March 30, 2016

Notice of Annual Meeting of Shareholders

of Intact Financial Corporation, May 4, 2016, and

Management Proxy Circular

[intact]

March 30, 2016

Dear Shareholders,

On behalf of the board of directors and senior management team of Intact Financial Corporation (respectively the “Board of Directors” and “Senior Management”), we are very pleased to invite you to join us at the 2016 Annual Meeting of Shareholders of Intact Financial Corporation (the “Meeting”) that will take place on May 4, 2016 at 11:30 a.m. (Eastern Time) at the Montréal Museum of Fine Arts, Maxwell-Cummings Auditorium, located at 1379 Sherbrooke Street West, Montréal, Québec, Canada, H3G 1J5.

At this Meeting, you will have the opportunity to meet your fellow shareholders, obtain first-hand information on Intact Financial Corporation, learn about our plans for the future, and be called upon to vote on matters described in this Management Proxy Circular.

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

A web cast of the proceedings of the Meeting will be available in the Investor Relations section of the Intact Financial Corporation web site at www.intactfc.com.

We also invite you to consult our web site for information on our recent presentations to the investment community and on our results. Also available online is the full text of the 2015 Annual Report and other useful information.

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

Sincerely,

Claude Dussault
Chairman of the Board

Charles Brindamour
Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF INTACT FINANCIAL CORPORATION

Date:	Wednesday, May 4, 2016
Time:	11:30 a.m. (Eastern Time)
Place:	**Montréal Museum of Fine Arts** Maxwell-Cummings Auditorium 1379 Sherbrooke Street West Montréal, Québec Canada, H3G 1J5

Business of the Meeting:

1. Receive the consolidated financial statements for the year ended December 31, 2015 and the auditor's report on those statements;
2. Elect Directors;
3. Appoint the auditor;
4. Approve the non-binding advisory resolution (the text of which is set out in the accompanying Management Proxy Circular) to accept the approach to executive compensation disclosed in the accompanying Management Proxy Circular; and
5. Transact such other business as may properly be brought before the Meeting.

Holders of common shares of Intact Financial Corporation (the "Common Shares") of record at 5:00 p.m. (Eastern Time) on March 18, 2016 are entitled to receive the Notice of Annual Meeting of Shareholders and will be entitled to vote at the Meeting. On that date, 131,359,534 Common Shares were issued and outstanding. Each holder of Common Shares is entitled to cast one (1) vote per Common Share held.

By order of the Board of Directors,

Françoise Guénette
Senior Vice-President, Corporate &
Legal Services, and Secretary

March 30, 2016

Holders of Common Shares of Intact Financial Corporation who are unable to attend the Meeting are invited to complete, date and sign the enclosed form of proxy, and return it by mail in the postage-paid envelope provided or fax it to Computershare Investor Services Inc. at 1-866-249-7775. They may also register their vote at www.investorvote.com or by calling toll free at 1-866-732-8683. In order to be valid, the form of proxy must reach Computershare Investor Services Inc., by Internet, phone, mail or by fax at its Toronto office, no later than 12:00 p.m. (Eastern Time) on May 2, 2016, or if the Meeting is adjourned, 24 hours (excluding Saturdays, Sundays and holidays) before any adjournment thereof.

For any questions regarding the Management Proxy Circular, the form of proxy or the exercise of voting rights, please call Computershare Investor Services Inc. at 1-800-564-6253 or the Office of the Corporate Secretary of Intact Financial Corporation at 1-877-341-1464, Ext. 45149 or 1-888-221-7111, Ext. 66367.

For those attending the Meeting who require assistance for the hearing impaired, please contact the Office of the Corporate Secretary of Intact Financial Corporation at 1-877-341-1464, Ext. 45149 or 1-888-221-7111, Ext. 66367 no later than April 19, 2016.

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Management Proxy Circular

1: VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies to be used at the Annual Meeting of Shareholders of Intact Financial Corporation, for the purposes indicated in the Notice of Meeting, to be held at 11:30 a.m. (Eastern Time) on Wednesday, May 4, 2016, at the Montréal Museum of Fine Arts, Maxwell-Cummings Auditorium, located at 1379 Sherbrooke Street West, Montréal, Québec, Canada, H3G 1J5, and at any adjournment thereof.

Who is Soliciting the Proxy

Employees, Officers, Directors and agents of Intact Financial Corporation ("Intact Financial Corporation", "Intact", "IFC" or the "Company") will solicit the proxies. The solicitation of proxies is done by mail, by fax or in person. The costs of solicitation will be borne by the Company.

Date of Information

The information contained in the Circular is given as at March 30, 2016, except where otherwise noted.

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.

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.

On February 10, 2016, the Company announced its intention to proceed with a normal course issuer bid to purchase for cancellation during the 12-month period that commenced on February 12, 2016 up to 6,577,156 Common Shares, representing approximately 5% of its issued and outstanding Common Shares as of February 1, 2016. Purchases of Common Shares commenced on February 12, 2016 and will expire on the earlier of February 11, 2017, or the date on which the Company has either acquired the maximum number of Common Shares allowable or otherwise decided not to make any further repurchases. Shareholders may obtain a copy of the notice filed with the Toronto Stock Exchange by contacting the Secretary's Office of the Company at 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, Canada, M5G 0A1, or by telephone at 1-877-341-1464, Ext. 45149 or 514-985-7111 Ext. 66367.

WHO MAY VOTE

Each holder of record of Common Shares at the close of business (5:00 p.m., Eastern Time) on March 18, 2016, the record date established for receiving the Notice of Meeting and for voting in respect of the Meeting, are entitled to cast one (1) vote for each Common Share held on all matters proposed to come before the Meeting. As of the close of business (5:00 p.m., Eastern Time) on March 18, 2016, 131,359,534 Common Shares were issued and outstanding.

HOW TO VOTE

If you are the registered holder of Common Shares

Holders of Common Shares may vote either:

- in person at the Meeting; or
- by proxy

To vote by proxy, holders of Common Shares may complete, sign and return the enclosed form of proxy by mail in the postage-paid envelope provided, or fax it to Computershare Investor Services Inc. ("Computershare"), at 1-866-249-7775. They may also register their vote at www.investorvote.com or call Computershare toll free at 1-866-732-8683. This form of proxy authorizes a proxyholder to represent and to vote on behalf of the holder of Common Shares at the Meeting.

If you are not the registered holder of Common Shares

The names of shareholders whose Common Shares are held in the name of a nominee (a bank, trust company, securities broker, trustee or other intermediary) do not appear on the list of shareholders of the Company. As required by Canadian securities legislation, you will have received **from your nominee** either a request for voting instructions or a form of proxy for the number of Common Shares you hold. To vote, please follow the instructions provided by your nominee. If your Common Shares are held in the name of a nominee and you wish to vote in person at the Meeting, please contact your broker or an agent of that broker or your intermediary well in advance of the Meeting to determine how you can do so. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

VOTING BY PROXY

Voting Instructions

Common Shares represented by a proxy are to be voted for, against or withheld from voting by the proxyholder designated in the enclosed form of proxy as instructed by the shareholder. **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 election of each proposed Director nominated by management of Intact Financial Corporation ("Management");
- **FOR** the appointment of the auditor;
- **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.

The enclosed form of proxy confers on the proxyholder designated therein 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. At the date of this Circular, Management of Intact Financial Corporation is not aware of any amendment or other matter which may properly come before the Meeting.

How to appoint a proxyholder

The proxyholders designated in the enclosed form of proxy are Directors and/or Officers of the Company. **If a holder of Common Shares wishes to appoint a proxyholder other than one of the persons designated in the form of proxy, such holder may do so by striking out the names appearing thereon and inserting the name of such person in the blank space provided.** If the holder of Common Shares is a legal entity, an estate or trust, the form of proxy must be signed by a duly authorized representative and accompanied by a certified resolution confirming such authorization. A proxyholder is not required to be a shareholder of the Company.

In order to be valid, the form of proxy must be registered with Computershare by mail, internet (www.investorvote.com), phone (1-866-732-8683) or by fax at 1-866-249-7775, no later than 12:00 p.m. (Eastern Time) on May 2, 2016, or, if the Meeting is adjourned, 24 hours (excluding Saturdays, Sundays and holidays) before the new date determined by adjournment of the Meeting. If you wish to return the form of proxy by mail, you may use the postage-paid envelope included with this Circular.

How to revoke a proxy

Shareholders may revoke a proxy:

- by delivering a written notice to that effect signed by them or their duly authorized representative(s) to Computershare Investor Services Inc., at 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada, M5J 2Y1, no later than 12:00 p.m. (Eastern Time) on May 2, 2016, or if the Meeting is adjourned, 24 hours (excluding Saturdays, Sundays and holidays) before any continuation thereof after an adjournment;
- by delivering a written notice to that effect signed by them or their duly authorized representative(s) to an agent of Computershare, on the day of the Meeting, or any continuation thereof after an adjournment; or
- in any other manner permitted by law.

The notice must be signed by the shareholder or by an attorney duly authorized in writing to this effect; if the shareholder is a legal entity, 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.

A beneficial owner of Common Shares may revoke a voting instruction form (or a waiver of the right to receive meeting materials and to vote) given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of a voting instruction form (or of a waiver of the right to receive materials and to vote) that is not received by the intermediary at least seven (7) days prior to the Meeting.

Confidentiality

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 transfer agent and registrar of the Company. Computershare submits a copy of the form of proxy to the Company only when a shareholder clearly wishes to communicate with Management or when there is a legal requirement to do so.

GENERAL INFORMATION

Financial Statements and Auditor's Report

A copy of the Company's 2015 Annual Report is being sent to shareholders who have requested it, and includes the consolidated financial statements of the Company for the year ended December 31, 2015 together with the auditor's report thereon, and Management's Discussion and Analysis of the financial position and results of operations. This Annual Report is also available in the Investor Relations section of the Company's web site (www.intactfc.com) and on SEDAR (www.sedar.com). No vote will be taken at the Meeting in respect of the Company's 2015 Annual Report.

Currency

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

2: BUSINESS OF THE MEETING

ELECTION OF THE BOARD OF DIRECTORS

Board of Directors' Skills Matrix

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 and good judgment and 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.

P&C operations experience	Financial literacy and expertise
Financial institution experience	Strategic management
Risk management	Government relations
Information technology	Marketing
International experience	Other board memberships
Operational management	Media / Communications
Investment expertise	Public sector / Not-for-profit / Academic
Employment / Human resources	

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 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 withheld 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 Company's Compliance Review and Corporate Governance Committee (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's meeting at which the election took place and 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.

Nominees

Listed below are the names of the twelve (12) persons who are proposed as nominees for election as Directors of the Company. Please note that unless otherwise indicated the information hereunder as to Common Shares and deferred share units ("DSUs") beneficially owned or controlled, directly or indirectly, has been furnished by each of the nominees, as of December 31, 2015. 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. 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 Management representatives designated in the enclosed form of proxy 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.

Nominee for election as Director	Common Shares Owned, Controlled or Directed		Deferred Share Units		Public Board Memberships During Last Five (5) Years
	2015	2014	2015	2014	
CLAUDE DUSSAULT, B.Sc. Québec City, Québec, Canada Director since: 2000 Age: 61	30,411	30,411	6,440	5,211	Metro Inc. (2005-)

Independent Director

Attendance:	Board (Chair)	6/6 (100%)

Mr. Dussault is currently President of ACVA Investing Corporation which is a privately held investment company. Mr. Dussault has been Chairman 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 the Université Laval (Québec) with a Bachelor of Actuarial Science degree and has completed the Advanced Executive Education Program at the Wharton School of Business.

Key Skills

- P&C operations experience
- Operational management
- Strategic management

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
98,067,220	96.62%	3,427,367	3.38%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	Common Shares Owned, Controlled or Directed 2014	Restricted Stock Units* 2015	Restricted Stock Units* 2014	Public Board Memberships During Last Five (5) Years
CHARLES BRINDAMOUR, B.Sc. Toronto, Ontario, Canada Director since: 2008 Age: 45	168,872	168,872	39,437	39,788	Hydro One Limited (2015-)

Attendance: Board 6/6 (100%)

Charles Brindamour is Chief Executive Officer of Intact Financial Corporation. Mr. Brindamour began his career with Intact in 1992 and has held progressively senior roles in Canada and abroad, within Intact and its former affiliates, including Senior Vice President of Personal Lines, Executive Vice President, and Chief Operating Officer, culminating with his appointment as 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 engineered the acquisition of AXA Canada; the largest acquisition in the history of Canada's property and casualty insurance industry.

Charles Brindamour is a graduate of Laval University in Actuarial Sciences and an Associate of the Casualty Actuarial Society. He is a board member of Intact Financial Corporation, Hydro One Limited, the C.D. Howe Institute, Branksome Hall, and the Insurance Bureau of Canada. He is also a member of the Advisory Committee of the University of Waterloo's Climate Change Adaptation Project, serves on the advisory board of Gibraltar Growth Corporation and is co-chair of Laval University's "Grande Campagne".

* Refers to Restricted Stock Units that automatically vest three years following grant on a one for one basis into Common Shares of Intact Financial Corporation. Restricted Stock Units are uniquely granted to members of Management of the Company. See pages 46 to 48 for further details.

Key Skills

- P&C operations experience
- Operational management
- Strategic management

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
100,972,359	99.49%	522,228	0.51%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
YVES BROUILLETTE, B.Sc. Saint-Hyacinthe, Québec, Canada Director since: 1989 Age: 64	13,500	13,500	11,452	10,488	White Mountains Insurance Group, Ltd. (2007-)

Independent Director

Attendance:

Board	6/6 (100%)
Audit Committee	5/5 (100%)
Risk Management Committee	4/4 (100%)

Mr. Brouillette is currently President of Placements Beluca Inc. which is a privately held investment company. Since 2007, he has also been a director of White Mountains Insurance Group, Ltd., a Bermuda-domiciled financial services holding company listed on the New York Stock Exchange and the Bermuda Stock Exchange. He was, from April 2002 to September 2005, the Chief Executive Officer of ING Latin America. Prior to that time, Mr. Brouillette had been General Manager of ING Mexico and Chairman of the Executive Committee of ING Commercial America since 2001. Over the last 35 years, Mr. Brouillette has occupied several senior positions within the ING group of companies, including CEO of Intact Financial Corporation (formerly ING Canada Inc.) from 1993 to 2001. He is an Actuarial Science graduate of the Université Laval (Québec), a graduate of the Advanced Management Program of Harvard Business School and is a Fellow of the Canadian Institute of Actuaries and of the Casualty Actuarial Society. Mr. Brouillette has also been a director of our P&C insurance companies since 1989.

Key Skills

- P&C operations experience
- Financial literacy and expertise
- International experience

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
91,296,142	89.95%	10,198,445	10.05%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
ROBERT W. CRISPIN, MBA, CFA Rangeley, Maine, USA Director since: 2004 Age: 69	800	800	9,255	8,341	Sul América S.A. (2006-2012)

Independent Director

Attendance:

Board	6/6 (100%)
Audit Committee	5/5 (100%)
Risk Management Committee (Chair)	4/4 (100%)

Mr. Crispin was, until retirement, a member of ING Americas Executive Committee, which is responsible for all of ING Group's insurance, banking and investment management activities in North and South America. From 2001 until the end of 2007, when he retired, he was Chairman and Chief Executive Officer of ING Investment Management Americas and was responsible for ING Mutual Funds, ING Institutional Markets and ING Group's insurance operations in Brazil, Chile and Peru. Prior to joining ING Group in 2001, Mr. Crispin was an Executive Vice-President of Massachusetts Mutual Life Insurance Company. Over the past 35 years, he has held senior positions with a number of major insurance and financial service companies. These include Travelers Companies where he was Vice Chairman and Lincoln National Corporation where he was Executive Vice-President and Chief Investment Officer. He has led a variety of units including investment, finance, distribution, international operations and technology. Mr. Crispin received a B.A. from Wesleyan University and an MBA from the University of Connecticut. He holds the Chartered Financial Analyst designation.

Key Skills

- Risk management
- Financial literacy and expertise
- Investment expertise

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
100,824,567	99.34%	670,020	0.66%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
JANET DE SILVA, MBA Toronto, Ontario, Canada Director since: 2013 Age: 55	4,210	2,194	—	—	—

Independent Director

Attendance:

Board	6/6 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Risk Management Committee	4/4 (100%)

Ms. De Silva is currently the President & CEO of the Toronto Region Board of Trade, a role she assumed in January 2015. Ms. De Silva has more than 10 years of CEO experience in China leading Sun Life Financial's business in Hong Kong and then its mainland China joint venture. She also co-founded and was CEO, from 2007 until 2010, of Retail China Limited, a company that worked with international retail brands operating their retail stores and managing franchises in China. Prior to her return to Canada, she was the Dean of Ivey Asia, leading the Hong Kong campus and Mainland China operations of Ivey Business School at Western University. She also serves as a director on the Board of Blue Umbrella Limited, a due diligence and risk management services provider and on the board of the Asian Corporate Governance Association. She has served terms as Chair and President of the Canadian Chamber of Commerce in Hong Kong and Chair of Canada China Business Council, Beijing. In 2006, she was named Asian Business Executive in the Stevie Awards for Women in Business, in 2007 she was named one of Canada's Top 100 Most Powerful Women, and in 2014 was recognized as a "Woman of Our Time" by the South China Morning Post for her contribution to education in Hong Kong. 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.

Key Skills

- International experience
- Risk management
- Marketing

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
101,395,047	99.90%	99,540	0.10%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
ROBERT G. LEARY, J.D. Greenwich, Connecticut, USA Director since: 2015 Age: 55	—	—	1,104	—	—

Independent Director

Attendance:

Board	3/3 (100%)*
Audit Committee	2/2 (100%)**
Risk Management Committee	2/2 (100%)**

Mr. Leary is CEO of TIAA Global Asset Management, the organization that oversees TIAA's global, multi-boutique investment management business and its affiliated asset management companies with approximately $850 billion in assets under management. Mr. Leary, who joined TIAA in 2013, has responsibility for the company's investment strategy, distribution and operations as well as the standalone businesses that comprise TIAA's multi-boutique structure which include, among others, TIAA Investments and Nuveen Investments. He leads a highly experienced management team focused on strong investment performance, a history of innovation and client focus across all distribution channels. Mr. Leary is also a member of TIAA's Executive Management team and is the Executive Sponsor of Diversity & Inclusion. 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 from marketing to distribution globally, 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. Mr. Leary serves on the board of AmeriCares, a nonprofit, global health and disaster-relief organization. He is a frequent speaker and/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.

* Mr. Leary was elected as a Director on May 6, 2015.

** Mr. Leary was appointed as a member of the Audit Committee and the Risk Management Committee effective May 6, 2015. He attended every meeting held in 2015 following his nomination.

