclusive, accessible workplace. We believe in inclusion and embracing all dimensions of diversity because it makes us stronger and drives innovation and creativity.**
- **The Diversity Policy adopted by the Board of Directors was revised in early 2021 to include targets for the representation of visible minorities, Indigenous Peoples, persons with disabilities and/or LGBTQ+ on the Board of Directors and Executive Committee. The Company has adopted targets to have 10% of the members of the Executive Committee and at least one Director identify as a member of these communities by 2025. We will further strive to have two Directors who identify as members of these communities by that time. Should all Director nominees be elected at the Meeting, one of the twelve (12) board members will be a member of a visible minority.**
- **The Diversity Policy mandates the representation of at least 30% each of women and men on the Board of Directors. In 2020, the Company met this target with a female representation on the Board of Directors of 36.4%. Should all Director nominees be elected at the Meeting, the female representation on the Board will be 41.7%.**
- **In early 2021, we also adopted a target of 30% representation for women on the Executive Committee. We currently meet this target, with 34.5% women on the Executive Committee.**
- **The Company has also added clarity on how diversity is considered in the director recruitment process in its Diversity Policy.**
- **We promote diversity and inclusion through various initiatives including our employee networks, inclusive behaviour training for managers, celebration of our Diversity and Inclusion Week and more.**
- **In 2020, the Company became a founding signatory of the BlackNorth Initiative, which calls on Canadian organizations to engage their corporate governance framework to foster inclusiveness of Black leaders, reinforcing our commitment to addressing anti-Black systemic racism.**

The Company recognizes the value of a diverse and inclusive environment, as it enables broader exchanges of perspectives and enriches discussions at all levels of the business. We welcome a diversity of ideas, approaches and styles and ensure we live our Values of Respect and Integrity. We are committed to having a fair, inclusive and accessible workplace where everyone feels valued, respected and heard. This is enshrined in our "Living our Values" code of conduct.

The Board of Directors and Management monitor the Company's actions on diversity on an ongoing basis and make recommendations for improvements throughout the organization.

Diversity information and data are presented in this section for members of the Board and for the following management groups:

Executive Officers

has the meaning provided for under securities legislation, and targets, among other positions, individuals who are performing policy-making functions in respect of the Company. As of March 1, 2021, the Executive Officers were the individuals listed on page 25 of the AIF.

Executive Committee

The most senior management committee of the Company, comprised of the Senior Executives of the Company. All Executive Officers are members of the Executive Committee.

Vice President and Higher

All Executives and Senior Executives, as defined hereunder, which represents Vice President and Higher positions. All members of the Executive Committee are included in this group.

Managerial Positions

All managerial level positions, including team leaders, and higher positions within the Company. All members of the Vice President and Higher group are included in this group.

The Company's Diversity Policy highlights various dimensions of diversity, namely gender, members of visible minorities, Indigenous peoples and persons with disabilities; this includes diversity of background, race and ethnicity, sexual orientation, as well as diversity of skills, experience and expertise. In 2019, this policy was amended in order to align it with the enacted amendments to the *Canada Business Corporations Act*, which require the disclosure of additional information regarding the representation of Designated Groups at the level of the Board of Directors and Executive Committee members. In 2020, the Diversity Policy was further revised to incorporate more inclusive and explicit language relating to a number of dimensions of diversity. The diversity criteria provided for in the Diversity Policy are considered in the selection process of new Directors and Executive Committee members, to ensure the broader exchange of perspectives brought by diversity of thought, experience and background.

In 2021, additional language was added to the Diversity Policy to add clarity on how diversity is considered in the Director recruitment process. The recruitment and selection process for new Directors incorporates diversity considerations through the following measures:

- instructions are given to any external firm retained to support Director recruitment efforts to integrate diversity as a key selection criterion;
- the Director Diversity Matrix and Skills Matrix are used to identify Director candidates whose profile complements and integrates effectively with the Board; and
- an evergreen list of potential candidates for the Board of Directors is maintained with a view to reflecting the various dimensions of diversity.

The Company has signed the Catalyst Accord 2022, which calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business by increasing the representation of women on boards and in executive positions to at least 30% by 2022. The Company has met both goals at the Board of Directors and Executive Committee levels.

In 2020, the Company signed the BlackNorth Initiative, which calls on Canadian organizations to engage their corporate governance framework to foster inclusiveness of Black leaders at the board level, as well as at senior management and executive levels.

Board of Directors Diversity

The Board of Directors applies the diversity criteria through its Nomination Policy and Diversity Policy as a means to strive to recruit candidates who are highly qualified based on their experience, functional expertise and personal skills. In addition to its own search, the Board of Directors, from time to time, engages qualified independent external advisors to conduct searches for new Directors. These independent advisors are instructed to present a slate of potential Directors based on the criteria discussed below, which include the different dimensions of diversity (including gender diversity and the representation of visible minorities, Indigenous Peoples, persons with disabilities and LGBTQ+). The Director Diversity Matrix and Skills Matrix are used to identify candidates whose profile complements and integrates effectively with the Board of Directors. The Company also maintains an evergreen list of prospective Directors that includes candidates who reflect the various dimensions of diversity.

The CRCG Committee retains oversight responsibility for monitoring the implementation and effectiveness of the Diversity Policy with respect to the Board of Directors and recommending changes to the policy to the Board of Directors.

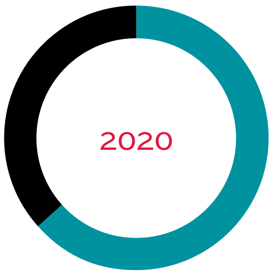
The Board of Directors has adopted a Board of Directors composition target providing that women and men will each represent at least 30% of the Board of Directors, while continuing to ensure optimal representation of skills and expertise to help serve the Company's and our stakeholders' best interests.

The Company was an early signatory to the 30% Club Canada and the Catalyst Accord 2022, reaffirming its continued support of the notion that it is good business practice to have women holding at least 30% of the seats on the Board of Directors as well as having strong representation in senior management.

The Diversity Policy adopted by the Board of Directors was revised in 2021 to include targets for the Board of Directors and Executive Committee regarding members who identify as a member of a visible minority, Indigenous Peoples, persons with disabilities and/or LGBTQ+. We have adopted targets to have 10% of the members of the Executive Committee and at least one Director identify as members of these communities by 2025. We will further strive to have two Directors identifying as members of these communities by that time.

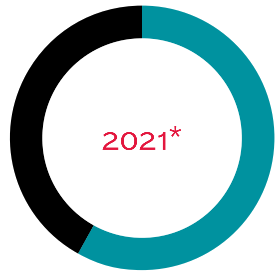
Through its long-standing actions, the Board of Directors has proven that it remains committed to gender diversity and will continue to strive to achieve gender balance. In 2020, our Board of Directors was composed of eleven (11) Directors. Four (4) of the eleven (11) Directors were women, representing 36.4% of the total, with one being Chair of a Board committee. If all of the Director nominees are elected (including Carolyn A. Wilkins, who was appointed to the Board of Directors on February 1, 2021, and Dr. Samarasekera, our new Director nominee), women will represent 41.7% of its membership.

Board of Directors Gender Diversity



63.6% Male

36.4% Female



58.3% Male

41.7% Female

* Should all proposed Director nominees be elected.

The age range, tenure, gender, languages spoken and residency of our Directors are listed in the diversity matrix below:

	Age			Tenure (years)				Gender		Languages Spoken		Residency			
	45-60	61-70	>70	0-4	5-8	9-12	>12	M	F	EN	FR	ON	QC	BC	USA
Claude Dussault		✔					✔	✔		✔	✔		✔		
Charles Brindamour	✔					✔		✔		✔	✔	✔			
Janet De Silva	✔				✔				✔	✔	✔	✔			
Jane E. Kinney		✔		✔					✔	✔	✔	✔			
Robert G. Leary	✔				✔			✔		✔					✔
Sylvie Paquette		✔		✔					✔	✔	✔		✔		
Timothy H. Penner		✔				✔		✔		✔		✔			
Stuart J. Russell	✔			✔				✔		✔					✔
Indira V. Samarasekera (new nominee)		✔		✔					✔	✔				✔	
Frederick Singer	✔				✔			✔		✔	✔				✔
Carol Stephenson (outgoing director)			✔				✔		✔	✔		✔			
Carolyn Wilkins	✔			✔					✔	✔	✔	✔			
William L. Young		✔		✔				✔		✔					✔

While none of our Directors identified as visible minorities, Indigenous Peoples or persons with disabilities in 2020, the Diversity Policy highlights various dimensions of diversity and these criteria are taken into consideration in succession planning through the instructions that are given to any external firm retained to support director recruitment efforts to integrate diversity as a key selection criterion, the use of the Director Diversity Matrix and Skills Matrix to identify Director candidates whose profile complements and integrates effectively with the Board, and the maintenance of an evergreen list of prospective Director that includes candidates that reflect the various dimensions of diversity. Furthermore, in early 2021, the Company adopted targets regarding the representation of members of visible minorities, Indigenous Peoples, persons with disabilities and/or LGBTQ+ on the Board of Directors, as described below. If all Director nominees are elected, one (1) of the twelve (12) board members will identify as a member of visible minorities, representing 8.3% of the members of the Board. No Director would however identify as Indigenous Peoples, persons with disabilities or LGBTQ+.

New Directors are also recruited and selected based on their experience, functional expertise and personal skills to ensure good stewardship and governance of the Company.

Diversity Targets for the Board of Directors:

	Gender Diversity		Persons with disabilities, Indigenous Peoples, Members of a Visible minority and/or LGBTQ+	
	Target	Time frame	Target	Time frame
Board of Directors	Minimum 30% women and 30% men	Already effective	At least 1 board member	2025

General Executive and Workforce Diversity

Executive Committee Diversity

When recruiting or selecting new Executive Committee members, the Board of Directors and Senior Management consider the Diversity Policy as a means to strive to recruit candidates who are highly qualified based on their experience, functional expertise and personal skills. The CRCG and HRC Committees retain oversight responsibility for monitoring the implementation and effectiveness of the Diversity Policy with respect to the Executive Committee members and recommending changes to the Board of Directors.

As at March 1, 2021, the Executive Committee of the Company was composed of 29 Senior Executives; of those, 10 or 34.5% of the total were women.

Executive Committee Gender Diversity

Beyond gender, the Company places importance on other dimensions of diversity. To this end, the Company confidentially collects diversity information from members of the Executive Committee, on a self-identification basis, to determine whether they identify as a member of one or more of the following groups: visible minorities, Indigenous Peoples and persons with disabilities. As at March 1, 2021, the Executive Committee included one (1) Senior Executive (representing 3.4% of the Executive Committee members) who identified as a visible minority but did not include any Senior Executives who identified as Indigenous Peoples or persons with disabilities.

In 2021, the Diversity Policy was revised to include a gender diversity target of 30% for women representation on the Executive Committee, and diversity targets were also adopted for the Executive Committee beyond gender, as described below. For additional discussion on how diversity is considered when making appointments to the Executive Committee, please see Succession Planning under **section 5.5 Human Capital Management** and this section on how we are creating a diverse talent pipeline by fostering a diverse and inclusive workforce.

Diversity Targets for the Executive Committee:

	Gender Diversity		Persons with disabilities, Indigenous Peoples, Members of a Visible minority and/or LGBTQ+	
	Target	Time frame	Target	Time frame
Executive Committee	Minimum 30% women	Effective upon adoption in 2021	10%	2025

Executive Officer Diversity

The composition of our Executive Officer group, as defined under securities regulations, was reviewed in 2019 to align with the definition provided in the securities regulations, which targets, among other positions, individuals who are performing policy-making functions in respect of the Company. All Executive Officers are members of the Executive Committee.

As at March 1, 2021, IFC had a total of fifteen (15) Executive Officer positions and of those four (4) or 26.7% were held by women. Executive Officer positions do not currently include individuals identifying as visible minorities, Indigenous Peoples or persons with disabilities. The Company has not adopted formal targets for representation of women, members of visible minorities, Indigenous Peoples or persons with disabilities in Executive Officer positions, as we always strive to recruit candidates who are highly qualified based on their experience, functional expertise and personal skills. Diversity is taken into account in the context of succession planning pursuant to the Diversity Policy.

Vice President and Higher Positions and Managerial Positions Diversity

The Company has developed and implemented strategic initiatives, programs and talent practices with the intent to develop a strong leadership talent pipeline which will support the continued advancement of women at senior levels of Management over time.

As at December 31, 2020, Vice President and Higher positions within the organization, excluding FCC and On Side, represented 180 positions; 67 of those positions or 37.2% were held by women. When considering all Managerial Positions (except those of FCC and On Side), women held 53.7% of such positions within the Company. The proportion of women in Managerial Positions, as well as in Vice President and Higher positions, has kept pace as the Company has grown in recent years, as shown in the table below:

Year	Proportion of women in Vice President and Higher positions	Proportion of women in Managerial Positions
2020	37.2%	53.7%[(1)]
2019	35.9%	54.1%[(2)]
2018	37.2%	54.2%[(3)]
2017	32.7%	no data[(4)]
2016	33.9%	53.7%

(1) Proportion of women in 2020 Vice President and Higher positions and Managerial Positions excludes FCC and On Side employees.
(2) Proportion of women in 2019 Vice President and Higher positions and Managerial Positions excludes On Side and FCC employees due to the recent acquisitions and the unavailability of data.
(3) Due to a realignment of management levels post-acquisition of OneBeacon, this figure has been revised from previous disclosure.
(4) Proportion of women in 2017 Managerial Positions was not calculated for 2017 due to the OneBeacon acquisition.

Moreover, as part of its succession planning, the Company maintains a list identifying key women talent across the organization. The identified women are partnered with a mentor and provided with a development plan to proactively ready them to be included in succession planning and obtain the required skills and expertise to be nominated to Vice President and Higher positions. The Company understands the importance and impact of gender diversity and the Company will continue to promote the advancement of women in the organization.

Through our Count Me In! campaign, we were also able to collect additional self-identification diversity data from our employees in 2020, including regarding the representation of individuals identifying as members of a visible minority at our Vice President and Higher positions and Managerial Positions.

Vice President and Higher Positions (excluding FCC and On Side)

As at December 31, 2020, 21 or 11.7% of Vice President and Higher positions were held by individuals who identified as visible minority.

Managerial Positions (excluding FCC, On Side and BrokerLink)

As of December 31, 2020, 15.1% of Managerial Positions were held by individuals who identified as visible minority.

The Company will continue to promote the various dimensions of diversity (in addition to gender diversity) in its pipeline of leadership talent.

Workforce Diversity

The Company is committed to investing in its employees to develop a strong and diverse talent pool to support the Company's needs and goals at all levels of the business. In addition to diversity of skills, talent, experience and expertise, numerous other factors contributing to diversity are considered when assessing potential candidates for all positions, whether it be for employees, managers, Executives or Senior Executive roles.

The Company's commitment to diversity is demonstrated in several ways, including through the work of its Diversity and Inclusion Council (a council comprised of senior leaders of the Company) and its Diversity and Inclusion Team, and strategic initiatives such as:

- inclusive behavioural training;
- employee networks, such as the Womentum Women's Network, the LGBT and Allies Network and the WoMIN & Allies Employee Network;
- employee consultations (Inclusion Circles) allowing employees to share their workspace experiences with Senior Management;
- inclusive language tools such as our Trans Inclusion Guide, our Mental Health Inclusive Language Guide and our Indigenous Peoples Inclusive Language Guide.

In 2020, our Diversity and Inclusion Strategy evolved from building awareness on diversity to driving inclusive behavioural change through education and training programs, while our 2020 Diversity and Inclusion Plan focused on enhancing diversity data reporting capabilities and governance to build a data-driven strategy and better support the advancement of a diverse workforce. To achieve this, we held our inaugural **Count Me In!** campaign to promote inclusive workplace practices and drive completion rates of our self-identification diversity questionnaire.

For more information on the Company's Diversity and Inclusion initiatives, please refer to the Company's 2020 Social Impact Report, which is available on the Company's website at www.intactfc.com.

5.5 Human Capital Management

- Effective management of human capital is a key component of the Company's strategy and central to its success.
- The Company prioritizes creating an inspiring and inclusive workplace where employees feel engaged, valued, respected and heard and where they can contribute their best every day.
- The Board of Directors has strategic oversight of the Company's human capital management and is assisted in this regard by its HRC Committee and CRCG Committee.
- Human capital management risks are integrated into the Company's overall risk management program and relate to, among others, retention of key employees, design of executive compensation programs and succession planning.
- The Company has emphasized existing programs and resources and provided new resources to help employees navigate the challenges caused by the COVID-19 pandemic and adjust to a new work model, while continuing to work to meet the Company's performance goals.
- Please see Section 5.4 Diversity and Inclusion and the Company's 2020 Social Impact Report, which is available on the Company's website at www.intactfc.com, for a discussion on diversity and inclusion at the Company.

Human capital management and talent development are crucial to our success and constitute key drivers that enable us to deliver value to our stakeholders. We are committed to providing a workplace where employees are surrounded by a strong, diverse and inclusive team that will inspire them, and are given the opportunity to do their best and flourish.

Over
16,000
employees on December 31, 2020

73.6%
of team leader, manager and director positions in Canada were filled internally in 2020*

53.7%
of Managerial Positions were held by women on December 31, 2020*

17.8%
of employees identified as a visible minority in 2020**

* Excluding FCC and On Side
** Excluding BrokerLink and On Side

Strategy

Human capital is a key component of the Company's strategy and central to the success of our customer-driven initiatives. We seek to have a highly engaged workforce and set out to achieve this by:

- being a best employer;
- being a destination for top talent and experts; and
- future-proofing our people to succeed in a changing world.

Increasingly people are expressing concern related to the impact of technology on jobs and whether workers can get ahead of the expected changes. Our goal is to help employees navigate this uncertainty and gain new skills while continuing to provide good job opportunities into the future.

The Company has been recognized as a top employer and among the best places to work in Canada and in the U.S. Organizations that have recognized the Company (or its operating subsidiaries) include:

KINCENTRIC Best Employer CANADA 2020

KINCENTRIC Best Employer NORTH AMERICA 2020

KINCENTRIC Best Employer UNITED STATES 2020

glassdoor 2021 BEST PLACES TO WORK[1]

[1] belairdirect was selected as one of the Glassdoor 2021 Best Places to Work

Oversight

The Board of Directors has strategic oversight of the Company's human capital management. This includes overseeing organization effectiveness, workplace culture, succession planning and compensation, and the alignment of compensation with the Company's philosophy and programs consistent with its overall business objectives. In the current context, it also includes overseeing the Company's response to the COVID-19 pandemic, including the measures taken to ensure the safety and well-being of its employees during this crisis. The Board of Directors held special meetings to discuss and oversee, among other COVID-19 related topics, the health and well-being of the workforce, return to office plans, and the tools deployed to keep employees connected and allow them to work more collaboratively and efficiently from a remote environment.

The Board of Directors is assisted by the HRC Committee and CRCG Committee in its oversight of the Company's human capital management. The HRC Committee is responsible for oversight of the Company's human resources policies and programs, ensuring that they foster the "Living our Values" code of conduct within the organization and meet goals with respect to diversity, inclusion and fairness. The CRCG Committee retains primary oversight responsibility for the policies and programs of the Company relating to market conduct and our relationship with customers.

Values and workplace culture

The Company prioritizes creating a workplace where employees feel engaged and valued, respected and heard, and where they can contribute their best every day. Our Values are at the heart of everything we do and form the basis for a corporate culture that emphasizes Integrity, Respect, Generosity, Excellence and a focus on the Customer. We believe that a diverse and inclusive workforce fosters broader exchanges of perspectives, enriches discussions at every level of the Company, and welcomes different approaches, ideas and styles.

We place significant importance on the highest ethical standards of personal conduct and to this end, the Company carries out regular compliance training among employees, emphasizing workplace policies including the "Living our Values" code of conduct and the Respect in the Workplace Policy. Managers are also provided with mandatory training on inclusive leadership. Employees are encouraged to report any misconduct or breaches of our "Living our Values" code of conduct, including via the confidential Whistleblower Hotline.

As part of creating an environment where employees can contribute their best every day, the Company's operations and compliance team is tasked with ensuring full compliance with applicable workplace health and safety regulations, and these are monitored on an ongoing basis.

As a recognized Best Employer in both Canada and the U.S., the Company prides itself on excellent relations with its employees. The Company's offices are all governed by applicable North American labour standards. Similarly, the Company abides by all pay equity and human rights legislation at the federal, state and provincial levels.

The cumulative result of the Company's policies and processes is to reinforce a culture of ethical conduct and excellence that is aligned with and promotes the Company's strategic objectives. This extends to the Company's executive compensation program designed to include incentives to increase employee engagement and drive an improved customer experience. Our executive compensation program also takes into consideration principles of risk management to moderate potential behaviour that may incur excessive risk.

Our COVID-19 response – Supporting our workforce and reinforcing our culture

We have promoted and reinforced our culture throughout our organization while the majority of our employees have been working from home due to the COVID-19 pandemic. Senior Management has provided our workforce with regular written and video messages regarding a variety of topics, including updates on key developments on corporate strategy, the Company's response to the COVID-19 pandemic, our customer relief measures, corporate donations, employee support resources, the Company's performance results, and the Company's recent diversity and inclusion initiatives. These messages are framed within our Values and reinforce the importance for employees to live the Company's Values each day. In 2020, we also held virtual activities and initiatives, such as training on our Conflicts of Interest and Gifts Policy, our Diversity and Inclusion Week and our Compliance Week, that provided training and reinforced our Values throughout the Company. We also provided leadership programs, such as Leading Virtually, to help our managers manage their teams in a work-from-home environment.

Since the onset of the COVID-19 pandemic, protecting the health and well-being of our employees and their families is our top priority. To this end, the Company acted quickly by increasing its system capacity, allowing for 98% of its employees to work from home across North America within the initial few days of the pandemic. Additional disinfectant and safety measures were also implemented in our offices to protect and reinforce physical distancing for the small number of individuals that need to come to the office due to their functions. These measures allowed the Company to progress on and meet its own strategic goals and to maintain its operations and level of customer service excellence. The Company also did not lay off any employees due to the COVID-19 pandemic or reduce salaries, and employees were paid their bonuses two weeks earlier than usual, in recognition of the outstanding work and resilience demonstrated by our workforce during the pandemic and to further support our employees.

The Company continues to monitor the evolution of the COVID-19 pandemic and adapts its response to the crisis accordingly, following recommendations of governmental authorities.

For further information regarding the Company's engagement with its employees and the measures and initiatives adopted to support employees in the context of the COVID-19 pandemic, please refer to the Company's 2020 Social Impact Report, which is available on the Company's website at www.intactfc.com.

Risks

Human capital management risks are integrated into the Company's overall risk management program and relate to, among others, retention of our key employees, design of our executive compensation programs and succession planning.

Retention of key employees

The loss of the services of our key employees, or the inability to identify, attract, hire and retain highly qualified personnel in the future, could adversely affect the quality and profitability of our business operations. In order to manage this risk, we are dedicated to creating a workplace where employees feel highly engaged and valued, and as such, the Company maintains and reviews each year its Engagement Action Plan, which outlines the actions taken by the Company to apply feedback received from its employees.

Design of our executive compensation programs

With respect to the Company's compensation programs, they are founded on principles and processes that support the management of risk, ensuring Management's plans and activities are prudent and focused on generating shareholder value within an effective risk control environment. Such programs are designed to align the interests of the Company's shareholders and Management, and to provide for incentive awards that are appropriately calibrated with risk outcomes. For additional information on the Company's executive compensation programs, please see the Statement on Executive Compensation starting on page 91 of this Circular.

Succession Planning

With respect to succession, the Company has a comprehensive succession planning program at various levels within the organization to ensure we are developing talent for future roles and that we are prepared for unplanned departures and retirements.

The Board of Directors is responsible for ensuring that the Company is supported by an appropriate organizational structure, including a CEO and other Executives who have complementary skills and expertise to ensure the sound management of the business and affairs of the Company and its long-term profitability.

To play its role, the Board of Directors is supported in this function by the HRC Committee, which makes recommendations on the appointment, assessment, compensation and termination (if applicable) of the CEO and other Senior Executives, sees to the assessment of Senior Executives and presents an annual Senior Executives succession plan. The HRC Committee advises Management in relation to its succession planning, including the appointment, development and monitoring of Senior Executives.

> **The Company aims to leverage succession planning as a tool to make progress on the diversity of the Management team.**

To mitigate the risk that the Company's operations suffer from a talent gap, succession planning is reviewed at least annually and implemented continuously to facilitate talent renewal and smooth leadership transitions. Furthermore, the Company aims to leverage succession planning as a tool to make progress on the diversity of the management team. Each year, the Chief Human Resources Officer reviews succession plans and prepares a succession plan report covering a number of critical positions, including Senior Executives and the CEO. For each critical position, a pool of "Ready Now", "Ready in 1-3 Years" and "Ready in 3-5 Years" candidates is identified. Where a talent gap or risk is observed, a development plan is established to identify and develop potential successors. Individualized development plans may include lateral movements to diversify exposure, leadership training, mentoring and other special programs.

The annual succession plan report is presented to the HRC Committee for review, analysis, discussion and reporting to the Board of Directors. Committee members and Directors actively participate in ongoing discussions with Management relating to succession planning year-round. The members of the HRC Committee and the entire Board of Directors ensure they are exposed to, have direct interactions with, and get to know, the candidates identified in the succession plans for executive officer positions and can appreciate their skills and expertise first-hand, including through presentations by such individuals at regular meetings, through presentations made at annual training sessions and by meeting and discussions held with the candidates. The members of the HRC Committee firmly believe that they, and the Board of Directors in its entirety, have a comprehensive and deep knowledge of succession planning and identified successors within the organization.

For additional information on the Company's overall risk management strategy and its top and emerging risks, please refer to sections 28 to 33 – *Risk Management* of our Management's Discussion and Analysis for the year ended December 31, 2020, available on SEDAR (**www.sedar.com**).

Benefits and Career Development

In order to mitigate our people risk, the Company aims to have a highly engaged workforce. To this end, we offer a competitive benefits package to our full-time employees with medical and dental, retirement and life insurance benefits. Our benefits package provides resources and tools to ensure the well-being of our employees and their families. They are available to permanent employees who work at least 21 hours per week. The Company also offers a range of programs and initiatives focused on personal and professional development.

For further information regarding the benefits and career development programs offered to our employees, please refer to the Company's 2020 Social Impact Report, which is available on the Company's website at **www.intactfc.com**.

5.6 Shareholder Engagement

- **The Board of Directors has adopted a Shareholder Engagement Policy in order to facilitate open dialogue and exchange of ideas between the Board of Directors and Management and shareholders.**
- **The Board of Directors has also adopted a Shareholder Engagement Plan setting forth the engagement actions that Management and the Board undertake with existing and prospective shareholders, as well as the objectives of such engagement.**
- **In 2020, the Chair and other Directors met with shareholders representing approximately 33% of the ownership of Company.**

The Board of Directors and Management welcome interaction with shareholders. It is important to have regular and constructive engagement with them in order to allow and encourage open dialogue and exchange of ideas and perspectives.

