

**Intact Financial Corporation  
and its Canadian P&C Insurance Companies  
(jointly called the “Company”)**

**Mandate of the Board of Directors**

**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 a reasonable 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.

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### **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.

#### **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.

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- 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 corporate social responsibility initiatives, including with respect to diversity.
- 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.

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### **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.

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### **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 February 6, 2018.**