Key Skills

- Investment expertise
- Financial literacy and expertise
- Financial institution experience

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
101,473,033	99.98%	21,554	0.02%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	Common Shares Owned, Controlled or Directed 2014	Deferred Share Units 2015	Deferred Share Units 2014	Public Board Memberships During Last Five (5) Years
EILEEN MERCIER, M.A., MBA Toronto, Ontario, Canada Director since: 2004 Age: 68	1,526	1,500	13,187	11,544	CGI Group Inc. (1995-2013) Teekay Shipping Corp. (2000-)

Independent Director

Attendance:

Board	6/6 (100%)
Audit Committee (Chair)	5/5 (100%)
Risk Management Committee	4/4 (100%)

Ms. Mercier is a professional director and her career encompasses more than 40 years of general management experience in the financial services, communications, integrated oil and forest products sectors. Ms. Mercier retired as the Chair of the Board of the Ontario Teachers' Pension Plan at the end of 2014 and in July 2015 became Chair of the Board of the Canadian Payments Association. From 1995 to 2003, Ms. Mercier headed her own management consulting firm, Finvoy Management Inc., specializing in financial strategy, restructuring and corporate governance issues. Prior to that time, she was Senior Vice-President and Chief Financial Officer of Abitibi-Price Inc. She holds an MBA from York University and a Master's Degree in English from the University of Alberta. In 2010, Ms. Mercier received an honorary LLD from York University and in 2013, an honorary LLD from Wilfrid Laurier University. In 2011, she was ranked one of Canada's Top 25 Women of Influence. In January 2013 and November 2015, Ms. Mercier was named to Canada's Top 100 Most Powerful Women in the Accenture Corporate Directors category. She is also a Fellow of the Institute of Corporate Directors of Canada. Ms. Mercier was appointed a member of Intact Financial Corporation's former Advisory Board in 1999.

Key Skills

- Financial literacy and expertise
- Financial institution experience
- Risk management

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
99,882,227	98.41%	1,612,360	1.59%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
TIMOTHY H. PENNER Toronto, Ontario, Canada Director since: 2010 Age: 60	12,711	11,726	—	—	—

Independent Director

Attendance:

Board	6/6 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Human Resources and Compensation Committee (Chair)	2/2 (100%)*
Risk Management Committee	2/2 (100%)**

Tim Penner served as President of Procter & Gamble Inc. from 1999 to 2011, when he retired after 33 years with the company. He has extensive 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 Tissue/Towel business in Cincinnati, Ohio. Throughout his career, he has served on various community, educational and professional committees. He currently serves on several boards, including the Board of SickKids Hospital, MaRS Innovation, the YMCA of Greater Toronto, Club Coffee and The Beer Store. Mr. Penner is past Chair of both GS-1 and Food & Consumer Products of Canada. He served on the Board of the Youth Challenge Fund and was Chair of the United Way of Greater Toronto 2007 Campaign, after serving as Deputy Chair for 2006. Mr. Penner has also served as Honorary Chair for Career Bridge, a successful internship program that links qualified, professional-level immigrants with Canadian employers.

* Mr. Penner was appointed as a member and Chair of the Human Resources and Compensation Committee effective May 6, 2015. He attended every meeting held in 2015 following his nomination.

** Mr. Penner ceased to be a member of the Risk Management Committee effective May 6, 2015.

Key Skills

- International experience
- Operational management
- Public sector/Not-for-profit/Academic

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
101,395,484	99.90%	99,103	0.10%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
LOUISE ROY, O.Q., O.C. Montréal, Québec, Canada Director since: 2004 Age: 68	2,888	2,000	11,206	10,948	Power Financial Corporation (2010-)

Independent Director

Attendance:

Board	6/6 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Human Resources and Compensation Committee	4/4 (100%)

Ms. Roy is Chancellor and Chair of the Board of Université de Montréal, the first woman to occupy these functions. Since September 2003, she is an invited Fellow at CIRANO, the Center for Interuniversity Research and Analysis on Organizations and was nominated Chair of the Board in December 2012. She was President of the Conseil des arts de Montréal from September 2006 to December 2012. She serves as a director of Power Financial Corporation, Montréal International and the Institute of Corporate Directors (ICD Québec Chapter). Ms. Roy is also a consultant and a company director. During her career, she has been a director of Provigo Inc. until 1992, the Laurentian Bank of Canada until 1993, Videotron Ltée until 1997, and Domtar Corporation until 2007. She was President and Chief Executive Officer of the Montréal Urban Community Transport Commission until 1992, Executive Vice-President of Air France until 1997, President and Chief Executive Officer of Telemedia Communications Inc. until 2000 and Senior Vice-President of the International Air Transport Association until 2003. Ms. Roy earned a Bachelor of Science in Sociology from Université de Montréal. She holds a master's degree (M. Sc.) and has completed doctorate studies in Sociology from the University of Wisconsin. She participated in several fundraising campaigns, including for the Université de Montréal and several other cultural organizations. For her outstanding achievements in the economic, social and political fields, she has received numerous awards and distinctions, including the Concordia University Faculty of Commerce & Business Administration Award of distinction in 1988, the Université de Montréal's Édouard-Montpetit Medal in 1992, the Public Forum's Award Distinction in 1994, and the Federated Press award of Excellence in 2003. In 2009, she was named Officer of the National Order of Québec and in 2012, Officer of the Order of Canada. In 2013, Ms. Roy was named one of Canada's Top 100 Most Powerful Women and in 2014 she received the Institute of Corporate Directors Fellowship Award.

Key Skills

- Public sector/Not-for-profit/Academic
- Other board membership
- Employment/Human resources

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
98,993,548	97.54%	2,501,039	2.46%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
FREDERICK SINGER, BA, B. Comm, LL.B, MA, MBA Great Falls, Virginia, USA Director since: 2013 Age: 53	1,380	—	5,309	3,340	—

Independent Director

Attendance:

Board	6/6 (100%)
Audit Committee	5/5 (100%)
Human Resources and Compensation Committee	4/4 (100%)

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 veteran affairs. He is currently CEO of Echo360 which provides a next generation educational software platform to help over 500 institutions in 30 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, and Upper Canada College. His current board work includes 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 2013 "Tech Titans". 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.

Key Skills

- Information technology
- Media/Communications
- Financial literacy and expertise

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
98,020,743	96.58%	3,473,844	3.42%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
STEPHEN G. SNYDER, B.Sc., MBA Calgary, Alberta, Canada Director since: 2009 Age: 66	38,620	27,535	308	301	TransAlta Corporation (1996-2012)

Independent Director

Attendance:

Board	6/6 (100%)
Audit Committee	3/3 (100%)*
Compliance Review and Corporate Governance Committee	2/2 (100%)**
Human Resources and Compensation Committee	4/4 (100%)

Mr. Snyder retired as President and CEO of TransAlta Corporation on January 1, 2012, a position he held since 1996. Previously, he was President & CEO of Noma Industries Ltd., GE Canada Inc., and Camco, Inc. He is a Director of the Canadian Stem Cell Foundation, CCEMC and Anaergia Inc. and is Honorary Consul General (Calgary) for the Government of New Zealand. Mr. Snyder was also a member of the Board of TransAlta Corporation until January 1, 2012 and is a past Director of the Canadian Imperial Bank of Commerce. He is the past Chair of the following organizations: the Calgary Stampede Foundation Campaign, Alberta Secretariat for Action on Homelessness, the Calgary Committee to End Homelessness, the Calgary Homeless Foundation, the Canada-Alberta ecoEnergy Carbon Capture & Storage Task Force, the Conference Board of Canada, the Calgary Zoological Society, the Canadian Electrical Association, the United Way Campaign of Calgary and Area, and the Calgary Zoo's "Destination Africa" capital campaign. He was awarded the Alberta Centennial Medal in 2005, the Conference Board of Canada 2008 Honorary Associate Award, the Chamber of Commerce Sherrold Moore Award of Excellence in 2009, the Canadian Energy Person of the Year Award by the Energy Council of Canada in 2010 and was Alberta Oil magazine's CEO of the year for 2011.

Mr. Snyder holds a Bachelor of Science in chemical engineering from Queen's University (Kingston) as well as an MBA from the University of Western Ontario. In addition, he has honorary degrees from the University of Calgary (LLD), and the Southern Alberta Institute of Technology (Bachelor of Applied Technology).

* Mr. Snyder ceased to be a member of the Audit Committee effective May 6, 2015.

** Mr. Snyder was appointed as a member of the Compliance Review and Corporate Governance Committee effective May 6, 2015. He attended every meeting held in 2015 following his nomination.

Key Skills

- Strategic management
- Financial literacy and expertise
- Other board membership

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
99,645,890	98.18%	1,848,697	1.82%

Nominee for election as Director	Common Shares Owned, Controlled or Directed 2015	2014	Deferred Share Units 2015	2014	Public Board Memberships During Last Five (5) Years
CAROL STEPHENSON, O.C. London, Ontario, Canada Director since: 2004 Age: 65	4,409	3,733	12,889	12,593	Ballard Power Systems Inc. (2012-) General Motors Company (2009-) Manitoba Telecom Services Inc. (2008-)

Independent Director

Attendance:

Board	6/6 (100%)
Human Resources and Compensation Committee	4/4 (100%)
Compliance Review and Corporate Governance Committee (Chair)	4/4 (100%)*

Ms. Stephenson served as the Dean of the Ivey Business School at the Western University from July 2003 until her retirement in September 2013. She worked for more than 30 years in the telecommunications and technology industries, most recently as President and Chief Executive Officer of Lucent Technologies Canada. Ms. Stephenson currently serves on the board of directors for several top Canadian and U.S. companies. She is the former Chair of the Government of Canada's Advisory Committee on Senior Level Retention and Compensation, a position she held for more than 10 years. From 2005-2007, Ms. Stephenson served as a Member of the Prime Minister's Advisory Council on Science and Technology. In 2005, she was inducted into the Hall of Fame of the Canadian Information Productivity Awards. In November 2006, she was appointed by the Federal Government to serve on the Board of Directors of the Vancouver Olympic Games Organizing Committee (VANOC). In 2008, she was inducted into Canada's Telecommunications Hall of Fame. In 2009, Ms. Stephenson was given one of the highest honours a Canadian civilian can achieve and was appointed an Officer of the Order of Canada for her contributions to the development of our national telecommunications industry and for her work at the Ivey Business School. In 2011, she was ranked one of Canada's Top 25 Women of Influence. Ms. Stephenson is a graduate of the University of Toronto. She has also completed the Executive Program at the Graduate School of Business Administration, University of California at Berkeley, and the Advanced Management Program at Harvard University. In 2000, she was awarded an honorary doctorate in engineering from Ryerson Polytechnic University. Ms. Stephenson was appointed a member of the Company's former Advisory Board in 1999 and was previously a member of our Board of Directors in 1999. She has also been a director of the Company's P&C insurance subsidiaries since 2002.

* Ms. Stephenson was appointed Chair of the Compliance Review and Corporate Governance Committee effective May 6, 2015.

Key Skills

- Employment/Human resources
- Operational Management
- Government relations

2015 Annual Meeting Voting Results

Votes For	% of Votes For	Votes Withheld	% Votes Withheld
98,887,587	97.43%	2,607,000	2.57%

Additional Disclosure 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:

Eileen Mercier, a Director of the Company, served as a director of Shermag Inc. until August 9, 2007. On May 5, 2008, Shermag Inc. announced that it had obtained protection under the *Companies' Creditors Arrangement Act* ("CCAA") from the Québec Superior Court. Shermag Inc. closed a transaction with Groupe Bermex Inc. and implemented a plan of arrangement in October 2009 allowing it to emerge from the CCAA proceedings. The transaction enabled Groupe Bermex Inc. to take control over Shermag Inc. and to pursue its restructuring and relaunching.

Directors' Compensation for 2015

The total remuneration paid to Directors of the Company during the year ended December 31, 2015, 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 ($)	Share-Based Awards (DSUs)[(1),(2)] ($)	Share-Based Awards (Common Shares) ($)	Percentage of Fees in Cash/DSUs/ Shares (%)	Total ($)
Yves Brouillette	105,100	59,000	0	64/36/0	164,100
Robert W. Crispin	117,100	59,000	0	66.5/33.5/0	176,100
Janet De Silva	0	0	160,300	0/0/100	160,300
Claude Dussault	245,000	91,000	0	73/27/0	336,000
Robert G. Leary	0	98,720	0	0/100/0	98,720
Eileen Mercier	58,550	117,550	0	33/67/0	176,100
Timothy H. Penner	0	0	170,228	0/0/100	170,228
Louise Roy	0	0	160,300	0/0/100	160,300
Frederick Singer	0	164,100	0	0/100/0	164,100
Stephen G. Snyder	0	0	162,136	0/0/100	162,136
Carol Stephenson	54,686	0	113,686	32.5/0/67.5	168,372

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 Deferred Share Unit and Share Purchase Plan for Non-Related Directors" below.
2. The number of DSUs granted to each Director in 2015 is disclosed in the table entitled "Outstanding Director Share-Based Awards (DSUs and Shares)" below.

In order to recognize the increasing complexity of the Company and to attract and retain qualified individuals to serve on the Board of Directors, the CRCG Committee reviewed the Directors' compensation in 2013; upon the recommendations of the CRCG Committee, the Board of Directors confirmed the Directors' compensation program as follows for 2015:

- the Board of Directors Chair's total compensation is $336,000, divided as follows: the equity component totalling $91,000 payable in DSUs and the cash component totalling $245,000, in addition to all reasonable travel expenses incurred to attend meetings.

All other Directors were compensated as follows:

- an annual Board of Directors retainer of $131,000, of which $59,000 are payable in DSUs or Common Shares at the beginning of the year;
- an additional annual retainer of $9,000 for the CRCG Committee Chair;
- an additional annual retainer of $3,000 for members of the CRCG Committee (other than the Chair);
- an additional annual retainer of $18,000 for the Audit Committee Chair, the Human Resources and Compensation Committee ("HRC Committee") Chair and the Risk Management Committee ("Risk Committee") Chair;
- an additional annual retainer of $6,000 for members of the Audit Committee, the HRC Committee and the Risk Committee (other than the Chair);
- an attendance fee of $1,500 per meeting ($800 if by telephone); and
- all reasonable travel expenses incurred to attend meetings.

The compensation above covers the function of a Director of the board of directors of both Intact Financial Corporation and of its property and casualty ("P&C") insurance companies.

Changes to Directors' Compensation in 2016

The responsibility for Directors' compensation is part of the mandate of the CRCG Committee. Based on a comparative analysis of Directors' compensation with a peer group of Canadian public corporations carried out independently by Towers Watson in 2013 for the account of the CRCG Committee, the CRCG Committee reconfirmed at the end of 2013 its policy of aligning the Company's total director compensation to that of the median of its comparable market.

Accordingly, in 2015, the CRCG Committee recommended to adjust IFC's compensation policy for Directors.

Such adjustments were approved by the Board of Directors as follows, effective January 1, 2016:

For the Board of Directors Chair:

- the base annual Board of Directors Chair retainer will increase from $336,000 in 2015 to $340,000 in 2016, broken down as follows:
    - the mandatory equity component of the Board of Directors Chair's compensation will increase from $91,000 in 2015 to $95,000 in 2016; and
    - the cash component of the Board of Directors Chair's compensation will remain at $245,000 in 2016.

For all other Directors:

- the base annual Board of Directors retainer will increase from $131,000 in 2015 to $160,000 in 2016, broken down as follows:
    - the mandatory equity component of the Directors' compensation, payable in DSUs or Common Shares, will increase from $59,000 in 2015 to $88,000 in 2016; and
    - the cash component of the Directors' compensation will remain at $72,000 in 2016.

Furthermore, the Board of Directors approved the recommendation of the CRCG Committee to eliminate the per meeting attendance fees and replace them by annual flat fees determined by the positions occupied on the committees of the Board of Directors, as follows:

- an additional annual retainer of $15,000 for the CRCG Committee Chair;
- an additional annual retainer of $9,000 for members of the CRCG Committee (other than the Chair);
- an additional annual retainer of $25,000 for the Audit Committee Chair, the HRC Committee Chair and the Risk Committee Chair; and
- an additional annual retainer of $13,000 for members of the Audit Committee, the HRC Committee and the Risk Committee (other than the Chair);

Finally, the Board of Directors also approved the following recommendations of the CRCG Committee:

- reasonable travel expenses will be reimbursed to attend meetings;
- 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.

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

The CRCG Committee has decided to conduct future compensation reviews every other year, as opposed to every three years, to ensure Directors' compensation remains competitive at all times.

Directors Share Ownership Requirement Policy

In accordance with the Company's minimum share ownership requirement policy amended on February 16, 2010, the minimum share ownership requirement for independent Directors was increased to Common Shares or DSUs valued at four (4) times the annual Board of Directors retainer received in cash, DSUs or Common Shares. 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 $131,000 in 2015, the minimum director share ownership requirement in 2015 was $524,000 worth of Common Shares and/or DSUs. The market or payout value of DSUs/Common Shares outstanding is based on the closing share price of $88.68 on the Toronto Stock Exchange ("TSX") as of December 31, 2015.

	Common Shares held (#)	DSUs held (#)	Total value of all equity holdings ($)	Conformity with Director Share Ownership Policy
Yves Brouillette	13,500	11,452	2,212,777.90	Yes
Robert W. Crispin	800	9,255	891,684.49	Yes
Janet De Silva	4,210	0	373,342.80	Has until May 8, 2018 to comply
Claude Dussault	30,411	6,440	3,267,977.70	Yes
Robert G. Leary	0	1,104	97,787.44	Has until May 6, 2020 to comply
Eileen Mercier	1,500	13,187	1,302,418.30	Yes
Timothy H. Penner	12,711	0	1,127,211.40	Yes
Louise Roy	2,888	11,206	1,249,818.60	Yes
Frederick Singer	1,380	5,309	593,137.95	Yes
Stephen G. Snyder	38,620	308	3,452,158	Yes
Carol Stephenson	4,409	12,889	1,533,991	Yes

Effective January 1, 2016, the minimum director share ownership requirement will be $640,000 for members of the Board of Directors and $1,360,000 for the Chairman of the Board of Directors. Unless a Board member has already met the revised level of minimum ownership requirement, the additional retainer must be received in DSUs or shares until the new requirements are reached.

Information on Deferred Share Unit and Share Purchase Plan for Non-Related Directors

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

- $59,000, effective in 2015 (increasing to $88,000 in 2016) of the compensation of Directors is in DSUs issued or Common Shares purchased at the beginning of the year; 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 or in DSUs or in 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 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 8,379 DSUs and 4,550 Common Shares were granted to eligible Directors in 2015.

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 at the end of such quarter based on the closing 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 following 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 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 (15^{th}) day (or the following 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.

Outstanding Director Share-Based Awards (DSUs and Shares)

Name	Share-Based Awards						Payout Value of Vested DSUs ($)
	Number of Common Shares granted in 2015[(1)] (#)	Market or Payout Value of Common Shares granted in 2015 at year-end[(2),(4)] ($)	Number of DSUs granted in 2015 that have not vested[(1)] (#)	Market or Payout Value of DSUs Granted in 2015 that have not vested[(2),(5)] ($)	Number of DSUs Outstanding that have not vested (#)	Market or Payout Value of DSUs Outstanding at year-end that have not vested[(3)] ($)	
Yves Brouillette	0	0	964	85,454.71	11,452	1,015,597.90	N/A
Robert W. Crispin	0	0	913	80,981.69	9,255	820,740.49	N/A
Janet De Silva	916	81,230.88	0	0	0	0	N/A
Claude Dussault	0	0	1,229	108,953.13	6,440	571,130.23	N/A
Robert G. Leary	0	0	1,104	97,787.44	1,104	97,787.44	N/A
Eileen Mercier	0	0	1,643	145,670.20	13,187	1,169,398.30	N/A
Timothy H. Penner	985	87,349.80	0	0	0	0	N/A
Louise Roy	888	78,747.84	257	22,812.93	11,206	993,710.83	N/A
Frederick Singer	0	0	1,968	174,509.82	5,309	470,759.55	N/A
Stephen G. Snyder	1,085	96,306.48	7	626.97	308	27,336.50	N/A
Carol Stephenson	676	60,036.36	296	26,239.53	12,889	1,143,000.90	N/A

Notes:

(1) The number of DSUs or Common Shares (including dividends paid as DSUs) granted in 2015 is equal to (i) the annual grant of $59,000 calculated based on the closing share price on the TSX as of the fourteenth (14^{th}) business day of the year and (ii) the total of each quarterly grant, calculated based on the closing share price on the TSX as of the fourteenth (14^{th}) day of the month following the end of each quarter (or where such day was not a business day, the following business day when Common Shares were publicly traded), the whole in accordance with the Director Compensation Plan.