We communicate with our shareholders and other stakeholders through various channels, including our Annual Report, Management Proxy Circular, Annual Information Form, quarterly reports, social impact report, news releases, website, presentations at investor and industry conferences and other meetings. In addition, our quarterly earnings call is open to all and we hold our annual meeting of shareholders at different locations across Canada so that all our shareholders have the opportunity to participate. In 2020 and 2021 we decided to hold our annual meeting of shareholders as virtual meetings in response to the COVID-19 pandemic. Our website also provides extensive information about the Company.

Other examples of engagement practices at the Company include meetings with institutional investors and organizations representing a group of shareholders, an annual say-on-pay vote in relation to executive compensation, creating conduits for communication with smaller shareholders on an ongoing basis, as well as addressing any shareholder proposals submitted before our annual meeting of shareholders.

As a result of the COVID-19 pandemic in 2020, we adapted how we engaged with our shareholders to ensure the safety of those who participated in the events. We were able to maintain a robust calendar and level of shareholder engagement despite moving to virtual meetings starting in March 2020. The following is a summary of shareholder engagement actions that Senior Management and the Board of Directors undertake with existing and prospective shareholders pursuant to the Company's Shareholder Engagement Plan:

Type of engagement	Frequency	Who engages	Who we engage with, what we talk about
Conference calls	Quarterly	Senior Management	With the investment community to review the Company's most recently released financial and operating results.
Investor Day	Every 18 to 24 months	Senior Management, Chair of the Board (and other Directors as may be identified by the Chair)	Select analysts, portfolio managers and shareholders are invited to attend each year and Directors are present to discuss governance and strategy.
Annual Meeting of Shareholders	Annually	Board of Directors and Senior Management	Holders of Common Shares are invited to attend the annual meeting of shareholders and are entitled to vote and discuss the business of the meeting with the Board and Senior Management.
News releases	As required	Senior Management	Released to the media throughout the year to disclose selected issues.
Non-deal investor road shows	Continuous	Senior Management	Individual meetings with key shareholders to discuss the Company's business and operations, answer questions and obtain feedback.
Conferences	Continuous	Senior Management	Speak at industry conferences and bank-sponsored conferences about our business and operations, key industry topics.
Meetings, calls and discussions	As required	Investor Relations	With investment advisors and non-institutional shareholders to address any shareholder-related concerns and to provide public information.
Direct Board and shareholder engagement	Continuous	Chair of the Board (and other Directors as may be identified by the Chair)	Meetings with Company's significant shareholders to address pre-identified subject matter(s) or related issues raised by the shareholder.
Ad hoc meetings as requested	Annually	Chair of the Board and Chair of HRC, Chair of CRCG or Chair of Risk Committee Senior Management	With shareholder advocacy groups and proxy advisory firms to discuss any issues and concerns or to obtain feedback on a particular subject matter.
Brendan Woods Survey	Quarterly	External Consultant	Investor intelligence report – anonymized survey of existing and prospective shareholders in order to obtain feedback on their perception of our strategic performance (absolute and relative to our peers).

In 2020, direct engagement between the Chair, our Directors and shareholders increased significantly. The Chair, accompanied by other Directors, met with shareholders representing approximately 33% of the ownership of Company compared to 20% last year. Management and investor relations met with shareholders representing approximately 64% of the ownership of the Company. The details of our engagement activities held in 2020 and the various topics discussed are provided below.

Who did we engage with in 2020

- Institutional investors
- Retail shareholders
- Pension funds

representing approximately **64%** of the Company's ownership.

How did we engage in 2020

- Quarterly Earnings Calls
- Annual and Special Meeting of Shareholders
- Webcasts
- Individual Investor Meetings
- Fireside Chats
- Investor Conferences
- ESG survey with significant shareholders

Who did the engagement in 2020

- Independent Directors
- Chair of the Board of Directors
- CEO
- Senior Management
- Other Employees

Various topics were discussed among shareholders, Management and Directors in 2020, including:

- COVID-19, including business interruption, political exposure/litigation/reputation risks, learnings, how it has altered strategy as an organization, implications and opportunities;
- CEO succession planning;
- auto insurance business, including the rate environment, regulations, changes in driving behaviour, telematics and the impact of autonomous vehicles/ride sharing;
- M&A landscape across Canada and the U.S., and the Company's acquisition framework;
- how the Board is addressing and focusing on ESG matters, including diversity and inclusion matters;
- Board member recruitment and the expertise and aptitudes sought for Board of Directors composition;
- Executive compensation and targets;
- climate change risk and adaptation;
- ESG integration in our investments;
- cybersecurity and technology investments;
- Board of Directors' view on distribution and broker relationships; and
- future of work, employee training, retention, talent pool and reskilling.

In 2021, we intend on continuing to increase our Board shareholder engagement through meetings between our significant shareholders, the Chair of the Board of Directors and other Directors. We believe such outreach is of high value to our shareholders and to the Board of Directors and will continue to demonstrate a high level of transparency.

The Board of Directors believes the procedures described in our Shareholder Engagement Policy and Shareholder Engagement Plan reflect current best practices in shareholder engagement. However, the Board of Directors recognizes that shareholder engagement is an evolving practice in Canada and globally and will review the Company's Shareholder Engagement Policy and Shareholder Engagement Plan periodically to ensure that they are effective in achieving their objectives.

We encourage our shareholders to reach out to our Directors and Management to discuss matters of significance. A copy of the Shareholder Engagement Policy and further information on our shareholder engagement events are available on our website at **www.intactfc.com**.

5.7 Other Stakeholder Engagement

Our other stakeholders include customers, governments, employees and communities. Our purpose is helping people, businesses and society prosper in good times and be resilient in bad times. Reflecting our purpose and the context of the COVID-19 pandemic, we adjusted our approach to focus on the immediate needs of our employees, customers and communities.

For further information on how we engage with our employees, customers and communities, please refer to the Company's 2020 Social Impact Report, which is available on the Company's website at **www.intactfc.com**, Management's Discussion and Analysis for the year ended December 31, 2020, and **section 5.5 Human Capital Management** of this Circular.

5.8 Additional Information

The Board of Directors has approved the above Statement of Corporate Governance Practices on the recommendation of its CRCG Committee.

Additional information about our governance programs may be found on SEDAR (**www.sedar.com**) where our Code of Conduct document is filed and on our website at **www.intactfc.com**.

To communicate directly with the Board of Directors and Management, please see the contact details in the "How to contact us" section on page 146 of this Circular.

6 Reports of the Committees

Table of contents

The main responsibility of the Board of Directors is to oversee the management of the business and affairs of the Company, including its pension funds. In carrying out its duties and responsibilities and discharging its obligations, the Board will, directly and through its committees, provide direction to Management to pursue the best interests of the Company.

More specifically, the mandate of the Board of Directors is to review and approve strategic planning and the corporate objectives of the Company, including by reviewing and approving all major strategy and policy recommendations and monitoring the Company's performance against the strategic plan, to supervise Senior Management including oversight functions, compensation, succession planning and talent development, to identify risks and assess their impact on the business and affairs of the Company, to oversee and monitor the Company's corporate social responsibility initiatives and the integration of ESG principles throughout the Company, including with respect to diversity, and to ensure that adequate controls exist in relation to ethics, compliance and corporate governance, including monitoring of conflicts of interest.

Furthermore, the Board of Directors reviews and approves the Company's significant disclosure documents including financial statements, oversees and monitors the integrity and effectiveness of the Company's internal controls and management information systems, and ensures that the Company adopts appropriate policies and procedures that provide for timely and accurate disclosure to regulators, shareholders, employees, analysts and the public, that meet all applicable legal and regulatory requirements and that facilitate feedback from stakeholders and shareholder engagement.

To this end, the Board of Directors delegates certain of its functions to committees and these committees are responsible for reviewing the above aspects more closely and reporting their findings to the Board of Directors. The Board of Directors, the committees and their members may retain independent consultants to advise them. In order to fulfill their mandates, the Board of Directors and the committees may request access to Company records or meetings with any employees of the Company at any time.

The reports of the committees of the Board of Directors are reproduced hereunder.

6.1 Compliance Review and Corporate Governance Committee

- **Composed exclusively of independent Directors**
- **Met four (4) times in 2020**
- **Preparatory sessions before the CRCG Committee meetings were held by the Chair of the CRCG Committee with the CCO and other functions in the Company**
- ***In camera* sessions held at all meetings of the CRCG Committee**

Role of the Compliance Review and Corporate Governance Committee

The CRCG Committee is responsible for ensuring a high standard of ethics, compliance and governance in the Company, including its pension funds, and that the Company meets its legal requirements and engages in best practices as determined by the Board of Directors. The CRCG Committee plays a crucial role in the integration of ESG principles throughout the Company's practices, particularly with respect to governance matters, ensuring that internal policies and controls are in place to protect and act in the best interests of all stakeholders. More information on the role and responsibilities of the CRCG Committee with respect to ESG oversight can be found on **page 49** of this Circular.

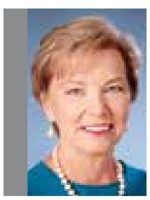
The CRCG Committee oversees (i) the governance framework of the Company and its pension plans, (ii) the compliance framework, and (iii) the compliance programs of the Company, which include related party transactions, market conduct programs and policies, as well as the implementation of corporate compliance initiatives.

As part of its mandate, the CRCG Committee reviews the Company's policy on appointment of the Board of Directors and committee members and identifies and recommends candidates for nomination to the Board of Directors. The CRCG Committee is also responsible for the implementation and review of the nomination process as well as the implementation and review of orientation and education programs for Board of Directors members. It is responsible for assessing the Board of Directors, its members and its committees on an ongoing basis.

William L. Young

Timothy H. Penner

Frederick Singer



Carol Stephenson

The CRCG Committee reviews the Company's practices and approach in relation to Directors' compensation and makes its recommendation to the Board of Directors. It assists the Company in defining Director compensation that attracts and retains key members, with a view toward enhancing the Company's strategic planning process and attaining its corporate objectives.

The full mandate of the CRCG Committee is available in the Corporate Governance section of the Company's website (**www.intactfc.com**).

Composition of the Compliance Review and Corporate Governance Committee

The CRCG Committee is composed of a minimum of three (3) Directors, and is currently composed of four (4) Directors, all of whom are independent, and none of whom is a member of Management nor an employee of the Company or its P&C insurance subsidiaries.

The CRCG Committee met four (4) times in 2020. Members of Management participated in meetings at the invitation of the Chair of the CRCG Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the CRCG Committee to make informed decisions. *In camera* sessions were held at every meeting. All of the CRCG Committee members attended all of the 2020 meetings.

Board of Directors Appointment and Assessment Processes

The CRCG Committee is the nominating committee for Board member appointment and is responsible for the Board succession process in general. As such, the Committee is responsible for the implementation and review of the nomination process as well as the implementation and review of orientation and education programs for Board members. The CRCG Committee recommends candidates for appointment or election as members of the Board, as members of committees of the Board, as Chair of the Board or as Chair of the Board's committees.

In 2020, the CRCG Committee reviewed the self-assessment process of Directors, which includes self-assessments by each Director and each Chair of the Board of Directors and its committees, and a private meeting with the Chair of the Board of Directors to discuss such self-assessments.

The above processes of the Board of Directors were managed by the Secretary's Office of the Company for 2020.

The Chair of the Board of Directors also privately discusses peer review with each member of the Board of Directors, and the Chair of the CRCG Committee discusses the performance of the Chair of the Board of Directors with each member of the Board of Directors and then reviews such performance with the Chair of the Board of Directors.

Every year, the Secretary's Office reviews the results of the assessment of the Board of Directors, its committees and its members, including the Chair of the Board, and proposes an action plan in view of continued improvement and enhancement of the functions and efficiency of the Board of Directors and its committees. Such action plan is reviewed and approved by the CRCG Committee and the Board of Directors, and realization of the action plan is also commented on by the Board of Directors members the following year. Please refer to the Board of Directors and Board Member Assessment section on **page 60** for additional information.

Corporate Governance

The CRCG Committee monitors ongoing developments regarding corporate governance and identifies potential conflicts of interest among Directors. The CRCG Committee also reviews governance topics that it identifies or are referred at the request of the Board of Directors, other committees of the Board of Directors or the Company, including policies in relation to Director and executive compensation, conflicts of interest, diversity and human rights.

Pension Plan Governance Framework

The CRCG Committee approves the framework of the compliance programs of the Company's pension plans and any material amendments thereof.

Compliance and Market Conduct Programs

The CRCG Committee reviews the Company's various compliance programs, which include corporate and operational compliance, public company compliance, investment compliance, legislative compliance, the Ombudsman's Office, the Privacy Office, market conduct standards, as well as key compliance risks, incidents and compliance projects, and the Company's relationships with clients, brokerages and regulatory authorities.

Related Party Transactions and Conflicts of Interest

The CRCG Committee reviews the related party transactions during the year in accordance with applicable legislation to ensure that when any of the Company's Canadian P&C insurance companies engage in related party transactions, the terms and conditions of such transactions are at fair market value or at least as favourable as prevailing market terms and conditions, or fair value if fair market value references do not exist. It also reviews the Company's procedures to ascertain their effectiveness in complying with insurance legislation and their effectiveness in identifying related party transactions that may have a material effect on the stability and solvency of the Company and its subsidiaries. The CRCG Committee also approves related party transactions except those that the CRCG Committee must recommend to the Board of Directors for approval by law. The CRCG Committee also reviews, approves and/or recommends to the Board for approval related party transactions which involve the Company's non-regulated entities.

Compliance Function

The CRCG Committee reviews and recommends to the Board of Directors for approval the appointment or dismissal, if deemed appropriate, of the CCO. The CRCG Committee periodically approves the mandate of the compliance function and obtains assurances that this function has the necessary budget and resources to meet its mandate, and reports to the Board of Directors any issue in relation thereto before the Board of Directors approves the budget and plans of the Company.

Independent Engagement of External Consultants

The CRCG Committee has procedures for the engagement of external consultants. While the Board of Directors, its committees and individual members of the Board of Directors are authorized to engage consultants at the expense of the Company, the CRCG Committee is responsible for approving such engagements in certain circumstances that could occur, such as where there may be conflicts of interest or disagreements in relation to the hiring of consultants. The Board of Directors, the Audit Committee, the CRCG Committee and the HRC Committee independently retained external consultants in 2020 occasionally or on a recurring basis for certain recurring subjects. Please see the reports of the **Audit Committee**, the **CRCG Committee** and the **HRC Committee** below, in this regard.

Activities of the Compliance Review and Corporate Governance Committee in 2020

In 2020, the CRCG Committee, in accordance with its mandate, accomplished the following key functions:

Board of Directors Appointment and Assessment

- Reviewed and approved the Board of Directors and committee self-assessment and conflict of interest questionnaire process for 2020;
- Reviewed and approved the Board of Directors, its Committees, the Board Chair and Committee Chairs Assessment Process for 2020;
- Conducted the assessments of the Board of Directors, the Chair of the Board of Directors and committee Chairs and its individual members;
- Reviewed possible candidates to the Board of Directors;
- Recommended the nomination of a new Director nominee;
- Reviewed the Chief Internal Auditor's report on Directors and Officers questionnaires on conflicts of interest and identified no concerns in this regard;
- Recommended to the Board of Directors the appointment of the members and Chairs of the Board and committees;
- Reviewed and recommended for approval by the Board of Directors the Directors' compensation for 2021;
- Reviewed and recommended for approval by the Board of Directors the compensation for Directors sitting on the boards of the Company's international operating subsidiaries, U.S. Advisory Board, IIM US and Split Rock Insurance Ltd. for 2021;
- Reviewed and recommended for approval by the Board of Directors the composition of the U.S. Advisory Board (including the nomination of a new member) and modifications to its mandate;

Corporate Governance

- Reviewed best practices and benchmarking and assessed policies in light of the Company's public company status;
- Reviewed the IFC Shareholder Engagement Plan;
- Reviewed a report on IIM's 2020 Proxy Voting season and reviewed changes made to the IIM Proxy Voting Policy;
- Reviewed and recommended the reconfirmation of the Shareholder Rights Plan to the Board of Directors;
- Reviewed a report on the Company's data governance principles and data governance framework;
- Reviewed and recommended to the Board of Directors for approval the modifications to the Related Party Transactions Policy;
- Reviewed and recommended to the Board of Directors for approval the revised "Living our Values" code of conduct;
- Reviewed and recommended to the Board of Directors for approval the modifications to the Broker Financial Solutions Policy;
- Reviewed and approved modifications to the Conflicts of Interest and Gifts Policy;
- Reviewed a report on IFC's approach to Shareholder Activism Preparedness;
- Reviewed the report on the Processes for Conflicts – CEO External Directorship;
- Reviewed and recommended to the Board of Directors for approval the modifications to the Policy and Process for the Appointment of the CEO or NEOs to the Board of another High-Profile Organization;

Compliance, Regulation and Related Party Transactions

- Reviewed the quarterly reports on related party transactions;
- Reviewed the reports on human resources, legal, compliance and governance matters and matters related to litigation, regulatory inspections and investigations;
- Reviewed and approved the annual report to OSFI and to the AMF on the activities of the CRCG Committee in 2019;
- Reviewed related party transactions between the Intact companies, including inter-company reinsurance agreements, inter-company charges, inter-company service agreements and transactions;
- Reviewed compliance reports indicating the key ongoing compliance risks, key incidents, key main issues, regulatory matters, and key compliance projects and objectives for 2020;
- Reviewed the Annual Report on Political Donations;
- Reviewed and recommended to the Board of Directors for approval modifications to the Corporate Disclosure and Insider Trading Policy;
- Reviewed and recommended to the Board of Directors for approval the investment fee assessment for the Company and Pension Funds;
- Reviewed and recommended to the Board of Directors for approval the modifications to the Distributors Financing, Equity Participation & Acquisition Policy;
- Recommended to the Board of Directors for approval various integration items relating to the acquisition of The Guarantee, FCC and On Side;
- Reviewed the 2019 Officer of Market Conduct report;
- Reviewed the 2021 Compliance Action Plan and Benchmarking;

Strategies and Mandate of the CRCG Committee

- Obtained assurances from the CCO that this function has sufficient resources to meet its mandate and act independently from the operations, and reviewed and discussed his 2020 objectives;
- Reviewed and recommended for approval by the Board of Directors the CRCG Committee report and Statement of Corporate Governance Practices sections of the 2020 Management Proxy Circular; and
- Reviewed and recommended for approval by the Board of Directors (i) modifications to the mandate of the CRCG Committee and (ii) that the mandate of the Chair of the Board be approved without modification.

The CRCG Committee is satisfied that it has appropriately fulfilled its mandate in 2020.

(Signed) Compliance Review and Corporate Governance Committee

Willliam L. Young (Chair)
Timothy H. Penner
Frederick Singer
Carol Stephenson

Table of contents

6.2 Audit Committee

- **Composed exclusively of independent Directors**
- **Met five (5) times in 2020**
- **Preparatory sessions before the Audit Committee meetings were held by the Chair of the Audit Committee with the CFO, the Chief Internal Auditor and other functions in the Company**
- ***In camera* sessions held at all meetings of the Audit Committee**

Jane E. Kinney

Robert G. Leary

Frederick Singer

Carolyn A. Wilkins

William L. Young

Role of the Audit Committee

The Audit Committee assists the Board of Directors in its oversight of (i) the integrity, fairness and completeness of the Company's financial statements and financial information; (ii) the accounting and financial reporting process; (iii) the qualifications, performance and independence of the external auditors; (iv) the performance of the internal finance function and audit function; (v) the quality and integrity of internal controls; and (vi) actuarial practices of the Company.

In performing these functions, the Audit Committee assists the Board of Directors in ESG matters by monitoring and implementing governance practices related to accounting and financial disclosure and reporting. More information on the role and responsibilities of the Audit Committee with respect to ESG oversight can be found on page 49 of this Circular.

The Audit Committee acts as audit committee for each of the Canadian P&C insurance companies and each of the U.S. P&C insurance companies.

It is also responsible for reviewing the certification process and the certifications by the CEO and the CFO of the financial statements of the Company, as required by applicable legislation.

The Audit Committee meets periodically with the Risk Committee in furtherance of their respective mandates.

The full mandate of the Audit Committee is presented in the Company's AIF for the most recently completed financial year. It is also available in the Corporate Governance section of the Company's website (**www.intactfc.com**).

Composition of the Audit Committee

The Audit Committee meets the legal requirements for independence. The Audit Committee is composed of at least three (3) Directors, each of whom must be independent, and is currently composed of five (5) Directors, all of whom are independent Directors, and none of whom is a member of Management or an employee of the Company or its P&C insurance subsidiaries. Each Audit Committee member is "financially literate" within the meaning of the rules of the Canadian Securities Administrators relating to audit committees.

The Audit Committee met five (5) times in 2020. Members of Management participated in meetings at the invitation of the Chair of the Audit Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the Audit Committee to make informed decisions. *In camera* sessions were held at every meeting. Stephen Snyder, who was a member of the Audit Committee until May 2020, did not attend the May meeting of the Audit Committee, but otherwise all Audit Committee members attended all of the meetings of the Audit Committee held in 2020.

Oversight of the Chief Financial Officer, Chief Internal Auditor, Chief Actuarial Officer and Canadian Appointed Actuary Functions

The Audit Committee reviews and may recommend to the Board of Directors for approval the appointment or dismissal, if deemed appropriate, of the CFO, the Chief Internal Auditor, the Chief Actuarial Officer and the Canadian Appointed Actuary. The Audit Committee periodically reviews the mandate of these functions and obtains assurances that each function has the necessary budget and resources to meet its mandate and is able to act independently from the operations. It reports any issue to the Board of Directors in relation thereto before the Board of Directors approves the budget and plans of the Company.

Activities of the Audit Committee in 2020

In line with its mandate, the Audit Committee has performed the following key functions in 2020:

Financial Review

- Reviewed on a continuing basis best practices in relation to new laws and rules that apply to the Company. In this regard, the CEO and the CFO continued to certify the Company's consolidated financial statements as required under National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*;
- Reviewed reports and updates on IFRS 17 and IFRS 9 and the status of key deliverables to implement related changes;
- Reviewed financial disclosure documentation, including interim and annual financial statements, Management's Discussion and Analysis, press releases and AIF, and either approved such documents or recommended them for approval to the Board of Directors, with or without changes;
- Reviewed and approved the 2019 Combined Statutory financial statements of Atlantic Specialty Insurance Company and The Guarantee Company of North America USA;
- Reviewed and recommended to the Board of Directors for approval the audited financial statements of the Canadian P&C companies of IFC as at December 31, 2019;
- Reviewed the CFO's quarterly reports;
- Reviewed the Corporate Finance updates, which include investment results;
- Reviewed the Chief Risk and Actuarial Officer and Canadian Appointed Actuary reports;
- Reviewed the actuarial peer review report based on data as of December 31, 2019;

Internal Controls and Disclosure Controls

- Reviewed the Regulatory Inspections and Investigations Report;
- Reviewed OSFI's annual supervisory letter and related action items;
- Reviewed the quarterly Internal Audit report;
- Reviewed reports on fraud and whistleblower investigations from the Chief Internal Auditor;
- Reviewed and recommended to the Board of Directors for approval the 2021 Internal Audit Plan;
- Reviewed the report of the Corporate Audit Services self-assessment that was conducted with independent validation from the Institute of Internal Auditors;

External Auditor

- Reviewed and recommended to the Board of Directors for approval the External Auditor's 2020 Audit Plan;
- Reviewed quarterly reports of the External Auditor;
- Reviewed all audit and permitted non-audit services performed by the External Auditor, as well as related fees, and recommended their approval to the Board of Directors (see details regarding fees on **pages 16 and 17** of this Circular);
- Reviewed the process and timeline for the External Auditor Assessment;
- Assured itself of the qualifications, performance and independence of the External Auditor (External Auditor Assessment);
- Recommended to the Board of Directors for approval the appointment of the Company's External Auditor;
- Approved the appointment of the U.S. insurance company subsidiaries' external auditor;
- Met regularly with the External Auditor without the presence of Management;

Strategies and Mandate of the Audit Committee

- Reviewed and recommended to the Board of Directors for approval the Audit Committee report of the 2020 Management Proxy Circular;
- Reviewed and recommended to the Board of Directors for approval the mandates of (i) the Audit Committee (including suggested changes), (ii) the CFO, (iii) the Chief Actuarial Officer (including suggested changes) and (iv) the Canadian Appointed Actuary (including suggested changes);
- Reviewed and recommended to the Board of Directors for approval the Corporate Audit Services Charter;
- Obtained assurances from the Chief Internal Auditor, the External Auditor, the Chief Actuarial Officer and the CFO that these functions have sufficient resources to meet their mandates and act independently from the operations;
- Reviewed and discussed the 2020 objectives of the Chief Internal Auditor, the Chief Actuarial Officer and the CFO;
- Reviewed and recommended to the Board of Directors for approval various integration items relating to the acquisition of The Guarantee and On Side;
- Reviewed the Special COVID-19 Mandate for Corporate Audit Services; and
- Reviewed potential impacts on the business and risks from COVID-19.

Independent Engagement of External Consultants

The Audit Committee has authority with respect to, and has procedures for, the engagement of external consultants at the expense of the Company.

Private Meetings

The Audit Committee regularly held private meetings with each of the CFO, the Chief Internal Auditor, the External Auditor, the Chief Risk and Actuarial Officer, and Management.

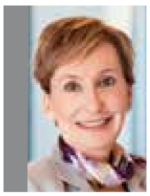
The Audit Committee is satisfied that it has appropriately fulfilled its mandate in 2020.

(Signed) Audit Committee

Jane E. Kinney (Chair)
Robert G. Leary
Frederick Singer
Carolyn A. Wilkins
William L. Young

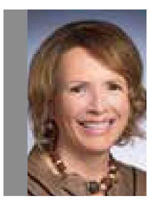
6.3 Risk Management Committee

Robert G. Leary



Janet De Silva

Jane E. Kinney



Sylvie Paquette

Stuart J. Russell

Carolyn A. Wilkins

- **Composed exclusively of independent Directors**
- **Met five (5) times in 2020**
- **Preparatory sessions before the Risk Committee meetings were held by the Chair of the Risk Committee with the CRO and other functions in the Company**
- ***In camera* sessions held at all meetings of the Risk Committee**

Role of the Risk Management Committee

The Risk Committee has an oversight role with respect to the management of the Company in order to build a sustainable competitive advantage, by fully integrating the Enterprise Risk Management Policy into all business activities and strategic planning of the Company and its subsidiaries and operations, including its pension funds.

The Risk Committee defines the Company's risk appetite while also monitoring the risk profile and performance of the Company relative to its risk appetite.

The Risk Committee also oversees the identification and assessment of the principal risks facing the Company and the development of strategies to manage those risks, and reviews and approves significant risk management policies at least annually. Furthermore, the Enterprise Risk Management Policy and the corresponding risk appetite framework are reviewed annually by the Risk Committee and recommended to the Board of Directors for approval. The principal risks include strategic risk, insurance risk, financial risk and operational risk.

