

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

**Mandate of the Human Resources and Compensation Committee**

**I. Purpose**

The Human Resources and Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of the Company. It assists the Board in fulfilling its governance supervisory responsibilities for strategic oversight of the Company’s human capital, including organization effectiveness, succession planning and compensation, and the alignment of compensation with the Company’s philosophy and programs consistent with the overall business objectives of the Company.

Compensation includes base salaries, benefits, pension plans and incentive programs of the employees, management and executives.

**II. Membership**

**1. Number**

The Board will appoint no fewer than three of its members to the Committee, on the recommendation of the Compliance Review and Corporate Governance Committee.

**2. Composition and Qualifications**

The Committee consists of directors who are “independent” as that term is defined from time to time in the relevant legislation, and who are non-executives of the Company or its subsidiaries.

All Committee member must have, or be willing and able to acquire within a reasonable period of time following their appointment, an understanding of compensation programs and have management experience.

In addition, the composition of the Committee, and qualifications of its members, will comply with such additional requirements as may be imposed by applicable legislation and best practices as determined by the Board.

**3. Chair**

The Board will appoint the Chair of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make such an appointment, the incumbent Chair will continue in office until a successor is appointed. In the event the Chair is not able or willing to act as Chair of the Committee for any reason, the Board may appoint another Chair on an interim or permanent basis. The Chair is bound to act in accordance with his or her mandate and this mandate.

**4. Tenure**

Each member of the Committee will be appointed annually by the Board and will hold office at the will of the Board or until his or her successor is appointed.

**5. Removal and Vacancies**

Any member of the Committee may be removed and replaced at any time by the Board and will also automatically cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies by appointing members of the Board to the Committee. If

## Mandate of the Human Resources and Compensation Committee

and whenever a vacancy exists, the remaining members may exercise all the powers of the Committee as long as a quorum remains in office.

### **III. Process and Operations**

#### **1. Meetings**

The Committee meets at least four times per year and otherwise as needed.

#### **2. Private Meetings of the Committee and Private Meetings with Members of Management**

Following each meeting, the Committee meets privately without the presence of Management.

Following each regular meeting, the Committee meets in private with any members of management required in respect of this mandate. The Committee may also meet with members of management following any non-regular meeting. The Committee may also meet with any other employees of the Company, as it deems appropriate.

#### **3. Quorum**

A quorum at any meeting shall be a simple majority of the members of the Committee.

#### **4. Report to the Board**

Following each meeting, the Committee reports to the Board on matters reviewed by the Committee.

### **IV. Mandate**

#### **1. Human Resources Policies and Practices**

The role of the Committee is to oversee management in defining policies and programs that: (i) support the Company's overall strategy and objectives, (ii) attract and retain talent, (iii) link total compensation to financial performance and the attainment of strategic objectives and (iv) provide total competitive opportunities at a reasonable cost while enhancing the ability to fulfill the Company's objectives.

This includes overseeing the human resources policies and programs to foster the proper culture within the organization and to meet goals with respect to diversity and fairness.

#### **2. Compensation of Employees, Management and Executives**

The Committee:

- reviews, at least annually, the individual compensation of executive committee members of the Company, and approves it in relation to pre-established objectives of the Company and personal objectives of the executives for the year;
- periodically reviews the Total Compensation Policy of the Company; and
- reviews annual salary increase budgets for employees, management and executive committee members.

## Mandate of the Human Resources and Compensation Committee

### **3. CEO Appointment, Assessment and Compensation**

The Committee makes recommendations to the Board, for its approval, of the CEO mandate as well as the appointment, assessment, compensation and termination (if applicable) of the CEO.

The Committee 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.

The Committee reviews the annual base salary levels, annual incentive opportunity levels, function pre-requisites, employment agreements (if and when appropriate), benefits and any supplemental benefits of the CEO including pension benefits and other supplementary compensation plans.

It also evaluates the CEO's compensation and payouts against (1) pre-established, measurable performance goals and objectives; and (2) an appropriate comparator group.

The Committee makes sure that the CEO demonstrates suitability in line with the high ethical values of the Company.

### **4. Executives' Assessment, Succession and Talent Development**

The Committee reviews the assessment of the executives of the Company at least once a year and reviews and approves the succession plan of the Company, including the planning process for identifying such succession and the executive profile required to fill such functions at the Company.

The Committee receives the recommendation from the other Committees of the Board regarding the assessment of the oversight functions.

The Committee will also make recommendations to the CEO on the compensation of the other executives, including the oversight functions.

The Committee reviews (i) the annual base salary levels, (ii) annual incentive opportunity levels, (iii) employment agreements of the executives, as well as (iv) the benefits and any supplemental benefits of the executives including pension benefits and other supplementary compensation plans.

It also evaluates the executives' compensation and payouts against (1) pre-established, measurable performance goals and objectives; and (2) an appropriate comparator group.

The Committee reviews the Company's policies and programs related to succession planning, talent development and management.

In exercising these functions the Committee makes sure that the executives demonstrate suitability in line with the high ethical values of the Company.

### **5. Pension Plans and Incentive Plans**

The Committee reviews the pension plans and the incentive plans of the Company and recommends them to the Board for approval.

The Committee approves non material amendments to such plans.

The Committee also recommends fundamental changes to such plans to the Board for approval.

## Mandate of the Human Resources and Compensation Committee

Fundamental changes include termination of a plan, replacement of an existing plan or parts thereof by a new plan or new parts, adoption of new plans, liquidation of a plan (in the case of pension plans), and making substantial changes to a plan.

The Committee receives reports and recommendations from management and the pension committee that are responsible for day to day operations and administration of pension plans, regarding the design and alignment of such plans.

The Committee receives the financial statements of the pension plans and recommends to the Board for approval the actuarial valuations of the Company's pension funds.

### **6. Review of Organizational Structures and Recommendations to the Board**

The Committee reviews and assesses management's proposals for major reorganizations of the Company that affect the management structure and composition, and makes recommendations to management and to the Board in this regard.

### **7. Annual Report on Executive Compensation**

The Committee reviews and recommends to the Board the annual report on executive compensation that must be published or sent to the shareholders from time to time (Annual meeting documentation, prospectus, etc.)

### **V. Access to Independent Consultants**

The Committee may retain and terminate independent consultants, at the Company's expense, as it deems necessary or advisable to carry out its duties.

In case of differences of opinion between the members of the Committee or with management in relation to the hiring of such consultants, the Board may decide on the issue or delegate the review of such issue to the Conduct Review and Corporate Governance Committee and receive its recommendation.

### **VI. Delegation**

The Committee may designate a sub-committee or individual(s) to review any matter the Committee can delegate by law.

### **VII. Self-Assessment**

On an annual basis, the Committee evaluates and reviews the assessment reports on the adequacy of the Committee, its Chair and each of its members.

## Mandate of the Human Resources and Compensation Committee

### **VIII. Committee Mandate**

On an annual basis, the Committee reviews this mandate and recommends any changes to the Board.

**Approved by the Board of Directors of Intact Financial Corporation and its Canadian P&C Subsidiaries on February 5, 2019.**