(2) The market or payout value of DSUs/Common Shares granted in 2015 is based on the closing share price of $88.68 on the TSX as of December 31, 2015.

(3) The market or payout value of DSUs outstanding is based on the closing share price of $88.68 on the TSX as of December 31, 2015.

(4) The value of the Common Shares reflects the after-tax amount due to the immediate vesting of the Common Shares.

(5) The value reflects the before-tax amount due to the vesting period until the departure of the Director.

Summary of the Number of Board of Directors and Committee Meetings

The following meetings were held during the financial year ended December 31, 2015:

Board Meetings

Intact Financial Corporation	6

Committee Meetings

Audit Committee	5
Compliance Review and Corporate Governance Committee	4
Human Resources and Compensation Committee	4
Risk Management Committee	4

Board of Directors Committee Composition and Director Independence

The following table sets out current committee members and Director independence.

	Audit Committee	Compliance Review and Corporate Governance Committee	Human Resources and Compensation Committee	Risk Management Committee	Independent Director
Claude Dussault					●
Charles Brindamour					
Yves Brouillette	●			●	●
Robert W. Crispin	●			● (Chair)	●
Janet De Silva		●		●	●
Robert G. Leary	●			●	●
Eileen Mercier	● (Chair)			●	●
Timothy H. Penner		●	● (Chair)		●
Louise Roy		●	●		●
Frederick Singer	●		●		●
Stephen G. Snyder		●	●		●
Carol Stephenson		● (Chair)	●		●

Director Attendance

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, 2015.

Director	Number and % of meetings attended						
	Board of Directors	Audit Committee	Compliance Review and Corporate Governance Committee	Human Resources and Compensation Committee	Risk Management Committee	Committees (Total)	Overall attendance
Claude Dussault	6/6 (100%)	—	—	—	—	—	6/6 (100%)
Charles Brindamour	6/6 (100%)	—	—	—	—	—	6/6 (100%)
Yves Brouillette	6/6 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	15/15 (100%)
Robert W. Crispin	6/6 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	15/15 (100%)
Janet De Silva	6/6 (100%)	—	4/4 (100%)	—	4/4 (100%)	8/8 (100%)	14/14 (100%)
Robert G. Leary[(1),(2)]	3/3 (100%)	2/2 (100%)	—	—	2/2 (100%)	4/4 (100%)	7/7 (100%)
Eileen Mercier	6/6 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	15/15 (100%)
Timothy H. Penner[(3),(4)]	6/6 (100%)	—	4/4 (100%)	2/2 (100%)	2/2 (100%)	8/8 (100%)	14/14 (100%)
Louise Roy	6/6 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	14/14 (100%)
Frederick Singer	6/6 (100%)	5/5 (100%)	—	4/4 (100%)	—	9/9 (100%)	15/15 (100%)
Stephen G. Snyder[(5),(6)]	6/6 (100%)	3/3 (100%)	2/2 (100%)	4/4 (100%)	—	9/9 (100%)	15/15 (100%)
Carol Stephenson	6/6 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	14/14 (100%)

Notes:

(1) Mr. Leary was elected as a Director on May 6, 2015.

(2) Mr. Leary was appointed as a member of the Audit Committee and the Risk Committee effective May 6, 2015. He attended every meeting held in 2015 following his nomination.

(3) Mr. Penner was appointed as a member and Chair of the HRC Committee effective May 6, 2015. He attended every meeting held in 2015 following his nomination.

(4) Mr. Penner ceased to be a member of the Risk Committee effective May 6, 2015.

(5) Mr. Snyder was appointed as a member of the CRCG Committee effective May 6, 2015. He attended every meeting held in 2015 following his nomination.

(6) Mr. Snyder ceased to be a member of the Audit Committee effective May 6, 2015.

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 ("E&Y" or the "External Auditor") as auditor of the Company for the financial year commencing January 1, 2016 and ending December 31, 2016 and to hold office until the next Annual Meeting of the Shareholders. E&Y 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 P&C insurance subsidiaries is replaced every seven (7) years.

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 E&Y 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 2014 and 2015 are as follows:

Auditor Fees (in thousands of dollars)	2015	2014
Audit fees[1]	1,799	1,719
Audit-related fees[2]	424	326
Tax fees[3]	47	32
All other fees[4]	75	68
Total	**2,345**	**2,145**

Notes:

(1) Audit fees include fees for professional services in relation to the audit of the Company's financial statements and those of its subsidiaries. They also include other services that are normally provided by external auditors in connection with statutory and regulatory filings or engagements, including internal control audit and reviews.

(2) Audit-related fees are for assurance and related services performed by the External Auditor. These services include pension fund audits, accounting consultations in connection with interpretation of financial accounting and reporting standards, and other attest services not required by statute or regulation.

(3) Tax Fees are mainly for tax advice related to assistance on tax audit matters.

(4) All other fees include those related to translation services and other mandates.

Information regarding the Audit Committee as disclosed in the Company's 2015 Annual Information Form at pages 35 and 36 is hereby incorporated by reference. The AIF is available on SEDAR at www.sedar.com, and upon request, shareholders may obtain a copy of such documents delivered free of charge.

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.

Shareholders are invited to review the "Compensation Discussion and Analysis" section starting on page 40 of this Management Proxy Circular before voting on this matter and, if there are specific concerns you wish to discuss, contact the Board of Directors by writing to the Office of the Corporate Secretary, Intact Financial Corporation, 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, Canada, M5G 0A1, or by e-mail as indicated in the Corporate Governance section of the Company's web site at www.intactfc.com. The "Compensation Discussion and Analysis" 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 centered 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 Management Proxy 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 with the support of the HRC Committee's external consultant, Towers Watson.

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 2016 annual meeting of shareholders."

3: REPORTS OF THE COMMITTEES

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 this regard, the Board of Directors establishes policies, reporting mechanisms and procedures in view of safeguarding the assets of the Company and ensuring its long-term viability, profitability and development.

More specifically, the mandate of the Board of Directors is to review and approve strategic planning and the corporate objectives of the Company, supervise Management including oversight functions and ensure succession planning, identify risks and assess their impact on the business and affairs of the Company, and ensure that adequate controls exist in relation to Business Ethics, Compliance and Corporate Governance, including monitoring of conflicts of interest.

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

In 2015, the mandates of the Board of Directors and of its committees were reviewed in order to achieve better alignment with best practices, applicable laws and corporate governance guidelines. This review was completed with a view to ensuring the continuity of the committee functions already in place while also strengthening the Company's governance approach. In particular, the following provisions were added to the relevant mandates:

- The Chair of the Company's Board of Directors may not serve as Chair of the Risk Committee;
- The Risk Committee "reviews and approves significant risk management policies other than the Enterprise Risk Management Strategy" at least annually;
- The Audit Committee and the Risk Committee must meet periodically;
- The Chief Risk Officer ("CRO") may call a meeting of the Board of Directors or the Risk Committee at any time;
- The Board of Directors and the committees may request access to Company records or meetings with any employees of the Company at any time; and
- The Board of Directors shall evaluate the risk culture of the Company annually.

The full-text version of the mandates of the Board of Directors and of the Audit Committee, the CRCG Committee, the HRC Committee and the Risk Committee are available in the Corporate Governance section of the Company's web site at www.intactfc.com. The Board of Directors mandate is also reproduced at page B-1 of this Circular.

REPORT OF THE AUDIT COMMITTEE

- ➢ Composed exclusively of independent Directors
- ➢ Met five (5) times in 2015
- ➢ 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
- ➢ Reviewed and recommended to the Board of Directors for approval the mandates of the Chief Internal Auditor and the Appointed Actuary as well as the revised mandate of the Audit Committee
- ➢ *In camera* sessions held at all meetings of the Audit Committee

Role of the Audit Committee

The Audit Committee is responsible for reviewing the financial statements and financial information of the Company, including its pension funds. It is also responsible for overseeing the accounting and financial reporting processes and, in this regard reviews and evaluates the integrity of the financial statements of the Company and ensures the effectiveness and the accuracy of appropriate internal controls.

The Audit Committee also ensures that financial reporting and disclosures are in compliance with legal and regulatory requirements and reviews and assesses the qualifications, independence and performance of the External Auditor.

It is responsible for reviewing the certification process and the certifications by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the financial statements of the Company, as required by applicable legislation.[(1)]

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 is composed of the following five (5) independent individuals:

Eileen Mercier   Yves Brouillette   Robert W. Crispin   Robert G. Leary   Frederick Singer

The Audit Committee met five (5) times in 2015. Members of Management attended 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 all five (5) meetings. All Audit Committee members attended all of the meetings of the Audit Committee held in 2015. Mr. Stephen Snyder ceased to be a member while Mr. Robert Leary was appointed as a member effective May 6, 2015. Mr. Snyder attended the first three (3) meetings, while Mr. Leary attended the last two (2) meetings.

(1) The mandate of the Audit Committee is presented in its entirety in the Company's Annual Information Form for the most recently completed financial year.

Oversight of the Chief Financial Officer, Chief Internal Auditor and 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 and the Appointed Actuary. On an annual basis, the Audit Committee reviews the mandate of these functions and obtains the assurances that each function has the necessary budget and resources to meet its mandate and is able to act independently from the operations, and 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 2015

In line with its mandate, the Audit Committee has performed the following functions in 2015:

Financial Review

- Reviewed on a continuing basis the 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 financial disclosure documentation, including interim and annual financial statements, Management's Discussion and Analysis, Annual Information Form and financial disclosure and either approved such documents or recommended them for approval to the Board of Directors, with or without changes;
- Reviewed investment results;
- Reviewed actuarial reports;
- Reviewed and recommended to the Board of Directors for approval the mandate of the CFO;
- Obtained assurances from the CFO that the function had sufficient resources to meet its mandate;
- Obtained assurances from the CFO that the function was able to act independently from the operations;
- Reviewed and recommended to the Board of Directors for approval the mandate of the Appointed Actuary;
- Obtained assurances from the Appointed Actuary that the function had sufficient resources to meet its mandate; and
- Obtained assurances from the Appointed Actuary that the function was able to act independently from the operations.

Internal Controls and Disclosure Controls

- Reviewed and approved the 2016 Internal Audit Plan;
- Reviewed the Regulatory Inspections and Investigations Report;
- Reviewed quarterly reports of the Chief Internal Auditor and evaluated internal audit processes and adequacy of resources;
- Reviewed the Mandate of Corporate Audit Services;
- Reviewed Management's response to comments made by the Chief Internal Auditor in its quarterly reports;
- Reviewed and recommended to the Board of Directors for approval the mandate of the Chief Internal Auditor;
- Obtained assurances from the Chief Internal Auditor that the function had sufficient resources to meet its mandate;

- Obtained assurances from the Chief Internal Auditor that the function was able to act independently from the operations; and
- Reviewed and recommended to the Board of Directors for approval the revised mandate of the Audit Committee.

External Auditor

- Reviewed the 2014 External Auditor's report;
- Reviewed and assessed the External Auditor's Audit plan and execution thereof;
- 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;
- Reviewed the independent audit fees and services and recommended their approval to the Board of Directors;
- Reviewed the independent audit fees and audit-related services related to the acquisition of Canadian Direct Insurance Inc. ("CDI") and recommended their approval to the Board of Directors;
- Ensured the qualifications, performance and independence of the External Auditor;
- Recommended to the Board of Directors the appointment of the External Auditor; and
- Met regularly with the External Auditor without the presence of Management.

Independent Engagement of External Consultants

The Audit Committee is authorized 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 CRO, the Appointed Actuary and the Senior Vice-President, Corporate and Legal Services, and Secretary (or the Assistant Secretary), and Management.

The Audit Committee is satisfied that it has appropriately fulfilled its mandate in 2015.

(Signed) Audit Committee

Eileen Mercier (Chair)
Yves Brouillette
Robert W. Crispin
Robert G. Leary
Frederick Singer

REPORT OF THE RISK MANAGEMENT COMMITTEE

- ➢ Composed exclusively of independent directors
- ➢ Met four (4) times in 2015
- ➢ 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
- ➢ Reviewed and recommended to the Board of Directors for approval the mandate of the CRO and the revised mandate of the Risk Committee
- ➢ *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 Strategy into all business activities and strategic planning of the Company and its subsidiaries and operations, including its pension funds.

The Risk Committee is responsible for defining the Company's risk appetite while also monitoring the risk profile and performance of the Company relative to its risk appetite. In this regard, the Risk Committee 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 other than the Enterprise Risk Management Strategy at least annually. The principal risks include strategic risk, insurance risk, financial risk and operational risk.

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.

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 five (5) Directors, all of whom are independent Directors, and who are 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 is composed of the following five (5) independent individuals:

Robert W. Crispin Yves Brouillette Janet De Silva Robert G. Leary Eileen Mercier

The Risk Committee met four (4) times in 2015 and members of Management attended 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 amongst the Risk Committee members and amongst the Risk Committee members and the CRO respectively were held at all meetings of the Risk Committee. All Risk Committee members attended all of the meetings of the Risk Committee held in 2015. Mr. Timothy Penner ceased to be a member while Mr. Robert Leary was appointed as a member effective May 6, 2015. Mr. Penner attended the first two (2) meetings, while Mr. Leary attended the last two (2) meetings.

Oversight of the 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. On an annual basis, the Risk Committee approves the mandate of the Enterprise Risk Management function and 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, 2015, available on our web site at www.intactfc.com and on SEDAR at www.sedar.com.

Activities of the Risk Management Committee in 2015

In line with its Mandate, the Risk Committee has performed the following functions in 2015:

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 ten (10) enterprise risks;
- Reviewed the market and economy risks that could affect the Company;
- Reviewed the Key Risk Metrics and Escalation Process in the Risk Appetite Statement;
- Reviewed reports on the sharing economy, climate change risk and emerging risk management;
- Reviewed the Quarterly Investment Reports;
- Reviewed exposure to earthquake insurance risk in light of the acquisition of CDI;
- Reviewed and approved the 2015 Reinsurance programs;
- Reviewed and approved the 2015-2016 Corporate Insurance Program;
- Reviewed reports on the Company's IT security initiatives and Cyber security defense;
- Reviewed and agreed with Management's implementation plans relating to the Own Risk and Solvency Assessment (ORSA) requirement; and
- Recommended to the Board of Directors for approval that CDI be brought under the same Risk Management Model as the federal P&C Companies within the Company and that it adopt the same Risk Management and Investment Policies and Practices.

Responsibility for Oversight Function

- Reviewed and recommended to the Board of Directors for approval the mandate of the CRO;
- Obtained assurances from the CRO that the function had sufficient resources to meet its mandate;
- Obtained assurances from the CRO that the function was able to act independently from the operations;
- Obtained assurances from the Chief Investment Officer that this function had sufficient resources to meet its mandate;
- Obtained assurances from the Chief Investment Officer that the function was able to act independently from the operations; and
- Reviewed and recommended to the Board of Directors for approval the revised mandate of the Risk Committee.

Compliance with Risk Policies

- Reviewed and approved risk management policies, including the Reinsurance Risk Management Policy, the Intact Pension Funds Statement of Investment Policies and Procedures and the P&C Investment Policy.

The Risk Management Committee is satisfied that it has appropriately fulfilled its mandate in 2015.

(Signed) Risk Management Committee

Robert W. Crispin (Chair)
Yves Brouillette
Janet De Silva
Robert G. Leary
Eileen Mercier

REPORT OF THE COMPLIANCE REVIEW AND CORPORATE GOVERNANCE COMMITTEE

- ➢ Composed exclusively of independent directors
- ➢ Met four (4) times in 2015
- ➢ 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
- ➢ Reviewed and recommended for approval by the Board of the new Board Diversity Policy and the revised mandate of the CRCG Committee
- ➢ *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.

In this regard, the CRCG Committee is responsible for overseeing compliance and governance programs of the Company including reviewing and approving related party transactions, the governance framework of the Company's pension plans, the compliance and market conduct programs and policies of the Company, as well as the implementation and review of corporate governance initiatives. In performing its oversight function over ethics, compliance and governance, the CRCG Committee ensures that the Company and its subsidiaries meet their legal requirements and apply best practices, as they may evolve from time to time.

As part of its mandate, the CRCG Committee reviews the Company's policy on appointment of Board of Directors and committee members and identifies and also 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 and is responsible for assessing the Board of Directors, its members and its committees on an ongoing basis.

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

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 five (5) Directors, all of whom are independent, and none of whom is a member of Management or an employee of the Company or its P&C insurance subsidiaries.

The CRCG Committee is composed of the following five (5) independent individuals:

Carol Stephenson Janet De Silva Timothy H. Penner Louise Roy Stephen Snyder

The CRCG Committee met four (4) times in 2015. Members of Management attended 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 2015 meetings. Ms. Carol Stephenson replaced Mr. Timothy Penner as Chair, effective May 6, 2015. Mr. Penner chaired the first two (2) meetings while Ms. Stephenson chaired the last two (2) meetings. Mr. Stephen Snyder was appointed as a member, effective May 6, 2015, and attended every meeting held in 2015 following his nomination.

Oversight over Compliance and Market Conduct Programs

The CRCG Committee reviews the Company's various compliance programs including 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 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. 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.

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 is 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, conflict of interest and human rights.

Oversight of Compliance Function

The CRCG Committee reviews and recommends to the Board of Directors for approval the appointment or dismissal, if deemed appropriate, of the Chief Compliance Officer ("CCO"). On an annual basis, the CRCG Committee approves the mandate of the compliance function and obtains the 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.

Pension Plan Governance Framework

The CRCG Committee is responsible for the approval of the framework of the compliance programs of the Company's pension plans and any material amendments thereof.

Board of Directors Appointment and Assessment Processes

The CRCG Committee reviews the reports and analysis on the self-assessment of the effectiveness of the Board of Directors completed annually by the members of the Board of Directors. It also reviews the nomination process in place for the appointment of Directors.

The CRCG Committee also reviewed the self-assessment process of Directors for 2015, which includes self-assessment 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-assessment.

The above processes of the Board of Directors were managed by the Secretary's Office of the Company for 2015.

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, of its committees and of its members, including the Chair, 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.

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 and the HRC Committee independently retained external consultants in 2015 occasionally or on a recurring basis for certain recurring subjects. Please see the Report of the Audit Committee, above and the HRC Committee, below, in this regard.

Activities of the Compliance Review and Corporate Governance Committee in 2015

In 2015, the CRCG Committee, in accordance with its mandate, accomplished the following:

Board of Directors Appointment, Assessment and Corporate Governance

- Conducted the assessments of the Board of Directors, the Board of Directors and committee Chairs and its individual members;
- Reviewed the recruitment plan and process for new Directors in 2016-2017;
- Reviewed the completed 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 committees;
- Reviewed best practices and benchmarking;
- Reviewed the amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices* requiring TSX issuers to provide disclosure as to whether or not the issuer has adopted term limits for its directors as well as disclosure relating to the representation of women on boards and executive officer positions and recommended to the Board of Directors for approval the new Board Diversity Policy;
- Reviewed and approved the adoption of the "Living Our Values" Code of Conduct Policy as previously reviewed and approved by the Board of Directors; and
- Reviewed and approved the adoption of the Outsourcing Policy and the current List of Material Outsourcing Contracts.