With respect to ESG matters, the Risk Committee assists the Board of Directors in assessing and monitoring the risks related to climate change, including the potential impact of insured losses resulting from damage to property and assets arising from climate-related natural catastrophe events, and in developing strategies to manage these risks. The Risk Committee also oversees additional initiatives to promote awareness of the potential impact of climate change and provide practical solutions for society in general. More information on the role and responsibilities of the Risk Committee with respect to ESG oversight can be found on **page 49** of this Circular.

The Risk Committee monitors compliance with risk management policies implemented by the Company while ensuring an appropriate balance of risk and return in pursuit of the Company's strategic business objectives.

The Risk Committee meets periodically with the Audit Committee in furtherance of their respective mandates and the CRO may call a meeting of the Board of Directors or the Risk Committee at any time.

The full mandate of the Risk Committee is available in the Corporate Governance section of the Company's website (**www.intactfc.com**).

Composition of the Risk Management Committee

The Risk Committee meets the legal requirements for independence. It is composed of a minimum of three (3) Directors, each of whom must be independent, and is currently composed of six (6) Directors, all of whom are independent Directors and non-executives of the Company or its P&C insurance subsidiaries. Each Risk Committee member has sufficient knowledge of the risk management of financial institutions as that term is defined in applicable legislation.

The Risk Committee met five (5) times in 2020 and members of Management participated in meetings at the invitation of the Chair of the Risk Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the Risk Committee to make informed decisions. *In camera* sessions among the Risk Committee members and among the Risk Committee members and the CRO, as well as the Senior Vice President and Managing Director of IIM, were held at all regular meetings of the Risk Committee. All Risk Committee members attended all of the meetings of the Risk Committee held in 2020.

Risk Management Function

The Risk Committee reviews and recommends to the Board of Directors for approval the appointment or dismissal, if deemed appropriate, of the CRO. The Risk Committee periodically approves the mandate of the Enterprise Risk Management function and annually obtains assurances that this function has the necessary budget and resources to meet its mandate, and that the oversight of the risk management activities of the Company is independent from operational management, is adequately resourced, and has appropriate status and visibility throughout the Company and reports any issue in relation thereto to the Board of Directors. A list of our principal risks can be found in our annual Management's Discussion & Analysis for the year ended December 31, 2020, available on our website at **www.intactfc.com** and on SEDAR at **www.sedar.com**.

Activities of the Risk Management Committee in 2020

In line with its mandate, the Risk Committee has performed the following key functions in 2020:

Oversight of Risk Management

- Reviewed the Quarterly Enterprise Risk Management Reports as well as the reports of the CRO on risk management, reinsurance programs and implementation plans, including on a continual basis the risk matrix identifying the top enterprise and emerging risks, including the impact of the COVID-19 pandemic;
- Reviewed and recommended to the Board of Directors for approval the revised Enterprise Risk Management Policy;
- Reviewed the market and economy risks that could affect the Company;
- Reviewed a report on COVID-19 regarding operations, insurance portfolio, assets (liquidity and capital), the 2020 Updated Financial Plan, as well as lessons learned and next steps;
- Reviewed the Quarterly Results and Investment Reports;
- Reviewed and recommended to the Board of Directors for approval various changes to the IFC Investment Policy and the Intact P&C Companies Investment Policy;
- Reviewed a report on the key risk management considerations of the acquisition of RSA Insurance Group plc ("RSA"), namely key valuation risks, execution risks and mitigation, and the resulting impact on IFC's top enterprise risks;
- Reviewed a report on UK pension funds considerations relating to the acquisition of RSA;
- Reviewed a report on and recommended for approval to the Board of Directors the currency hedging strategy relating to the acquisition of RSA;
- Reviewed an IT risk management report;
- Reviewed a report on the operational risk management program reviewed by OSFI in 2019;
- Reviewed stress tests and discussed potential remediation measures, including regarding social unrest in North America;
- Reviewed reports on Dynamic Capital Adequacy Testing (DCAT) and Own Risk and Solvency Assessment (ORSA);
- Reviewed the 2020 Reinsurance programs and a preview of the 2021 Reinsurance programs;
- Reviewed and recommended to the Board of Directors for approval new internal target capital ratios for all P&C companies;
- Reviewed and recommended for approval to the Board of Directors amendments to the Own Risk and Solvency Assessment (ORSA) Policy;
- Reviewed a report on catastrophe risk and disaster recovery, including on tsunami exposure;
- Reviewed a report on earthquake risk and mitigating measures;
- Reviewed OSFI's annual supervisory letter and related action items;
- Held a special meeting regarding the COVID-19 pandemic's financial implications and impacts on IFC's workforce and operations;

Responsibility for Oversight Function

- Obtained assurances from the CRO that this function has sufficient resources to meet its mandate and act independently from the operations;
- Reviewed and approved the 2020 objectives of the CRO;
- Reviewed various integration items relating to the acquisition of The Guarantee;

Compliance with Risk Policies

- Reviewed and recommended for approval to the Board of Directors risk management policies, including the revised Reinsurance Risk Management Policy and the Pension Fund Statement of Investment Policies and Procedures;

Strategies and Mandate of the Risk Committee

- Reviewed and recommended to the Board of Directors for approval the Risk Committee report of the 2020 Management Proxy Circular;
- Reviewed and recommended to the Board of Directors for approval the mandates of (i) the Risk Management Committee, (ii) the CRO (including suggested changes) and (iii) the Chief Actuarial Officer (including suggested changes); and
- Reviewed and recommended for ratification by the Board of Directors the composition of the Enterprise Risk Committee.

The Risk Management Committee is satisfied that it has appropriately fulfilled its mandate in 2020.

(Signed) Risk Management Committee

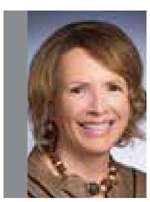
Robert G. Leary (Chair)
Janet De Silva
Jane E. Kinney
Sylvie Paquette
Stuart J. Russell
Carolyn A. Wilkins

6.4 Human Resources and Compensation Committee

- **Composed exclusively of independent Directors**
- **Met four (4) times in 2020**
- **Preparatory sessions before the HRC Committee meetings were held by the Chair of the HRC Committee with the Chief Human Resources Officer and other functions in the Company**
- ***In camera* sessions held at all meetings of the HRC Committee**

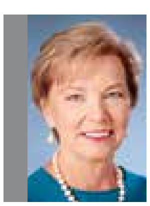
Timothy H. Penner

Janet De Silva



Sylvie Paquette

Stuart J. Russell



Carol Stephenson

Role of the Human Resources and Compensation Committee

The HRC Committee assists the Board of Directors in fulfilling its governance supervisory responsibilities for strategic oversight of the Company's human capital, including organization effectiveness, succession planning and compensation of employees, managers, Executives and Senior Executives. The HRC Committee also oversees the performance assessment of the CEO and Senior Executives, and the alignment of compensation with the Company's philosophy and programs consistent with the overall business objectives of the Company.

The role of the HRC Committee is to oversee Senior Executives in defining a comprehensive human resources policy that:

- supports the Company's overall strategy and objectives;
- attracts and retains talent and key executives;
- fosters talent advancement through effective succession planning;
- links total compensation to:
  - financial performance;
  - the attainment of strategic objectives; and
  - the achievement of value-driven goals;
- provides competitive opportunities at a reasonable cost;
- enhances the ability of the Company to fulfill its objectives;
- fosters a positive organizational culture that promotes diversity, fairness and inclusion; and
- encourages high performance of all employees.

With respect to ESG matters, the HRC Committee assists the Board of Directors in overseeing and implementing programs and internal policies promoting diversity and inclusion within the Company and in fostering a positive work environment to engage employees. The HRC Committee also oversees the activities of the Diversity and Inclusion Council. More information on the role and responsibilities of the HRC Committee with respect to ESG oversight can be found on page 49 of this Circular.

Regarding compensation, the HRC Committee periodically reviews the overall market positioning of employees and the salary budget increase envelope for the year. It also periodically reviews the total remuneration of Executives in relation to pre-established objectives of the Company and reviews at least annually the individual compensation of the Senior Executives of the Company, which it approves in relation to pre-established corporate and personal objectives. It also periodically reviews the Total Compensation Policy of the Company.

The HRC Committee makes recommendations to the Board of Directors, for its approval, of the CEO mandate as well as the appointment, assessment, compensation and termination (if applicable) of the CEO. It periodically reviews the job description of the CEO and at least once a year reviews the CEO's objectives and the CEO's assessment, and provides its comments to the Board of Directors. The HRC Committee makes recommendations to the Board of Directors for its approval of the CEO's total compensation for the year in relation to pre-established, measurable performance goals and objectives. The HRC Committee makes sure that the CEO demonstrates suitability in line with the high ethical values of the Company.

The HRC Committee is also responsible for reviewing the Company's Pension and Incentive Plans and recommends them to the Board of Directors for approval. The HRC Committee approves non-material amendments to the Plans or recommends changes to the Board of Directors if the design of the Plans is fundamentally changed or if they are replaced with new Plans. The HRC Committee is also responsible for approving the actuarial valuation reports.

The HRC Committee reviews and assesses proposals for major reorganizations of the Company that affect the Senior Executive structure and its composition and makes recommendations to the Board of Directors. It also reviews and recommends to the Board of Directors the annual Statement on Executive Compensation included in this Circular that is filed with regulators and communicated to the Company's shareholders.

The full mandate of the HRC Committee is available in the Corporate Governance section of the Company's website (www.intactfc.com).

Composition of the Human Resources and Compensation Committee

The HRC Committee meets the best practice requirements for independence. It is composed of five (5) Directors, all of them being independent and none of whom is an officer or employee of the Company. In early 2014, the Board of Directors adopted a policy providing that no more than one-third of the members of the HRC Committee shall be sitting chief executive officer(s) of another company. None of the HRC Committee members are eligible to participate in the Company's executive compensation programs.

The HRC Committee met four (4) times in 2020. The CEO and other members of Management participated in meetings at the invitation of the Chair of the HRC Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the HRC Committee to make informed decisions. *In camera* sessions were held at every meeting. Stephen Snyder, who was a member of the HRC Committee until May 2020, did not attend the May meeting of the HRC Committee, but otherwise all HRC Committee members attended all of the meetings of the HRC Committee held in 2020.

Activities of the Human Resources and Compensation Committee in 2020

The HRC Committee, in accordance with its mandate, performed the following key functions in 2020:

Executive Compensation

- Reviewed the market compensation positioning of the Company and conducted an annual Senior Executive compensation review, including that of the CEO;
- Reviewed and recommended for approval to the Board of Directors amendments to the LTIP performance targets of U.S. employees;
- Reviewed and approved the 2021 Short-Term Incentive Plan performance metrics for Executives and Senior Executives, bonus plans for employees and Long-Term Incentive Plan performance metrics for 2021, including plans for Canadian Executives, Canadian Senior Executives and IIM participants;
- Reviewed and approved 2020 STIP and LTIP payouts for Executives and Senior Executives and bonus payouts for employees;
- Reviewed and approved the overall recommendations on remuneration and the related remuneration grant envelope for Executives and Senior Executives;
- Reviewed and approved the CEO's STIP, LTIP and total compensation, as well as his 2020 objectives, and reported to the Board of Directors its recommendations for the CEO's 2021 target compensation;
- Reviewed the CRO Report relating to the application of risk management policies on the STIP and LTIP;
- Reviewed the CRO Report on the Company's 2020 compensation program's appropriateness from a risk management perspective and compliance with the Principles for Sound Compensation Practices of the Financial Stability Board;
- Monitored executive share ownership and retention policies;
- Reviewed the Compensation Policy Statement;
- Reviewed the Company's approach to the management of its pension plans (legislation, funding and actuarial valuation reports) and reviewed a report on its pension plan, including relating to The Guarantee employees;
- Reviewed the actuarial valuation and audited financial statements of the Company's pension plans as at December 31, 2019 and the 2020 Company contributions;
- Reviewed current and emerging market trends and best practices, as well as related regulatory developments and proxy voting guidelines and reports issued by various institutional investors and proxy advisory firms;
- Reviewed a report on executive compensation trends in Canada and the United States in the context of the COVID-19 pandemic;

Assessments and Succession Planning

- Reviewed the 2019 performance assessment of the CEO and the CEO's performance objectives for 2020;
- Reviewed the succession plans of the CEO, Senior Executives and Executives;
- Reviewed the talent pool available for succession at Management and Executive levels;
- Reviewed quarterly reports on respect in the workplace and the 2020 people plan, including steps taken to manage the COVID-19 pandemic;
- Reviewed the Company's 2021 People Strategic Priorities, including to be a best employer, to be a destination for top talent and experts, and to future-proof our people to succeed;
- Reviewed quarterly human resources updates;

Strategies and Mandate of the HRC Committee

- Reviewed and approved the Human Resources sections of the 2020 Management Proxy Circular;
- Reviewed the results related to the 2020 employee engagement survey;
- Reviewed and approved organizational structure changes;
- Reviewed the Human Resources Reports presented by the Chief Human Resources Officer;
- Reviewed the Diversity and Inclusion Council report and action plans related to diversity in the workplace;
- Reviewed and recommended for approval to the Board of Directors amendments to the Company's Board and Senior Management Diversity Policy;
- Reviewed and recommended for approval to the Board of Directors changes to the mandate of the HRC Committee;
- Reviewed and recommended for approval to the Board of Directors the mandate of the Chief Executive Officer (without modifications).

Role of certain Executive Officers in Compensation Decisions

The Chief Human Resources Officer works with the CEO to prepare presentations for each meeting of the HRC Committee and assists the CEO in developing and presenting to the HRC Committee recommendations and supporting material regarding the compensation of Senior Executives. Supporting material is also provided to the HRC Committee for the CEO position, but without any recommendations. The recommendation to the Board of Directors regarding the CEO's compensation is determined *in camera* by the HRC Committee with the support of our independent advisor. The Secretary's Office separately manages the assessment process of the CEO by the members of the Board of Directors and reports the results of such assessment to the HRC Committee and to the Board of Directors, such assessment being part of the assessment of the CEO in relation to attainment of the Company's financial objectives, his own personal objectives, his total compensation and his performance against the responsibilities outlined in the CEO description of functions approved by the Board of Directors.

The CRO works with the CEO to review the personal objectives of Senior Executives to ensure that, individually as well as in aggregate, they do not provide incentive for excessive risk-taking. The CFO supplies the HRC Committee with analyses that support decision-making regarding the design, calibration and administration of our incentive plans.

The HRC Committee is satisfied that it has appropriately fulfilled its mandate in 2020.

(Signed) Human Resources and Compensation Committee

Timothy H. Penner (Chair)
Janet De Silva
Sylvie Paquette
Stuart J. Russell
Carol Stephenson

Table of contents

7 Statement on Executive Compensation

Where to find it

7.1 Executive Compensation Overview **92**

7.2 Compensation Discussion and Analysis **96**

Compensation Philosophy 96

Alignment of Compensation with ESG factors 96

Compensation Methodology 97

Compensation Decision-Making Process 97

Benchmarking and Comparator Groups 98

Compensation Governance and Risk Management 101

Compensation Governance Structure 101

Compensation Consultant Independent Advice 102

Compensation Risk Management and Key Policies 102

Share Ownership Policy and Restrictions on Trading 103

Anti-Hedging Policy 104

Clawback Policy 104

Executive Compensation Framework and its Components 105

Total Direct Compensation Elements 106

Base Salary 106

Short-Term Incentive Plan 106

Long-Term Incentive Plan 110

Total Indirect Compensation Elements 114

Group and Retirement Benefits 114

Perquisites 114

Pay-for-Performance Linkages 115

Total Shareholder Return Performance 115

Combined ratio for STIP calculation 116

Return on Equity (ROE) for LTIP calculation 117

Cost of Management Ratio 118

Non-IFRS Financial measures in STIP and LTIP Calculations 118

7.3 CEO Compensation **119**

7.4 Other NEO Compensation **121**

7.5 Summary Compensation Table **125**

7.6 Incentive Plan Awards **126**

Outstanding Share-Based Awards 126

Incentive Plan Awards – Value Vested or Earned During the Year 127

7.7 Pension Plan and Retirement Benefits **128**

IFC Base Plan and SERP 128

Intact USA Defined Contribution Plan 131

7.8 Termination and Change of Control Benefits **131**

7.9 Compensation of Directors **134**

7.10 Indebtedness of Directors and Executive Officers **134**

7.11 Approval of the Statement on Executive Compensation **134**

7.1 Executive Compensation Overview

This Statement on Executive Compensation is meant to provide a comprehensive and transparent disclosure of the Company's executive compensation, as well as explanations regarding the objectives and implementation of the Company's executive compensation framework.

Our Compensation Philosophy

The Company's executive compensation program is based on the following key principles:

Attract, retain and motivate key talent in a highly competitive business environment

Align the objectives of Executives and Senior Executives with the Company's strategy and the long-term interests of shareholders

Align Executive and Senior Executive compensation with the Company's financial and strategic absolute and relative performance compared to the P&C insurance industry

Our incentive programs reward financial accomplishments in line with our corporate strategy as well as non-financial achievements derived from our commitment to "Living our Values", the Company's code of conduct. We further align the interests of our Executives and Senior Executives with those of shareholders with share ownership guidelines and trading restrictions, including maintaining minimum share ownership post-termination for Senior Executives.

More information on our Compensation Philosophy can be found on **page 96** of this Circular.

Our Compensation Framework

The Company's executive compensation framework is key to supporting the Company's strategy and promoting its Values. It aims for an appropriate balance between fixed and variable compensation that encourages participation and behaviour aligning with the Company's strategy and the long-term interests of its shareholders. The components of our executive compensation framework are as follows:

Total Direct Compensation

- Base Salary
- Short-Term Incentive Plan (STIP)
- Long-Term Incentive Plan (LTIP)

Total Indirect Compensation

- Group benefits
- Retirement benefits
- Perquisites

More information on the Company's executive compensation framework can be found on **pages 105 to 118** of this Circular.

Highlights of our Compensation Governance Practices

What We Do

- ✔ Say-on-Pay: Annual shareholder advisory vote on executive compensation
- ✔ Strong link between pay and performance
- ✔ Look-back table showing the alignment of Mr. Brindamour's pay with the Company's performance since Mr. Brindamour became CEO (January 1, 2008)
- ✔ Double-trigger vesting of stock incentives under the LTIP upon change of control
- ✔ Robust Clawback Policy applicable to all variable compensation, including cash bonuses and equity compensation
- ✔ Minimum Director share ownership requirements equivalent to 4x total annual retainer (and more than 8x annual cash retainer)
- ✔ Minimum Executive share ownership requirements equivalent to 2x LTIP target and minimum retention periods for the CEO and certain other executives
- ✔ ESG-related goals (including regarding employee engagement and customer-driven initiatives) are included in the personal objectives of the CEO and other Senior Executives under the STIP
- ✔ Retention of independent compensation consultant

What We Don't Do

- ✘ Do not allow Executives to hedge their economic risk or reduce their exposure to changes in share price with respect to any securities of the Company

Our 2020 Compensation Highlights

Our Named Executive Officers (NEOs):

- Charles Brindamour, Chief Executive Officer
- Louis Marcotte, Senior Vice President and Chief Financial Officer
- T. Michael Miller, President, U.S. and Specialty Solutions
- Louis Gagnon, President, Canadian Operations
- Mathieu Lamy, Executive Vice President and Chief Operating Officer

95.66%
approval on advisory resolution on executive compensation (say-on-pay) at the 2020 Annual and Special Meeting of Shareholders

In 2020, 86% of the target total direct compensation of the CEO was at risk, and an average of 77% of the target total direct compensation of the other NEOs was at risk.

2020 CEO Target Direct Compensation Mix

14% Salary
17% Short-Term Incentive Plan
69% Long-Term Incentive Plan
86% At risk

2020 Other NEOs Target Direct Compensation Mix (Average)

23% Salary
20% Short-Term Incentive Plan
57% Long-Term Incentive Plan
77% At risk

More information on the 2020 CEO and other NEOs compensation can be found on pages 119 to 124 of this Circular.

2020 Key Financial Results for our Short-Term and Long-Term Incentive Plans

Our Executives and Senior Executives' total compensation is directly linked to the Company's financial and strategic absolute performance and relative performance compared to the P&C industry, and to the Executives' and Senior Executives' individual performance. The Company's financial and strategic performance is measured by specific metrics: direct premiums written (DPW), combined ratio, net operating income per share and adjusted return on equity. These are non-IFRS financial measures, which are more fully discussed on page 118 of this Circular.

In 2020, the Company entered the COVID-19 pandemic crisis in a position of strength, which enabled the Company to support its employees, customers and communities while also delivering solid financial results:

Short-Term Incentive Plan Metrics

Direct Premium Written (DPW)	Combined Ratio – Canada	Combined Ratio – U.S.	Net Operating Income per Share (NOIPS)
$12,143 million	**91.5%**	**91.5%**	**$9.96**

Long-Term Incentive Plan Metric

3-year Average Adjusted Return on Equity	3-year Average Combined Ratio – U.S.
12.7%	**94.3%**

The 2020 financial performance of the Company measured by the abovementioned metrics resulted in (i) a payout of 155.5% for the 2020 STIP portion attributable to Canadian financial results and a payout of 141.7% for the 2020 STIP portion attributable to U.S. financial results and (ii) a payout of 170% of the initial PSUs allocated in 2018 under the LTIP Canadian metrics and a payout of 83.8% of the initial PSUs allocated in 2018 under the LTIP U.S. metrics. Further details on how the STIP and LTIP payouts are linked with the Company's performance measured by the abovementioned metrics can be found on **pages 106 to 113** of this Circular.

More information on the Company's 2020 financial performance can also be found in our 2020 Annual Report (which includes the Company's consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2020).

Our COVID-19 response – Approach to executive compensation

The COVID-19 pandemic had several offsetting effects on our 2020 financial results and the performance criteria used to determine the payouts of our short-term and long-term incentive plans, including but not limited to:

- **Approximately $530 million of relief provided to over 1.2 million of our customers, including premium reductions of $439 million, to recognize hardship, changing driving behaviour and lower business activity resulting from the COVID-19 pandemic. These relief measures lowered our DPW, growth measure and increased our combined ratio;**
- **Lower claims frequency in personal auto due to reduced driving, which lowered our combined ratio;**
- **Direct losses of $106 million were incurred in relation to the COVID-19 pandemic for commercial and specialty line exposure in Canada and the U.S., which increased our combined ratio;**
- **While not a direct consequence of the COVID-19 pandemic, change in monetary policy resulting in lower interest rates also had a negative impact on the Company's net investment income.**

The above items also had offsetting effects on our ROE which affect the payout of our long-term incentive plan, and NOIPS which affect the payout of our short-term incentive plan.

We believe that, in aggregate, the net impact of the abovementioned offsetting effects of the COVID-19 pandemic was immaterial with respect to the payout of our long-term and short-term incentive plans.

We entered the COVID-19 pandemic in a position of strength, which enabled us to protect our employees, deliver high levels of service and provide relief to our customers. This strength was driven by our actions plans put in place over the past few years to improve underwriting performance and a continued focus on ensuring the balance sheet is ready to manage potential volatility. The Company's financial performance in 2020 was driven by these actions, favourable weather and the impact of reduced driving.

Given this context and as per the Company's usual practice, it was decided that no special change, allowance or adjustment to our normal compensation practices would be made because of the COVID-19 pandemic. This decision was also supported by:

- **The recognition by the HRC Committee and the Board of the excellence in the Company's management of the COVID-19 pandemic and its impact on employees, customers and community support; and**
- **The fact that performance metrics used in our short-term and long-term incentive plans are largely based on the Company's relative performance compared to the industry.**

The Company's overall financial health and capital levels remained strong despite the crisis, allowing the Company to maintain its high-quality operations and customer service while also supporting its employees and communities during these challenging times:

What We Did

- ✔ We provided $530 million of relief measures, including premium reductions and payment flexibility, to more than 1.2 million individual and business customers. Included in the $530 million of relief is a $50 million targeted relief program, which provided additional support to approximately 100,000 vulnerable small business customers
- ✔ We donated more than $4 million to charities targeting the immediate needs of individuals and families who are most vulnerable to the effects of the pandemic

What We Did Not Do

- ✘ No employee layoffs related to COVID-19
- ✘ No reduction or freeze of wages
- ✘ No request for government financial aid related to COVID-19
- ✘ No reduction or suspension of dividend payments

7.2 Compensation Discussion and Analysis

Compensation Philosophy

Our compensation philosophy is based on the following key objectives:

- **Attract, retain and motivate key talent in a highly competitive business environment**
- **Align the objectives of Executives and Senior Executives with those of the Company and the long-term interests of shareholders**
- **Link the Executive and Senior Executive short-term and long-term incentives to the Company's financial and strategic performance and its relative performance compared to the P&C insurance industry**

Supporting each of Intact Financial Corporation's products and services is a team of motivated, intelligent and hard-working employees. To be successful and sustain its position as the largest provider of P&C insurance in Canada and one of the leading providers of specialty insurance in North America, the Company must attract, retain and motivate talented Executives and Senior Executives in a highly competitive business environment. The HRC Committee wants Intact Financial Corporation's leaders to focus on sustaining high levels of performance and growth in shareholder value, reinforcing the pay-for-performance philosophy.

Executives and Senior Executives play a key role in the Company meeting its strategic objectives. Consequently, it is essential that their compensation package aligns their objectives with those of the Company and the long-term interests of shareholders. Similarly, our compensation philosophy strongly supports the alignment of short-term and long-term incentives of Executives and Senior Executives with the Company's financial and strategic performance relative to its set objectives and relative to the performance of the P&C insurance industry.

To achieve the above objectives, the HRC Committee:

- sets target total compensation levels (including base salary, short-term and long-term incentives, perquisites, benefits and pension) aligned to the market median of the relevant comparator group (see detailed comparator groups on pages 98 to 100);
- implements share ownership guidelines, restrictions on trading and anti-hedging and clawback policies as appropriate; and
- awards additional incentive compensation that rewards performance and recognizes special achievements, as appropriate.

The executive compensation package applies to all Executives and Senior Executives of IFC and its subsidiaries. Each year, the compensation package of Executives and Senior Executives is reviewed to ensure alignment with the Company's compensation philosophy. The HRC Committee also reviews the compensation philosophy periodically.

Alignment of compensation with ESG factors

Our purpose is to help people, businesses and society prosper in good times and be resilient in bad times. The Company's "Living our Values" code of conduct sets out our commitment to acting with integrity and with the highest of ethical standards when we deliver for our customers, employees, shareholders and society. In light of our purpose and Values, ESG performance is therefore naturally embedded into our strategy.

One of the objectives of the executive compensation package is to align the compensation of Executives and Senior Executives with the achievement of the Company's financial and strategic objectives, including ESG performance. Demonstrably "Living our Values" is a necessary condition for career advancement and pay progression at all levels in the Company, and it is fully considered in the Company's succession planning program when appointing and assessing Executives and Senior Executives.

To further reinforce this commitment, our Canadian and U.S. Senior Executives' individual/personal goals in the STIP include objectives derived directly from "Living our Values". For instance, the STIP goals of the CEO and other Senior Executives include employee engagement and customer-driven initiative goals for which success is assessed using surveys, and certain Executives and Senior Executives overseeing IIM's operations have specific STIP goals regarding the development and implementation of ESG initiatives within IIM's portfolio management strategy. New ESG-related STIP goals have also been introduced in 2021 for certain Senior Executives regarding the social mandate of the Company and the implementation of its diversity and inclusion strategy.

Respectful of the environment and its finite resources, the Company also incentivizes Executives and Senior Executives eligible for a car under its perquisites to select vehicles with lower fuel consumption, as well as hybrid and electric vehicles.

Table of contents

Compensation Methodology

Compensation Decision-Making Process

The illustration below provides an overview of the yearly decision-making process followed by the HRC Committee to determine our Executives and Senior Executives compensation. For more detailed information on the HRC Committee composition, mandate and activities in 2020, please refer to the report of the HRC Committee starting on page 88 of this Circular.

First Quarter

- deliver RSU component of LTIP payout for the 3-year performance cycle ended with previous year
- proceed with individual compensation changes (if applicable)
- assess individual performance based on performance goals and objectives
- approve STIP personal and financial results of previous year and approve final STIP payout
- approve PSU component of LTIP payout as per results of 3-year performance cycle ended with previous year

Second Quarter

- deliver STIP payout of previous year
- deliver PSU component of LTIP payout for previous 3-year performance cycle
- approve and allocate LTIP awards for the starting 3-year period cycle

Third Quarter

- review and approve the Compensation Policy Statement, which covers all aspects of the total compensation offering made to the Company's employees as well as the Company's compensation philosophy and alignment with its values

Fourth Quarter

- conduct an annual benchmarking exercise to make the right compensation decisions
- determine target compensation level accordingly for the following year (salary level, target STIP % and LTIP %)
- set performance goals and confirm STIP metrics for next year
- review and confirm LTIP metrics for next award

Benchmarking and Comparator Groups

Comparator Group for select Canadian Executives and Canadian Senior Executives with North American Oversight

Since 2018 and as a result of the expansion of the Company in the U.S. through the acquisition of OneBeacon, the compensation of select Canadian-based Executives and Senior Executives with North American oversight has been benchmarked using a North American Comparator Group, to reflect the increased complexity associated with managing a company with a North American scope of operations.

In 2019, the HRC Committee completed its annual review of the North American Comparator Group and found there to be appropriate additions and deletions to bring the Company into closer alignment with the median of our peers in terms of revenues. As such, the Board of Directors approved the addition of Waste Connections, Inc. and WSP Global Inc. and the removal of Nutrien Ltd. in the North American Comparator Group. This revised North American Comparator Group was used for the 2020 compensation of our NEOs, except Mr. Miller, and other select Executives and Senior Executives with North American oversight.

There are 17 companies included in the North American Comparator Group, which were selected according to the following criteria:

- listed companies headquartered in Canada with a North American/International scope of operations
- large listed Canadian insurance companies
- other financial services institutions with annual revenues between 0.5 and 2 times those of Intact
- general industry comparators:
  - excluding primary resource sectors given the high volatility of such industries (oil and gas, energy, pulp and paper, metals and mining)
  - with annual revenues between 0.5 and 2 times those of Intact

The North American Comparator Group is comprised of the following companies:

Company Name	Description	Industry: Financial Sector – Insurance	Industry: Financial Sector – Banking	Industry: General Industry	Geographic Scope: International / North America	Total Revenues (in millions) December 31, 2020	Market Capitalization (in millions) December 31, 2020	Number of Employees
Large Canadian Insurance Companies								
Great-West Lifeco Inc.	Life and Health Insurance	✔			✔	$ 60,673	$ 28,157	24,500
Manulife Financial Corporation	Life and Health Insurance	✔			✔	$ 77,121	$ 43,947	37,000
Sun Life Financial Inc.	Life and Health Insurance	✔			✔	$ 43,337	$ 33,113	23,816
Canadian Financial Services Companies								
Bank of Montreal	Banking		✔		✔	$ 22,233	$ 62,508	43,360
Canadian Imperial Bank of Commerce	Banking		✔		✔	$ 16,252	$ 48,590	43,890
National Bank of Canada	Banking		✔		✔	$ 7,081	$ 24,072	26,231
Canadian General Industry Companies of Similar Size								
Air Canada	Airlines			✔	✔	$ 5,833	$ 7,564	22,200
Canadian National Railway Company	Railroads			✔	✔	$ 13,819	$ 99,385	24,381
Canadian Pacifc Railway Limited	Railroads			✔	✔	$ 7,710	$ 59,303	11,890
Celestica Inc.	Electronics Manufacturing Services			✔	✔	$ 7,324	$ 1,325	18,226
CGI Group Inc.	IT Consulting and Other Services			✔	✔	$ 12,164	$ 25,834	76,000
Finning International Inc.	Trading Companies and Distributors			✔	✔	$ 6,196	$ 4,382	13,188
Saputo Inc.	Packaged Foods and Meats			✔	✔	$ 14,944	$ 14,617	17,200
SNC-Lavalin Group Inc.	Construction and Engineering			✔	✔	$ 7,008	$ 3,815	37,584
Thomson Reuters Corporation	Financial Exchanges and Data			✔	✔	$ 7,625	$ 51,790	24,000
Waste Connections, Inc.	Environmental and Facilities Services			✔	✔	$ 6,939	$ 34,350	18,933
WSP Global Inc.	Construction and Engineering			✔	✔	$ 8,804	$ 13,690	47,100

Industry Prevalence

18% L&H Insurance

18% Banking

65% General Industry

Statistical Distribution			
25th Percentile	$ 7,081	$ 13,690	18,933
Median	**$ 8,804**	**$28,157**	**24,381**
75th Percentile	$ 16,252	$ 48,590	37,584
Intact	**$ 12,469**	**$21,556**	**16,000**
percentile rank	*57th*	*36th*	*11th*

Comparator Group for Canadian Executives and Canadian Senior Executives

Another Canadian comparator group is maintained for benchmarking certain Canadian domestic and insurance-specific roles of Canadian Executives and Canadian Senior Executives without North American responsibilities.

There are 24 companies included in the Canadian comparator group, which were selected according to the following criteria:

- listed companies or selected P&C insurance companies with annual direct written premiums in excess of $1 billion
- other diversified financial services companies of comparable size to that of Intact
  - P&C Insurance and other diversified financial services companies representing more than 50% of the comparator group
- Canadian companies operating in various industries
  - with the exception of the Oil & Gas sector
  - with revenues and market capitalization falling within a range of 0.5 to 2.0 times that of Intact
  - operating throughout several provinces, i.e. across Canada, Eastern Canada or Western Canada

No NEO compensation has been benchmarked using this comparator group since all Canadian NEOs have North American responsibilities.

Comparator Group for U.S. Executives and U.S. Senior Executives

Effective as of fiscal year 2018, upon the recommendation of the HRC Committee, the Board of Directors approved a comparator group for U.S. Executives and U.S. Senior Executives, including Mr. Miller. There are 14 companies included in the U.S. comparator group, which were selected according to the following criteria:

- P&C companies with at least 50% of revenues from specialty and commercial lines of business combined;
- U.S.-based companies that are listed or participate in the Willis Towers Watson/Mercer Databank; and
- companies with annual revenues above US$500 million and assets above US$1 billion.

No cap was applied on each company's annual revenues and assets in order to gather the maximum number of relevant companies. However, regression analyses were performed to adjust market compensation levels and account for company size based on the scope of each U.S. Executive's role.

The U.S. comparator group is comprised of the following companies:

- Allied World
- American Financial Group, Inc.
- Argo Group
- Aspen Insurance Holdings Limited
- Chubb
- Cincinnati Financial Corp.
- Loews Corporation (CNA)
- Markel Corporation
- RLI Corp.
- Selective Insurance Group
- The Navigators Group, Inc.
- The Travelers Companies, Inc.
- W.R. Berkley Corporation
- Zurich North America

Target Total Compensation Position Relative to the Comparator Group

The Company's policy is to set target total compensation for Executives and Senior Executives in line with the median of the applicable comparator group. Other factors such as experience, individual contribution and internal equity are also considered when finalizing individual total compensation opportunities. Actual total compensation further depends on individual and corporate performance relative to set objectives.

The CEO's target total compensation is established *in camera* by the HRC Committee. For 2020, the long-term incentive target for Mr. Brindamour was established at 500% of his base salary. The HRC Committee believes that such incentive provides a proper link between Mr. Brindamour's long-term interests and those of the Company's shareholders. Such level of the long-term incentive target reflected the practices of the companies included in the North American Comparator Group and brought Mr. Brindamour's target total compensation to 111% of the median of the comparator group.

Compensation Governance and Risk Management

Compensation Governance Structure

Board of Directors

- Oversees the Company's general approach to human resources and compensation philosophy and reviews, discusses and approves the compensation and benefits plans for employees, Management, Executives and Directors

Shareholders

- Provide feedback to the Board on the Company's executive compensation programs through shareholder advisory vote (say-on-pay) and shareholder engagement activities

Human Resources and Compensation Committee

- Assists the Board in fulfilling its governance supervisory responsibilities for strategic oversight of the Company's human capital, including its compensation programs
- Oversees the alignment of compensation with the Company's compensation philosophy and strategic objectives
- Oversees Management in defining policies and programs that link total compensation to financial performance and the attainment of strategic objectives, and that provide total competitive opportunities at a reasonable cost while enhancing the ability to fulfill the Company's objectives
- Reviews, assesses and approves the compensation of Senior Executives

Audit Committee

- Recommends the approval of the financial statements and the financial results used to establish performance levels, and oversees the use of non-IFRS financial measures and the external auditor review of compensation disclosure

Risk Management Committee

- Oversees the risks and asset-liability management of the Company's pension plans

Compliance Review and Corporate Governance Committee

- Oversees the governance and compliance framework of the Company and its pension plans, including the implementation of policies in relation to executive compensation

Chief Human Resources Officer

- Assists the CEO in defining policies and programs to ensure that the Company's compensation programs are centred on a pay-for-performance culture and are built to support the attainment of the Company's strategic objectives
- Assists the CEO in developing and presenting to the HRC Committee recommendations and supporting material regarding the compensation of Senior Executives
- Supports Senior Executives in determining and approving the compensation of Executives

Chief Financial Officer

- Supplies the HRC Committee with analyses that support decision-making with respect to the design, calibration and administration of the Company's incentive plans

Chief Risk Officer

- Reviews with the CEO the personal objectives of Senior Executives to ensure that, individually and in aggregate, they do not provide incentive for excessive risk-taking

External Independent Compensation Consultant

- Provides consulting services to the HRC Committee on matters related to executive and non-executive compensation, including market trends, program structure and design

Compensation Consultant Independent Advice

The HRC Committee receives the assessments and recommendations from Management taking into consideration all shareholders' interests. To this end, the HRC Committee works with Management and the compensation team to review employment and compensation practices in the Canadian and U.S. markets in order to ensure that the Company's employees, managers, Executives and Senior Executives are competitively compensated. The HRC Committee may also consult directly with independent experts to fulfill its mandate.

Willis Towers Watson has provided consulting services to the Company since 2005 on matters related to executive compensation and on other human resources advisory services. Since 2018, WTW has provided consulting services exclusively on matters related to executive and non-executive compensation. WTW's role mainly consists of conducting a yearly market analysis of the Company's Senior Executive positions and advising the HRC Committee on market trends, program structure and design. The market analysis includes comparisons with peer group companies; the comparisons are included by the Company in the Senior Executive compensation review summary sheet presented to the HRC Committee in order to make informed pay decisions. However, the HRC Committee does not solely rely on market data surveys to determine compensation levels. Individual performance and internal equity are also taken into account.

In 2020, fees paid to WTW for market analysis and other compensation advice totalled $359,449. Other divisions of WTW were also paid $36,016 in 2020 and $32,594 in 2019 for consulting services related to Intact pension, post-employment and post-retirement non-pension benefit plans (including services related to risk management, plan design, actuarial valuations, investment, performance and manager evaluation, employee communication, Board compensation evaluation and governance). Such services are not subject to pre-approval by the HRC Committee.

In November 2020, the HRC Committee retained the services of Hugessen Consulting Inc. to act as the new independent compensation consultant for the HRC Committee going forward, replacing WTW in this role. Hugessen Consulting Inc. has been mandated to review and provide advice directly to the HRC Committee on executive compensation recommendations and related questions, and the services provided in late 2020 were related to engagement onboarding and initial review of and advice on executive compensation programs going into the 2021 financial year.

WTW will continue to provide consulting services to Management on matters related to executive and non-executive compensation, including market trends and compensation programs and structure.

The fees paid to Willis Towers Watson and Hugessen Consulting Inc. for the services provided in the 2019 and 2020 fiscal years were as follows:

	Fiscal Years	
	2020	2019
Fees paid to Willis Towers Watson		
Executive compensation-related fees	**$359,449**	$267,395
All other fees	**$ 36,016**	$ 32,594
Fees paid to Hugessen Consulting Inc.		
Executive compensation-related fees	**$ 43,288**	$ 0
All other fees	**$ 0**	$ 0

In 2020, executive compensation-related fees represented 90.9% of the total fees paid to WTW, whereas all other fees represented 9.1% of the total fees, and executive compensation-related fees represented 100% of the total fees paid to Hugessen Consulting Inc.

Compensation Risk Management and Key Policies

Risk management is at the heart of our daily operations. Consequently, the Company's compensation programs are founded on principles and processes that support the management of risk, ensuring Management's plans and activities are prudent and focused on generating shareholder value within an effective risk control environment. The HRC Committee continuously monitors emerging best practices that relate to compensation and HRC program design with the support of our independent advisor and recommends changes to our plans as appropriate.

In addition, the HRC Committee formally meets periodically with the CRO to discuss how the Company's compensation approach and programs align with sound risk management principles, including the Financial Stability Board Principles for Sound Compensation Practices, and how the compensation structure and design result in incentive awards that are appropriately calibrated with risk outcomes.

Share Ownership Policy and Restrictions on Trading

The HRC Committee has adopted share ownership policies applicable to all Executives and Senior Executives including the NEOs. Executives and Senior Executives are expected to accumulate and own Intact Financial Corporation Common Shares over time. This practice, designed to more closely align Management's and shareholders' interests, is common for public companies and consistent with good corporate governance practices and with the principles of the Canadian Coalition for Good Governance, among others. Executives and Senior Executives are expected to accumulate two (2) times their annual LTIP target in IFC shares. There are prescribed mechanisms to satisfy this expected share ownership:

- Senior Executives are expected to satisfy the requirements within five (5) years of their date of appointment as Senior Executives and they cannot sell any shares until they have met the target ownership; and
- there is no specific time frame for Executives to satisfy the requirements; however, they must retain a minimum of 50% of their after-tax LTIP gains in IFC shares until they reach their target ownership.

Senior Executives and Executives who meet the requirements of target ownership will be able to sell Common Shares as long as they continue to meet the target ownership requirements after such sale.

IFC shares for purposes of the share ownership policy include shares currently owned, IFC shares bought on the market or acquired through the LTIP, as well as non-vested RSUs granted under the LTIP and Common Shares subject to the two-year post-vesting restriction period. Unvested PSUs are not included in the ownership calculation; however, for Mr. Miller's ownership, 75% of the Special Award PSUs are included in the calculation as the Special Award PSUs have a 75% minimum vesting condition.

Following approval by the HRC Committee and effective since April 2018, a two (2) year post-vesting restriction period applies to a group of Senior Executives. In 2020, the HRC Committee reviewed the composition of such group so that the two (2) year post-vesting restriction period now applies to, among others, (i) the CEO and the Canadian direct reports of the CEO, (ii) the Oversight Functions and (iii) the Vice Chairman. Please refer to page 112 for additional details.

The CEO has been required to comply with the share ownership policy applicable to him and with the additional retention period that continues for two (2) years following voluntary termination or retirement. All other Senior Executives are required to comply with the share ownership policy for one (1) year following voluntary termination or retirement. The objective of post-termination ownership requirements is to further align the interests of the CEO and all Senior Executives with those of shareholders. Executives are required to comply with the share ownership policy until their voluntary termination or retirement (no post-termination ownership requirements).

All NEOs comply with the share ownership policies since the implementation of the requirements and they have already met their target ownership level. Below is a table representing the NEOs share ownership as a multiple of salary and their participation status, as of December 31, 2020.

	Target Ownership	Shareholdings as at December 31, 2020					Status	
Named Executive Officer	**Multiple of salary (#)**	**Multiple of salary ($)**	**Common Shares ($)**	**Unvested RSUs ($)**	**Total Holdings ($)**	**Total Holdings (#)**	**Total Holdings as a Multiple of salary**	**Share Ownership Requirement (SOR)**
Charles Brindamour	10.00	12,610,000	44,669,489	7,207,426	51,876,915	344,194	41.14	Met
Louis Marcotte	3.50	1,750,000	3,069,865	1,237,883	4,307,748	28,581	8.62	Met
T. Michael Miller[(1)]	9.34	8,911,061	–	5,966,235	20,672,923[(2)]	137,161	21.67	Met
Louis Gagnon	5.00	3,750,000	10,630,583	2,074,582	12,705,165	84,296	16.94	Met
Mathieu Lamy	4.00	2,000,000	2,737,829	940,993	3,678,822	24,408	7.36	Met

Based on Intact Financial Corporation's December 31, 2020 closing share price of $150.72.

(1) Mr. Miller's base salary of US$750,000 has been converted to Canadian dollars using the exchange rate as at December 31, 2020, which was 1.27210.

(2) Includes an amount equal to 75% of the Special Award PSUs as the award has a 75% minimum vesting condition.

Anti-Hedging Policy

The HRC Committee has adopted a policy to align more closely with the Financial Stability Board's principles for sound compensation practices. More specifically, the Company's Corporate Disclosure and Insider Trading Policy prohibits insiders, which include all NEOs and Directors, from entering into derivative-based transactions, including hedging techniques under any form that involve, directly or indirectly, securities of Intact. Hedging techniques and other derivative-based transactions, and equity monetization transactions in particular, which allow an investor to transfer part or all of the economic risk and/or return associated with securities, without formally transferring the legal and beneficial ownership of such securities, are strictly prohibited. Examples of such prohibited transactions on the securities of Intact by insiders include, but are not limited to, the entering into of future contracts, short sales, put options, call options and equity swaps.

Clawback Policy

IFC's long-term incentive plan agreement includes provisions that provide for the reimbursement of previously received STIP or LTIP remuneration should the Company discover that an Executive or Senior Executive could or should have been terminated for cause after such payment has been made. This clawback is included in the LTIP agreement that must be signed by each Executive and Senior Executive to be entitled to become a participant.

In early 2018, IFC expanded its Clawback and Readjustment of Compensation Policy for LTIP participants, to align more closely with the Financial Stability Board's principles for sound compensation practices and emerging best practices. In the event of misconduct, and whether or not there is a subsequent financial restatement, including fraud, negligence or material non-compliance with legal requirements, in each case for which the participant was terminated for cause or could have been terminated for cause had IFC known of the misconduct at the time of the termination of the LTIP participant's employment, IFC can adjust an LTIP participant's compensation, recoup all variable compensation, including cash bonuses and equity compensation, that have already been paid or vested, as well as cancel unvested long-term incentive awards. The misconduct look-back period is indefinite while the compensation that can be clawed back is limited to that received in the 24 months preceding the date on which the Board of Directors determined misconduct occurred, except in cases where the misconduct contributed to a financial restatement, in which case the clawback period is indefinite.

Executive Compensation Framework and its Components

The Company's compensation components aim for an optimal balance between fixed and variable pay to encourage participation and behaviour that aligns with the longer-term interests of the Company and its shareholders. The following illustrates the executive compensation framework for 2020:

	Total Direct Compensation			Total Indirect Compensation		
Compensation Element	**Base salary**	**Short-Term Incentive Plan (STIP)**	**Long-Term Incentive Plan (LTIP)**	**Group benefits**	**Retirement benefits**	**Perquisites**
Mission/ Rationale	Pay for the responsibilities and accountabilities of the role including experience and performance of the individual in the role	Link compensation to a combination of individual, business units and financial performance objectives	Pay for future performance and align rewards with shareholder value creation	Provide health and well-being support	Provide financial security after retirement	Aligned with competitive market practices
Performance Criteria	Individual contribution, competencies and performance	Financial and Individual goals Those with North American responsibilities have a mix of Canadian and U.S. metrics	**For RSUs:** Unrelated to IFC's financial performance **For PSUs:** **Canadian** (with or without North American responsibilities): IFC's 3-year average ROE relative to the Weighted North American Benchmark* **U.S.:** 3-year average U.S. combined ratio vs absolute targets U.S. with North American responsibilities have a mix of Canadian and U.S. metrics	Unrelated to performance	Unrelated to performance	Unrelated to performance
Performance Outcome	Salary increase and position within the salary structure	Cash payment	Vesting of share units with settlement in cash or in Common Shares (restricted shares for, among others, CEO + Canadian direct reports of the CEO + Oversight Functions and Vice Chairman)	Some benefits increase in proportion to salary	Some benefits increase in proportion to salary	**Canadian:** Value of perquisites increases with salary **U.S.:** no perks program
Performance/ Reference Period	Annual	1 year	3 years (plus 2-year restricted period post-vesting for, among others, CEO + Canadian direct reports of the CEO + Oversight Functions and Vice Chairman)	Annual	Career	Annual
Impact on Pay	Career-long	Annual **Variable pay-for-performance**	Multi-year **Variable pay-for-performance**	Career-long	Career-long	Annual

* For LTIP performance cycles that started before 2019, the payout of the PSU component for the LTIP of Canadian Executives and Senior Executives without a North American scope of responsibilities is based on IFC's 3-year average ROE relative to the Canadian P&C insurance industry, and the payout of the PSU component for the LTIP of Canadian Executives and Senior Executives with a North American scope of responsibilities is based on a weighted average of the metrics used for Canadian and U.S. Executives and Senior Executives.

Total Direct Compensation Elements

Base Salary

Objective:

- To provide fixed compensation based on the external market as well as internal equity with respect to the role, scope, responsibilities and accountabilities within IFC, and the experience and performance of the individual in the role.

Compensation Element	Type	Audience	Performance	Adjustments Based on
Base salary	Cash	Executives and Senior Executives	Annual	Individual performance and market trends

Base salaries of Senior Executives are reviewed once a year by the HRC Committee. Market data is available for all positions.

Short-Term Incentive Plan

Objective:

- To reward employees who help IFC achieve its business goals
- To attract and retain the talent essential to our success

Compensation Element	Type	Audience	Performance	Payouts Based on
Short-Term Incentive Plan	Cash	Executives and Senior Executives	1 year	Achievement of Company's strategic financial and non-financial objectives, and individual goals

All Executives and Senior Executives participate in the STIP. Awards are earned on the achievement of the Company's strategic financial and non-financial objectives and the personal performance of individual participants, linked to the Company's corporate Values.

Before the beginning of each year, a target incentive opportunity is communicated to each participant, based on the relative contribution of the position to the Company's specific operations as well as alignment to the market median of the relevant market. This target incentive opportunity is expressed as a percentage of the participant's salary and reflects the competitive practices among Intact's reference market for comparable positions. The target incentive is made up of several components, or objectives, and is paid at target for each specific target component, each with its own weight, if met. The target performance criteria are based on a composite of some or all of the following, depending on the particular position: combined ratio, net operating income per share, direct premiums written growth, leadership, overall performance, and execution of strategic and value-driven priorities. For each component, minimum and maximum levels are also set, allowing a sliding scale to be used, from zero at minimum level to twice the targeted amount at maximum level. Actual performance results can lie between these two levels, in which case the payout is calculated based upon the linear relationship between the minimum and maximum levels.

Financial objectives represent 75% of the weight of the overall target incentive for Senior Executives, and 50% of the weight of the overall target incentive for Executives. Individual performance objectives represent 25% of the weight of the overall target incentive for Senior Executives and 50% for the Executives and include "Living our Values"-related goals, as well as operational goals consistent with the individual's role.

The CEO and other Senior Executives also have certain specific ESG-related goals as part of their individual/personal objectives under the STIP, which include increasing employee engagement and accelerating customer-driven initiatives. These two goals form an integral part of our objectives of remaining one of the best employers in North America and being recognized as one of the most respected companies in North America. We achieved our goal again this year by being certified as a Kincentric 2020 Best Employer in Canada for the sixth consecutive year and for the second time in the U.S. and North America, in addition to being recognized by other organizations as a leading place to work. For more information on the Company's awards and recognition in 2020, please see page 70 of this Circular.

In addition, the STIP goals of certain Executives and Senior Executives overseeing IIM's operations include specific goals regarding the development and implementation of ESG initiatives within IIM's portfolio management strategy.

New ESG-related STIP goals for 2021:

- **New ESG-related goals have been introduced in 2021 for certain Senior Executives in relation to the social mandate of the Company and the implementation of its diversity and inclusion strategy.**

The 2020 STIP targets as a percentage of base salary for NEOs are as follows:

Name & Position	STIP Minimum (%)	STIP Target (%)	STIP Maximum (%)
Charles Brindamour – Chief Executive Officer	0	125	250
Louis Marcotte – Senior Vice President & Chief Financial Officer	0	80	160
T. Michael Miller – President, U.S. and Specialty Solutions	0	100	200
Louis Gagnon – President, Canadian Operations	0	100	200
Mathieu Lamy – Executive Vice President & Chief Operating Officer	0	80	160

The following tables set forth the 2020 Performance Metrics that are applied under the STIP to determine the amount of the award to Senior Executives.

Canadian Senior Executives

The Canadian Senior Executives' short-term incentives are linked to (i) the achievement of the Company's financial and strategic results on growth and profitability in Canada relative to the financial results of the 20 largest comparable companies in the Canadian P&C insurance industry, (ii) IFC's performance measured by its net operating income per share and (iii) individual performance.

	Weight (%)	STIP Minimum (level below which the participant will not receive a bonus amount) (% points below target)	STIP Maximum (level at which the participant will receive twice the targeted amount) (% points above target)
Canada Financial Metrics – Relative to the Industry Benchmark			
IFC's Growth in Canada (in DPW)	16.7	2	2
IFC's Profitability in Canada (Combined Ratio)	33.3	2	2
Other Metrics			
IFC Net Operating Income per Share	25	22	22
Individual/Personal Goals	25	–	–
TOTAL	100	–	–

U.S. Senior Executives

The U.S. Senior Executives' short-term incentives are linked to (i) the Company's U.S. financial and strategic results on profitability relative to set objectives, (ii) IFC's performance measured by its net operating income per share and (iii) individual performance.