Compliance, Regulatory and Related Party Transactions

- Reviewed the Quarterly Reports on related party transactions;
- Reviewed the reports on legal, compliance and governance matters and matters related to litigation, regulatory inspections and investigations;
- Prepared and submitted the annual report to OSFI and to the Autorité des marchés financiers ("AMF") on the activities of the CRCG Committee in 2014;
- Reviewed related party transactions between the Intact companies, including inter-company reinsurance agreements, inter-company charges, inter-company service agreements and transactions relating to the integration of CDI;

- Recommended to the Board of Directors for approval the integration of CDI under the Intact compliance and governance programs, policies, resolutions and processes;
- Recommended to the Board of Directors for approval changes to the underwriting investment pooling agreements following the acquisition of CDI;
- Reviewed compliance reports indicating the key ongoing compliance risks, the key incidents, the key main issues, regulatory matters, the key compliance projects, and objectives for 2015;
- Reviewed and recommended for approval by the Board of Directors the mandate of the Executive Vice President, Governance and Capital Management;
- Reviewed and recommended for approval by the Board of Directors the Mandate of the CCO and obtained assurances from the CCO that the function has sufficient resources to meet its mandate; and
- Reviewed and recommended to the Board of Directors for approval the revised mandate of the CRCG Committee.

Strategies and Mandate of the CRCG Committee

- Reviewed and approved the CRCG Committee report and Statement of Corporate Governance Practices sections of the 2015 Management Proxy Circular.

The CRCG Committee is satisfied that it has appropriately fulfilled its mandate in 2015.

(Signed) Compliance Review and Corporate Governance Committee

Carol Stephenson (Chair)
Janet De Silva
Timothy H. Penner
Louise Roy
Stephen Snyder

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

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 (Vice Presidents and Deputy Senior Vice Presidents, referred to as "Executives" in this Circular, approximately 100 positions) and senior executives (CEO and Senior Vice Presidents and above referred to as "Senior Executives" in this Circular, approximately 25 positions). 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.

In this regard, the role of the HRC Committee is to oversee Senior Executives in defining a comprehensive management policy that:

- Supports the Company's overall strategy;
- 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 total compensation at a reasonable cost;
- Enhances the ability of the Company to fulfill its objectives;
- Fosters a positive organizational culture; and
- Encourages high performance of all employees.

Regarding compensation, the HRC Committee reviews at least annually the overall market positioning of employees and approves 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 is also responsible for reviewing the Company's Pension and Incentive Plans ("Plans") and recommends them to the Board of Directors for approval. The HRC Committee approves non-material amendments to such Plans or recommends such changes to the Board of Directors if the design of such Plans is fundamentally changed or if they are replaced with new Plans. The HRC Committee is also responsible for approving the financial statements of the Company's pension funds and recommends to the Board of Directors the approval of the actuarial valuations.

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 in this regard. 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.

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 33⅓% 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 is currently composed of the following five (5) independent individuals:

Timothy H. Penner Carol Stephenson Louise Roy Frederick Singer Stephen G. Snyder

The HRC Committee met four (4) times in 2015. The CEO and other members of Management attended 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. The HRC Committee members attended all of the 2015 meetings. Mr. Penner joined the HRC Committee in July of 2015 and, as such, attended the final two (2) meetings of the HRC Committee for 2015.

The HRC Committee's breadth of executive compensation knowledge was developed from their different combined experiences, as active or former entrepreneurs, business owners, senior advisors and top executives in large organizations. All members have served as directors on public company boards.

Mr. Penner, who replaced Mrs. Stephenson as Chair of the HRC Committee, effective May 6, 2015, has served on various community, educational and professional committees throughout his career. He currently serves on several boards, including the Board of SickKids Hospital, MaRS Innovation, Club Coffee, The Beer Store, and the YMCA of Greater Toronto. Mr. Penner was President of Procter & Gamble Inc. from 1999 to 2011. He also has extensive international experience in the consumer products industry.

Activities of the Human Resources and Compensation Committee in 2015

In 2015, the HRC Committee, in accordance with its mandate, accomplished the following:

Compensation

- Reviewed the market compensation positioning of the Company and conducted an annual Senior Executive compensation review, including that of the CEO;
- Reviewed the Company's approach to the management of its pension plans (legislation, funding, actuarial valuations and pension indexation recommendations);
- Reviewed and approved the remuneration for Senior Executives;
- Reviewed and approved Short-Term Incentive Plans ("STIP") for Executives and Senior Executives, bonus plans for employees and Long-Term Incentive Plans ("LTIP"), including plans for Executives, Senior Executives and Intact Investment Management Inc. ("IIM") participants;
- Reviewed and approved the CEO's STIP, LTIP and total compensation, as well as his 2015 objectives and reported to the Board of Directors its recommendations for the CEO's 2016 target compensation;
- Reviewed the CRO Report relating to the STIP and LTIP;
- Monitored executive stock ownership and retention policies;
- Reviewed current and emerging market trends and best practices, as well as related regulatory developments;
- Reviewed and approved changes to the design of the LTIP; and
- Reviewed and approved changes to the design of the Employee Share Purchase Plan ("ESPP").

Assessments and Succession Planning

- Reviewed the 2014 performance assessment of the CEO and the CEO's performance objectives for 2015; and
- Reviewed the Succession Plans of the CEO, Senior Executives and Executives.

Strategies and Mandate of the HRC Committee

- Reviewed and approved the Human Resources sections of the 2015 Management Proxy Circular;
- Reviewed and approved the mandate of the HRC Committee;
- Reviewed and approved the mandates of the President Intact Insurance, President Service & Distribution and of the Chief Human Resources Officer;
- Reviewed and approved the description of function of the Senior Vice President & Chief Operating Officer Direct to Consumer Distribution;
- Reviewed the results related to the 2014 employee engagement survey;
- Reviewed the Human Resources Quarterly Reports presented by the Chief Human Resources Officer;
- Monitored the integration of CDI following its acquisition by the Company;
- Reviewed and approved the revised Total Compensation Policy of the Company; and
- Reviewed action plans related to diversity in the workplace.

Succession Planning

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.

To limit the chances 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. In this regard, 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", "Ready in 3-5 Years" and "Emergency Replacement" 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.

Role of 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 aggregately, 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 2015.

(Signed) Human Resources and Compensation Committee

Timothy H. Penner (Chair)
Carol Stephenson
Louise Roy
Frederick Singer
Stephen G. Snyder

4: COMPENSATION DISCUSSION AND ANALYSIS

Highlights

- The HRC Committee continuously ensures that pay is competitive, linked with performance and that it enables the Company to attract and retain the talent it requires;
- 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":
  - We behave with integrity;
  - We respect each other;
  - We are customer driven;
  - We strive for excellence; and
  - We are socially responsible
- Executive target total compensation is anchored to the median of our comparator group, as described hereunder, and actual pay is:
  - Above target when the Company performs well (above its performance objectives) relative to the Canadian property and casualty (P&C) insurance industry; and
  - Below target when the Company does not attain its outperformance objectives relative to the Canadian P&C industry. Certain components of the total compensation package do not pay out if the Company's performance is inferior to that of the Canadian P&C industry.
- We further align the interests of our Executives and Senior Executives with those of shareholders with stock ownership guidelines and trading restrictions. Stock options are not utilized in overall compensation, and, as such, there is no possibility of repricing of stock-related compensation;
- Over the last several years, actual pay has tracked performance very well; and
- Each meeting of the HRC Committee includes an *in camera* session.

The following has been prepared to enhance the quality and transparency of the Company's executive compensation disclosure. It provides explanations regarding the objectives and implementation of the Company's executive pay programs.

Introduction

The Board of Directors mandated the HRC Committee to supervise and approve or recommend to the Board of Directors the human resources practices and policies of the Company that support the Company's overall strategy and objectives. The values guiding the Company in achieving its objectives are listed above under "Living Our Values". The compensation philosophy described below supports the Company's mission as well as its values.

Compensation Philosophy

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 property and casualty insurance in the country, 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 objectives. The review, assessment and approval of the Senior Executives' compensation is indeed one of the main functions of the HRC Committee. Objectives of the Executive compensation package are the following:

- Attract, retain and motivate talented Executives and Senior Executives 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 Executives' and Senior Executives' short-term incentives to the achievement of the Company's financial and strategic results on growth and profitability relative to the financial results of the top 19 Canadian P&C insurance companies and to Net Operating Income per Share (for Senior Executives only) and individual performance;
- Link Executives' and Senior Executives' long-term incentives to the Company's financial results relative to the financial results of the rest of the Canadian 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 market (see detailed comparator group below);
- Implements ownership guidelines as appropriate;
- Awards additional incentive compensation that rewards performance and recognizes special achievements, as appropriate.

Alignment of compensation with risk management principles

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. There were no major changes to our programs in 2015.

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 and how the compensation structure and design result in incentive awards that are symmetric with risk outcomes.

Alignment of compensation with environmental, social and governance values

The Company's Living Our Values, as approved by our Board of Directors in November 2009, sets out our commitment to acting with integrity and with the highest of ethical standards. It replaced our previous Code of Conduct. Living Our Values is organized according to five core values: integrity, respect, customer driven, excellence and socially responsible (refer to www.intactfc.com/English/Corporate-Governance/Living-our-Values). The HRC Committee takes this commitment very seriously. Demonstrably, Living Our Values is a necessary condition for career advancement and pay progression at all levels in the Company. To further reinforce this commitment, our Senior Executives' individual/personal goals in the Short-Term Incentive Plan include objectives derived directly from Living Our Values. For instance, our Senior Executive STIP goals include employee engagement and customer-driven initiative goals for which success is assessed using surveys.

Total Compensation of Executives and Senior Executives of Intact Financial Corporation and its Subsidiaries

The executive compensation package applies to all of the Executives and Senior Executives. It is designed to assist the Company in attracting and retaining the best available personnel for positions of substantial responsibility and align their interests with those of the Company's shareholders. Each year, the Company reviews its compensation package (the HRC Committee reviews the compensation of Senior Executives, and Senior Executives review the compensation package of Executives) to ensure alignment with the compensation philosophy. The HRC Committee also reviews the compensation philosophy periodically.

In order to assess the value of the compensation for Executives and Senior Executives (base salary, short-term and long-term incentives, pension and benefits and perquisites), the comparator group used since January 1, 2015 when observing market trends is composed of the following companies:

			Diversified Financial				**Geographic Span of Operations**		
Company Name	**Canadian Listed Companies**	**P&C Insurance Companies (large direct competitors)**	**Banking**	**Life Insurance**	**P&C Insurance**	**General Canadian Marketplace Companies Similar in Size (excluding oil & gas)**	**Int'l**	**National**	**Eastern Canada**
Largest Property and Casualty Insurance Companies									
AIG Insurance Company (Chartis)		✓						✓	
Allstate Insurance Company of Canada		✓						✓	
Aviva Canada Inc.		✓						✓	
Co-Operators General Insurance Co.		✓						✓	
Economical Insurance Group Ltd.		✓						✓	
NorthBridge Financial Corp		✓						✓	
Royal & Sun Alliance Insurance Company of Canada		✓						✓	
TD Insurance, General Insurance		✓						✓	
Other Financial Services Companies									
Canadian Imperial Bank of Commerce	✓		✓					✓	
Great-West Lifeco Inc.	✓			✓			✓		
Industrial Alliance Insurance and Financial Services Inc.	✓			✓				✓	
Manulife Financial Corporation	✓			✓			✓		
Mouvement Desjardins(1)			✓	✓	✓			✓	
National Bank of Canada	✓		✓					✓	
Sun Life Financial Inc.	✓			✓			✓		
General Canadian Marketplace Companies of Similar Size									
Canadian Pacific Railway Limited	✓					✓		✓	
Canadian Tire Corp. Ltd.	✓					✓		✓	
CGI Group Inc.	✓					✓	✓		
Finning International Inc.	✓					✓	✓		
Metro Inc.	✓					✓			✓
Québecor Inc.	✓					✓			✓
Rogers Communications Inc.	✓					✓		✓	
SNC-Lavalin Group Inc.	✓					✓	✓		
TELUS Corporation	✓					✓		✓	

(1) Includes Desjardins General Insurance as well as recently acquired State Farm.

The scope of the comparator group compares to that of Intact Financial Corporation as follows:

Statistical Distribution			
	Total Revenues/DPWs (in millions)	**Market Capitalization (in millions)**	**Number of Employees**
25th Percentile	$ 2,560	$ 6,158	2,647
Median	**$ 7,467**	**$17,087**	**15,385**
75th Percentile	$12,921	$27,186	38,502
Intact *(as of December 31, 2015)*	**$ 7,959**	**$11,665**	**11,700**

This comparator group:

- Provides a reliable representation of pay practices found among Canadian companies that are similar to Intact in terms of complexity, scope and industry and that compete with Intact for key talent;
- Reflects the complexity and autonomy associated with managing a publicly listed company;
- Provides a good representation of financial services companies, with more than 50% of the sample made up of:
  - The largest and most progressive Canadian P&C Insurance companies that compete directly with Intact; and
  - Other Canadian financial services companies of comparable size which employ executives who possess skillsets, experience and expertise similar to those required by Intact;
- Reflects pay practices among the general Canadian marketplace of listed companies operating throughout Canada with size comparable to that of Intact, and the diversity of the executive talent pool available outside of our direct competitors.

Based on such principles, the comparator group includes publicly listed companies, P&C insurance companies with annual direct written premiums in excess of $1 billion (excluding mutual insurance companies) and other diversified financial services companies of size comparable to that of Intact. Canadian companies operating in various industries, with the exception of the Oil & Gas sector, with revenues (primary scope indicator) and market capitalization falling within a range of 0.5 to 2.0 times that of Intact and operating throughout several provinces were selected for the diversified general industry companies and represent approximately ⅓ of the total sample.

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 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 the Canadian P&C industry.

The CEO's target total compensation is established *in camera* by the HRC Committee. For 2015, the long-term incentive target for Mr. Brindamour remained at 300% 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 shareholders.

Such level of the long-term incentive target reflects the practices of large Canadian publicly-traded organizations and brings Mr. Brindamour's target total compensation at 106% of the median of the comparator group. The other Named Executive Officers' ("NEOs") 2015 target total compensation is, on average, at 96% of the median of the comparator group, reflecting the various tenures in their respective roles.

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:

	Total Direct Compensation			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 unit(s) and national financial performance objectives	Pay for future performance and align rewards with shareholder value creation	Provide executives with health and well-being support	Provide financial security of executives after retirement	Aligned with competitive market practices
Performance Criteria	Individual contribution, competencies and performance	Financial and individual goals	IFC's 3-year average ROE relative to Canadian P&C industry average for PSUs	Unrelated to performance		
Performance Outcome	Salary increase and position within the salary structure	Cash payment	Vesting of share units with settlement in common shares	Some benefits increase in proportion to salary		Value of perquisites increases with salary
Performance/ Reference Period	Annual	1 year	3 years	Annual	Career	Annual
Impact on Pay	Career-long	Annual	Multi year	Career-long		Annual

Variable pay-for-performance

The following components are part of the executive total compensation package:

1. **Base Salary:**

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

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

Administration: Salaries are reviewed once a year by the HRC Committee, with an effective date of April 1 for employees and Executives, and of January 1 for Senior Executives. Market data is available for all positions, including Senior Executive positions.

2. Short-Term Incentive Plan:

Goals: To link compensation to a combination of individual and corporate national financial performance objectives that enhances shareholder and customer value while respecting our corporate values; to reward employees who help IFC achieve its business goals; and to attract and retain the talent essential to our success.

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

Administration: All permanent employees, including Executives and Senior Executives, participate in an annual cash-based bonus plan or 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. At the beginning of each year, a target incentive opportunity is communicated to each participant, based on the internal value of the position 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 other Canadian financial companies 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. Individual performance objectives represent at target, 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 role of the incumbent.

The 2015 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	55	110
Jean-François Blais — President, Intact Insurance	0	80	160
Louis Gagnon — President, Service and Distribution	0	80	160
Mark Tullis — Executive Vice President, Governance & Capital Management	0	80	160

The following table sets forth the 2015 Performance Metrics that are applied under the STIP to determine the amount of the award to Senior Executives and to Executives. Financial objectives represent at target, 75% of the weight of the overall target incentive for Senior Executives, and 50% of the weight of the overall target incentive for Executives. Our CEO and most other Senior Executives have two specific Environmental, Social and Governance (ESG) — related goals as part of their individual/personal objectives under the STIP:

1. Increase employee engagement, and
2. Accelerate customer-driven initiatives

These two goals form an integral part of our objective of becoming and remaining one of the best employers in Canada. In November 2015, we achieved the first part of our objective when Intact Financial Corporation was officially recognized by Aon Hewitt as a Best Employer at the platinum level for 2016 and by Mediacorp Canada Inc. as one of Canada's Top 100 Employers for 2016.

	Senior Executives (%)	Executives (%)
National Financial Metrics — Relative to the Industry		
Growth (in DPW)	16.7	16.7
Profitability (Combined Ratio)	33.3	33.3
Other Metrics		
Net Operating Income per Share	25	—
Individual/Personal Goals	25	50
TOTAL	**100**	**100**

The following table represents the STIP payout for each NEO based on 2015 results that will be paid in the second quarter of 2016:

Name & Title	2015 STIP Target ($)	2015 STIP Financial Results (%)(1)	2015 Total STIP Result (%)(2)	2015 Total STIP ($)
Charles Brindamour — Chief Executive Officer	1,168,750	155.5	151.6	1,772,117
Louis Marcotte — Senior Vice President & Chief Financial Officer	176,550		151.1	266,811
Jean-François Blais — President, Intact Insurance	489,600		152.6	747,252
Louis Gagnon — President, Service and Distribution	489,900		149.1	730,563
Mark Tullis — Executive Vice President, Governance & Capital Management	448,800		149.1	669,273

(1) 2015 STIP Financial results are comprised of 66.67% national financial results and 33.33% Net Operating Income per share results.

(2) 2015 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.

The HRC Committee has concluded that it was not in the best interest of the Company's shareholders to publicly disclose the level of performance that is associated with threshold, target and maximum achievement for each financial performance metric of the STIP: Growth (in DPW), Profitability (combined ratio) and Net Operating Income per Share. This is because, aggregately, the threshold, target and maximum performance levels of these metrics could be used by competitors to infer conclusions about confidential strategic priorities of the Company. Given the Company's position as the largest provider of P&C insurance in Canada, it is of the utmost importance to keep our strategic priorities confidential.

3. Long-Term Incentive Plan-Intact Financial Corporation Stock Incentive Plan:

Goals: To align the rewards of Executives and Senior Executives with Intact Financial Corporation 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; and to retain key employees.

Compensation Element	Type	Audience	Performance	Payouts Based on
Long-Term Incentive Plan (LTIP)	Performance Stock Units (70%)	All Executives	3 years	IFC's three-year average return on equity ("ROE") relative to Canadian P&C industry average ROE. Payouts in the form of Common Shares(1).
	Restricted Stock Units (30%)			Vesting not linked to performance; Vesting based on passage of time. Payouts in the form of Common Shares(1).

(1) Subject to the Company's right to make payouts in whole or in part in cash.

Role of each component: Under the LTIP, participants are awarded notional share units referred to as Performance Stock Units ("PSUs") and Restricted Stock Units ("RSUs"). 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 long-term incentive program's ongoing retention power.

The HRC Committee approved an increase, effective as of 2015, in the LTIP grant policy for the Senior Executives in order to further promote the creation of long-term value for our shareholders. In connection with this increase and consistent with our pay-for-performance philosophy and best governance principles, the HRC Committee also adopted a change in the LTIP split from 60% PSUs and 40% RSUs to 70% PSUs and 30% RSUs for the Senior Executives.

As a result of these changes, the increase in the LTIP grant policy for Senior Executives is essentially reflected in the PSU component of the LTIP, thus further promoting a pay-for-performance mindset and alignment with the interests of our shareholders. The HRC Committee also believes that although RSU vesting may not be linked to specific performance hurdles, RSUs still capture an element of performance linked to share price appreciation and dividend yield.

Administration: The number of units allocated to each participant is determined by dividing the targeted economic value, which is a percentage of base salary (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 2014 was $77.89. 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). The market median long-term incentive practices for comparable positions are considered when determining the size of target individual awards. The payout for PSUs is based on a specific performance goal determined by the HRC Committee, composed of the difference between the three-year average ROE of the Company and that of the Canadian P&C industry. There is no payout if the actual ROE is less than the average of the industry, as reported to the regulatory authorities and twice the target level if the actual differential is eight (8) or more percentage points. RSUs, which provide an immediate and certain ownership stake in the Company, provided that the employee stays with the Company, automatically vest three (3) years from the year of the grant. Vesting for RSUs is not linked to Intact Financial Corporation's performance. Each award vests and is paid out at the end of the three (3) year performance cycle. During the vesting period, units awarded under the LTIP are credited with dividend equivalents on the same basis as dividends declared on the Common Shares. The payment is in the form of Common Shares subject to the Company's 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.

In May 2014, the HRC Committee adopted a new LTIP delivery mechanism for Senior Executives. Under this mechanism, Senior Executives 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 stock (or unvested RSUs). Senior Executives made their election in May 2015 for the 2016 deliveries. Elections were reviewed and approved by the Board of Directors in July 2015 and are irrevocable.

A total of 191,712 units (134,204 PSUs and 57,508 RSUs) were awarded in 2015 to LTIP participants. The 2015 LTIP targets, expressed as a percentage of salary, and unit awards for NEOs are detailed as follows:

Name & Title	2015 LTIP Target (%)	2015 PSU Awarded (#)	2015 RSU Awarded (#)	2015 Total Award (#)
Charles Brindamour — Chief Executive Officer	300	25,208	10,804	36,012
Louis Marcotte — Senior Vice President & Chief Financial Officer	65	1,875	804	2,679
Jean-François Blais — President, Intact Insurance	125	6,875	2,947	9,822
Louis Gagnon — President, Service and Distribution	125	6,880	2,948	9,828
Mark Tullis — Executive Vice President, Governance & Capital Management	125	6,302	2,701	9,003

The following table sets forth the Performance Measures that are applied under the LTIP to determine the payout for the PSU component to Executives and Senior Executives. The performance measure used is Intact Financial Corporation's consolidated three (3) year average ROE relative to the three (3) year P&C industry average ROE (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 out-performance	200% (maximum)
4 percentage points of out-performance	100% (target)
Equal to industry average	50% (threshold)
Below industry average	0%

Prior Long-Term Incentive Plans under Former Majority Owner ING Group:

Certain NEOs had unexercised options or unsettled issues under prior plans of ING Group and ING Americas. Following the divestiture of ING Canada on February 19, 2009, under the terms of the ING Group Leo (Long-Term Equity Ownership) and Global Share Option Plan ("GSOP") plans, participants including certain NEOs had 12 months and 90 days respectively to exercise their options, failing which they would lose all such rights. Approximately 75 participants were holding options under GSOP and Leo programs. Considering that all options had a nil in-the-money value and also taking into consideration that the original expiry dates of such rights went up to 2015, Intact Financial Corporation converted these plans into Share Appreciation Rights (SARs) based on ING Group share price to be settled in cash. The conversion ensured continuity of the program, ensured fairness for employees who have contributed to the success of the Company over the years and also ensured fairness to our shareholders. The conversion provided the same economic opportunity to participants as they had before divestiture, and honoured the terms of the option grants until their respective expiry dates.

In 2015, no participants exercised SARs granted under prior long-term incentive plans and as at March 30, 2015, all remaining SARs have expired. Please refer to page 58 for specific detail. Awards already vested under the prior ING Americas Stock Incentive Plan were credited to individual Notional Shares Accounts that become payable upon retirement or employment termination. Such accounts, under the same principle of fairness, were converted into notional Common Shares and are credited with dividend equivalents.

4. **Pension & Benefits:**

Goal: To guarantee each participant competitive benefits and a retirement income, in order to retain the Company's Executives and Senior Executives.

Administration: IFC's Executives and 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 ("CRA"); and a supplementary executive retirement plan ("SERP") that is capped to the difference between the limits established by the CRA and the Executive's or Senior Executive's pensionable earnings. The pension benefit under the registered plan at retirement is determined using a formula combining average earnings and service. Average earnings are defined as the average of the best 60 consecutive months of earnings during the last 120 months. The SERP serves as a retention tool for Executives and Senior Executives and vests when the Executive and Senior Executive has completed two (2) years of continuous service with the Company. For all participants, pensionable earnings comprise base salary; for Senior Executives, pensionable earnings also include 25% of STIP maximum payout. Please refer to the Pension plan section at page 60 of this Circular for details on these plans. In conjunction with a risk management strategy, the HRC Committee submitted a recommendation to the Board of Directors in order to remove the automatic indexation provision in the registered pension plans for pension benefits accrued on or after January 1, 2012. In terms of company benefits, Executives and Senior Executives benefit from the same plan as other employees, which provide 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 dependants.

5. **Perquisites:**

Goal: To provide Executives and Senior Executives with a market-competitive group of perquisites that best meet their needs and lifestyle, including the lease of a company car, a club membership, 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.

Administration: All Intact Financial Corporation Executives and Senior Executives are provided with a taxable cash allowance, equal to 5% of their base salary, plus $7,500. The perquisite year runs from April 1 to March 31. The eligible base salary for the purpose of calculating the taxable cash allowance is capped at $800,000.

Share Ownership Policy and Restrictions on Trading

In November 2009, the HRC Committee adopted new share ownership policies applicable to all the 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 the principles of the Canadian Coalition for Good Governance. Executives and Senior Executives are expected to accumulate two (2) times their annual LTIP target in IFC stock. There are prescribed mechanisms to satisfy this expected ownership:

- Senior Executives are expected to satisfy the requirements within five (5) years of participation in the LTIP or from the date of appointment as Senior Executives and they cannot sell any shares until they have met the target ownership; and
- There is no specific timeframe for the Executives to satisfy the requirements. However, they must retain a minimum of 50% of their after-tax LTIP gains in Company stock 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 stock for ownership policy purposes includes stock currently owned, IFC stock bought on the market, or acquired through the LTIP, as well as non-vested RSUs granted under the LTIP. Unvested PSUs are not included in the ownership calculation.

Since 2009, the CEO is required to comply with the share ownership policy applicable to him and with an additional retention period that continues for two (2) years following voluntary termination or retirement. Since 2013, all the 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 NEOs and all Senior Executives with those of the shareholders.

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, 2015.

	Target Ownership		Shareholdings as at December 31, 2015					Status
Named Executive Officer	Multiple of salary (#)	Multiple of salary ($)	Common Shares ($)	Unvested Restricted Stock Units ($)	Total Holdings ($)	Total Holdings (#)	Total Holdings as a Multiple of salary	Share ownership requirement (SOR)
Charles Brindamour	6.00	5,610,000	14,975,569	3,497,273	18,472,842	208,309	19.76	Met
Louis Marcotte	1.30	417,300	655,434	246,708	902,142	10,173	2.81	Met
Jean-François Blais	2.50	1,530,000	1,299,162	1,014,588	2,313,750	26,091	3.78	Met
Louis Gagnon	2.50	1,530,938	3,672,416	970,780	4,643,196	52,359	7.58	Met
Mark Tullis	2.50	1,402,500	7,720,215	896,998	8,617,213	97,172	15.36	Met

Based on Intact Financial Corporation's December 31, 2015 closing stock price of $88.68.

In 2005, the HRC Committee adopted a policy whereby insiders are not permitted to engage in hedging activities with respect to IFC stock. This policy was expanded in 2010 to align more closely with the Financial Stability Board's principles for sound compensation practices. More specifically, insiders are prohibited from selling IFC's Common Shares or other traded securities directly or indirectly if they do not own them or have not fully paid for them. Insiders are also prohibited from directly or indirectly buying or selling a call or put on the Company's Common Shares.

Clawback Policy

IFC's long-term incentive plan agreement includes provisions that provide for the reimbursement of previously received LTIP remuneration should the Company discover that an 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 to be entitled to become a participant.

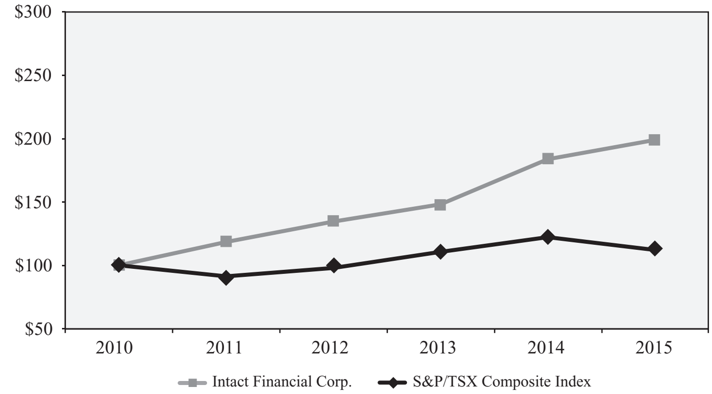
In 2010, IFC expanded its forfeiture provisions by introducing a clawback and readjustment of compensation policy for key executives, IIM and other employees, including the NEOs, to align more closely with the Financial Stability Board's principles for sound compensation practices and emerging best practices. In the event of fraud or misconduct, including failure to follow internal policies and procedures, IFC can adjust a LTIP participant's compensation, recoup incentive awards that have already been paid or vested, as well as cancel unvested long-term incentive awards.

Pay-Performance Linkages

The Company's performance-based compensation is intended to align the objectives of employees with those of the Company and the long-term interests of shareholders. Short-term incentives are linked both to individual performance and to the achievement of the Company's financial and strategic results, while long-term incentives are linked to the Company's ROE relative to that of the rest of the Canadian P&C insurance industry over three (3) years.

The Company's total shareholder return (including dividends) for 2015 of 8.26% was higher than the S&P/TSX Composite Index's total return of −8.32%. Over a five-year period Intact's performance is 77% higher than the Index. The following graph compares the total cumulative return for $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, 2010 through December 31, 2015.

Cumulative Value of a $100 Investment assuming Reinvestment of Dividends

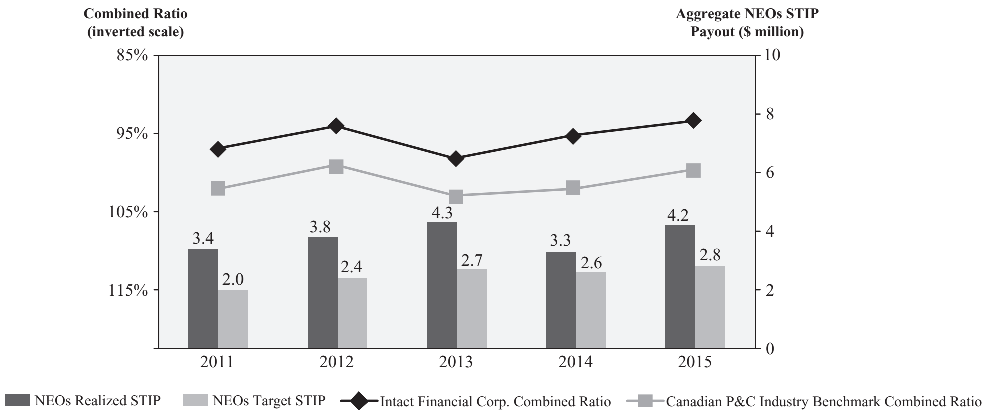


Year Ending December 31	2010	2011	2012	2013	2014	2015
Intact Financial Corp.	100.0	118.4	134.5	148.1	183.7	198.9
S&P/TSX Composite Index	100.0	91.3	97.9	110.6	122.2	112.1

Combined ratio for Bonus calculation

All permanent employees, including Executives and Senior Executives, participate in the bonus plan or STIP. Awards are earned on the achievement of the Company's strategic financial objectives (which could include premium growth, underwriting profitability and net operating earnings per share) and non-financial objectives and the personal performance of individual participants. Growth and profitability for the incentive payment are based on the Company's performance relative to the top 19 Canadian P&C insurance companies.* The graph below illustrates the Company's track record of outperforming the top 19 Canadian P&C insurance companies from a combined ratio perspective, and highlights the 5.2% positive gap in 2015. Based on the strength of the Company's performance in 2015 compared to that of the top 19 Canadian P&C insurance companies, 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 combined ratio, an important performance component of the STIP, is better than that of the industry.

* Consists of the 19 largest companies of the P&C industry based on MSA Research Inc., excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth and IFC.

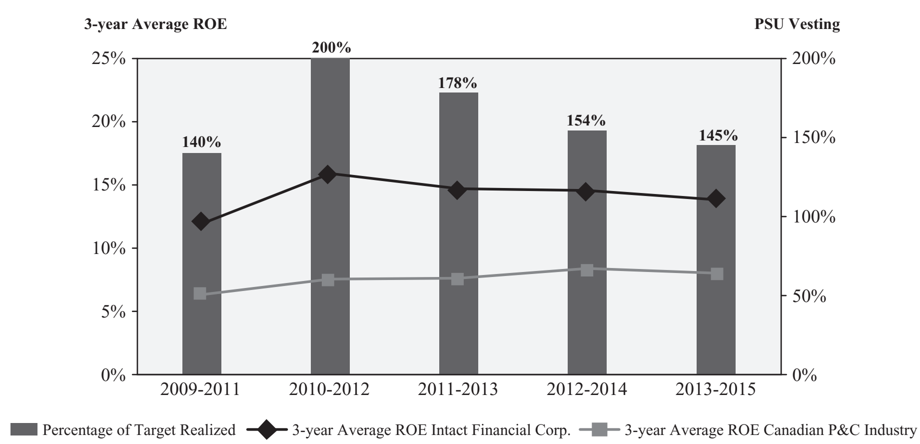


Year Ending December 31	2011	2012	2013	2014	2015
Combined Ratio Intact Financial Corp.	96.1%	93.4%	97.3%	94.5%	92.8%
Combined Ratio Canadian P&C Industry Benchmark*	101.0%	98.1%	101.8%	101.0%	98.0%
Percentage Points better than Benchmark	4.9%	4.7%	4.5%	6.5%	5.2%
Aggregate NEOs STIP vs Target	1.71 x	1.58 x	1.57 x	1.26 x	1.51 x

* Consists of the 19 largest companies of the P&C industry based on MSA Research Inc., excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth and IFC.

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 2012-2014 three-year period, which vested on January 1, 2015, the average ROE of the Company was higher than that of the P&C industry's average for that same period. Consequently, there was a 154% PSU payout under the LTIP. Please refer to pages 59 and 60 of this Circular for details on the LTIP payment. For the 2013-2015 period, the three-year average ROE of the Company was higher than that of the P&C industry's three-year average by 5.8%. This results in a PSU payout of 145% of target under the LTIP. The graph below clearly shows how LTIP vesting is above target when the Company's three (3) year ROE exceeds that of the industry by more than 4%.



3-year Average ROE Cycles Vested on:	2009-2011 Jan 1, 2012	2010-2012 Jan 1, 2013	2011-2013 Jan 1, 2014	2012-2014 Jan 1, 2015	2013-2015 Jan 1, 2016
3-year Average ROE Intact Financial Corp.	11.90%	15.87%	14.67%	14.53%	13.80%
3-year Average ROE Canadian P&C Industry**	6.30%	7.53%	7.60%	8.37%	8.00%
Percentage Points Above/Below Benchmark	+5.6%	+8.3%	+7.1%	+6.2%	+5.8%
PSU Vesting	140%	200%	178%	154%	145%

** Based on MSA Research Inc., excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth and IFC.

Look-Back Total Take over CEO Tenure

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. Mr. Brindamour became CEO of the Company on January 1, 2008. Over his tenure as CEO, the Company's Cumulative Total Shareholder Return has exceeded that of the S&P TSX Composite Index by 164%. Consequently, the NEOs' total realizable compensation has exceeded target compensation over the same period, as shown in the table below.

Year	CEO		Other NEOs		Value of $100				
	Total Target Compensation(1)	Realizable Total Compensation as of December 31, 2015	Average Total Target Compensation(1)	Average Realizable Total Compensation as of December 31, 2015	Period	CEO(2)	Other NEOs(2)	Shareholder(3)	S&P/TSX Composite Index (Total Return)(4)
2008	$2,636,792	$1,981,108	$959,082	$724,850	01/01/08 to 12/31/15	$75	$76	$283	$119
2009	$2,479,478	$5,746,443	$950,126	$1,923,113	01/01/09 to 12/31/15	$232	$202	$343	$178
2010	$3,446,764	$7,471,978	$1,041,326	$2,134,934	01/01/10 to 12/31/15	$217	$205	$281	$132
2011	$3,312,637	$7,367,136	$1,143,647	$2,201,799	01/01/11 to 12/31/15	$222	$193	$199	$112
2012	$4,025,948	$6,326,035	$1,529,313	$2,237,630	01/01/12 to 12/31/15	$157	$146	$168	$123
2013	$4,075,246	$6,038,618	$1,458,095	$2,004,512	01/01/13 to 12/31/15	$148	$137	$148	$115
2014	$4,796,350	$5,995,824	$1,605,535	$1,872,621	01/01/14 to 12/31/15	$125	$117	$134	$101
2015	$5,499,330	$6,493,491	$1,749,408	$2,036,465	01/01/15 to 12/31/15	$118	$116	$108	$92
Cumulative Over CEO Tenure	$30,272,546	$47,420,633	$10,436,531	$15,135,924	01/01/08 to 12/31/15	$157	$145	$283	$119

(1) Includes salary, target short-term incentives (STI) and long-term incentives (LTI) awarded during the year, pension and other compensation.

(2) Represents the realizable value for each $100 awarded in total target compensation over the period indicated.

(3) Represents the cumulative value of a $100 investment in Common Shares made on the first trading day of the period indicated, assuming reinvestment of dividends.

(4) Represents the cumulative value of a $100 investment in the index made on the first trading day of the period indicated.

Realizable total compensation includes salaries paid, actual STIP awards paid, actual PSU and RSU payouts, the compensatory value of pension arrangements and all other compensation paid, as well as the value, as of December 31, 2015 of unvested PSUs, regular RSUs and special RSUs. The Company's LTIP does not include any stock option component.

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 of Intact Financial Corporation to review employment and compensation practices in the Canadian market 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.

Towers Watson has provided consulting services to the Company for several years on matters related to executive compensation and on other human resources advisory services. Towers Watson'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 Intact Financial Corporation in the Senior Executive compensation review summary sheet presented to the HRC Committee in order to make the best 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 2015, fees paid to Towers Watson for market analysis and other compensation advice totalled $342,728. Other divisions of Towers Watson were also paid $1,377,900 in 2015 and $1,379,842 in 2014 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 and governance). The HRC Committee is of the opinion that Towers Watson, the compensation consultant it retained, is able to provide services sufficiently independent of its other relationships with the Company. Towers Watson's fees for the 2014 and 2015 fiscal years regarding such services were as follows

Fees paid to Towers Watson	Fiscal Years 2015 ($)	Fiscal Years 2014 ($)
Executive compensation-related fees	342,728	407,905
All other fees	1,377,900	1,379,842

Executive Compensation for 2015

The HRC Committee has reviewed the executive compensation of the Senior Executives for 2015, presented in Section 4 of this Circular.