	Weight (%)	STIP Minimum (level below which the participant will not receive a bonus amount) (% points below target)	STIP Maximum (level at which the participant will receive twice the targeted amount) (% points above target)
U.S. Financial Metrics – Absolute Measure			
IFC's Profitability in the U.S. (Combined Ratio)	50	4	4
Other Metrics			
IFC Net Operating Income per Share	25	22	22
Individual/Personal Goals	25	–	–
TOTAL	100	–	–

Senior Executives with North American Oversight

A mix of Canadian and U.S. financial metrics apply for Senior Executives with cross-border responsibilities as follows:

Canadian Senior Executives with North American Oversight (75% Canada financial metrics and 25% U.S. financial metrics)

	Weight (%)	STIP Minimum (level below which the participant will not receive a bonus amount) (% points below target)	STIP Maximum (level at which the participant will receive twice the targeted amount) (% points above target)
Canada Financial Metrics – Relative to the Industry Benchmark			
IFC's Growth in Canada (in DPW)	12.5	2	2
IFC's Profitability in Canada (Combined Ratio)	25	2	2
U.S. Financial Metrics – Absolute Measure			
IFC's Profitability in the U.S. (Combined Ratio)	12.5	4	4
Other Metrics			
IFC Net Operating Income per Share	25	22	22
Individual/Personal Goals	25	–	–
TOTAL	100	–	–

U.S. Senior Executives with North American Oversight (75% U.S. financial metrics and 25% Canada financial metrics)

	Weight (%)	STIP Minimum (level below which the participant will not receive a bonus amount) (% points below target)	STIP Maximum (level at which the participant will receive twice the targeted amount) (% points above target)
U.S. Financial Metrics – Absolute Measure			
IFC's Profitability in the U.S. (Combined Ratio)	37.5	4	4
Canada Financial Metrics – Relative to the Industry Benchmark			
IFC's Growth in Canada (in DPW)	4.2	2	2
IFC's Profitability in Canada (Combined Ratio)	8.3	2	2
Other Metrics			
IFC Net Operating Income per Share	25	22	22
Individual/Personal Goals	25	–	–
TOTAL	100	–	–

The following table represents the STIP payout for each NEO based on 2020 results that will be paid in the second quarter of 2021:

Name & Title	2020 STIP Target ($)	2020 STIP Canadian Financial Results (%)[1]	2020 STIP U.S. Financial Results (%)[1]	2020 Total STIP Result (%)[2]	2020 Total STIP ($)
Charles Brindamour – Chief Executive Officer	1,576,250	155.5	141.7	151.5	2,388,610
Louis Marcotte – Senior Vice President & Chief Financial Officer	400,000	155.5	141.7	149.8	599,150
T. Michael Miller – President, U.S. and Specialty Solutions[3]	954,075	155.5	141.7	143.9	1,366,298
Louis Gagnon – President, Canadian Operations	750,000	155.5	141.7	147.8	1,108,406
Mathieu Lamy – Executive Vice President & Chief Operating Officer	400,000	155.5	141.7	147.8	591,150

(1) 2020 STIP Financial Results are comprised of 66.67% national financial results and 33.33% Net Operating Income per Share results.
(2) 2020 Total STIP Result is comprised of 50% national financial results, 25% Net Operating Income per Share results, and 25% based on results achieved against personal goals and objectives.
(3) For the purpose of the table above, Mr. Miller's base salary of US$750,000 has been converted to Canadian dollars using the exchange rate as at December 31, 2020, which was 1.27210. For the purpose of the table above, the 2020 Total STIP amounts for Mr. Miller has been converted to Canadian dollars using the exchange rate as at the payment date of the first portion of this STIP, being March 4, 2021, which was 1.2663.

Long-Term Incentive Plan

Objective:

- To align the rewards of Executives and Senior Executives with IFC shareholder value creation
- To communicate to the investor community that IFC Executives and Senior Executives have a stake in the success of the Company
- To reinforce the pay-for-performance philosophy
- To encourage participants to focus on sustaining high performance levels and growth in shareholder value
- To provide competitive levels of total compensation
- To retain key talent

Payouts Based on

Performance Share Units (PSUs)

For Canadian Executives and Canadian Senior Executives (with or without North American responsibilities):

IFC's 3-year average ROE relative to the 3-year average ROE of the Weighted North American Benchmark. Payouts in the form of Common Shares[1].

For U.S. Executives and U.S. Senior Executives:

IFC's 3-year average U.S. Combined Ratio relative to set objectives. Payouts in the form of Common Shares (50%) and cash (50%), with certain exceptions including Mr. Miller, who receives 100% of his payouts in Common Shares[1].

U.S. Executives and Senior Executives with North American responsibilities have a mix of such U.S. metrics and of the Canadian metrics applicable to Canadian Executives and Senior Executives without North American responsibilities (as described above), in the proportion of 75% U.S./25% Canadian.

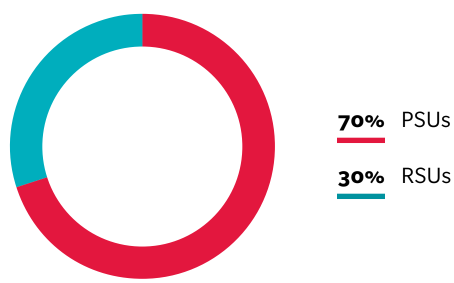
- **For LTIP performance cycles that started before 2019, the payout of the PSU component for Canadian Executives and Senior Executives is based on IFC's 3-year average ROE relative to the Canadian P&C insurance industry. The payout of the PSU component for Canadian Executives and Senior Executives with North American responsibilities is based on a weighted average of such Canadian metrics and of the U.S. metrics applicable to U.S. Executives and Senior Executives without North American responsibilities (as described below), in the proportion of 75% Canadian/25% U.S.**

Restricted Share Units (RSUs)

Vesting not linked to performance. Vesting based on passage of time. Payouts in the form of Common Shares[1].

Payouts in the form of Common Shares for Canadian Executives and Canadian Senior Executives[1]. Payouts in the form of Common Shares (50%) and cash (50%) for U.S. Executives and U.S. Senior Executives, with certain exceptions including Mr. Miller, who receives 100% of his payouts in Common Shares[1].

LTIP Components



1. Subject to the Company's right to make payouts in whole or in part in cash. In 2020, the payouts were partially settled in cash (at the election of the participants, subject to share ownership guidelines).

On January 1, 2020, the awards made under the LTIP for the 2017 to 2019 performance cycle vested. Intact Financial Corporation's three (3) year average ROE was 12.07%, and the Canadian P&C industry's three (3) year average ROE for that same period was 4.87%. Intact Financial Corporation therefore outperformed the industry by 7.2% which, according to the LTIP performance objectives, resulted in a payout of 180% of the initial PSUs allocated in 2017 under the Canadian metrics of the LTIP.

On January 1, 2021, the awards made under the LTIP for the 2018 to 2020 performance cycle vested. This performance cycle is the first LTIP cycle completed for our U.S. Executives and U.S. Senior Executives.

- IFC's three (3) year average ROE was 12.73%, and the Canadian P&C industry's three (3) year average ROE for that same period was 5.93%. IFC therefore outperformed the industry by 6.80% which, according to the LTIP performance objectives, results in a payout of 170% of the initial PSUs allocated in 2018 under the Canadian metrics of the LTIP.
- IFC's three (3) year average U.S. Combined Ratio was 94.3% which, according to the LTIP performance objectives, resulted in a payout of 83.8% of the initial PSUs allocated in 2018 under the U.S. metrics of the LTIP.

The delivery of the final number of Common Shares related to the RSU component occurred on January 7, 2021. The delivery and confirmation of the final number of Common Shares related to the PSU component to participants will occur in April 2021. Participants are entitled to cash dividend payments once the delivery of Common Shares has occurred.

The 2020 LTIP framework is described in the following table:

Element	RSUs	PSUs
Shareholder interest alignment	While both PSUs and RSUs align the interests of participants with those of shareholders due to the link between their ultimate value and the Company's Common Share price, PSUs are predominantly used to reward operational excellence while RSUs are used to increase the LTIP's ongoing retention power.	
Payout range (as a % of the grant award)	100%	0 – 200%
Term	Three years	Three years
Vesting Date for 2020 grants	January 1, 2023	January 1, 2023
Vesting criteria	Automatically vest three (3) years from the year of the grant, provided that the employee stays with the Company. Vesting for RSUs is not linked to Intact Financial Corporation's performance.	Based on a specific performance goal determined by the HRC Committee. Effective in 2019, the Board is authorized to make discretionary adjustments with respect to attainment of performance targets to deal with extraordinary events that materially affect (positively or negatively) the financial results or the fairness of the performance targets. **For Canadian Executives and Canadian Senior Executives (with or without North American responsibilities):** Based on the difference between the three-year average ROE of the Company and that of the Weighted North American Benchmark. There is no payout if the average ROE of the Company is less than the average of the industry, as reported to the regulatory authorities, and twice the target level if the average ROE of the Company is eight (8) or more percentage points above the average of the industry. **For U.S. Executives and U.S. Senior Executives:** Based on IFC's three-year average U.S. Combined Ratio relative to set objectives. There is no payout if the actual combined ratio performance is more than four (4) points inferior to the target and a maximum payout is achieved if the actual combined ratio performance is four (4) points superior to the target. U.S. Executives and Senior Executives with North American responsibilities have a mix of the Canadian metrics (described above) and U.S. metrics, in the proportion of 75% U.S./25% Canadian.
Restriction period[1]	Two years	Two years
Dividend Equivalents	Units awarded under the LTIP are credited with dividend equivalents on the same basis as dividends declared on the Common Shares.	
Methods of Payment[2]	For Canadian Executives and Senior Executives, the payment is in the form of Common Shares, and for U.S. Executives and Senior Executives, the payment is in the form of Common Shares (50%) and cash (50%) with certain exceptions including Mr. Miller, who receives 100% of his payouts in Common Shares. The Company however has the right, in its sole discretion, to settle any entitlements of PSUs or RSUs in whole or in part in cash as provided by the LTIP (instead of Common Shares). The HRC Committee has also adopted an LTIP delivery mechanism for Senior Executives (which currently excludes participants in the 2-year post-vesting restricted plan). Under this mechanism, Senior Executives (except those subject to the two-year restriction period) may elect to have the vested RSUs and PSUs settled in cash rather than Common Shares. The Board of Directors makes a final decision, approving or denying the elections. In order to be eligible for the cash settlement, Senior Executives must have accumulated at least four (4) times their annual LTIP target (200% of the minimum share ownership requirement) in IFC shares or unvested RSUs. At the time of delivery, one (1) unit (PSU or RSU) is converted to one (1) Common Share of Intact Financial Corporation (these Common Shares are purchased on the secondary market subject to the Company's right, in its sole discretion, to settle any entitlements under PSUs or RSUs in whole or in part in cash as provided in the LTIP). For those receiving a cash payment, the amount is determined by multiplying the number of units (PSUs and RSUs) by the average price of one Common Share during the last 20 days preceding the date of delivery.	
Pricing at time of grant	The number of units allocated to each participant is determined by dividing the economic value, which is a percentage of base salary for Canadian Executives and Senior Executives and a fixed dollar amount for U.S. Executives and Senior Executives (see LTIP payout target table below), by the average value of a Common Share during the last quarter of the most recently completed financial year. The average price of one Common Share during the last quarter of 2019 was $136.06. The market median long-term incentive practices for comparable positions are considered when determining the size of target individual awards.	

(1) Following approval by the HRC Committee and effective since April 2018, a two-year post-vesting restriction period applies to a group of Senior Executives. In 2020, the HRC Committee reviewed the composition of such group so that the two-year post-vesting restriction period applies to, among others, (i) the CEO and the Canadian direct reports of the CEO, and (ii) the Oversight Functions and (iii) the Vice Chairman. As such, these participants can elect to (i) receive all Common Shares subject to the additional two-year restriction and pay taxes in cash immediately, or (ii) receive a reduced number of Common Shares with the balance used to cover taxes. No cash payment option is available to these participants.

(2) Senior Executives made their election in June 2020 for the 2021 deliveries. Elections were reviewed and approved by the Board of Directors in July 2020 and are irrevocable.

A total of 361,365 units (250,692 PSUs and 110,673 RSUs) were awarded in 2020 to LTIP participants. The 2020 LTIP targets, expressed as a percentage of salary, and unit awards for NEOs are detailed as follows:

Name & Title	2020 LTIP Target (%)	2020 PSUs Awarded (#)	2020 RSUs Awarded (#)	2020 Total Award (#)
Charles Brindamour – Chief Executive Officer	500	32,438	13,902	46,340
Louis Marcotte – Senior Vice President & Chief Financial Officer	175	4,502	1,929	6,431
T. Michael Miller – President, U.S. and Specialty Solutions(1)	467	25,185	10,793	35,978
Louis Gagnon – President, Canadian Operations	250	9,647	4,134	13,781
Mathieu Lamy – Executive Vice President & Chief Operating Officer	200	5,145	2,205	7,350

(1) For the purpose of the table above, Mr. Miller's LTIP target of US$3,500,000 has been converted to Canadian dollars using the exchange rate as of the Award date of May 25, 2020, which was 1.3986.

The following sections set forth the Performance Measures that are applied under the LTIP to determine the payout for the PSU component to Executives and Senior Executives.

Canadian Executives and Canadian Senior Executives

The performance measure used is IFC's consolidated three (3) year average ROE relative to the three (3) year average ROE of a Weighted North American Benchmark described as follows:

- starting with the 2020 to 2022 LTIP performance cycle and for subsequent LTIP performance cycles, the composition of the Weighted North American Benchmark for each year of a performance cycle is reviewed and determined by the HRC Committee, to reflect adequately IFC's own capital allocation across North America. For the 2020 performance year, the HRC Committee approved that the Weighted North American Benchmark would remain composed of 80% Canadian industry results and 20% U.S. industry results;
- for the 2019 to 2021 LTIP performance cycle, the composition of the Weighted North American Benchmark for each year of this cycle is composed of 80% Canadian industry results and 20% U.S. industry results.

For LTIP performance cycles that started before 2019, the performance measure used is IFC's consolidated three (3) year average ROE relative to the three (3) year average ROE of the Canadian P&C insurance industry (excluding IFC) as reported by MSA Research Inc. (or such other source as the HRC Committee determines to be appropriate in the circumstances).

IFC's three (3) year ROE versus Industry Average	PSU Payout
8 percentage points of outperformance	200% (maximum)
4 percentage points of outperformance	100% (target)
Equal to industry average	50% (threshold)
Below industry average	0%

U.S. Executives and U.S. Senior Executives

The performance measure used is IFC's three-year average U.S. Combined Ratio relative to set objectives with a spread of greater than −4% of target resulting in a 0% payout, −4% of target resulting in a 50% payout, achievement of target resulting in a 100% payout and +4% of target resulting in a 200% payout. If actual performance results lie between these levels, the payout is calculated based upon the linear interpolation between the minimum and maximum levels.

Total Indirect Compensation Elements

Group and Retirement Benefits

Objective:

- **To guarantee each participant competitive benefits and a retirement income, in order to retain the Company's Executives and Senior Executives.**

IFC's Canadian Executives and Canadian Senior Executives benefit from two (2) pension plans: a base plan, which is a defined benefits plan with pensionable earnings to the annual limits allowed by the Canada Revenue Agency; and a supplementary executive retirement plan that is capped to the difference between the limits established by the CRA and the Executive's or Senior Executive's pensionable earnings. Please refer to the Pension Plan and Retirement Benefits section on page 128 of this Circular for details on these plans.

No U.S. Executives or U.S. Senior Executives participate in any pension plan nor are they eligible to participate in or receive payments under any of the previously terminated or frozen U.S. legacy pension plans.

All U.S. employees as well as Executives and Senior Executives may participate in the qualified Intact USA Retirement Savings Plan. Such plan offers tax advantages, savings incentives and investment options to help employees achieve their financial goals. U.S. employees are immediately eligible for participation on their first day of employment. They may elect to contribute on a pre-tax, after-tax or Roth basis up to 40% of salary. Employees aged 50 or older are also eligible for pre-tax and Roth catch-up contributions. In all cases, IRS limits apply to maximum contribution amounts. New hires who do not enroll after 60 days are automatically enrolled in pre-tax contributions at 6% of pay, with an automatic 1% increase each April. The default for their investments is the age appropriate target retirement fund. Employees who are eligible to participate in the plan receive a bi-weekly company contribution of 3% of eligible earnings. Intact USA also makes an annual fixed contribution of 3% of compensation for employees who are active on the last business day of the plan year. Employees who do not participate in the LTIP are also eligible for an annual variable contribution, set at Management discretion, based on financial results that can vary between 0% and 6%, with a target of 3%.

In terms of Company benefits, Canadian Executives and Senior Executives benefit from the same plan as employees, which provides a number of options so each individual can design the medical, dental, life, disability and other insurance coverage that he or she wants for himself or herself and his or her dependents. U.S. Executives and U.S. Senior Executives are entitled to the Intact USA benefits offering which includes two consumer driven health plans; one with a Health Reimbursement Account (HRA) and the other with a Health Savings Account (HSA). In addition, Intact USA offers comprehensive dental, prescription drug, vision coverage, life insurance, disability coverage, pretax commuter benefits and tuition reimbursement.

Perquisites

Objective:

- **To provide Canadian Executives and Canadian Senior Executives with a market-competitive group of perquisites that best meet their needs and lifestyle.**

The goal of our perquisites is to provide Canadian Executives and Canadian Senior Executives with a market-competitive group of perquisites that best meet their needs and lifestyle, including the lease of a company car, wellness related expenses, deposits in a Health Care Spending Account (HCSA), taxable cash and a comprehensive medical examination. At Intact Financial Corporation, we respect the environment and its finite resources, and in that context, we encourage Executives and Senior Executives eligible for a company car to select vehicles with lower fuel consumption, as well as hybrid and electric vehicles. Except for Mr. Miller (see below), no perquisites are offered to U.S. Executives and U.S. Senior Executives.

All IFC's Canadian Executives and Canadian Senior Executives are provided with a taxable allowance equal to 5% of their base salary, plus $7,500. Canadian Executives and Canadian Senior Executives can either elect to receive a cash allowance or use the allowance through the selection of various perquisites in the program. The perquisite year runs from April 1 to March 31. The eligible base salary for the purpose of calculating the allowance is capped at $800,000.

Under the previous ownership of Intact USA (previously OneBeacon Insurance Group Ltd.), Mr. Miller had access to a corporate aircraft for personal use as part of his benefits package. This benefit has been maintained under the Company's ownership. The HRC Committee established an annual cap on such personal use of a corporate aircraft at US$125,000. Other trips are reimbursed by Mr. Miller at their full cost to the Company and are not considered a perquisite. The amount of the actual out-of-pocket costs to the Company of the personal flights in 2020 was $153,139[1] and is included in the Summary Compensation Table on page 125. From time to time, Mr. Miller may take his spouse or other family members with him on a business trip. In this instance, we do not include any amounts for the flight in the Summary Compensation Table because the additional passenger(s) do not increase the aggregate incremental cost of the flight.

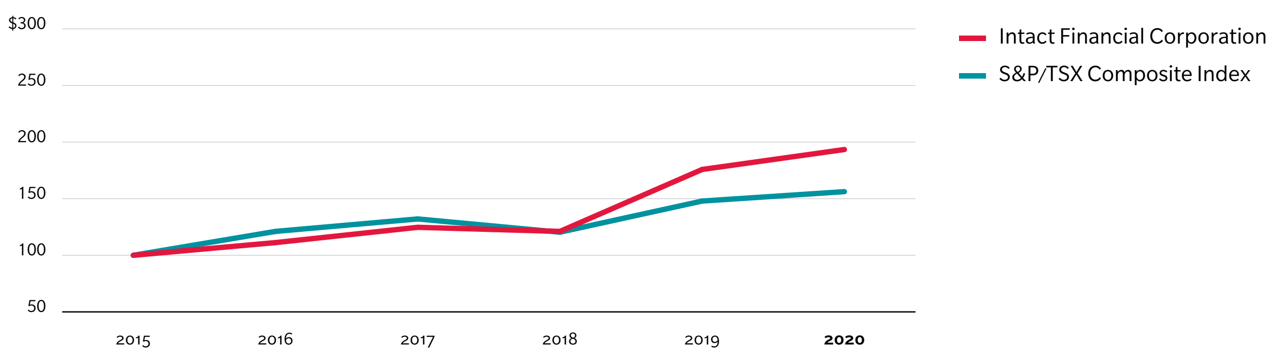
Pay-for-Performance Linkages

Total Shareholder Return Performance

The Company's performance-based compensation is intended to align the objectives of executives with those of the Company and the long-term interests of shareholders. To ensure such alignment, the short-term and long-term incentives for Executives and Senior Executives are directly linked to the achievement of the Company's financial and strategic results, measured by specific metrics. See pages 106 to 113 for more information on the performance metrics applied under the STIP and LTIP for our Canadian and U.S. Executives and Senior Executives.

The following graph compares the total cumulative return of $100 invested in Common Shares of the Company with the total cumulative return of the S&P/TSX Composite Index for the 5-year period from December 31, 2015 through December 31, 2020, assuming the reinvestment of dividends. The Company's total shareholder return (including dividends) for 2020 of 10.01% was higher than the S&P/TSX Composite Index's total return of 5.60%. Over a five-year period Intact's performance is 37.20% higher than the Index.

Cumulative Value of a $100 investment assuming Reinvestment of Dividends



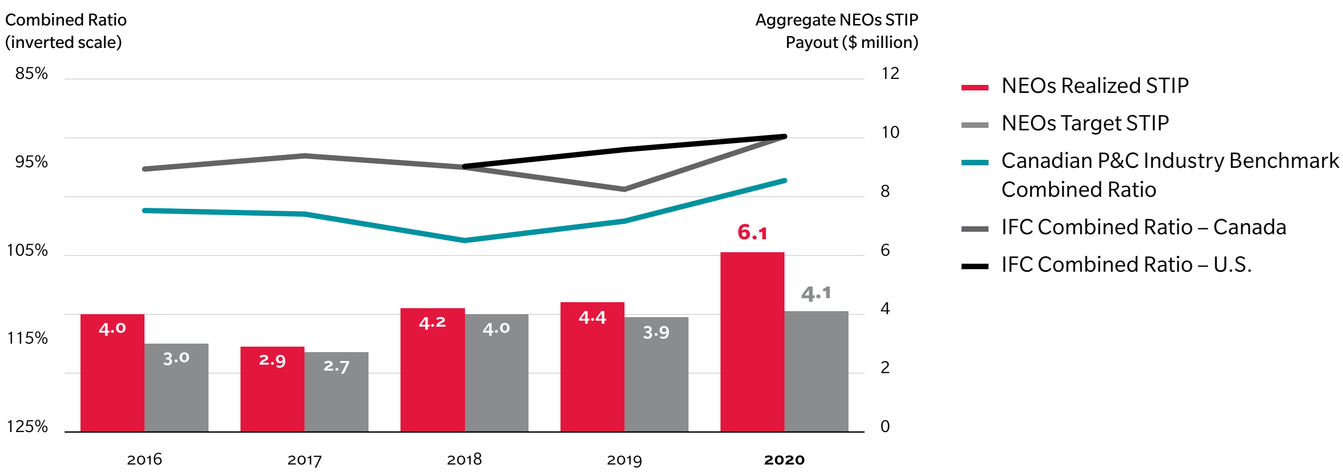
Year Ending December 31	2015	2016	2017	2018	2019	2020
Intact Financial Corp.	$100.0	$111.2	$124.7	$121.1	$175.8	$193.4
S&P/TSX Composite Index	$100.0	$121.1	$132.1	$120.4	$147.9	$156.2

[1] The actual amount for 2020 was converted to Canadian dollars using the exchange rate as at December 31, 2020 of 1.27210.

Combined ratio for STIP calculation

All Executives and Senior Executives participate in the STIP. For Canadian Executives and Canadian Senior Executives, awards are earned on the achievement of the Company's strategic financial objectives (which include premium growth, underwriting profitability and net operating income per share) and non-financial objectives and the personal performance of individual participants. Growth and profitability for the incentive payment are based on the performance of the Canadian operations of the Company relative to the 20 largest comparable companies in the Canadian P&C insurance industry[1]. For U.S. Executives and U.S. Senior Executives, awards are based on the achievement of the Company's strategic financial objectives (which include underwriting profitability and net operating income per share) and non-financial objectives and the personal performance of individual participants. Profitability for the incentive payment is based on the performance of the U.S. operations of the Company (measured with IFC's U.S. combined ratio) relative to set objectives. For Executives and Senior Executives with a North American scope of responsibilities, awards are based on a weighted average of the Canadian metrics and U.S. metrics described above.

The graph below illustrates the Company's track record of outperforming the 20 largest comparable companies in the Canadian P&C insurance industry from a combined ratio perspective and highlights the 5% positive gap in 2020. Based on the strength of the Company's performance in 2020 compared to that of the 20 largest comparable companies in the Canadian P&C insurance industry, the level of STIP award payout was above target. The graph below also shows that over time, NEO STIP payouts are generally above target when the Company's Canadian combined ratio, an important performance component of the STIP, is better than that of the industry. The NEO STIP payouts are also based on other performance metrics, as described on pages 106 to 109, but correlation between the performance of the Company on those metrics and the NEO STIP payouts is less apparent because of the weight of such components on their overall target STIP.



Year Ending December 31	2016	2017	2018	2019	2020
IFC's Combined Ratio – Canada	95.2%	93.7%	95.0%	97.5%	91.5%
Combined Ratio Canadian P&C Industry Benchmark	99.9%	100.3%	103.3%	101.1%	96.5%
Percentage Points better than Benchmark	4.7%	6.6%	8.3%	3.6%	5.0%
IFC's Combined Ratio – U.S.	–	–	94.9%	93.0%	91.5%
Aggregate NEOs Realized STIP vs Target Ratio[2]	1.35 x	1.06 x	1.05 x	1.14 x[3]	1.48 x

1 Consists of the 20 largest comparable companies in the Canadian P&C insurance industry based on MSA Research Inc., excluding Lloyd's Underwriters Canada, Insurance Corporation of British Columbia, Saskatchewan Government Insurance, Saskatchewan Auto Fund, Genworth Financial Mortgage Insurance Company Canada, Canada Guaranty Mortgage Insurance Company and IFC.

2 The Aggregate NEOs Realized STIP is not solely based on the Company's performance measured by its combined ratio but is also based on the Company's performance on other metrics as well as personal performance of each NEO, as described on pages 119 to 124. The Aggregate NEOs Realized STIP vs Target Ratios indicated in the table above reflect the overall performance on all STIP metrics.

3 The Aggregate NEOs Realized STIP vs Target Ratio for 2019 has been revised from 1.07 x (disclosed in last year's Circular) to 1.14 x due to an incorrect conversion of Mr. Miller 2019 STIP payout in Canadian dollars.