The statement on executive compensation has been approved by the HRC Committee, for which the members are:

(Signed) Human Resources and Compensation Committee

Timothy H. Penner (Chair)
Carol Stephenson
Louise Roy
Frederick Singer
Stephen G. Snyder

5: SUMMARY COMPENSATION TABLE

Compensation for the most recently completed financial year is summarized in the *Summary Compensation Table* below for the following individuals, who, together, make up the "Named Executive Officers" or the "NEOs":

	**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 of the Company as well as its strategies and strategic priorities. The Chief Executive Officer is responsible for the establishment, in consultation with Management, the Board of Directors and the Enterprise Risk Committee, of the risk appetite framework of the Company and of monitoring the financial and operational performance of the Company and the progress on strategic priorities. He chairs the Executive Committee and the Operational Committee and is a member of the Enterprise Risk Management Committee and the Operational Investment Committee. Mr. Brindamour ensures the Company has a robust succession plan in place for the executive team and their direct reports.
	**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.
	**Jean-François Blais — President, Intact Insurance** The President of Intact Insurance has for primary responsibility the profitability of Intact Insurance. He is responsible for personal and commercial underwriting, dedicated sales, marketing, research and development, customer relations and people management. Mr. Blais develops the strategic vision, approaches and plans for profitability, national growth, distribution development, customer relations and people management.
	**Louis Gagnon — President, Service and Distribution** The President, Service and Distribution has for primary responsibility the profitability and growth of Direct to Customer Distribution (DTCD) and BrokerLink, service and customer relations in claims as well as international development. Mr. Gagnon is responsible for underwriting, claims, dedicated sales, marketing, international development, customer relations and people management.
	**Mark Tullis — Executive Vice President, Governance & Capital Management** The Executive Vice President, Governance & Capital Management ensures that a sound governance structure and framework exists at the Company, taking into account its size and complexity as well as its regulatory environment. He oversees the Legal & Compliance, Audit, Finance, Investment and other functions and ensures that they have the appropriate resources and independence to appropriately play their role as part of the overall governance of the Company.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)[1]	Share-based Awards ($)[2]	Non-equity Incentive Plan Compensation ($) Annual Incentive Plans[3]	Pension Value ($)[4]	All Other Compensation ($)[5]	Total Compensation ($)
Charles Brindamour	2015	934,250	2,805,000	1,772,117	543,580	0	6,054,947
Chief Executive Officer	2014	869,846	2,610,000	1,402,875	179,466	0	5,062,187
	2013	849,808	1,700,000	1,641,563	413,188	0	4,604,559
Louis Marcotte	2015	320,758	208,650	266,811	98,898	0	895,117
Senior Vice President &	2014	299,712	165,000	184,125	92,208	0	741,045
Chief Financial Officer[6]	2013	262,471	131,250	185,456	63,481	0	642,658
Jean-François Blais	2015	611,862	765,000	747,252	255,806	0	2,379,920
President,	2014	599,848	660,000	595,200	238,622	0	2,093,670
Intact Insurance	2013	580,141	609,259	752,001	350,468	0	2,291,869
Louis Gagnon	2015	611,944	765,469	730,563	194,705	0	2,302,681
President, Service and	2014	574,703	632,500	579,600	165,905	0	1,952,708
Distribution	2013	536,172	563,178	673,668	190,057	0	1,963,075
Mark Tullis	2015	560,873	701,250	669,273	163,322	0	2,094,718
Executive Vice President,	2014	549,654	605,000	540,100	178,825	0	1,873,579
Governance & Capital Management	2013	504,844	505,000	594,638	193,273	0	1,797,755

Notes:

(1) The salaries reported in the Summary Compensation Table are the actual base salaries paid in the 2015, 2014 and 2013 financial years. The 2015, 2014 and 2013 figures include an adjustment for the first days of the first pay period that was paid respectively at the 2014, 2013 and 2012 salary rate. The 2015, 2014 and 2013 annual base salaries for the NEOs are listed in the table below:

Name	Base Salary 2015	2014	2013
Charles Brindamour — Chief Executive Officer	935,000	870,000	850,000
Louis Marcotte — Senior Vice President & Chief Financial Officer	321,000	300,000	262,500
Jean-François Blais — President, Intact Insurance	612,000	600,000	580,247
Louis Gagnon — President, Service and Distribution	612,375	575,000	536,360
Mark Tullis — Executive Vice President, Governance & Capital Management	561,000	550,000	505,000

(2) In terms of equity-based compensation, the NEOs were awarded a number of PSUs and RSUs for the financial year 2015 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 & Analysis on pages 46 to 48 of this Circular for individual LTIP percentages and the number of PSUs and RSUs that this translates into.

(3) Annual incentive plans is comprised of the STIP. One of the current financial measures (profitability) for the incentive performance year 2015 is based on the Company's performance relative to the industry average performance. The amounts disclosed in the Summary Compensation Table for 2015 are the annual STIP awards paid in the first quarter of 2016 for the performance year 2015. The amounts disclosed in the Summary Compensation Table for 2014 are the annual STIP awards paid in the first quarter of 2015 for the performance year 2014. The amounts disclosed in the Summary Compensation Table for 2013 are the annual STIP awards paid in the first quarter of 2014 for the performance year 2013.

(4) 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.

(5) No amount is reported in this column given that all NEOs have perquisites and other personal benefits that in aggregate amount to less than $50,000 or 10% of their total salary.

(6) Mr. Marcotte became Chief Financial Officer of the Company on December 1, 2013.

In aggregate, the NEOs 2015 compensation represents 1.91% of 2015 adjusted net income to common shareholders of $729 million.

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	65,276	37,516	5,788,676	3,326,919
Louis Marcotte	4,638	2,646	411,298	234,647
Jean-François Blais	18,740	10,858	1,661,863	962,887
Louis Gagnon	18,051	10,396	1,600,763	921,917
Mark Tullis	16,662	9,608	1,477,586	852,037

Notes:

(1) The total number of Common Shares that have not vested represent the total number of PSUs (based on vesting at target) and RSUs allocated to NEOs under the LTIP for the performance cycles 2013/2015, 2014/2016, and 2015/2017. The details are as follows:

Performance cycle	Charles Brindamour	Louis Marcotte	Jean-François Blais	Louis Gagnon	Mark Tullis
2013/2015	27,384	2,114	9,814	9,072	8,135
2014/2016	39,396	2,491	9,962	9,547	9,132
2015/2017	36,012	2,679	9,822	9,828	9,003

(2) 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, 2015, which was $88.68 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, 2015, which was $88.68.

ING-related Option-Based Awards

Name	Option-based Awards(5)			
	Number of Securities Underlying Unexercised Options (#)(1)	Option Exercise Price ($)(2)	Option Expiration Date(3)	Value of Unexercised In-the-money Options ($)(4)
Charles Brindamour	—	—	—	—
Louis Marcotte	—	—	—	—
Jean-François Blais	—	—	—	—
Louis Gagnon	—	—	—	—
Mark Tullis	86,309	28.15	March 30, 2015	0

Notes:

(1) IFC SAR Awards are based on the stock price of former majority owner ING Group. Please refer to the Compensation Discussion and Analysis ("CD&A") on page 48 of this Circular for a description of the plan. The exercise price and the number of SARs were adjusted to preserve the economic opportunities of participants following capital transactions by ING Group in 2009.

(2) The strike price for each SAR award has been converted to Canadian dollars from the currency in which it was allocated (Euro) using the Bank of Canada exchange rate on the award date as detailed in the below table:

Date	Exchange Rate
March 30, 2005	1 EUR= 1.5746 CAD

(3) Expiration date for the SARs is based on original awards' expiry dates.

(4) The price of the ING Group shares as of March 30, 2015 was 13.67 Euros; therefore all SARs had a nil in-the-money value.

(5) All SARs have expired as of March 30, 2015.

Incentive Plan Awards — Value Vested or Earned During the Year

Name	Option-based Awards — Value Vested During the Year ($)	Share-based Awards — Value Vested During the Year[(1)] ($)	Non-equity Incentive Plan Compensation — Value Earned During the Year[(2)] ($)
Charles Brindamour	—	3,347,208	1,772,117
Louis Marcotte	—	266,643	266,811
Jean-François Blais	—	1,213,896	747,252
Louis Gagnon	—	1,071,184	730,563
Mark Tullis	—	971,570	669,273

Notes:

(1) The RSUs allocated under the LTIP for the performance cycle 2012/2014 vested on January 1, 2015. The value indicated in the table represents the number of Common Shares allocated to each NEO multiplied by the price of the Common Share at closing on the vesting date, which was $83.85. The number of Common Shares allocated to each NEO is as follows:

Name	Common Shares Allocated (#)	Value at Delivery (January 8, 2015) ($)
Charles Brindamour	12,060	998,930
Louis Marcotte	961	79,600
Jean-François Blais	4,374	362,298
Louis Gagnon	3,860	319,724
Mark Tullis	3,501	289,988

Where applicable, the Common Shares were delivered to participants on January 8, 2015. The price of the Common Share at closing on January 7, 2015 was $82.83. Participants electing to receive Common Shares are entitled to dividend payments as of the delivery date. The Participants electing to receive cash are entitled to a cash payment equal to their allocation of Common Shares multiplied by the Common Shares closing price on January 7, 2015 of $82.83.

The PSUs allocated under the LTIP for the performance cycle 2012/2014 vested on January 1, 2015. Participants received the equivalent of 154% of their initial award, based on Intact Financial Corporation's average three (3) year performance relative to the industry (please refer to the description of the LTIP below). The value indicated in the table represents the number of Common Shares allocated to each NEO multiplied by the price of a Common Share at closing on the vesting date, which was $83.85. The number of Common Shares allocated to each NEO is as follows:

Name	Number of Common Shares Allocated (#) (= 154% of original number of PSUs awarded)	Value at Delivery (April 29, 2015) ($)
Charles Brindamour	27,859	2,587,265
Louis Marcotte	2,219	206,079
Jean-François Blais	10,103	938,266
Louis Gagnon	8,915	827,936
Mark Tullis	8,086	750,947

Where applicable, the Common Shares were delivered to participants on April 29, 2015, which was the date the HRC Committee approved the delivery and confirmed the Company performance results. The price of the Common Share at closing on April 28, 2015 was $92.87. Participants electing to receive Common Shares are entitled to dividend payments as of the delivery date. The participants electing to receive cash are entitled to a cash payment equal to their allocation of Common Shares multiplied by the Common Shares closing price on April 28, 2015 of $92.87.

(2) The value represents the amounts to be paid in the second quarter of 2016 for the performance year 2015.

Intact Financial Corporation Long-Term Incentive Plan (LTIP): In 2005, the Company established a long-term incentive plan called LTIP. This plan belongs to Intact Financial Corporation and was the long-term incentive plan offered to Executives and Senior Executives from 2005 to 2009. In 2010, the Company made changes to the LTIP. Please refer to the Compensation Discussion and Analysis ("CD&A") on pages 46 to 48 of this Circular for details on the LTIP. Details on the terms of the grants are provided in the Summary Compensation Table section on page 56 of this Circular. On January 1, 2015, the awards made under the LTIP for the performance cycle 2012/2014 vested. Intact Financial Corporation's three (3) year average ROE was 14.53%, and the industry's three (3) year average ROE for that same period was 8.37%. Intact Financial Corporation therefore out-performed the industry by 6.16%, which according to the LTIP performance objectives, results in a payout of 154% of the initial PSUs allocated in 2012. Awards for the 2013/2015 performance cycle vested on January 1, 2016. Where applicable, the delivery of the final number of Common Shares related to the RSU component occurred on January 7, 2016 and the participants electing to receive cash received a payment based on the Common Shares closing price of January 6, 2016. Where applicable, the delivery and confirmation of the final number of Common Shares or cash payments related to the PSU component to participants will occur in April or May 2016 after the industry financial results are made public and the HRC Committee approves the delivery. Where applicable, participants are entitled to cash dividend payments once the delivery of Common Shares has occurred.

7: PENSION PLAN BENEFITS

The following tables provide information on pension plans in which the NEOs participate.

Defined Benefit Plans Table ("DB")

Name	Number of years credited service(1) (#)	Annual benefits payable		Accrued obligation at start of year(3) ($)	Compensatory Change(4) ($)	Non compensatory change(5) ($)	Accrued obligation at year end(6) ($)
		At year end ($)	At age 65(2) ($)				
Charles Brindamour	20.6712	517,683	1,050,502	5,844,418	543,580	(78,743)	6,309,255
Louis Marcotte	9.1923	59,664	151,326	659,095	98,898	(7,224)	750,769
Jean-François Blais	26.5952	393,216	754,465	5,049,860	255,806	(188)	5,305,478
Louis Gagnon	8.9231	130,903	297,809	1,359,206	194,705	16,187	1,570,098
Mark Tullis	7.0000	97,492	164,353	1,173,256	163,322	29,094	1,365,672

Notes:

(1) For Mr. Blais, the number of years of credited service under the SERP is 19.1472.

(2) The information shown in this column was determined based on the final average earnings of each participant as of December 31, 2015 and years of credited service projected up to age 65 (assuming full-time employment).

(3) The information shown in this column was determined by using the same assumptions and methods as those used for 2014 financial statement reporting purposes. In particular, the discount rate used is 4.00%.

(4) 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.

(5) Includes all items that are not compensatory, such as changes in actuarial assumptions and interest cost.

(6) The information shown in this column was determined by using the same assumptions and methods as those used for 2015 financial statement reporting purposes. In particular, the discount rate used is 4.10%.

Narrative discussion for Intact Financial DB and SERP Plans

Participants other than Mr. Jean-François Blais

IFC's Executives and Senior Executives benefit from two (2) pension plans:

1. A registered plan ("Base Plan"), where the pension benefit is determined at retirement using a formula combining average earnings and service:

   Average earnings is defined as the average of the best 60 consecutive months of earnings during the last 120 months.

   Earnings are comprised of base salary.

Formula for each service period	Charles Brindamour(1)	Louis Marcotte(1)	Louis Gagnon(1)	Mark Tullis(1)
For service on and after January 1, 2000, the pension accrual is 2% of average earnings multiplied by the number of years of service	✔	✔	✔	✔
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	✔	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	✔	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)".

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). Participants are eligible to receive an unreduced pension benefit when they reach age 60 and have at least twenty (20) years of service. Early retirement is available as of age 55. 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.

Pension benefits accrued prior to January 1, 2012 are indexed annually based on the higher of 50% of the Consumer Price Index ("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 starting January 1, 2014 Senior Executives are required to contribute to the plan. No contributions were required from Senior Executives prior to that date.

2. 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 Executives and vests when the Executive or Senior Executive has completed two (2) years of continuous service with the Company.

Mr. Jean-François Blais

For service from July 1, 2012, Mr. Blais benefits from two (2) pension plans and a special pension arrangement:

1. A registered plan (i.e., Base Plan, as defined above).
2. A supplementary executive retirement plan (i.e., the SERP, as defined above).
3. A special pension arrangement which provides additional years of credited service in Le régime de retraite supplémentaire de la direction d'Intact et de ses compagnies affiliées (anciennement le régime supplémentaire de la direction d'AXA Assurances), as described below:
   - One (1) additional year of credited service on June 30, 2016
   - One (1) additional year of credited service on June 30, 2020
   - One (1) additional year of credited service on June 30, 2024
   - One (1) additional year of credited service on June 30, 2027

   The special pension arrangement was designed for retention purposes and also to substantially restore pre-merger pension entitlements that Mr. Blais was eligible for prior to the acquisition of AXA Canada Inc. by the Company. Each additional year of credited service will vest at the later of the dates listed above and the attainment of age 55 by Mr. Blais.

For service prior to June 30, 2012, Mr. Blais benefits from multiple pension plans:

1. Registered plans ("Former AXA Base 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");
   - 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"); and
   - Le régime de retraite de la direction d'Intact et de ses compagnies affiliées (anciennement le régime des dirigeants d'AXA Assurances), (the "AXA Dirigeants 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 are determined at retirement using a formula combining average earnings and service:
   - AXA Employees Plan: Average earnings are defined as the average of the best 60 consecutive months of earnings. Earnings are comprised of base salary;
   - AXA Senior Management Plan: Average earnings are defined as the average of the best 36 consecutive months of earnings. Earnings are comprised of base salary; and
   - AXA Dirigeants Plan: Average earnings are defined as the average of the best 36 consecutive months of earnings. Earnings are comprised of base salary and bonus/STIP award paid.

Formula for each service period	AXA Employees Plan	AXA Senior Management Plan	AXA Dirigeants Plan
For service from May 30, 1989 to December 31, 1990, the pension accrual is 2% of 1999 earnings multiplied by the number of years of service	✓	N/A	N/A
For service from January 1, 1991 to November 7, 1996, the pension accrual is 1% of average earnings multiplied by the number of years of service	✓	N/A	N/A
For service from November 8, 1996 to December 1, 2002, 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	✓	N/A
For service from December 2, 2002 to June 30, 2012, the pension accrual is 2% of average earnings multiplied by the number of years of service	N/A	N/A	✓

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 60 for the AXA Dirigeants Plan, age 65 for the other plans). Mr. Blais is eligible to receive an unreduced pension benefit under the AXA Senior Management Plan at age 60 if he has thirty (30) years of service or ninety (90) points (i.e., sum of age plus service), and under the AXA Dirigeants Plan at the earliest of the attainment of age 60, thirty (30) years of service or eighty (80) points. Early retirement is available as of age 55 (age 50 for the AXA Dirigeants Plan). Accrued normal pension benefit is then reduced by 6% for each year before normal retirement date under the AXA Employees Plan; by 5% for each year before the unreduced retirement age, but not later than normal retirement date, under the AXA Senior Management Plan; and by 3% for each year before the unreduced retirement age, but not later than normal retirement date, under the AXA Dirigeants Plan.

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 (one hundred twenty (120) for the AXA Senior Management and the AXA Dirigeants Plan) will be made in any event. Under the AXA Dirigeants Plan, a Participant with a spouse will receive a lifetime pension benefit with a joint and 60% survivor form benefit.

Pension benefits accrued under the AXA Dirigeants Plan are indexed annually at 100% of CPI.

2. Supplementary executive retirement plans (“Former AXA SERPs”):

- 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 “AXA Senior Management Supplementary Plan”); and
- Le régime de retraite supplémentaire de la direction d’Intact et de ses compagnies affiliées (anciennement le régime supplémentaire de la direction d’AXA Assurances), (the “AXA Direction Supplementary Plan”).

The Former AXA SERPs were merged effective July 1, 2012 into the SERP, as defined above.

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 applicable Former AXA Base Plan if the tax limits as to the maximum pension payable, as set out in the applicable Former AXA Base Plan, were not applicable; and

(b) the amount of annual pension actually payable from the applicable Former AXA Base Plan.

For purposes of determining the pension benefit payable under the AXA Direction Supplementary Plan, earnings also include 100% of the bonus/STIP award paid. The final average earnings for the AXA Direction Supplementary Plan is an average of the best earnings during three non-overlapping periods of 12 months.

Former AXA SERPs benefits are not indexed.

8: TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company does not have employment contracts with its NEOs. Hiring documents include confirmation of total compensation, as well as a requirement for each Executive or Senior Executive to sign the IFC Living Our Values document (formerly the Code of Conduct), as well as the Confidentiality and Non-Solicitation Agreement, and receive a copy of the Company's policies.