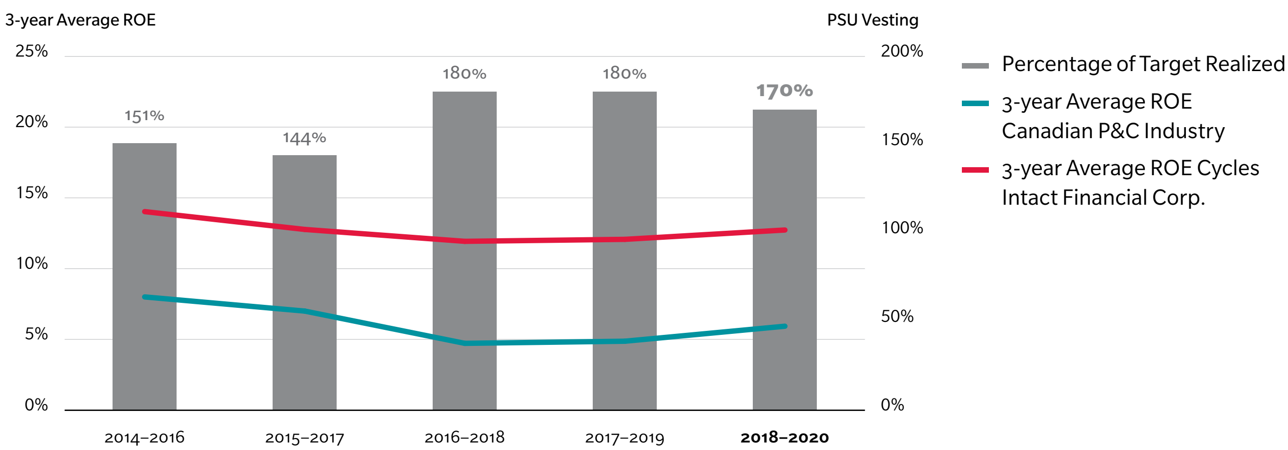
Table of contents

Return on Equity (ROE) for LTIP calculation

One of the key goals of the Company is to consistently outperform its P&C industry peers. For the 2017-2019 period, for which the units vested on January 1, 2020, the average consolidated ROE of the Company was higher than that of the Canadian P&C insurance industry's average for that same period. Consequently, there was a 180% PSU payout under the Canadian metrics of the LTIP. Please refer to pages 110 to 113 of this Circular for details on the LTIP payment.

For the 2018-2020 period, the three-year average consolidated ROE of the Company was higher than that of the Canadian P&C insurance industry's three-year average by 6.80%. This results in a PSU payout of 170% of target under the Canadian metrics of the LTIP. The graph below shows how Canadian LTIP vesting is above target when the Company's three (3) year average ROE exceeds that of the Canadian industry by more than 4%.

Beginning with the 2019-2021 LTIP cycle (and for the subsequent LTIP cycles), the payout of the PSU component for the LTIP of all Canadian Executives and Canadian Senior Executives (with or without a North American scope of responsibilities) is based on IFC's three-year average ROE relative to the Weighted North American Benchmark.



3-year Average ROE Cycles Vested on:	2014–2016 Jan 1, 2017	2015–2017 Jan 1, 2018	2016–2018 Jan 1, 2019	2017–2019 Jan 1, 2020	2018–2020 Jan 1, 2021
IFC's consolidated 3-year Average ROE	14.03%	12.77%	11.93%	12.07%	12.73%
3-year average ROE Canadian P&C Industry**	8.00%	7.00%	4.72%	4.87%	5.93%
Percentage Points Above/Below Benchmark	+6.0%	+5.8%	+7.2%	+7.2%	+6.8%
PSU Vesting	151%	144%	180%	180%	170%

** Based on MSA Research Inc., excluding Lloyd's Underwriters Canada, Insurance Corporation of British Columbia, Saskatchewan Government Insurance, Saskatchewan Auto Fund, Genworth Financial Mortgage Insurance Company Canada, Canada Guaranty Mortgage Insurance Company and IFC.

Cost of Management Ratio

The table below illustrates the cost of management ratio for the last three (3) fiscal years, representing the NEOs total compensation as a percentage of the adjusted net income to common shareholders for each of these years. The cost of management ratio shows how the Company's financial performance compares to the compensation awarded to the Company's NEOs.

The NEOs' total compensation includes salary, share-based awards, annual incentive plans, pension value and all other compensation granted to the named executive officers reported in the Company's Management Proxy Circular of the last three (3) years.

	2020	2019	2018	
NEOs total compensation (in $ millions)	**$ 26.7**	$22.9	$23.8	
Adjusted Net Income to common shareholders (in $ millions)	**$1,213**	$ 802	$ 794	
Cost of management ratio (%)	**2.20%**	2.86%(1)	3.00%	3-year average: 2.69%

(1) The cost of management ratio for 2019 has been revised from 2.82% (disclosed in last year's Circular) to 2.86% due to an incorrect conversion of Mr. Miller 2019 STIP payout in Canadian dollars.

Non-IFRS Financial measures in STIP and LTIP Calculations

We use both IFRS and non-IFRS financial measures to assess the Company's performance under the STIP and LTIP calculations. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. The non-IFRS measures used to calculate the STIP and LTIP are direct premium written (DPW), combined ratio, net operating income per share and adjusted return on equity.

The definition of these measures and reconciliation to the most comparable IFRS measures can be found in Section 36 – *Non-IFRS financial measures* of our Management's Discussion and Analysis for the year ended December 31, 2020, available on SEDAR. These measures are also defined in the glossary available in the "Investors" section of our website at **www.intactfc.com**.

To calculate the Company's performance relative to the Canadian industry for the STIP portion attributable to Canadian financial results, our direct written premiums (DPW) and combined ratio are based on financial statements presentation. Also, for the purpose of the Statement on Executive Compensation included in this Circular and for industry comparison purposes, IFC's ROE corresponds to IFC's adjusted return on equity (AROE), which is more comparable to the industry.

7.3 CEO Compensation

Charles Brindamour

Chief Executive Officer

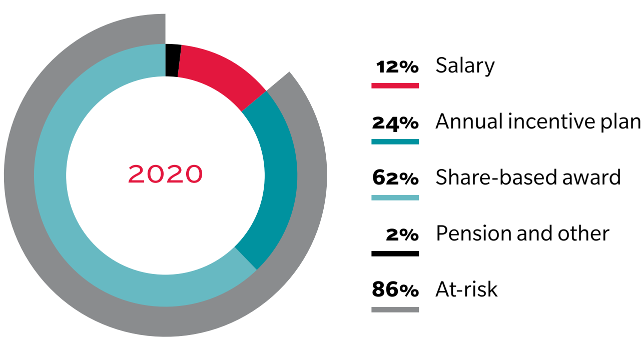
Mr. Brindamour's key areas of responsibility include the establishment of, in consultation with Management and the Board of Directors, the purpose, the values and the long-term objectives and vision of the Company as well as its strategies and strategic priorities. He oversees the development of guidelines and practices relating to the human resources of the Company, including with respect to employee engagement and well-being. As Chief Executive Officer, Mr. Brindamour is responsible for the development and implementation of the strategic plan and corporate objectives of the Company, including the establishment, in consultation with Management, the Board of Directors and the Enterprise Risk Committee, of the risk appetite framework. He establishes appropriate annual and longer-term financial objectives and is responsible for meeting these objectives and ensuring reliable mechanisms are in place for asset protection and effective control of operations. Mr. Brindamour ensures the Company has a robust succession plan in place for the executive team and his direct reports and is responsible for developing and implementing policies and programs related to succession planning, talent development and management development. The Chief Executive Officer also ensures close communication with the Board of Directors and its committees and keeps the Directors informed of the important aspects of the status and development of the Company, and facilitates the Board of Directors' governance, composition and committee structure.

Senior Executive Share Ownership Requirement

2x Annual LTIP target in Common Shares	Met

Actual Pay Mix	**2020 ($)**	**2019 ($)**	**2018 ($)**
Salary[1]	**1,261,000**	1,261,000	1,230,000
At-Risk Compensation			
Annual Incentive Plans	**2,388,610**	1,821,849	1,584,009
Share-based Awards	**6,305,000**	5,674,500	5,227,500
Total At-Risk Compensation	**8,693,610**	7,496,349	6,811,509
Pension & Other Compensation	**158,639**	363,300	475,910
Total Compensation	**10,113,249**	9,120,649	8,517,419

At-Risk Compensation



(1) The salaries indicated for 2020, 2019 and 2018 represent the base salary earned by Mr. Brindamour for each financial year. The salaries actually paid during the 2020, 2019 and 2018 financial years differ slightly from the figures indicated in the table due to the timing and number of pay periods during each year and the payment of the first days of the first pay period of the year at the previous year salary rate. For more information, please refer to note (2) under the Summary Compensation Table on page 125.

2020 Look-Back Table

One of the HRC Committee's priorities is to ensure that pay is aligned with shareholders' interests and that employees whose impact on corporate results is the greatest have total compensation packages that are the most sensitive to corporate performance over the short as well as the long term. The table below illustrates the alignment of Mr. Brindamour's pay with the Company's performance since he became CEO of the Company on January 1, 2008.

	CEO		Value of $100				
Year of Service	Total Direct Compensation Awarded[1]	Realized / Realizable Total Direct Compensation[2]	Three-Year Period	CEO[3]	Shareholder Value over Three-Year Period[4]	Tenure Period	Shareholder Value over CEO Tenure[5]
2008	$ 1,865,926	$ 1,357,575	01/01/08 to 12/31/10	$ 73	$ 142	01/01/08 to 12/31/08	$ 83
2009	$ 2,248,000	$ 5,491,342	01/01/09 to 12/31/11	$ 244	$ 204	01/01/08 to 12/31/09	$ 101
2010	$ 3,338,836	$ 6,877,026	01/01/10 to 12/31/12	$ 206	$ 190	01/01/08 to 12/31/10	$ 142
2011	$ 3,590,194	$ 7,144,499	01/01/11 to 12/31/13	$ 199	$ 148	01/01/08 to 12/31/11	$ 168
2012	$ 3,987,500	$ 5,700,087	01/01/12 to 12/31/14	$ 143	$ 155	01/01/08 to 12/31/12	$ 191
2013	$ 4,191,371	$ 5,638,990	01/01/13 to 12/31/15	$ 135	$ 148	01/01/08 to 12/31/13	$ 211
2014	$ 4,882,259	$ 7,101,879	01/01/14 to 12/31/16	$ 145	$ 149	01/01/08 to 12/31/14	$ 261
2015	$ 5,509,117	$ 7,371,532	01/01/15 to 12/31/17	$ 134	$ 135	01/01/08 to 12/31/15	$ 283
2016	$ 5,904,424	$ 8,594,466	01/01/16 to 12/31/18	$ 146	$ 121	01/01/08 to 12/31/16	$ 314
2017	$ 6,414,085	$11,089,920	01/01/17 to 12/31/19	$ 173	$ 158	01/01/08 to 12/31/17	$ 353
2018	$ 8,041,509	$10,307,657	01/01/18 to 12/31/20	$ 128	$ 155	01/01/08 to 12/31/18	$ 343
2019	$ 8,757,349	$11,438,314	01/01/19 to 12/31/20	$ 131	$ 160	01/01/08 to 12/31/19	$ 497
2020	$9,954,610	$10,633,975	01/01/20 to 12/31/20	$ 107	$ 110	01/01/08 to 12/31/20	$ 547
		Average over Period		**$154**	**$152**		

(1) Includes salary, paid STI and LTI awarded during the year of service
(2) Includes salary, paid STI, actual PSU and RSU payouts, as well as the value, as of December 31, 2020, of unvested PSUs and regular RSUs related to the year of service
(3) Represents the realizable value for each $100 awarded in total direct compensation for the year of service
(4) Represents, as of the last day of the three-year period indicated, the cumulative value of a $100 investment in shares made on the first trading day of such period, assuming reinvestment of dividends
(5) Represents, as of the last day of the tenure period indicated, the cumulative value of a $100 investment in shares made on January 1, 2008, assuming reinvestment of dividends

7.4 Other NEO Compensation

Louis Marcotte

Senior Vice President & Chief Financial Officer

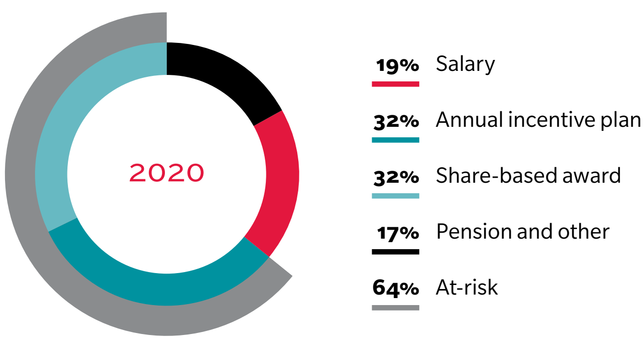
The Chief Financial Officer provides financial and business leadership and perspective to senior management and to the Board of Directors. He actively participates in the crafting and evolution of the corporate strategy and establishes an annual and three-year financial plan aligned with the Company's strategic plan and assesses financial performance against that plan. He promotes strong governance and financial control and oversees the adoption of appropriate policies and procedures to ensure completeness and accuracy of financial statements, management discussion and analysis and regulatory financial returns. Mr. Marcotte evaluates and optimizes the Company's capital position and sources of funding within the Company's regulatory and rating agency framework and ensures investments are properly structured and executed to deliver the expected returns, to maintain the Company's financial strength and to respect regulatory requirements.

Senior Executive Share Ownership Requirement

2x Annual LTIP target in Common Shares	Met

Actual Pay Mix	2020[2] ($)	2019 ($)	2018[1] ($)
Salary[3]	**500,000**	450,000	410,000
At-Risk Compensation			
Annual Incentive Plans	**849,150**	306,534	268,817
Share-based Awards	**875,000**	630,000	742,000
Total At-Risk Compensation	**1,724,150**	936,534	1,010,817
Pension & Other Compensation	**466,816**	207,439	170,639
Total Compensation	**2,690,966**	1,593,973	1,591,456

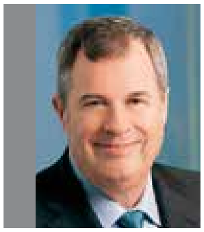
At-Risk Compensation



(1) Mr. Marcotte was granted a special RSU award in 2018 to recognize the consistency of outstanding performance over many years in terms of results, corporate values and personal engagement. See the Outstanding Share-Based Awards table on page 126 for more details.

(2) Mr. Marcotte was granted a special cash award of $250,000 in 2020, in recognition of his valued role and contribution related to the offer made by the Company, together with Tryg A/S, to acquire RSA Insurance Group plc. announced in 2020. The special cash award is included in the Annual Incentive Plans amount for 2020.

(3) The salaries indicated for 2020, 2019 and 2018 represent the base salary earned by Mr. Marcotte for each financial year. The salaries actually paid during the 2020, 2019 and 2018 financial years differ slightly from the figures indicated in the table due to the timing and number of pay periods during each year and the payment of the first days of the first pay period of the year at the previous year salary rate. For more information, please refer to note (2) under the Summary Compensation Table on page 125.



T. Michael Miller

President, U.S. and Specialty Solutions

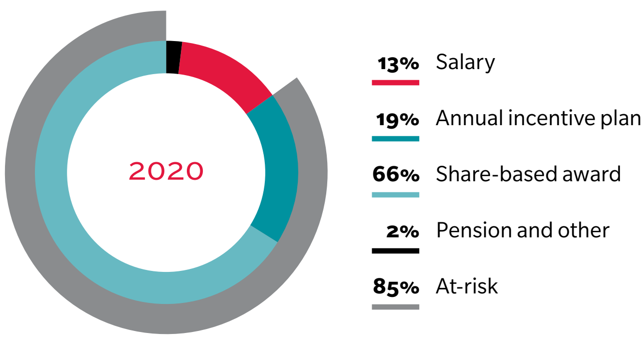
The President, U.S. and Specialty Solutions is primarily responsible for the profitability and growth of Intact Insurance Specialty Solutions, the Company's North American specialty insurance business. Mr. Miller assumed this role following the Company's acquisition of OneBeacon in September 2017 and is responsible for developing the strategies, approaches and plans for profitability, growth and the development in general of the Company's specialty line of business.

Senior Executive Share Ownership Requirement

2x Annual LTIP target in Common Shares	Met

Actual Pay Mix	**2020[1] ($)**	2019[1] ($)	2018[1] ($)
Salary[2]	**954,075**	973,763	1,023,675
At-Risk Compensation			
Annual Incentive Plans	**1,366,298**	1,089,733	1,076,540
Share-based Awards	**4,895,100**	4,723,600	4,538,450
Total At-Risk Compensation	**6,261,398**	5,813,333	5,614,990
Pension & Other Compensation	**169,952**	178,729	186,299
Total Compensation	**7,385,425**	6,965,825	6,824,964

At-Risk Compensation



(1) Compensation for Mr. Miller for 2020, 2019 and 2018 has been converted to Canadian dollars. Please see the Summary Compensation table on page 125 for more details.

(2) The salaries indicated for 2020, 2019 and 2018 represent the base salary earned by Mr. Miller for each financial year. The salaries actually paid during the 2020, 2019 and 2018 financial years differ slightly from the figures indicated in the table due to the timing and number of pay periods during each year and the payment of the first days of the first pay period of the year at the previous year salary rate. For more information, please refer to note (2) under the Summary Compensation Table on page 125.

Louis Gagnon

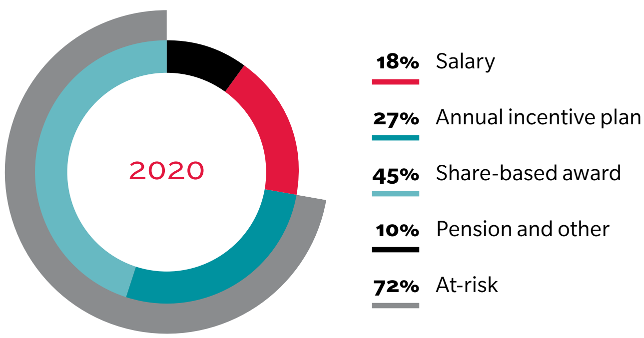
President, Canadian Operations

The President, Canadian Operations is responsible for all Canadian-based business entities (Intact Insurance, belairdirect, Anthony Insurance, BrokerLink and Frank Cowan Company), in addition to overseeing Personal Lines (including the Company's "Intact Prestige" division), Commercial Lines and Marketing functions. He provides leadership in the development and implementation of strategic plans, ensures appropriate risk management and monitors Company policies with respect to market conduct, customer relations and people management.

Senior Executive Share Ownership Requirement	
2x Annual LTIP target in Common Shares	Met

Actual Pay Mix	2020 ($)	2019 ($)	2018 ($)
Salary[1]	**750,000**	700,000	675,000
At-Risk Compensation			
Annual Incentive Plans	**1,108,406**	794,719	676,451
Share-based Awards	**1,875,000**	1,575,000	1,518,750
Total At-Risk Compensation	**2,983,406**	2,369,719	2,195,201
Pension & Other Compensation	**411,091**	336,051	344,342
Total Compensation	**4,144,497**	3,405,770	3,214,543

At-Risk Compensation



(1) The salaries indicated for 2020, 2019 and 2018 represent the base salary earned by Mr. Gagnon for each financial year. The salaries actually paid during the 2020, 2019 and 2018 financial years differ slightly from the figures indicated in the table due to the timing and number of pay periods during each year and the payment of the first days of the first pay period of the year at the previous year salary rate. For more information, please refer to note (2) under the Summary Compensation Table on page 125.

Mathieu Lamy

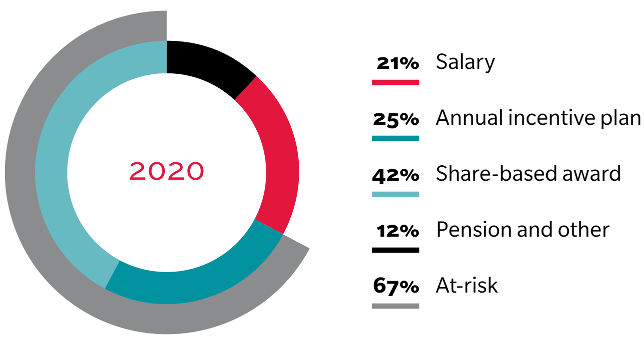
Executive Vice President and Chief Operating Officer

The Executive Vice President and Chief Operating Officer has North American accountability for Claims, Technology and Human Resources functions, and is also responsible for the Company's innovation initiatives through oversight of the operations of the Intact Lab, the Data Lab and Intact Ventures. He provides strategic leadership in the development and implementation of the Company's operational priorities.

Senior Executive Share Ownership Requirement	
2x Annual LTIP target in Common Shares	Met

Actual Pay Mix	2020 ($)	2019 ($)	2018 ($)
Salary[1]	**500,000**	472,500	450,000
At-Risk Compensation			
Annual Incentive Plans	**591,150**	433,873	384,390
Share-based Awards	**1,000,000**	708,750	585,000
Total At-Risk Compensation	**1,591,150**	1,142,623	969,390
Pension & Other Compensation	**288,198**	217,065	589,840
Total Compensation[2]	**2,379,348**	1,832,188	2,009,230

At-Risk Compensation



(1) The salaries indicated for 2020, 2019 and 2018 represent the base salary earned by Mr. Lamy for each financial year. The salaries actually paid during the 2020, 2019 and 2018 financial years differ slightly from the figures indicated in the table due to the timing and number of pay periods during each year and the payment of the first days of the first pay period of the year at the previous year salary rate. For more information, please refer to note (2) under the Summary Compensation Table on page 125.

(2) Mr. Lamy's 2019 and 2018 total compensation has been restated to reflect that covered earnings under the supplemental pension plan for years of AXA service (1991 to June 30, 2012 in Mr. Lamy's case) should have included 25% of the maximum STIP payout.

7.5 Summary Compensation Table

Name and Principal Position	Year	Salary ($)[2]	Share-based Awards ($)[3]	Non-equity Incentive Plan Compensation ($) Annual Incentive Plans[4]	Pension Value ($)[5]	All Other Compensation ($)[6]	Total Compensation ($)[7]
Charles Brindamour Chief Executive Officer	2020	1,261,000	6,305,000	2,388,610	158,639	0	10,113,249
	2019	1,261,000	5,674,500	1,821,849	363,300	0	9,120,649
	2018	1,230,000	5,227,500	1,584,009	475,910	0	8,517,419
Louis Marcotte Senior Vice President & Chief Financial Officer	2020	500,000	875,000	849,150	466,816	0	2,690,966
	2019	450,000	630,000	306,534	207,439	0	1,593,973
	2018	410,000	742,000	268,817	170,639	0	1,591,456
T. Michael Miller[1] President, U.S. and Specialty Solutions	2020	954,075	4,895,100	1,366,298	16,813	153,139	7,385,425
	2019	973,763	4,723,600	1,089,733	16,435	162,294	6,965,825
	2018	1,023,675	4,538,450	1,076,540	15,686	170,613	6,824,964
Louis Gagnon President, Canadian Operations	2020	750,000	1,875,000	1,108,406	411,091	0	4,144,497
	2019	700,000	1,575,000	794,719	336,051	0	3,405,770
	2018	675,000	1,518,750	676,451	344,342	0	3,214,543
Mathieu Lamy Executive Vice President & Chief Operating Officer	2020	500,000	1,000,000	591,150	288,198	0	2,379,348
	2019	472,500	708,750	433,873	217,065	0	1,832,188
	2018	450,000	585,000	384,390	589,840	0	2,009,230

(1) Compensation for Mr. Miller has been converted to Canadian dollars using the following exchange rates:

		Exchange rate
2020	Salary	1.27210 (as at December 31, 2020)
	Share-based Awards	1.39860 (as at the time of grant of the 2020-2022 LTIP)
	Annual Incentive Plans	1.26630 (as of the date of payment of the first portion of his STIP on March 4, 2021)
	All Other Compensation	1.27210 (as at December 31, 2020)
2019	Salary	1.29835 (as at December 31, 2019)
	Share-based Awards	1.34960 (as at the time of grant of the 2019-2021 LTIP)
	Annual Incentive Plans	1.34170 (as of the date of payment of the STIP on March 5, 2020)
	All Other Compensation	1.29835 (as at December 31, 2019)
2018	Salary	1.36490 (as at December 31, 2018)
	Share-based Awards	1.29670 (as at the time of grant of the 2018-2020 LTIP)
	Annual Incentive Plans	1.34620 (as of the date of payment of the STIP on March 7, 2019)
	All Other Compensation	1.36490 (as at December 31, 2018)

(2) The salaries reported in the Summary Compensation Table are the base salaries earned in the 2020, 2019 and 2018 financial years. Actual amounts paid during these financial years differ slightly from the figures indicated in the table due to the timing and number of pay periods during each year and to the payment of the first days of the first pay period of the year at the previous year salary rate. Actual amounts were paid to Mr. Miller in U.S. dollars and converted to Canadian dollars using the exchange rate indicated in note (1) above.

(3) In terms of equity-based compensation, the NEOs were awarded a number of PSUs and RSUs for the financial year 2020 under the LTIP. Each NEO receives an economic value equivalent to a percentage of their base salary. These percentages are determined based on market trends and individual merit. Please refer to the LTIP component in the Compensation Discussion and Analysis on pages 110 to 113 for individual LTIP percentages and the number of PSUs and RSUs into which this translates. In 2018, Mr. Marcotte was granted a special RSU award; see the Outstanding Share-Based Awards table below for more details.

(4) Annual incentive plans are comprised of the STIP. The amounts disclosed in the Summary Compensation Table for 2020 are the annual STIP awards to be paid in the second quarter of 2021 for the performance year 2020, and also include for Mr. Marcotte his special cash award of $250,000 received in recognition of his valued role and contribution related to the offer made by the Company, together with Tryg A/S, to acquire RSA Insurance Group plc. announced in 2020. The 2020 STIP payment for Mr. Miller was US$1,078,969 and a first payment was made on March 4, 2021 and a second payment will be made on April 8, 2021. The amount has been converted to Canadian dollars using the exchange rate as of March 4, 2021, which was 1.2663. The amounts disclosed in the Summary Compensation Table for 2019 are the annual STIP awards paid in the second quarter of 2020 for the performance year 2019. The 2019 STIP payment for Mr. Miller was US$812,203 and was paid on March 5, 2020. The amount has been converted to Canadian dollars using the exchange rate on the date of payment of March 5, 2020, which was 1.34170. The amounts disclosed in the Summary Compensation Table for 2018 are the annual STIP awards paid in the second quarter of 2019 for the performance year 2018. The 2018 STIP payment for Mr. Miller was US$799,688 and was paid on March 7, 2019. The amount has been converted to Canadian dollars using the exchange rate on the date of payment of March 7, 2019, which was 1.3462.

(5) The pension value disclosed for each NEO is the compensatory value of registered and non-registered defined benefits plans. The compensatory value includes the service cost, net of employee contributions, if any, plus differences between actual and estimated earnings, and any additional changes that have a retroactive impact. For Mr. Miller the value reflects contributions made by Intact USA under the Intact USA Retirement Savings Plan. Actual contributions were made in U.S. dollars.

(6) The amount reported for Mr. Miller in 2018, 2019 and 2020 corresponds to the personal use of a corporate aircraft with a maximum value of US$125,000 (actual cost converted to Canadian dollars).

(7) Mr. Lamy's 2018 and 2019 total compensation has been restated to reflect that covered earnings under the supplemental pension plan for years of AXA service (1991 to June 30, 2012 in Mr. Lamy's case) should have included 25% of the maximum STIP payout.

7.6 Incentive Plan Awards

The following table provides information on all outstanding awards for each NEO at the end of the most recently completed financial year. PSUs are presented based on vesting at target. However, the ultimate vesting of PSUs depends on performance and may range from 0% to 200% of target.

Outstanding Share-Based Awards

	Share-based Awards			
	Number of Shares or Units of Shares that have not vested (#)(1)		Market or Payout Value of Share-based Awards that have not vested ($)(2)	
Name	**PSUs**	**RSUs**	**PSUs**	**RSUs**
Charles Brindamour	106,047	45,449	15,983,404	6,850,073
Louis Marcotte	12,086	7,773	1,821,602	1,171,547
T. Michael Miller	207,437	37,587	31,264,905	5,665,113
Louis Gagnon	30,530	13,084	4,601,482	1,972,020
Mathieu Lamy	13,887	5,951	2,093,049	896,935

Notes:

(1) The total number of Common Shares that have not vested represents the total number of PSUs (based on vesting at target) and RSUs allocated to NEOs under the LTIP for the performance cycles 2018-2020, 2019-2021 and 2020-2022. The number of RSUs indicated for Mr. Marcotte for the 2018-2020 performance cycle includes a special RSU award of 2,593 RSUs to recognize the consistency of outstanding performance over many years in terms of results, corporate values and personal engagement. The number of PSUs indicated for Mr. Miller also includes the Special Award PSUs (119,733 PSUs) received by Mr. Miller in 2017 following the acquisition of OneBeacon, valued at US$10 million and which have not yet vested.

The details of the number of PSUs and RSUs allocated to NEOs under the LTIP performance cycles 2018-2020, 2019-2021 and 2020-2022 are as follows:

Performance cycle	Charles Brindamour	Louis Marcotte	T. Michael Miller	Louis Gagnon	Mathieu Lamy
2018-2020	49,719	7,272	43,166	14,446	5,564
2019-2021	55,437	6,156	46,147	15,387	6,924
2020-2022	46,340	6,431	35,978	13,781	7,350

(2) With the exception of Mr. Miller's Special Award PSUs, which are subject to a minimum vesting target of 75%, the minimum payout under the plan is 0% for the PSUs. The RSU component is not based on performance; therefore the minimum payout is the number of RSUs awarded multiplied by the Common Share price at vesting. The values of the unvested share-based awards represent the total number of PSUs that have not vested, multiplied by the Common Share price at closing on December 31, 2020, which was $150.72 assuming a performance at target (100%), and the total number of RSUs that have not vested, multiplied by the Common Share price at closing on December 31, 2020, which was $150.72.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Share-based Awards Value Vested During the Year ($)(1)	Non-equity Incentive Plan Compensation Value Earned During the Year ($)(2)
Charles Brindamour	9,136,146	2,388,610
Louis Marcotte	788,458	849,150
T. Michael Miller	0(3)	1,366,298
Louis Gagnon	2,282,948	1,108,406
Mathieu Lamy	863,162	591,150

Notes:

(1) a) **RSUs**

The RSUs allocated under the LTIP for the performance cycle 2017-2019 vested on January 1, 2020. The value indicated in the table represents the number of Common Shares allocated to each NEO, including dividend equivalents, multiplied by the price of the Common Shares at closing on the vesting date, which was $140.42 (December 31, 2019). The number of Common Shares allocated to each NEO, including dividend equivalents, is as follows:

Name	Common Shares Allocated (#)	Value at Delivery (January 9, 2020) ($)
Charles Brindamour	12,512	1,802,103
Louis Marcotte	1,080	155,552
T. Michael Miller	0	0
Louis Gagnon	3,127	450,382
Mathieu Lamy	1,182	170,243

Where applicable, the Common Shares were delivered to participants on January 9, 2020. The price of the Common Share at closing on January 8, 2020 was $144.03. Participants electing to receive Common Shares are entitled to dividend payments as of the delivery date. Following approval by the HRC Committee and effective since April 2018, a two (2) year post-vesting restriction period applies to a group of Senior Executives. In 2020, the HRC Committee reviewed the composition of such group so that the restriction period applies to, among others, (i) the CEO and the Canadian direct reports of the CEO, (ii) the Oversight Functions and (iii) the Vice Chairman. Such restriction period prohibits the sale of Common Shares received upon the conversion of RSUs and PSUs for a period of two (2) years following vesting of the award.

b) **PSUs**

The PSUs allocated under the LTIP for the performance cycle 2017-2019 vested on January 1, 2020. Participants received the equivalent of 180% of their initial award, based on Intact Financial Corporation's average three (3) year ROE performance relative to the industry (please refer to the description of the LTIP on pages 110 to 113). The value indicated in the table represents the number of Common Shares allocated to each NEO, including dividend equivalents, multiplied by the price of a Common Share at closing on the vesting date, which was $140.42 (December 31, 2019). The number of Common Shares allocated to each NEO, including dividend equivalents, is as follows:

Name	Number of Common Shares Allocated (#) (= 180% of original number of PSUs awarded)	Value at Delivery (April 30, 2019) ($)
Charles Brindamour	52,551	7,133,798
Louis Marcotte	4,535	615,626
T. Michael Miller	0	0
Louis Gagnon	13,131	1,782,533
Mathieu Lamy	4,965	673,999

The Common Shares were delivered to participants on April 30, 2020. The price of the Common Shares at closing on April 29, 2020 was $135.75. Participants electing to receive Common Shares are entitled to dividend payments as of the delivery date. Following approval by the HRC Committee and effective since April 2018, a two (2) year post-vesting restriction period applies to a group of Senior Executives. In 2020, the HRC Committee reviewed the composition of such group so that the restriction period applies to, among others, (i) the CEO and the Canadian direct reports of the CEO, (ii) the Oversight Functions and (iii) the Vice Chairman. Such restriction period prohibits the sale of Common Shares received upon the conversion of RSUs and PSUs for a period of two (2) years following vesting of the award.

(2) The value represents the amounts to be paid in the second quarter of 2021 for the STIP performance year 2020. For Mr. Marcotte, the amount also includes his special cash award of $250,000 received in recognition of his valued role and contribution related to the offer made by the Company, together with Tryg A/S, to acquire RSA Insurance Group plc. announced in 2020. For Mr. Miller, the amount was partially paid on March 4, 2021 in U.S. dollars, and the remaining portion will be paid on April 8, 2021. The amount shown for him has been converted to Canadian dollars using the exchange rate as of March 4, 2021, which was 1.2663.

(3) Under the OneBeacon Long-Term Incentive Plans, Mr. Miller's last outstanding awards vested as follows :

- 26,250 Performance Units granted for the 2017-2019 performance cycle vested December 31, 2019 and resulted in a payment of US$832,125 on March 5, 2020 ($1,116,462 using the exchange rate as of the date of payment, which was 1.34170); and
- 47,800 Restricted Shares vested on January 1, 2020 and resulted in a payment of US$865,180 on January 2, 2020 ($1,123,653 using the exchange rate as of the date of payment, which was 1.29875).

For more information on the OneBeacon Long-Term Incentive Plans, please see our Management Proxy Circular 2020.

7.7 Pension Plan and Retirement Benefits

IFC Base Plan and SERP

IFC's Canadian Executives and Canadian Senior Executives benefit from two (2) pension plans: a registered defined benefit plan ("Base Plan") and a SERP.

1. Base Plan

The pension benefit under the Base Plan is determined at retirement using a formula combining average earnings and service, where average earnings is defined as the average of the best 60 consecutive months of earnings during the last 120 months and earnings are comprised of base salary.

Formula for each service period	Charles Brindamour[1]	Louis Marcotte[1]	Louis Gagnon[1]	Mathieu Lamy[2]
For service on and after January 1, 2000, the pension accrual is 2% of average earnings multiplied by the number of years of service	X	X	X	X
For service from January 1, 1997 to December 31, 1999, the pension accrual is 1.3% of average earnings up to the average year's maximum pensionable earnings ("YMPE"), plus 2% of the excess	X	N/A	N/A	N/A
For service up to December 31, 1996, the pension accrual is 1.35% of average earnings up to the average YMPE, plus 2% of the excess	X	N/A	N/A	N/A

(1) Participant under the "Régime de retraite des employés d'Intact et de ses compagnies affiliées (regroupant les régimes enregistrés au Québec le 30 juin 2012)".
(2) Mr. Lamy is a participant under the "Régime de retraite des employés d'Intact et de ses compagnies affiliées (regroupant les régimes enregistrés au Québec le 30 juin 2012)" since July 1, 2012. For his service up to June 30, 2012, Mr. Lamy participated in the Former AXA Base Plans (as described below).

The benefit payable shall not exceed the maximum pension amount as may be permitted under the *Income Tax Act* (Canada).

The pension benefit is payable at normal retirement age (age 65). Early retirement is available as of age 55.

For the pension in respect of credited service up to December 31, 2018:

- participants are eligible to receive an unreduced pension benefit when they reach age 60 and have at least twenty (20) years of service. Accrued normal pension benefit is then reduced by 6% for each year between the early retirement date and the earlier of the date the participant reaches the age of 60, if such participant has twenty (20) or more years of service, or the normal retirement date.
- at retirement, the normal form of pension benefit payable to single participants is a lifetime pension benefit with provision that at least sixty (60) monthly payments will be made in any event. Participants with a spouse will receive a lifetime pension benefit with a joint and 60% survivor form benefit, with provision that at least sixty (60) monthly payments will be made in any event.

For the pension in respect of credited service from January 1, 2019:

- accrued normal pension benefit will be reduced by 4% for each year between the early retirement date and the normal retirement date.
- at retirement, the normal form of pension benefit will be a lifetime pension benefit with provision that at least sixty (60) monthly payments will be made in any event.

Pension benefits accrued prior to January 1, 2012 are indexed annually based on the higher of 50% of the CPI and CPI minus 3%, up to a maximum of 4%. There is no indexation for pension benefits accrued on or after January 1, 2012.

The Base Plan is a contributory plan and since January 1, 2014 Senior Executives are required to contribute to the plan. No contributions were required from Senior Executives prior to that date.

2. SERP Plan

A SERP where the pension benefit is equal to the excess of (a) over (b), as follows:

(a) the amount of annual pension which would be determined in accordance with the terms of the Base Plan if the tax limits as to the maximum pension payable, as set out in the Base Plan, were not applicable; and

(b) the amount of annual pension actually payable from the Base Plan.

For purposes of determining the pension benefit payable under the SERP, earnings also include 25% of the maximum STIP payout.

SERP benefits are not indexed.

The SERP serves as a retention tool for all Canadian Executives and Canadian Senior Executives and vests when the Executive or Senior Executive has completed two (2) years of continuous service with the Company.

Mr. Mathieu Lamy

For service from July 1, 2012, Mr. Lamy benefited and still benefits from two (2) pension plans: the Base Plan and the SERP plan, as described above.

For service up to June 30, 2012, Mr. Lamy benefited from multiple pension plans: the Former AXA Base Plans and the Former AXA SERP, as described below.

1. Former AXA Base Plans

The Former AXA Base Plans consisted of the following two registered plans:

- le régime de retraite des employés d'Intact et de ses compagnies affiliées (anciennement le régime des employés d'AXA Assurances), (the "AXA Employees Plan"); and
- le régime de retraite de la direction d'Intact et de ses compagnies affiliées (anciennement le régime des cadres supérieurs d'AXA Assurances), (the "AXA Senior Management Plan").

The Former AXA Base Plans were merged effective July 1, 2012 into the "Régime de retraite des employés d'Intact et de ses compagnies affiliées (regroupant les régimes enregistrés au Québec le 30 juin 2012)".

Pension benefits under the Former AXA Base Plans are determined at retirement using formulas combining earnings or average earnings and service, where earnings are comprised of base salary and average earnings are defined as the average of (i) the best 60 consecutive months of earnings under the AXA Employees Plan and (ii) the best 36 consecutive months of earnings under the AXA Senior Management Plan.

Formula for each service period	AXA Employees Plan	AXA Senior Management Plan
For service from February 1, 1998 to June 30, 2012, the pension accrual is 2% of average earnings, less 0.7% of average YMPE from age 65, multiplied by the number of years of service	N/A	X
For service from January 1, 1991 to January 31, 1998, the pension accrual is 1% of average earnings multiplied by the number of years of service	X	N/A
For service from July 1, 1989 to December 31, 1990, the pension accrual is the greater of 2% of 1999 earnings and 2.25% of 1994 earnings multiplied by the number of years of service	X	N/A

The pension benefit payable shall not exceed the maximum pension amount as may be permitted under the *Income Tax Act* (Canada).

The pension benefit is payable at normal retirement age (age 65). Early retirement is available as of age 55. If the member has thirty (30) years of service or ninety (90) points (i.e. sum of age plus service) under the AXA Senior Management Plan, the accrued normal pension benefit is reduced by 5% for each year before age 60. Otherwise, the accrued normal pension benefit is reduced by 3% for each year before the normal retirement date. Under the AXA Employees Plan, the accrued normal pension benefit is reduced by 6% for each year before the normal retirement date.

At retirement, the normal form of pension benefit under the AXA Employees Plan for service before 1996 is a lifetime pension benefit with the provision that at least sixty (60) monthly payments will be made in any event. For service accrued in and after 1996, the normal form of pension benefit payable to single participants is a lifetime pension benefit with the provision that at least one hundred twenty (120) monthly payments will be made in any event; participants with a spouse will receive a lifetime pension benefit with a joint and 60% survivor form benefit. For service under the AXA Senior Management Plan, the normal form of pension benefit is a lifetime pension benefit with the provision that at least one hundred twenty (120) monthly payments will be made in any event.

Pension benefits accrued under the Former AXA Base Plans are not indexed.

2. Former AXA SERP

The Former AXA SERP plan consisted of the following supplementary executive retirement plan:

- le régime de retraite supplémentaire de la direction d'Intact et de ses compagnies affiliées (anciennement le régime supplémentaire des cadres supérieurs d'AXA Assurances).

The Former AXA SERP was merged effective July 1, 2012 into the SERP, as defined above.

The pension benefit under the Former AXA SERP is equal to the excess of (a) over (b), as follows:

(a) the amount of annual pension which would be determined in accordance with the terms of the applicable Former AXA Base Plans if the tax limits as to the maximum pension payable, as set out in the applicable Former AXA Base Plans, were not applicable; and

(b) the amount of annual pension actually payable from the applicable Former AXA Base Plans.

Former AXA SERP benefits are not indexed.

Under the terms of the SERP plan, in addition to covering Mr. Lamy's service on and after July 1, 2012, the plan also covers his service prior to that date, which results in the benefits payable under the Former AXA Base Plans being determined without regard to the tax limits as to the maximum pension payable and with earnings that also include 25% of the maximum STIP payout (with the exception of benefits in respect of pre-1991 credited service). Supplemental plan benefits in respect of service prior to July 1, 2012 must not be less than those determined under the Former AXA SERP.

The following table provides information on the NEOs participation in the Base Plan and SERP:

		Annual benefits payable[6]					
Name	**Number of years of credited service (#)**	**At year end ($)**	**At age 65 ($)[1]**	**Opening present value of defined benefit obligation ($)[2]**	**Compensatory Change ($)[3]**	**Non-compensatory change ($)[4]**	**Closing present value of defined benefit obligation ($)[5]**
Charles Brindamour	25.6712	945,307	1,513,385	14,157,541	158,639	2,584,679	16,900,859
Louis Marcotte	14.1923	157,750	257,274	2,081,278	466,816	446,693	2,994,787
Louis Gagnon	13.9231	276,300	401,539	3,833,581	411,091	601,099	4,845,771
Mathieu Lamy	31.5083	343,907	410,346	5,590,230	288,198[7]	709,277	6,587,705

Notes:

(1) The information shown in this column was determined based on the final average earnings of each participant as of December 31, 2020 and years of credited service projected up to age 65 (assuming full-time employment).

(2) The information shown in this column was determined by using the same assumptions and methods as those used for 2019 financial statement reporting purposes. In particular, the discount rate used to value the obligation is 3.16% per year for benefits accrued under the Base Plan and Former AXA Base Plans and 3.14% per year for benefits accrued under the SERP and Former AXA SERP.

(3) Includes the service cost, net of employee contributions, if any, plus the impact on the obligation of differences between actual and estimated earnings, and any additional changes that have a retroactive impact. The service cost was determined using the same assumptions and methods as those used for 2019 financial statement reporting purposes. In particular, the discount rate used to value the service cost is 3.19% per year for benefits accrued under the Base Plan and Former AXA Base Plans and 3.18% for benefits accrued under the SERP and Former AXA SERP.

(4) Includes all items that are not compensatory, such as changes in actuarial assumptions, interest cost and any data changes.

(5) The information shown in this column was determined by using the same assumptions and methods as those used for 2020 financial statement reporting purposes. In particular, the discount rates used are 2.73% per year for benefits accrued under the Base Plan and Former AXA Base Plans and 2.66% per year for benefits accrued under the SERP and Former AXA SERP.

(6) Pension benefit is payable at normal retirement age (age 65). In respect of benefits under the Base Plan and SERP, participants are eligible to receive an unreduced pension benefit in respect of their credited service up to December 31, 2018 when they reach age 60 and have at least twenty (20) years of service. In respect of benefits accrued under the AXA Senior Management Plan as well as under the Former AXA SERP for the same period of service, participants are eligible to receive an unreduced pension benefit when they reach age 60 if they have at least thirty (30) years of service or the sum of their age and service totals at least ninety (90).

(7) Includes the cost of an amendment effective in 2020 that recognizes in the SERP the periods of service bought back under the Base Plans, which resulted in one additional year of pre-1991 service being recognized in the SERP for Mr. Lamy.

Intact USA Defined Contribution Plan

Mr. Miller participates in the Intact USA Retirement Savings Plan, which has the following features:

- Intact USA makes bi-weekly contributions equal to 3% of an employee's compensation. For this purpose, compensation is limited to the annual IRS limit (US$285,000 in 2020).
- Intact USA also makes an annual fixed contribution of 3% of compensation for employees who are active on the last business day of the plan year. For this purpose, compensation is limited to the annual Social Security ceiling (US$137,700 in 2020).
- Intact USA also makes a variable contribution – 0% to 6% of eligible compensation up to the IRS defined compensation limit (US$285,000 in 2020). The variable contribution is determined based on to what extent the company has achieved its annual financial goals. All employees are eligible for the fixed contribution. Employees who participate in any long-term incentive plans are not eligible to receive a variable contribution.
- Employees may also make contributions to the plan in the form of deferred wages up to certain limits.

Compensation under the plan includes base salary and overtime and excludes bonuses and other incentive compensation.

The following table provides information on Mr. Miller's participation in the Intact USA Retirement Savings Plan :

Name	Accumulated value at start of year ($)	Compensatory Change ($)[2]	Non-compensatory change ($)[3]	Accumulated value at year end ($)
T. Michael Miller[1]	927,707	16,813	136,920	1,081,440

Notes:
(1) Figures are expressed in Canadian dollars.
(2) Contributions made by Intact USA between January 1, 2020 and December 31, 2020.
(3) Contributions made by the NEO, if any, plus investment earnings, net of benefit payments and refunds, and including the effect of changes in the exchange rates.

7.8 Termination and Change of Control Benefits

The Company does not have employment contracts with its NEOs, except for Mr. Miller. Hiring documents include confirmation of total compensation, a copy of the Company's policies and the requirement for each Executive or Senior Executive to sign the IFC "Living our Values" code of conduct, as well as a Confidentiality and Non-Solicitation Agreement.

Mr. Miller's Employment Agreement with Intact Financial Corporation

The Company entered into an employment agreement with Mr. Miller following the acquisition of OneBeacon. Under the terms of the agreement, in the event the Company terminates Mr. Miller's employment without cause (defined as termination for reasons other than (i) Mr. Miller's death or Disability or (ii) cause) or Mr. Miller experiences a "Constructive Termination" (termination at Mr. Miller's initiative which follows (i) a material decrease in total annual compensation opportunity, (ii) a material diminution in the authority, duties or responsibilities of Mr. Miller's position or (iii) a relocation of Mr. Miller's principal place of employment by more than 35 miles), the Company will provide Mr. Miller with the following:

- a cash payment equal to two times the sum of (i) his base salary and (ii) his annual target IFC U.S. STIP, payable in equal monthly installments over a period of 24 months;
- continued participation in the Company's well-being benefit plans for a period of 24 months; and
- in respect of outstanding PSUs (including the Special Award PSUs) and RSUs, the Pro-Rata LTIP Treatment (as each such term is defined below).

Except as provided above, upon Mr. Miller's termination of employment for any reason, outstanding PSUs and RSUs shall be forfeited; provided, however, that if Mr. Miller Retires (as such term is defined below) on or prior to December 31, 2022, his outstanding PSUs (other than the Special Award PSUs) and RSUs will vest on a pro-rated basis (the numerator of which will be the number of completed whole months in the performance period prior to Mr. Miller's termination and the denominator of which will be the number of months in the performance period) based on the actual level of performance achievement for completed years of the performance cycle and target level of performance achievement for future years of the performance cycle (the "Pro-Rata LTIP Treatment"); provided further that if Mr. Miller Retires on January 1, 2023 or later, his outstanding PSUs (other than the Special Award PSUs) and RSUs shall vest and be paid on the original payment date(s) subject to the actual level of performance achievement.

The term "Retire" means (a) a voluntary termination of employment as mutually agreed between Mr. Miller and the Company prior to December 31, 2022, (b) a voluntary termination of employment on or following January 1, 2023, (c) Mr. Miller's death or (d) the Company terminates Mr. Miller's employment due to Disability as defined in the OneBeacon 2017 Long-Term Incentive Plan.

Except as provided above, upon Mr. Miller's termination of employment for any reason, outstanding Special Award PSUs shall be forfeited; however, upon (i) Mr. Miller's death, (ii) the Company terminating Mr. Miller's employment due to Disability or (iii) a Change in Control (as defined below) following the closing of the OneBeacon acquisition, the Special Award PSUs shall vest and be paid without proration related to the duration of employment on the original payment date(s) based on the actual level of performance achievement for completed years of the performance cycle and target level of performance achievement for future years.

General Rule for NEOs who do not have employment contracts

The Company is required to provide "reasonable notice" upon termination of employment. The length of reasonable notice required varies with the facts and circumstances of the individual situation and jurisdiction.

Finally, the Company provides the minimum compliance requirement under the applicable law in the relevant jurisdiction. Generally, the severance package for Executives and Senior Executives increases with the following factors, as well as industry general practices: age, length of service, base salary and benefits, level of responsibility and difficulty in finding alternative employment.

Consequences of a Change of Control under the LTIP

If a Change of Control occurs, then the vesting of stock incentives under the LTIP shall be subject to double-trigger change of control provisions.

The LTIP contains a provision, which was reviewed and took effect as of 2018, relating to the consequences of a change of control of the Company, as described below:

If a Change of Control occurs, then the vesting of stock incentives under the LTIP shall be subject to double-trigger change of control provisions. As such, an involuntary termination of employment without cause or resignation of employment with good reason ("with good reason" triggers consisting of a substantial reduction in responsibilities or scope of authority in the terms of employment, in either case, without the participant's consent), on or within 24 months following the occurrence of a Change of Control of the Company, will result in the accelerated vesting of stock incentives granted under the LTIP and outstanding as of the date of termination. PSU vesting is calculated based on actual performance for years for which results are known and at target for years for which results are not known.

In addition, in connection with a Change of Control, the surviving, successor or acquiring entity is required to assume or fairly substitute outstanding awards. Alternatively, in the context where the agreements effectuating the Change of Control do not provide, as determined by the HRC Committee, for the fair assumption or substitution of all stock incentives granted under the LTIP, then the HRC Committee may decide to accelerate the vesting of outstanding LTIP awards and/or to cancel such awards in exchange for a payment in cash or shares, in all cases, in connection with the Change of Control.

Upon resignation or termination with cause, all stock incentives granted under the LTIP are forfeited. A Change of Control is generally defined under the LTIP as:

(a) a person (broadly defined) or group of persons acting in concert directly or indirectly becoming the beneficial owner(s) of 35% or more of the Company's voting securities; or

(b) the shareholders of the Company approving a reorganization, amalgamation or arrangement of the Company with any other company, where holders of record of the voting securities of the Company immediately before these transactions hold less than 50% of the voting securities of the Company or the continuing entity; or

(c) the shareholders of the Company approving a plan of liquidation, dissolution or winding-up of the Company, or an agreement for the sale or disposition by the Company of 50% or more of the net book value of the Company's assets to a person other than an affiliate; or

(d) a change of more than 50% in the Directors on the Board of Directors; or

(e) any transaction that the Board of Directors determines to be a change of control;

and, in each case, all governmental and regulatory consents and approvals required, necessary or desirable in connection therewith having been obtained and not being subject to appeal, further review or modification. The HRC Committee periodically reviews the terms of the change of control arrangements under the Company's LTIP as part of its review of current governance trends and market practices.

Estimated payments to NEOs upon termination of employment as at December 31, 2020

Executives' and former Executives' outstanding equity-based incentives may be subject to reduction or recoupment under the terms of our clawback policy. **See page 104 for more information on our clawback policy.**

The Company does not have employment contracts with its NEOs, except for Mr. Miller.

The Outstanding Share-Based Awards table on page 126 summarizes the NEOs' outstanding LTIP awards that would vest in the event of termination scenarios and application of double-trigger change of control provisions under the LTIP as at December 31, 2020.

The table below summarizes estimated incremental payments, payables and benefits which Mr. Miller would be contractually entitled to at, following, or in connection with each of the termination scenarios below as at December 31, 2020 (including the accelerated vesting of LTIP awards as described above).

Amounts do not include any potential greater common law entitlements. For equity-based compensation, the values represent the value of any awards (as of December 31, 2020) that would have been eligible for accelerated vesting as a result of termination. These values are based on a share price of $150.72, the closing price of our common shares on December 31, 2020, and U.S. dollar amounts have been converted to Canadian dollars using the exchange rate on December 31, 2020, which was 1.27210.

We do not gross up any compensation to cover the impact of income taxes.

The actual amounts that Mr. Miller would receive if his employment were terminated can only be determined at the time of termination. Many factors could affect the nature and amount of the benefits and the actual amounts may be higher or lower than the amounts shown below. PSUs have been valued assuming a performance factor of 100%, which may not reflect the actual payouts.

Name	Compensation component	Retirement (early or normal) ($)	Termination with cause/Resignation ($)	Termination without cause/Constructive termination ($)	Termination without cause following a change of control ($)
T. Michael Miller	Salary and Annual Incentives	–	–	3,816,300	3,816,300
	Equity-Based Incentives	–	–	25,436,071	36,930,017(1)
	Value of benefits plans	–	–	26,314	26,314
	Total	–	–	29,278,685	40,772,631

(1) There is a difference in payouts between the termination without cause/constructive termination scenario and the termination without cause following a change of control scenario because, following a change of control, Mr. Miller would be entitled to receive the full value of the Special Awards PSUs and of the IFC LTIP for the performance cycles 2018-2020, 2019-2021 and 2020-2022, which are subject to double-trigger change of control provisions.

7.9 Compensation of Directors

Please refer to the "Director Compensation" section on page 34 of this Circular.