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 common law or the Civil Code of Quebec. 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.

Long-Term Incentive Plan: The LTIP contains a provision, which was reviewed and takes effect as of 2016, relating to the consequences of a change of control of the Company, as described below:

General Rule for Change of Control: 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 the constructive termination of employment (consisting of a substantial reduction in responsibilities or scope of authority in the terms of employment) within 24 months of the occurrence of a Change of Control of the Company, will result in the accelerated vesting of stock incentives granted under the LTIP as of the date of termination. PSU vesting shall be based on actual performance for past years and shall be at target for future years.

Also, 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 take action.

Upon resignation or termination with cause, all stock incentives granted under the LTIP are forfeited.

A Change of Control is defined under the LTIP as:

(a) an entity or individual or group of persons acting in concert acquiring 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.

Compensation of Directors

Please refer to the "Directors Compensation" section at page 17 of this Circular.

9: 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).

10: CORPORATE GOVERNANCE PRACTICES

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, Intact Financial Corporation has corporate governance practices that meet or exceed the requirements of the TSX and the applicable rules of the Canadian Securities Administrators. In 2015, the Company was once again ranked amongst the leaders in various annual examinations of the quality of the corporate governance practices of reporting issuers by organizations that monitor Canadian corporate governance trends.

In addition, Intact Financial Corporation's corporate governance practices are reviewed regularly to ensure alignment with the evolving best practices of comparable publicly traded companies. Intact Financial Corporation also 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.

The Company's Statement of Corporate Governance Practices is attached as Schedule "A" to this Circular.

11: 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 2016 Annual 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 2017 is December 27, 2016.

12: ADDITIONAL INFORMATION AND CONTACTING INTACT FINANCIAL CORPORATION

Further information relating to Intact Financial Corporation may be obtained from its web site at www.intactfc.com and from the SEDAR web site 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, 2015 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 Investors Relations Department of the Company at 700 University Avenue, Suite 1500, Toronto, Ontario, M5G 0A1, or by telephone toll-free within North America at 1-866-778-0774 ((416) 941-5336 outside North America), or by fax at (416) 941-0006, or by e-mail at ir@intact.net.

13: APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors has approved the contents and the sending of this Management Proxy Circular to the shareholders of the Company.

Françoise Guénette
Senior Vice-President,
Corporate and Legal Services and Secretary

March 30, 2016

SCHEDULE A

Statement of Corporate Governance Practices

In establishing its governance practices, the Board of Directors of the Company has adopted principles, structures and processes to enable the Board of Directors to carry out its responsibilities more effectively and that are focused on the implementation, development and maintenance of a compliance and corporate governance mindset throughout the Company.

Board and Committee Structures and Oversight Functions

Throughout the 2015 fiscal year, we continued to foster an enterprise-wide culture of compliance, to improve our risk management practices and to achieve better corporate governance standards. We continued to implement the recommendations of OSFI as set out in its Corporate Governance Guideline (issued in January 2013).

In this regard, we revised the mandates of our Board of Directors and of its committees with the aim of achieving better alignment with best practices, applicable laws and corporate governance guidelines. Following this review, we modified such mandates in order to reflect the following: the Chair of the Company's Board of Directors may not serve as Chair of the Risk Committee, the Risk Committee reviews and approves significant risk management policies other than the Enterprise Risk Management Strategy at least annually, the Audit Committee and the Risk Committee shall meet periodically, the CRO may call a meeting of the Board of Directors or the Risk Committee at any time, the Board of Directors and the committees may request access to Company records or meetings with any employees of the Company at any time and the Board of Directors shall evaluate the risk culture of the Company annually.

Our Governance and compliance structures and processes include the following: a Code of Conduct document entitled "Living Our Values" that details high ethical standards; the support of a dedicated Compliance team that follows legislative, regulatory and compliance and governance rules, trends and best practices in addition to maintaining a high level of governance and a compliance mindset across our companies; various policies and reporting mechanisms including Whistleblower procedures and Incident Reporting. The Compliance team includes an Ombudsman's Office and a Privacy Office that provide services mainly to insureds who have queries in this regard or wish to file a complaint. The Company has also put in place strict policies on conflicts of interest, disclosure of material information and insider trading.

By virtue of "Living Our Values," the Company has endorsed high ethical and compliance principles to promote integrity, respect, excellence, social responsibility and a focus on customers. These principles shape the Company's activities globally and apply to all of our employees, Officers and Directors. They include abiding by the law, respecting confidentiality, avoiding conflicts of interest, respect in the workplace, socially responsible actions, proper use of the Company's resources and opportunities and sound market conduct, the whole based on the personal accountability of all employees and Officers and Directors.

The compliance programs and systems, including "Living Our Values" and its related policies and processes, are managed by the Company's full-time dedicated Compliance team that reports to the Senior Vice-President, Corporate and Legal Services, and Secretary, who reports to the Board of Directors and its committees and acts independently from the operations of the Company. In addition, approximately 30 representatives from the operational, corporate and Human Resources departments across Canada also act as compliance ambassadors across the Company. 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*. In addition, this statement provides additional disclosure to comply with and exceed various recommended best practices. The Board of Directors has approved this disclosure on the recommendation of its CRCG Committee.

Additional information about our governance programs may be found on SEDAR (www.sedar.com) where our "Living Our Values" Code of Conduct document is filed, our corporate website at www.intactfc.com, and in this Statement of Corporate Governance Practices.

BOARD OF DIRECTORS

Directors Independence

- ➢ Eleven (11) of the twelve (12) directors in 2015 are considered to be independent.
- ➢ Adopted a policy on Board Diversity.
- ➢ Additional disclosure regarding directors standing for election is available on pages 5 to 16 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 Directors 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.

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, or as 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.

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.

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 5 to 16 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.

Interlocks

The Board of Directors has approved a policy on external positions and interlocking.

It is the Company's view that Directors should be independent of Management but also of each other. If two 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 fellow Director. In such a situation, on the second board where he is expected to serve as an independent non-executive director, his 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 the Company or 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 an actual conflict of interest or appearance of a conflict of interest.

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

As of the date of this Circular, there are no Director Interlocks among the candidates proposed for election.

The Board of Directors has also adopted a policy providing that no more than 33⅓% of the members of the HRC Committee shall be sitting chief executive officer(s) of another company.

Director Term Limits and Other Mechanisms of Board Renewal

In July 2014, the Board of Directors approved removing the mandatory retirement age for Directors. The Board of Directors determined that a mandatory retirement age was not appropriate in the context of the Company. The Board of Directors, instead, implemented a new framework including a proposed term of office and Board of Directors tenure to ensure ongoing Board of Directors renewal and create an effective balance between fresh perspectives and veteran Directors on the Board of Directors.

In 2015, the Board of Directors agreed that, in principle, the maximum period of service for new Directors of the Company would be twelve (12) years, to be served in successive one (1) year terms. The CRCG Committee will see to Board of Directors renewal by reviewing its composition on a yearly basis and suggest to the Board of Directors to add a new Director or replace Directors who have attained maximum tenure, subject to the needs of the Company and its best interests.

In this regard, the Board of Directors may extend such term where it determines that it is in the best interests of the Company to do so.

Term limits do not provide Directors with a guarantee of tenure. Instead, the framework defines the maximum period of time that Directors may submit themselves for re-election.

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.

Rotation of membership on the Board of Directors committees is discretionary and may be used by the Board of Directors to ensure continuity. Each Director is 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 Directors and make recommendations to the Board of Directors.

The Company has also previously adopted several other board renewal mechanisms which are discussed in further detail in this Statement of Corporate Governance Practices, including the identification of specific candidates to fill potential vacancies or vacancies that will likely be left by retiring Directors, the approval of an "ever-green" list for potential Directors, the identification of skills and competencies that are likely to be needed to fill vacancies, and the formal Board of Directors and committee assessment processes which in turn include considering the competencies and skills of the Board of Directors, as a whole, and required competencies and skills from new members individually.

Non-executive Chair of the Board of Directors and Private Meetings of Directors

- ➢ The positions of Board Chair and CEO are separate.
- ➢ The Chair is an independent member of the Board of Directors.
- ➢ Independent Directors met without the presence of management at all meetings of the Board of Directors and also met *in camera* at committee meetings.
- ➢ 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.

The roles of the Chair of the Board of Directors and CEO of the Company are separate. Claude Dussault, formerly President and CEO of the Company until his retirement at the end of 2007, was elected Board Chair of the Company, effective January 1, 2008.

In 2015, a 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 without management present 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 2015.

Board of Directors and Committee Mandates

- ➢ The Board of Directors is responsible for stewardship of the Company.
- ➢ The Board of Directors and its committees have independent access to external consultants and experts.

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, with the objective of enhancing the value of the Company for its shareholders and with a view to ensuring the Company's long-term viability.

The Board of Directors Mandate (reproduced at page B-1 of this Circular), which is reviewed at least annually, sets out the responsibilities of the Board of Directors, which can be summarized as follows: review and approval of the strategic plan and in relation thereto approval of material transactions; supervision of Senior Management, oversight functions and compensation and succession planning including the appointment of the CEO and oversight functions and ensuring that other executives are in place to ensure sound management of the Company; oversight of financial reporting including ensuring the accuracy of financial statements and returns and timely reporting and disclosure; monitoring of the Company's pension plans; assessment by the Board of Directors of its own effectiveness and that of its committees, committee chairs and members; ensuring that the Company has sound risk management programs, evaluation of the Company's risk culture and also ensuring that the Company has appropriate internal controls in place; and ensuring a business ethics, compliance and corporate governance mindset and creation of a culture of integrity throughout the organization. Finally, the mandates of the Board of Directors and all its committees confirm independent access of the Board of Directors and its committees to outside consultants and experts.

The full-text version of the mandates of the committees of the Board of Directors: the Audit Committee, the CRCG Committee, the HRC Committee and the Risk Committee are available in the Corporate Governance section of the Company's web site at www.intactfc.com.

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 is ultimately responsible for evaluating the Company's risk culture, overseeing the Company's risk-taking activities and risk management programs and 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 allocations of capital are related to the Company's risk appetite and tolerance and must ensure that the Company has effective risk management programs and practices. 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 risk appetite statement sets out the following principles:

- We focus on our core competencies;
- We keep our overall risk profile in check;
- We protect ourselves against extreme events;
- We promote a strong risk culture; and
- We maintain our ability to access capital markets at reasonable costs.

The Board of Directors has created a committee dedicated to assisting the Board of Directors with its risk oversight role in order to build a sustainable competitive advantage, by fully integrating the Enterprise Risk Management Strategy into all business activities and strategic planning of the Company and its subsidiaries and operations, including its pension funds.

See pages 29 to 31 of this Circular for information on the members of the Risk Committee, its responsibilities and activities.

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

- The CRO whose general responsibility is to implement the Enterprise Risk Management strategy 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. The CRO may call a meeting of the Board of Directors or the Risk Committee at any time;
- The Executive Vice President, Governance and Capital Management whose general responsibility is to ensure the existence of a sound Governance structure and framework at the Company, taking into account its size and complexity as well as its regulatory environment, including the status of the Company as a publicly-listed company;
- The CCO whose general responsibility is to support the Company's Values through disciplined management and oversight of the compliance risks and to develop a compliance vision, a compliance framework and related policies and processes for a world-class organization aimed at identifying compliance risks and at managing and mitigating them;
- The CFO whose general responsibility is to support the Company's strategic goals through disciplined management and oversight of the financial affairs of the Company;
- The Chief Internal Auditor whose general responsibility is to provide independent oversight of the effectiveness of, and adherence to, the Company's organizational and procedural controls; and
- The Appointed Actuary whose general responsibility is to value the actuarial and other policy liabilities of the Company's P&C subsidiaries and support the Company's strategic goals through establishing and implementing sound and appropriate reserving practices.

Position Descriptions

> ➢ Position descriptions have been developed for the Board Chair, committee Chairs and the CEO.

The Board of Directors Mandate and the position descriptions of the Board Chair 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 delineates 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.

The Chair of the Board of Directors is responsible for the management, the development and the effective performance of the Board of Directors and its committees. The Chair 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 include managing the affairs of the Board of Directors to ensure it functions effectively and meets its obligations and responsibilities, facilitating the Board of Directors' independent functioning, acting as a liaison between the Board of Directors and the shareholders, 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 the shareholders. The Chair of the Board of Directors may not serve as Chair of the Risk Committee.

The description of 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 Role; Strategic Planning; Financial Results; Succession Planning; Human Resources Management; Board Relations and Overall Performance. The CEO is responsible for defining, communicating and implementing the strategic direction, goals and core values of the Company with a view to maximizing shareholder value and ensuring the long-term viability of the Company.

Orientation and Continuing Education of our Directors

- ➢ Directors are provided with regular briefings regarding industry developments, new legislation as well as industry and political and social trends.
- ➢ Information sessions for specific subjects are held.
- ➢ Directors have the opportunity to meet one-on-one with key executives.

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 Director receives a Directors' Manual or an update of the Directors' Manual periodically. A copy of the Directors' Manual is also provided to new Directors. This Manual 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, and a template of the subjects presented to the Board of Directors and its committees at each of their regular meetings.

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

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. 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.

Strategic reviews are presented at least quarterly to the Board of Directors that reposition the Company in its various markets and that reiterate main developments and challenges. 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 social trends.

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 Board of 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 activities. In 2015, the Board of Directors held five (5) strategic reviews to discuss positioning of the Company, its development and its long-term objectives.

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, training sessions are organized from time to time to 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 this year are set out below:

- Financial market and economic reviews provided by the operational investment team at all meetings of the Risk Committee. All Risk Committee members attended;
- At the May 5, 2015 Risk Committee meeting, attended by all Risk Committee members, the members received a report on the evolution of the "Sharing Economy" also known as "Collaborative Consumption", which involves the sharing of goods and services through a peer provider to peer user relationship, and its potential impacts on the insurance market;
- At the July 27, 2015 Risk Committee meeting, attended by all Risk Committee members, the members received a report from an external expert presenting an overview of climate change risk and recent catastrophes as well as his assessment of the potential impact of climate change in Canada and of how the insurance industry can support mitigation and adaptation initiatives;
- At the November 2, 2015 Risk Committee meeting, attended by all Risk Committee members, external experts made a presentation on the key drivers of the changing risk landscape and presented a report discussing emerging risk themes such as economic, technological, socio-political and environmental factors risks and the interdependence between them;
- Legislative and jurisprudence updates provided by the Legal and Compliance team at the quarterly Board of Directors meetings;
- At the May 6, 2015 Board of Directors meeting, attended by all Directors, the Directors met with the Superintendent of Financial Institutions (Canada) and OSFI representatives who presented their views on the P&C operations environment and challenges;
- At the May 6, 2015 Board of Directors meeting, attended by all Directors, the Directors received a report on the corporate compliance programs of the Company including a review of the policies applicable to Directors in order to build a full understanding of the broader context in which the Board of Directors operates and the duties and responsibilities associated with a board position;
- Corporate governance and shareholder engagement trends and practices report presented by the Legal and Compliance team at the Board of Directors meetings, including a presentation on current issues and emerging trends in relation to the Annual Meeting of Shareholders of the Company of 2015 which was attended by all Directors;
- At the July 27, 2015 HRC Committee meeting, attended by all HRC Committee members, the members received a report from the Company's Diversity council highlighting the diversity initiatives of the Company, reviewing the progress made in 2014 and discussing the next steps for 2015 and 2016;
- On July 29, 2015, nine (9) of the eleven (11) independent directors attended a voluntary training/education session presented by representatives of the Secretary's office providing an overview of the duties and obligations of directors of public companies, including disclosure obligations, crisis

management in special circumstances and the rules related to insider trading. The Directors did not receive compensation for attending this event; and

- On July 29, 2015, nine (9) of the (11) independent directors attended a voluntary training/education session presented by representatives of the Broker Financial Solutions team. The training session aimed to present and discuss the brokerage relationships and various brokerage financing structures and valuation methodologies. The Directors did not receive compensation for attending this event.

Director attendance at meetings of the Board of Directors and its committees is provided on page 23 of this Circular.

Code of Conduct and Ethics

- ➢ Company adopted its Code of Conduct entitled "Living Our Values" in December 2009.
- ➢ Policies and procedures, including whistleblower process, make up compliance framework.
- ➢ CRCG Committee as well as Audit Committee are notified in the event of complaints or fraudulent conduct.

The Board of Directors adopted its Code of Conduct document entitled "Living Our Values" in December 2009 that is filed and available on SEDAR (www.sedar.com). "Living Our Values" applies to all employees, officers and Directors of the Company. It provides a framework to promote **integrity, respect, excellence, social responsibility and customer driven actions**. Together with related compliance programs, "Living Our Values" provides mechanisms to detect and deter wrongdoing and to encourage good corporate citizenship.

1. We behave with integrity	We demonstrate the highest ethical standards of personal conduct. We behave with honesty, integrity, openness and fairness when dealing with each other, customers, partners and governments.
2. We respect each other	We value the diversity of our people and their dreams. We foster an environment conducive to personal growth and development and to new opportunities. We recognize and value the contribution each of us and our teams are making to our success.
3. We are customer driven	We listen to customers, understand their needs, offer the best solutions and deliver on our promise. We make it easy for customers to deal with us. We go beyond expectations and always deliver an outstanding experience.
4. We strive for excellence	We are disciplined in our approaches and actions, which is why we excel in all aspects of our business. We embrace change and the opportunities it creates, encourage innovative thinking and always seek to improve. We value and reward high performance and success. We provide high value to our shareholders.
5. We are socially responsible.	We respect the environment and its finite resources. We believe in making the communities where we live and work safer, healthier and happier. We encourage the involvement and citizenship of all our employees.

"Living Our Values" promotes the highest levels of personal conduct and ethical standards in conformity with the law while promoting the spirit of fairness and honesty behind the law; it promotes respect for privacy and confidential information and fosters open and honest communication and disclosure.

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 conflicts of interest, media, harassment, protection and proper use of the Company's assets and opportunities, incident reporting and whistleblowing procedures. In this regard, procedures allow reporting on a confidential and anonymous basis: complaints can be made by telephone or e-mail 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.

All complaints and compliance issues are reported to the Legal and Compliance team that makes a determination as to the most appropriate forum to deal with each complaint/issue. The Senior Vice-President, Corporate and Legal Services, and Secretary, who is also ultimately responsible for compliance, reports to the CRCG Committee on a quarterly basis which in turn also reports to the Board of Directors on a quarterly basis. An annual report is also presented to the CRCG Committee for review. Such reports cover compliance programs, compliance issues, clients' complaints handling process and statistics, performance for the past year and the Action Plan for the following twelve to fifteen 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.

Nomination of Directors

- ➢ CRCG Committee acts as the nominating committee of the Board of Directors.
- ➢ Director retirement policy replaced with a term of office and Board of Directors tenure framework.
- ➢ CRCG Committee is responsible for ensuring assessment of the Board of Directors, committees, the Chair of the Board of Directors and of the committees, and individual Directors.
- ➢ A Skills Matrix has been developed to help identify talent and Board requirements of potential Directors.
- ➢ An ever-green list of Director candidates is maintained. In 2015, specific candidates continued to be identified to address the skills required from Director nominees 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.

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 (the "Nomination Policy") 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 members and for current members.

In 2015, the Company replaced its former retirement policy for Directors establishing a normal retirement age of 70 with a term of office and Board of Directors framework. For further information on the framework, please refer to page A-3 under the heading "Director Term Limits and Other Mechanisms of Board Renewal".