7.10 Indebtedness of Directors and Executive Officers

To the knowledge of the Company, there is no outstanding indebtedness to the Company or to its subsidiaries incurred by Directors, Executive Officers, employees or former Directors, Executive Officers or employees of the Company, except under a loan program for the acquisition of computer equipment and software that is available to all the employees of the Company. Advances to a person under the computer loan program are of a nominal value (average: $3,500).

7.11 Approval of the Statement on Executive Compensation

The statement on executive compensation has been approved by the HRC Committee, of which the members are:

Timothy H. Penner, Chair
Janet De Silva
Sylvie Paquette
Stuart J. Russell
Carol Stephenson

(Signed) Human Resources and Compensation Committee

8 Approval of the Board of Directors

Table of contents

The Board of Directors has approved the contents and the distribution of this Management Proxy Circular to the shareholders of the Company.

Frédéric Cotnoir
Senior Vice President, Corporate and Legal Services, and Secretary

March 31, 2021

Glossary of Terms

Table of contents

"AMF"
means the *Autorité des marchés financiers*;

"AIF"
means the Company's Annual Information Form dated March 31, 2021, in respect of the financial year ended December 31, 2020;

"Amended and Restated Rights Plan"
means the amended and restated shareholder rights plan approved by the Board of Directors on April 19, 2017;

"Audit Committee"
means the Audit Committee of the Board of Directors;

"AXA Employees Plan"
means *Le régime de retraite des employés d'Intact et de ses compagnies affiliées (anciennement le régime des employés d'AXA Assurances)*;

"AXA Senior Management Plan"
means *Le régime de retraite de la direction d'Intact et de ses compagnies affiliées (anciennement le régime des cadres supérieurs d'AXA Assurances)*;

"Base Plan"
means the Company's registered defined benefits plan for Canadian Executives and Canadian Senior Executives;

"Board of Directors" or "Board"
refers to the board of directors of the Company;

"CBCA Amendments"
means the recent amendments to the *Canada Business Corporations Act* related to board and senior management diversity disclosure, effective January 1, 2020;

"CCO"
means the Chief Compliance Officer of the Company, who is also the Senior Vice President, Corporate & Legal Services, and Secretary;

"CEO"
means the Chief Executive Officer of the Company;

"CFO"
means the Chief Financial Officer of the Company;

"Circular"
means this Management Proxy Circular dated March 31, 2021, together with all schedules hereto, prepared in connection with the Meeting;

"Common Shares"
means the common shares of the Company;

"Company"
means Intact Financial Corporation;

"Computershare"
means the Company's transfer agent, Computershare Investor Services Inc.;

"CPI"
means the Consumer Price Index;

"CRA"
means the Canada Revenue Agency;

"CRCG Committee"
means the Compliance Review and Corporate Governance Committee of the Board of Directors;

"CRO"
means the Chief Risk Officer of the Company;

"Designated Groups"
means Indigenous Peoples, persons with disabilities and visible minorities;

"Director Appointment Resolution"
means the special resolution of the shareholders authorizing the Directors to file Articles of Amendment such that the Directors may appoint additional directors to serve on the Board of Directors until the next annual meeting of shareholders (the text of which is set out in Schedule "B" of the Circular);

"Directors"
means members of the Board of Directors of the Company;

"Diversity Policy"
means the Board and Senior Management Diversity Policy of the Company;

"DSUs"
means deferred share units granted by the Company as part of the Directors' compensation;

"ESG"
means environmental, social and governance;

"Executives"
means the Vice Presidents and Deputy Senior Vice Presidents of the Company;

"Executive Committee"
refers to the most senior management committee of the Company, comprised of the Senior Executives of the Company. The Senior Executives who were members of the Executive Committee as of March 1, 2021 are identified in our 2020 Annual Report;

"Executive Officers"
has the meaning provided for under securities legislation, and targets, among other positions, individuals who are performing policy-making functions in respect of the Company. All Executive Officers are members of the Executive Committee. As of March 1, 2021, the Executive Officers were the individuals listed on page 25 of the AIF;

"External Auditor" or "EY"
means Ernst & Young LLP, the external auditor of the Company;

"FCC"
means Frank Cowan Company Limited;

"Former AXA SERP"
means *Le régime de retraite supplémentaire de la direction d'Intact et de ses compagnies affiliées (anciennement le régime supplémentaire des cadres supérieurs d'AXA Assurances)*;

"Former AXA Base Plans"
means the AXA Employees Plan and the AXA Senior Management Plan;

"FRFIs"
means federally regulated financial institutions;

"HRC Committee"
means the Human Resources and Compensation Committee of the Board of Directors;

"IFC"
means Intact Financial Corporation;

"IIM"
means Intact Investment Management Inc. and Intact Investment Limited Partnership;

"IIM US"
means Intact Investment Management US LLC;

"Indigenous Peoples"
has the meaning given to the expression "Aboriginal peoples" in the *Employment Equity Act*;

"Intact"
means Intact Financial Corporation;

"Intact USA"
means Intact Insurance Group USA Holdings Inc.;

"LTIP"
means the Company's Long-Term Incentive Plan;

"Management" or "Managerial Positions"
means all managerial level positions, including team leaders, and higher positions within the Company;

"Meeting"
means the annual and special meeting of shareholders of the Company to be held on May 12, 2021;

"Nomination Policy"
means the nomination policy for the Board of Directors and committee members;

"Nominee"
means, with respect to a Non-Registered shareholder of the Company, its bank, trust company, securities broker, clearing agency or other financial institution or intermediary holding shares in its behalf;

"North American Comparator Group"
means the comparator group approved by the Board of Directors for the compensation of Canadian Executives and Canadian Senior Executives with North American oversight;

"On Side"
means On Side Developments Ltd.;

"OneBeacon"
means OneBeacon Insurance Group, Ltd.;

"OSFI"
means the Office of the Superintendent of Financial Institutions;

"Oversight Functions"
means the oversight functions as determined under OSFI's Corporate Governance Guideline (the CFO, CRO, Chief Actuarial Officer, Canadian Appointed Actuary, Chief Internal Auditor and CCO);

"P&C"
means property and casualty insurance;

"Plans"
means the Company's pension and incentive plans;

"Proxyholder"
means a person having the authority to attend the Meeting and vote Common Shares of the Company on behalf of shareholders;

"PSUs"
means performance share units granted by the Company to Executives and Senior Executives under the LTIP;

"Risk Committee"
means the Risk Management Committee of the Board of Directors;

"ROE"
means return on equity. For the purpose of the Statement on Executive Compensation included in this Circular and for industry comparison purposes, IFC's ROE corresponds to IFC's adjusted return on equity (AROE), which is more comparable to the industry;

“RSA Acquisition”
means the proposed acquisition of RSA Insurance Group Plc. by the Company and Tryg A/S;

“RSUs”
means restricted share units granted by the Company to Executives and Senior Executives under the LTIP;

“Senior Executives” or “Senior Management”
means the CEO, Presidents, Executive Vice Presidents, Senior Vice Presidents, Vice Chair and equivalent positions within the Company;

“SERP”
means the Company’s supplementary executive retirement plan for Canadian Executives and Canadian Senior Executives;

“STIP”
means the Company’s Short-Term Incentive Plan;

“The Guarantee”
means The Guarantee Company of North America;

“VIF”
means the Voting Instruction Form to be completed by non-registered shareholders of the Company to instruct their respective Nominee on how to vote their Common Shares;

“Weighted North American Benchmark”
means a weighted benchmark as described on page 113 of this Circular;

“WTW”
means Willis Towers Watson, the Company’s external consultant on matters related to executive compensation and on other human resources advisory services.

Table of contents

Schedule A

Mandate of the Board of Directors

Intact Financial Corporation and its Canadian P&C Insurance Companies (jointly called the "Company")

I. Purpose

The main responsibility of the Board of Directors (the "Board") is to oversee the management of the business and affairs of the Company, including its pension funds. In carrying out its duties and responsibilities and discharging its obligations, the Board will, directly and through its committees, provide direction to management to pursue the best interests of the Company.

II. Composition and Qualifications

i) The composition of the Board and qualifications of its members is determined based on applicable legal requirements and best practices as determined by the Board.

ii) Directors must have complementary knowledge, skills and expertise, including an appropriate representation of financial industry and risk management skills, to enable them to positively contribute to the achievement of the Company's corporate objectives.

iii) The Board of Directors Policies and Procedures, as approved from time to time by the Board, serves as a guide to determining the composition of the Board and qualifications of its members.

III. Process and Operations

1. Meetings

i) The Board meets at least four times per year based on a Board pre-approved calendar.

ii) Any of the oversight functions, which include: Financial; Risk Management; Compliance; Internal Audit; and Actuarial (the "Oversight Functions"), may also call a meeting of the Board at any time.

2. Private Meeting of the Members of the Board and Private Meetings With Members of Management

i) At each meeting, the members of the Board will meet privately for an in-camera session without the presence of management.

ii) The members of the Board may meet members of management in private after each meeting or with any other employees of the Company, as deemed appropriate.

3. Quorum

A quorum at any meeting shall be a simple majority of the members of the Board.

IV. Duties and Responsibilities

The Board supervises the management of the business and affairs of the Company. In exercising this role, the Board fulfills the following duties and responsibilities:

1. Strategic Planning

i) Approves, at least annually, the strategic plan and the corporate objectives of the Company and oversees their execution. This oversight includes reviewing and approving all major strategy and policy recommendations and monitoring the Company's performance against the strategic plan using appropriate metrics and milestones.

ii) Reviews the opportunities and risks of the Company's three-year plan and, if deemed advisable, approves such plan, including the budget for the following year.

iii) The Board performs periodic reviews of the approved strategy and reviews and discusses results at each of its quarterly meetings to ensure attainment of key objectives and prompt realignment, if judged appropriate.

iv) Reviews and approves material transactions and reorganizations, such as acquisitions, dispositions, mergers, corporate reorganizations, alliances and financing transactions.

2. Risk Management and Capital Management

i) Oversees the identification and monitoring of the principal risks affecting the Company's business and ensures that the Company's business strategies and allocations of capital are related to the Company's Risk Appetite Framework and tolerance.

ii) Ensures that the Company has effective risk management programs and practices that are within the risk tolerance of the Company and that risk management activities have sufficient independence, status and visibility.

iii) Evaluates the Company's compliance with key risk policies and limits.

iv) At least annually, evaluates and approves the Enterprise Risk Management Policy including the Risk Appetite Framework and the Internal Capital Ratio.

v) Approves the Company's Investment Policy.

vi) Oversees the company's policies and strategies with respect to liquidity, funding and capital management and provides advice and guidance to management on the effectiveness of such policies and strategies.

3. Ethics, Compliance and Corporate Governance

i) Sets the tone for the integrity, ethics and compliance culture throughout the Company and ensures that the appropriate structures and programs are in place to meet and maintain the highest rules of ethics, compliance and conduct.

ii) Develops the Company's approach to corporate governance and its corporate governance principles.

iii) To support the Company's corporate governance objectives, the Board ensures that the Directors, the CEO, the Oversight Functions and other executives demonstrate suitability and integrity in line with the high ethical values of the Company and foster a culture of integrity throughout the Company.

iv) Reviews management reports regarding important developments in the relationship between the Company and key regulators, including the Office of the Superintendent of Financial Institutions ("OSFI"), the Autorité des Marchés Financiers ("AMF") and U.S. insurance regulators.

v) Reviews the Company's compliance programs including the Ombudsman's Office, the Privacy Office and market conduct initiatives.

vi) Reviews the Company's procedures to monitor its Related Party Transactions and approves permitted Related Party Transactions.

vii) Ensures that there are appropriate procedures in place for the identification and resolution of conflicts of interest.

viii) Oversees and monitors the Company's environmental, social and governance ("ESG") and corporate social responsibility initiatives, including with respect to diversity.

ix) Oversees and approves the Company's codes of ethics and conduct.

4. Supervision over Senior Management, Oversight Functions and Compensation and Succession Planning

i) Ensures that the Company is supported by an appropriate organizational structure including a CEO, Oversight Functions as defined by law, and other executives who have complementary skills and expertise, to ensure the sound management of the business and affairs of the Company and its long-term profitability.

ii) Oversees the Company's succession planning and talent development.

iii) Develops the annual corporate goals and objectives of the CEO and is responsible for the CEO's appointment, assessment, compensation and termination (if applicable).

iv) Conducts an annual assessment of the effectiveness and independence of the Oversight Functions and reviews their objectives. Such assessment may include conducting a benchmarking analysis of such functions and processes with the assistance of internal or external advisors.

v) Periodically reviews and approves the respective mandates of the Oversight Functions.

vi) Appoints, assesses and terminates (if applicable) the head of the Oversight Functions.

vii) Oversees the Company's general approach to human resources and compensation philosophy and reviews, discusses and approves the compensation and benefits plans for employees, management, executives, including the Oversight Functions, and Directors.

5. Pension Plans and Funds

i) Monitors the various aspects of the Company's Pension Plans (benefits, Financial Statements and actuarial valuation) or the management of their funds (review of policies and approval of strategies and investment reports).

ii) Reviews the governance framework in relation to the management of the Company's pension plans and pension funds.

6. Board of Directors Structure and Composition

i) Ensures that its own structure and composition are in compliance with applicable legislation and best practices, as determined by the Board, and reviews the size, composition and policies of the Board and its committees with a view to the effectiveness, contribution, skills, suitability, integrity and independence of the Board and of all the directors.

ii) Establishes the appropriate policies and procedures to enable the Board, its committees and individual directors to function independently of management.

iii) On an annual basis, the Board undertakes a self-assessment to evaluate the effectiveness of the Board and committee practices, periodically with the assistance of external advisors.

iv) Identifies potential new Board members and implements and reviews the nomination process for new Board members.

v) Provides orientation for new directors and continuing education opportunities to all Board members.

7. Financial Reporting, Public Disclosure and Internal Controls

i) Reviews and approves the Company's significant disclosure documents including financial statements and related financial information and oversees the Company's compliance with applicable audit, accounting, actuarial and reporting requirements.

ii) Ensures that the Company adopts appropriate policies and procedures that provide for timely and accurate disclosure to regulators, shareholders, employees, analysts and the public, that meet all applicable legal and regulatory requirements and that facilitate feedback from stakeholders and shareholder engagement.

iii) Oversees and monitors the integrity and effectiveness of the Company's internal controls and management information systems. The Board also reviews management's assertions on internal controls and disclosure control procedures.

iv) Appoints, subject to approval by shareholders, and terminates, if applicable, the external auditor.

8. General

i) As part of meeting its responsibilities, the Board is responsible for overseeing the governance and activities of subsidiaries.

ii) The Board is responsible for establishing general Company policies and performing other tasks required by law and regulations.

V. Access to Independent Consultants

i) The Board and each committee may retain and terminate independent consultants, at the Company's expense. Individual members of the Board are authorized to engage consultants, at the expense of the Company, in appropriate circumstances.

ii) The Board ensures that consultants are retained only when necessary and that such consultants are retained prudently and without duplication.

iii) The Board will ensure that appropriate policies and procedures are in place to provide for the prudent engagement of consultants.

VI. Committees of the Board and Delegation

i) The Board has established the following committees to assist it in its stewardship role: the Audit Committee, the Risk Management Committee, the Compliance Review and Corporate Governance Committee, and the Human Resources and Compensation Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

ii) The Board has approved mandates for each Board committee. Such mandates will be reviewed annually and approved by the Board.

iii) The Board has delegated for approval or review the matters set out in each Board committee's mandate to that committee.

iv) The Board may designate a sub-committee or individual(s) to review any matter the Board can delegate by law.

VII. Board Mandate Review

On an annual basis, the Board reviews this mandate and approves such changes as are necessary.

Approved by the Board of Directors of Intact Financial Corporation and its Canadian P&C Subsidiaries on November 4, 2020.

Schedule B

Director Appointment Resolution

BE IT RESOLVED as a Special Resolution of the shareholders that:

1. The Articles of Amalgamation of the Company be amended to include the following provision: "The directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual general meeting of shareholders, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual general meeting of shareholders."
2. The Company is hereby authorized to file articles of amendment with the Director under the Canada Business Corporations Act at any time after the date of this resolution to give effect to the amendments noted above and to otherwise take all actions required to give effect to such amendments.
3. Any one director or officer of the Company is hereby authorized and directed to execute all such documents and to do and perform all other acts and things as he or she, in his or her sole and absolute discretion, deems necessary or desirable to carry out the intent of the foregoing special resolution and the matters authorized thereby, such determination to be conclusively evidenced by the preparation and execution of such document or the doing or performance of such act or thing.
4. Notwithstanding that this resolution has been approved by the shareholders of the Company, the directors of the Company are authorized without further notice to, or approval of, the shareholders of the Company not to proceed with the actions contemplated by this resolution.

Schedule C

Executive Stock Option Plan

Description of the Executive Stock Option Plan

The Executive Stock Option Plan is the only equity based compensation plan providing for the issuance of securities from treasury under which grants may be made by the Company. Under the Executive Stock Option Plan, the HRC Committee may, in its discretion, from time to time grant Options and stock appreciation rights ("SARs"). The HRC Committee shall determine the terms and conditions of grants under the Executive Stock Option Plan, which may be based on one or more criteria determined by the HRC Committee that are consistent with the purpose of the Executive Stock Option Plan and the interests of the Company. Certain key employees of the Company and its subsidiaries are eligible to receive grants under the Executive Stock Option Plan.

The aggregate number of Common Shares that may be issued pursuant to grants under the Executive Stock Option Plan, together with all other security based compensation arrangements of the Company, may not exceed one percent (1%) of the aggregate of the outstanding Common Shares issued and outstanding from time to time. As of December 31, 2020, no Common Shares have been issued from treasury pursuant to the Executive Stock Option Plan. Assuming receipt of shareholder approval for the implementation of the Executive Stock Option Plan, 1,430,181 Common Shares (1% of the aggregate Common Shares issued and outstanding as of December 31, 2020) will be reserved for issuance from treasury for potential future grants under the Executive Stock Option Plan. The Executive Stock Option Plan does not provide for a maximum number of shares which may be issued to an individual pursuant to the plan and any other security based compensation arrangement (expressed as a percentage or otherwise).

The Executive Stock Option Plan limits the maximum number of Common Shares issued to insiders (as defined under TSX rules for this purpose) within any one-year period, or issuable to insiders at any time, in the aggregate, under all security based compensation arrangements to 10% of the then issued and outstanding aggregate Common Shares.

Options issued under the Executive Stock Option Plan, unless otherwise designated by the HRC Committee, will vest on the third anniversary of the date of the grant based on continued employment and any other relevant vesting conditions (including performance conditions), and may be exercised until the fifth anniversary of the grant, unless otherwise determined by the HRC Committee, subject to a maximum term for Options of ten years. The exercise price for Options issued under the Executive Stock Option Plan is the volume weighted average trading price per Common Share on the TSX during the immediately preceding trading day on the date of grant. If the normal expiry date of any Option falls within any blackout period of the Company or within ten (10) business days following the end of any such blackout period, then the expiry date of such Option shall, without any further action, be extended to the date that is ten (10) business days following the end of such blackout period.

Upon a participant's termination for any reason (including termination for cause, termination without cause, or resignation), any and all outstanding Options that are not vested are forfeited immediately, except where: (i) such termination is the result of the participant's death or disability (each of the foregoing, a **"Qualifying Event"**); (ii) the applicable Grant Agreement otherwise provides; or (iii) the HRC Committee, in its sole discretion, amends the terms of the applicable grant agreement in writing to provide that all or a portion of the participant's unvested options shall continue and vest on or after the date of such termination. Each grant agreement shall specify what is to occur in relation to an option awarded thereunder in the event of the termination of the participant's employment by reason of a Qualifying Event, both before and after any applicable vesting dates.

Under the Executive Stock Option Plan, eligible participants may be granted SARs, being a right to receive a cash amount equal to the amount, if any, by which the market price of the Common Shares on the date of exercise or settlement of the SAR exceeds the market price of the Common Shares at the time of the grant. The market price used for this purpose is the weighted average trading price per Common Share on the TSX during the immediately preceding trading day on the date of grant. Such amounts may also be payable by the issuance of Common Shares (at the discretion of the Company). The exercise or settlement of SARs may also be subject to conditions similar to those which may be imposed on the exercise of Options (including specific time schedules for vesting and performance based conditions). Subject to the terms of the applicable grant, upon a participant's termination, all SARs outstanding are immediately forfeited. If the normal expiry date of any Stock Appreciation Right falls within any blackout period of the Company or within ten (10) business days following the end of any such blackout period, then the expiry date of such Stock Appreciation Right shall, without any further action, be extended to the date that is ten (10) business days following the end of such blackout period.

In the event of a change of control prior to the vesting of a grant, and subject to the terms of a participant's written employment agreement and the applicable grant agreement, if a participant's employment is terminated without cause or the participant resigns for good reason on or within two years after such change of control, such grant shall vest on the date of the termination or resignation, as the case may be. As of the change of control date, any outstanding grants subject to performance conditions shall be deemed earned at the actual performance level as of the date of the change of control and shall cease to be subject to any further performance conditions but shall continue be subject to time vesting.

Subject to the terms of a participant's written employment agreement and the applicable grant agreement, if a change of control occurs and the agreements effectuating the change of control do not provide for the fair assumption or substitution of all grants under the Executive Stock Option Plan, with respect to these grants not assumed or substituted fairly (**"Non-Assumed Grants"**), the HRC Committee, in its sole and absolute discretion, may take any or all of the following actions to be effective as of the date of the change of control (or as of any other day fixed by the HRC Committee occurring within the thirty day period immediately preceding the date of the change of control): (a) provide that any Non-Assumed Grants shall vest; and/or (b) provide the participant with the right to surrender Non-Assumed Grants in exchange for: (i) whole and/or fractional Common Shares (or cash in lieu of fractional shares) that are equal in value to the value of the Common Shares subject to the grant on the date of the consummation of the change of control; and/or (ii) cash or other property equal in value to the value of the Common Shares subject to the grant as of the date of the consummation of the change of control.

The interest of any participant under the Executive Stock Option Plan is generally not transferable or assignable, other than by testamentary disposition by the participant or the laws of intestate succession.

Each grant shall be subject to the Clawback Policy. The HRC Committee may, in its sole discretion, and to full extent permitted by law and to the extent that it is in the best interest of the Company, take any or all of the actions authorized in the Clawback Policy. Any such clawback may result in a participant owing disgorgement or reimbursement obligations, with such obligations surviving the termination of employment. No financial assistance shall be provided by the Company to any participant to facilitate the purchase of Common Shares under the Executive Stock Option Plan.

The following types of amendments to the Executive Stock Option Plan or the entitlements granted under it require the approval of shareholders in accordance with the requirements of the TSX: (a) increasing the maximum number of Common Shares that may be issued under the Executive Stock Option Plan; (b) reducing the exercise price of an outstanding Option or the base price of a SAR (including cancelling and reissuing any grant); (c) amending the maximum term of the Options to a date more than ten years from the grant date; (d) extending the term of any grant; (e) amending the transfer provisions of the Executive Stock Option Plan; (f) permitting a non-employee director to be eligible for grants under the Executive Stock Option Plan; (g) the addition of any form of financial assistance to a participant; (h) increasing the percentage limit on Common Shares issuable or issued to insiders under the Executive Stock Option Plan; (i) amending the Executive Stock Option Plan to provide for other types of equity compensation through equity issuance; or (j) amending the amendment provision of the Executive Stock Option Plan or granting additional powers to the HRC Committee to amend the Executive Stock Option Plan or grants thereunder without shareholder approval.

The HRC Committee may approve amendments to the Executive Stock Option Plan or the entitlements granted under it without shareholder approval, other than those specified above as requiring approval of the shareholders, subject to any regulatory approvals including, where required, the approval of the TSX, including: (a) amendments of a "housekeeping" nature; (b) a change to the vesting provisions of any grants; (c) a change to the termination provisions of any grant that does not entail an extension beyond the original term of the grant; or (d) amendments to the provisions relating to a change in control.

Executive Stock Option Plan Resolution

BE IT RESOLVED that:

1. the executive stock option plan (the **"Executive Stock Option Plan"**) of Intact Financial Corporation (the **"Company"**), providing for the issuance of up to one percent (1%) of the issued and outstanding common shares of the Company issued and outstanding from time to time upon exercise of grants awarded thereunder, as more particularly described in the management information circular of the Company dated March 31, 2021 (the **"Circular"**), is hereby confirmed and approved and all unallocated Options and Stock Appreciation Rights (as such terms are defined in the Executive Stock Option Plan) or such other awards as may be permitted by the Executive Stock Option Plan issuable thereunder are hereby authorized and approved;

2. the Company has the ability to continue granting Options and Stock Appreciation Rights under the Executive Stock Option Plan until May 12, 2024, which is the date that is three years from the date of approval of the Executive Stock Option Plan by the shareholders of the Company; and

3. any one director or officer of the Company is hereby authorized and directed to do and perform all such acts, deeds and things and to execute and deliver, whether under corporate seal of the Company or otherwise, and to file or cause to be executed, delivered or filed in the name and on behalf of the Company or otherwise all such documents, deeds or other writings which, in such person's discretion acting in such capacity, are necessary or desirable to give full effect to these resolutions and to facilitate all matters relating to these resolutions.

How to Contact Us

Table of contents

Investors

Intact Financial Corporation
Investor Relations Department
700 University Avenue, Suite 1500
Toronto, Ontario M5G 0A1
Email: ir@intact.net
Phone: (416) 941-5336 or
1 (866) 778-0774 (toll-free within North America)

Shareholders

For changes in share registration, address changes, dividend information, estate transfers and duplicate mailings.

Computershare Investor Services Inc.
100 University Avenue, 8th floor
Toronto, Ontario M5J 2Y1
Email: service@computershare.com
Phone: 1 (800) 564-6253

Independent Directors

For inquiries related to Board of Directors structure and composition, Board of Directors and CEO performance, executive compensation, succession planning, corporate governance practices and disclosure, material strategic decisions and overall corporate performance.

Senior VP, Corporate and Legal Services, and Secretary
Intact Financial Corporation
2020, Robert-Bourassa Blvd, 6th floor
Montréal, Québec H3A 2A5
Email: corporate.secretary@intact.net
Phone: (514) 985-7111 x 83131 or
1 (888) 221-7111 (toll-free within North America)

Management

For inquiries related to the Company's general business operations, financial results, strategic direction and similar matters.

Intact Financial Corporation
Investor Relations Department
700 University Avenue, Suite 1500
Toronto, Ontario M5G 0A1
Email: ir@intact.net
Phone: (416) 941-5336 or
1 (866) 778-0774 (toll-free within North America)

Media

Christina Kanellos
Director, External Communications
Email: christina.kanellos@intact.net
Phone: 1 (416) 341-1464 x 42271

Further information relating to Intact Financial Corporation may be obtained from its website at www.intactfc.com and from the SEDAR website at www.sedar.com.

Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the fiscal year ended December 31, 2020 and these documents are accessible through SEDAR. To obtain a copy of these documents together with the Company's annual information form, when available, at no cost, please contact the Investor Relations Department of the Company.

Intact Financial Corporation
700 University Avenue
Toronto, Ontario M5G 0A1