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 on-going 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. Candidates are screened to ensure they have the following attributes: integrity, judgment, financial literacy, excellent communication skills, ability to act as a team player, in addition to adhering to the values of the Company expressed in "Living Our Values," its Code of Conduct document and related policies referred to above. To help the CRCG Committee in identifying the right Board of Directors candidates, a Skills Matrix has been developed for use by the CRCG Committee that identifies the talent and board requirements of current and potential Directors.

In 2015, 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 "ever-green" list for 2015 in consultation with 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, with a focus on candidates that have experience in P&C insurance operations.

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 Board Diversity policy provide for geographic and gender representation.

The Board of Directors has adopted a policy on external positions which 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 boards of publicly listed companies, including their service as a Director of the Company.

Diversity on our Board of Directors and in our Senior Management

- ➢ At IFC, we value the diversity of our colleagues and their backgrounds, experiences and hopes for the future
- ➢ In 2015, the Board of Directors adopted its Board Diversity Policy providing for representation of at least 30% of each gender
- ➢ Current women representation on Intact Board of Directors: 33.3%
- ➢ Promotion of Diversity through various programs: Diversity Council, Mentoring, Flexible Work Arrangements, etc.
- ➢ 29% of women in executive officers positions
- ➢ 32.8% of women representation on Senior Executives and Executives positions

The Company, the Board of Directors and Management recognize the importance of diversity. We value the diversity of our colleagues and their backgrounds, experiences and hopes for the future. To be successful, we welcome a diversity of ideas, approaches and styles. We treat each other with respect at all times, even if we have different views on matters. These values are enshrined in our aforementioned Code of Conduct entitled "Living Our Values".

Over the last several years, gender diversity in decision-making functions has been the subject of increased interest and debate in Canada. At the end of 2014, Canadian securities regulatory authorities adopted disclosure requirements intended to increase transparency for stakeholders regarding the representation of women on boards of directors and in senior management positions of publicly-traded companies.

Intact is well positioned in this regard and has been for many years.

Board Diversity

The Board of Directors recognizes the benefits of promoting diversity, both within IFC and at the level of its Board of Directors. Therefore, in 2015 the Board of Directors adopted a written policy on Board Diversity to provide that, when choosing new directors, only candidates who are highly qualified based on their experience, functional expertise and personal skills and qualities that can enhance the Company's ability to achieve its future goals will be considered. Under this policy, gender will be one of the criteria considered in the selection process with a view to ensuring that the Board of Directors benefits from the broader exchange of perspectives and balance brought by diversity of thought and experience.

With this in mind, the Board of Directors has adopted a Board of Directors composition target providing that each gender shall represent at least 30% of the Directors, while continuing to ensure optimum representation of skills and expertise to help serve the Company and our stakeholders' best interests and to contribute to the very important work of our Board of Directors.

The Board of Directors applies these criteria as well as its Nomination and Board Diversity policies in practice. For example, in addition to its own search, the Board of Directors, from time to time, engages qualified independent external advisors to conduct its searches for new Directors. These independent advisors will be instructed to present a slate of potential Directors based on the criteria discussed above and which includes both men and women.

Even though Intact has continuously exceeded the 25% representation of women on its Board of Directors and this since inception in 2004, the Company has signed the Catalyst Accord, which requires companies to sign a "Call to Action" to corporate Canada to increase the representation of board seats held by women to at least 25% by 2017.

In 2012, our Chairman of the Board of Directors, Mr. Claude Dussault received a special recognition as Board Diversity Champion from Catalyst for his work advancing women to board leadership.

In October 2015, at the Catalyst event celebrating the first anniversary of the new national initiatives regarding the representation of women on boards of directors and in senior management positions, our CEO, Mr. Charles Brindamour, was the recipient of an award underscoring his engagement towards diversity and the professional advancement of women.

By its long-standing actions, the Board of Directors has proven that it remains committed to gender diversity and will continue to strive to achieve balance in this regard. Our Board of Directors is composed of twelve (12) Directors. Four (4) of the twelve (12) Directors are women representing 33.3% of the total (with two (2) of the four (4) being Chairs of Board committees).

Executive and Workforce Diversity

The Company is committed to developing its employees to continuously feed an appropriate talent pool aligned with the Company's needs and business goals. This is true at all levels. While a number of factors contributing to diversity, including gender and cultural background, are taken into consideration when assessing possible candidates to Executive and Senior Executive positions, it is the skills, talent, experience and expertise that are the most important variables when evaluating which individual is the most qualified for a given position. As such, the Company has not adopted any formal targets regarding women in Executive and Senior Executive positions, however, it always aims to advance the cause of gender diversity and the advancement of women within its ranks. The Company firmly believes that all of its stakeholders benefit from the broader exchange of perspectives and balance brought by diversity of thought and experience and that it is in their best interest.

The Company's commitment to diversity is demonstrated through several facets, including the work of its Diversity Council and initiatives such as diversity training, flexible work arrangements, employee networking groups and a structured mentoring program for identified women successors.

Diversity Council

The Diversity Council's role is to champion diversity and promote strategies that create an inclusive environment that is respectful of all individuals at every level of the Company to go along with a culture that attracts, retains, and develops our current and future high performing individuals from the broadest talent pool. To achieve its goals, the Diversity Council aims to:

- integrate diversity into existing processes such as employee on-boarding, recruitment and talent management;
- raise awareness among leaders about the ways diversity improves performance and impacts the bottom line;
- encourage managers to enroll in diversity training;
- support new and existing employee networks;
- introduce new programs (like Diversity celebration) to engage employees with diversity;
- challenge existing practices when a need is identified; and
- offer mentoring and coaching to develop and retain diverse team members.

The Diversity Council is composed of thirteen (13) individuals from all areas of the Company, including Executives and Senior Executives.

Flexible Working Arrangement

The Flexible Working Arrangement program was created to meet the needs of employees who have responsibilities outside the office that aren't easily managed within the traditional nine to five, five-day work week.

Employee Networking Groups

The Company values its employees for who they are and encourages them to contribute to their full potential. It sponsors employee networks that align to its vision of diversity. This helps the Company in supporting an inclusive environment and further its business objectives.

A key example of such a networking group is Womentum: a network for all Company employees designed and lead by women to enable:

- professional and personal growth and development;
- leadership skills development; and
- forging of new business relationships.

Mentoring

The Company has created a structured mentoring program for identified women successors. As part of its succession planning, the Company assigns mentors to female employees who demonstrate potential in leadership skills and qualities.

Executive and Managerial Positions

As at December 31, 2015, IFC, including all major subsidiaries, had twenty-six (26) members on its Executive Committee of which eight (8) were women (30.76%). It also had thirty-one (31) executive officer positions (as such term is defined under securities legislation), nine (9) of such positions being occupied by women representing 29.03% of the total. In establishing the total number of executive officer positions and individuals occupying said positions, the Company did not double-count executive officer positions that repeated themselves and were occupied by the same person throughout the organization.

Executive and Senior Executive positions within the organization represented one hundred twenty-eight (128) positions; forty-two (42) of those positions were occupied by women representing 32.8% of the total. When considering all managerial level positions (and higher), women occupied 53.5% of such positions within the Company.

The role played by women within the Company, and their presence in Executive and Senior Executive positions, are of great importance. The Company is proud of this representation and celebrates diversity and collective and individual achievements and awards. The Company will continue to strive to promote diversity, including the advancement of women, in the organization and in the communities in which it operates.

Size of the Board of Directors and Election of Directors

➢ Details regarding the Majority Voting Policy for the election of Directors can be found at page 4 of this Circular.

The size of the Board of Directors and the election process, including the Majority Voting Policy for election of Directors, is described on pages 4 and 5 of this Circular. We consider that the size of the Board of Directors and its committees in 2015 was appropriate.

Compensation

➢ Director compensation is detailed at pages 17 to 21 of this Circular.

➢ Executive compensation, including that of the CEO, is available at pages 40 to 64 of this Circular.

➢ An independent compensation consultant, Towers Watson, was independently retained by the HRC Committee and also provides other services to the Company. Further information is available at pages 53 and 54 of this Circular.

➢ A minimum share ownership requirement exists for all independent Directors of the Board. Directors are required to own Common Shares or DSUs of the Company having a value of at least four (4) times the annual Board retainer and newly appointed Directors have five (5) years from their election or becoming independent and starting to receive Director compensation to conform to this requirement.

See pages 17 to 21 and 40 to 64 of this Circular for information on Directors' Compensation, CEO assessment and determination of compensation.

See pages 36 to 39 of this Circular for information on the members of the HRC Committee, its responsibilities and activities.

The Company has retained the services of Towers Watson to act as an independent compensation consultant. See pages 53 and 54 of this Circular for further information.

Under the director share ownership requirement of the Company, Directors must hold four (4) times the Board retainer composed of cash, Common Shares and DSUs. Each Director will have to own and retain at least $640,000 in shares or DSUs in 2016. Until a Director has met the revised level of minimum ownership, the additional retainer can only be received in DSUs or Common Shares. See pages 19 and 20 for full details regarding the director share ownership requirement.

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 every few years with the support of an external consultant.
- ➢ 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 assessment.

For more than ten years, 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 the Summary Report and Analysis that includes all of the comments received from the Directors. The CRCG Committee also reviews and approves the Action Plan to address comments from the Directors with a view to improving Board of Directors and committee processes, documentation and performance.

A process has been put into place for the Self-Assessment of each individual Director with the assistance of an external consultant that has developed questionnaires and processes adapted to the particular context of the Company. 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 the 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 Report is presented to the CRCG Committee.

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 Board of Directors member who gives his or her comments to the Chair of the CRCG Committee; the Chair of the CRCG Committee then discusses his assessment with the Chair of the Board of Directors.

Peer Review

- ➢ 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.

In addition to the process described above for Board of Directors and Board Members' Assessment, the Chair of the Board of Directors meets each individual member of the Board of Directors and obtains their comments and feedback on Board of Directors assessment and peer review. The Chair of the Board of Directors follows-up with each Director in this regard.

Shareholder Engagement

> ➢ The Board of Directors has adopted a policy on engagement with shareholders on governance matters.

The Board of Directors believes that it is important to have regular and constructive engagement directly with its shareholders to allow and encourage shareholders to express their views on governance matters directly to the Board of Directors outside of the annual meeting. These discussions are intended to be an interchange of views about governance and disclosure matters that are within the public domain and do not include a discussion of undisclosed material facts or material changes.

The Board of Directors will continue to develop practices over time to increase engagement with its shareholders as is appropriate for its shareholder base and size. Examples of engagement practices include meeting with the Company's larger shareholders and organizations representing a group of shareholders, creating conduits for communication with smaller shareholders on an ongoing basis, as well as addressing potential shareholder views relating to executive compensation.

The Board of Directors recognizes that shareholder engagement is an evolving practice in Canada and globally, and will review this policy periodically to ensure that it is effective in achieving its objectives.

Conclusion

> ➢ The Company nurtures a compliance and governance mindset.

The task of implementing governance practices into the Company's day-to-day business requires, of course, the effort of everyone at Intact. In fulfilling each of their roles, the Board of Directors, its committees, and the oversight functions work alongside all departments to nurture a compliance and governance mindset, to promote our Company's values throughout our business units, and to support the Company's continued journey to build a world-class P&C insurer.

Shareholders may communicate with the Board of Directors by writing to the Office of the Corporate Secretary of the Company, Intact Financial Corporation, 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, Canada, M5G 0A1, by e-mail as indicated in the Corporate Governance section of the Company's web site at www.intactfc.com or by email at ir@intact.net.

SCHEDULE B

Intact Financial Corporation
And its P&C Insurance Companies
(jointly called the "Company")

Mandate of the Board of Directors

I. Purpose

The main responsibility of the Board of Directors is to oversee the management of business and affairs of the Company, including its pension funds. In this regard, the Board establishes policies, reporting mechanisms and procedures in view of safeguarding the assets of the Company and ensuring its long-term viability, profitability and development. The Board appoints the following committees to assist it in its stewardship role: the Audit Committee, the Risk Management Committee (the "Risk Committee"), the Compliance Review and Corporate Governance Committee (the "CRCG Committee"), and the Human Resources and Compensation Committee (the "HRC Committee"). The Board may also appoint other committees, such as the Pension Committee or the Enterprise Risk Management Committee or the Disclosure Committee and others, as it deems appropriate.

II. Composition and Qualifications

The composition of the Board is determined based on applicable legal requirements. The mandate of the Board requires complementary knowledge, skills and expertise on the part of the Directors, to enable them to positively contribute to the achievement of the Company's corporate objectives, including a reasonable representation of financial industry and risk management skills. The Board of Directors Policies and Procedures, as approved from time to time by the Board, serves as a guide to determine the composition of the Board.

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

III. Process and Operations

1. Meetings

The Board of Directors meets at least four times per year. The calendar of meetings is determined two years in advance.

2. Private Meeting of the Members of the Board and Private Meetings With Members of Management

Preceding or following each regular meeting, the members of the Board meet privately without the presence of Management. The members of the Board may meet in private at their discretion following each non-regular meeting.

The members of the Board may meet members of Management in private after each regular or non-regular meeting. The Board may also meet with any other employees of the Company or otherwise request access to Company records.

As well, any of the Oversight Functions may call a meeting of the Board at any time.

3. Quorum

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

IV. Mandate

The Board of Directors supervises the management of the business and affairs of the Company. In exercising this role, the Board fulfills the following responsibilities:

1. Strategic Planning

Each year, the Board reviews, discusses and approves the strategic plan and the corporate objectives of the Company; it also monitors the Company's performance against the strategic plan using appropriate metrics and milestones and conduct periodic reviews of strategy. In this regard, it reviews and discusses attainment of results at each of its quarterly meetings, to ensure close monitoring of key objectives and prompt realignment, if judged appropriate. In relation thereto, the Board reviews with Management the opportunities and risks of the Company's three-year plan, and approves it, including the budget for the following year.

At least annually, the Board requires management to provide an update or a revised strategic plan.

As part of strategic planning, the Board also reviews and approves material transactions and reorganizations, such as acquisitions, dispositions, mergers, corporate reorganizations, alliances and financing.

2. Supervision over Senior Management, Oversight Functions and Compensation and Succession Planning

The Board is responsible for ensuring 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.

To fulfill its role, the Board delegates certain functions to its Committees as follows:

– The oversight of the organizational structure of the Company, its succession planning and talent development is delegated to the HRC Committee that makes its recommendation to the CEO and to the Board in these regards;

– The HRC Committee will make recommendations to the Board for its approval on the appointment, assessment, compensation and termination (if applicable) of the CEO;

– The HRC Committee will also make recommendations to the CEO on the compensation of the other Executives, including the Oversight Functions;

– The annual assessment of the effectiveness and the review of the objectives of an Oversight Function is delegated to each Committee that has a relationship with such Oversight Function, such assessment may include conducting a benchmarking analysis of such functions and processes with the assistance of internal or external advisors;

– Each Committee that has a relationship with an Oversight Function will periodically review and approve the respective mandate of such Oversight Function;

– Each Committee that has a relationship with an Oversight Function will make recommendations to the CEO and to the Board on the appointment, assessment and termination (if applicable) of the head of such Oversight Function;

– The HRC Committee will review and approve the description of functions of the CEO, the Presidents, the Chief Operating Officers and the Chief Human Resources Officer.

– The HRC Committee reviews, discusses and approves, after discussion with the CEO, the compensation and benefits plans for Employees, Management and Executives, including the Oversight Functions, in view of attracting and retaining talent and linking total compensation to financial performance and the attainment of strategic objectives of the Company.

3. Financial Reporting & Disclosures

The Board of Directors is responsible for ensuring that the Company adopts appropriate policies and procedures for the accuracy of its Financial Statements and returns and the timely reporting and disclosure of financial information to regulators and shareholders, respectively. The Board may delegate this function to the Audit Committee, which will review the Company's annual and quarterly Financial Statements and management's discussion and analysis and meet with the Internal and External Auditors and actuaries to discuss such statements and documentation. The Audit Committee will approve or make recommendations to the Board for its approval of such statements and returns. The Audit Committee may also review and approve press releases containing previously undisclosed financial information.

4. Pension Plans and Funds

The Board of Directors may appoint one or more committees for the monitoring of the various aspects of its Pension Plans (benefits, Financial Statements and actuarial valuation) or the management of their funds (review of policies and approval of strategies and investment reports). The Board may also appoint a committee for the review of the governance framework in relation to the management of the pension plans and pension funds.

5. Board of Directors Structure and Composition

The Board of Directors is responsible for ensuring that its own structure and composition are in compliance with applicable corporate governance legislation and Best Practices and that such structure and composition are appropriate for the Company and take into account the suitability and the integrity of all the members of the Board.

With a view to ensuring effective Board structure and composition, on an annual basis, the Board undertakes a self-assessment to evaluate the effectiveness of the Board and Committee practices and occasionally with the assistance of an independent external advisor. The Board may delegate to the CRCG Committee the identification of new Board members and the implementation and review of the nomination process for new Board members.

6. Risk Management

The Board is responsible for ensuring that the Company's business strategies and allocations of capital are related to the Company's Risk Appetite Framework and tolerance. To this end, the Board must ensure that the Company has effective risk management programs and practices that are within the risk tolerance of the Company. The Board may delegate this function to the Risk Management Committee, which will review the Company's risk management programs and practices and evaluate the Company's compliance with key risk policies and limits.

The Board is responsible for annually evaluating and approving the Enterprise Risk Management Strategy including the Risk Appetite Framework and the Internal Capital Ratio. The Board is also responsible for approving the Company's Investment Policy.

7. Internal Controls

The Board is also responsible for ensuring that the Company has an appropriate internal control framework in place that supports the achievement of the Company's strategies and objectives, including the protection of the accounting and financial reporting process. The Board may delegate this function to the Audit Committee, which will review the Company's internal control procedures, and establish procedures to receive submissions or complaints regarding accounting or auditing matters.

8. Business Ethics, Compliance and Corporate Governance

The Board of Directors is responsible for ensuring that the Company has the appropriate structures and programs in place to operate within the highest ethics, compliance and corporate governance practices. The Board may delegate this function to the CRCG Committee, which will review the Company's compliance programs including the Ombudsman's Office, the Privacy Office, market conduct and corporate governance initiatives. The Committee will review the Company's procedures to monitor its Related Party Transactions and will approve permitted Related Party Transactions. The Committee will also ensure that there are appropriate procedures in place for the identification and resolution of conflicts of interest.

To support the Company's corporate governance objectives, the Board and its committees ensure that the Directors, the CEO, the Oversight Functions and other Executives demonstrate suitability and integrity in line with high ethical values of the Company and mandates the CRCG Committee to approve governance and compliance programs proposed by Management that aim at implementing and maintaining a governance and compliance mindset across the Company, including with its employees and other stakeholders.

V. Access to Independent Consultants

The Board of Directors enjoys a broad oversight function over many technical and specialised aspects of the business and affairs of the Company. As such, individual members of the Board are authorised to engage consultants including lawyers, auditors and actuaries at the expense of the Company, in appropriate circumstances.

It is the responsibility of the Board of Directors to ensure that consultants are retained only when necessary and that such consultants are retained prudently and without duplication.

The Board of Directors may delegate this function to the CRCG Committee, which will ensure that appropriate policies and procedures are in place to provide for the prudent engagement of consultants.

Upon the recommendation of the Audit Committee, the Board also recommends the appointment of the External Auditor to the Shareholders.

VI. Delegation

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

VII. Board Mandate Review

On an annual basis, the Board of Directors reviews this mandate and approves such changes as are necessary.

Approved by the Board of Directors of Intact Financial Corporation and its P&C Subsidiaries on July 30, 2013 and revised on July 28, 2015.

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