



# NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS











of Intact Financial Corporation, May 3, 2017, and

## MANAGEMENT PROXY CIRCULAR

MARCH 31, 2017

Welcome to Intact Financial Corporation's Management Proxy Circular. The online pdf version of the Circular has been enhanced with navigation and task buttons to help you navigate through the document and find the information you want more quickly. The table of contents, highlighted page references and URLs link to pages and sections within the document as well as to outside websites. The task buttons provide quick access to search, print, save to disk and view options, but may not work on all browsers or tablets.

## Navigation and Task buttons

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# Your Vote Matters

Choose to vote in one of two ways:

- By proxy; or
- In person at the Meeting

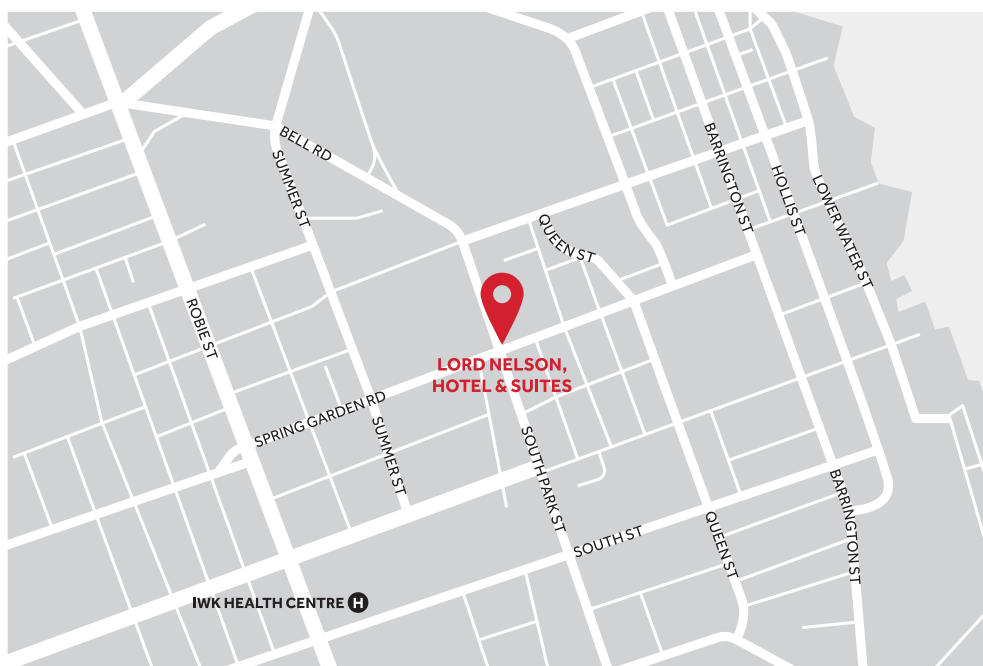
Detailed voting instructions for non-registered and registered shareholders can be found starting on [page 1](#) of this Management Proxy Circular.

## Location of Annual and Special Meeting of Shareholders

Lord Nelson, Hotel & Suites  
1515 South Park Street  
Halifax, Nova Scotia  
B3J 2L2

### PARKING

Lord Nelson, Hotel & Suites  
1515 South Park Street  
Halifax, Nova Scotia  
B3J 2L2



### DIRECTIONS

#### From Halifax International Airport

- From the airport take Highway 102 towards Halifax/Dartmouth.
- From Highway 102 take Highway 118 to Highway 111 towards the Murray MacKay Bridge (\$1.00 toll).
- Once over the bridge take Robie Street
- Continue straight on Robie Street, until Spring Garden Road (7th set of lights).
- Turn left onto Spring Garden Road.
- At the second set of lights, turn left onto South Park Street
- The hotel will be on your immediate right hand side.



March 31, 2017

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 2017 Annual and Special Meeting of Shareholders of Intact Financial Corporation (the "Meeting") that will take place on May 3, 2017 at 11:30 a.m. (Atlantic Time) at the Lord Nelson, Hotel & Suites, located at [1515 South Park Street, Halifax, Nova Scotia, Canada, B3J 2L2](#).

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 invite you to exercise your vote by proxy, as described in the attached documents.

A webcast of the proceedings of the Meeting will be available in the Investors section of the Intact Financial Corporation website at [www.intactfc.com](http://www.intactfc.com).

We also invite you to consult our website for information on our recent presentations to the investment community and on our results. Also available online is the full text of the 2016 Annual Report and other useful information.

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

Sincerely,



A handwritten signature in black ink, appearing to read "Claude Dussault".

Claude Dussault  
Chairman of the Board



A handwritten signature in black ink, appearing to read "Charles Brindamour".

Charles Brindamour  
Chief Executive Officer

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF INTACT FINANCIAL CORPORATION

Date: Wednesday, May 3, 2017  
Time: 11:30 a.m. (Atlantic Time)  
Place: [Lord Nelson, Hotel & Suites](#)  
[1515 South Park Street](#)  
[Halifax, Nova Scotia](#)  
[Canada, B3J 2L2](#)

### Business of the Meeting:

1. Receive the consolidated financial statements for the year ended December 31, 2016 and the auditor's report on those statements;
2. Appoint the auditor;
3. Elect Directors;
4. To consider and, if thought fit, to adopt a resolution to confirm, ratify and approve the Amended and Restated Shareholder Rights Plan of Intact Financial Corporation as set out in [section 3](#) and [Schedule A](#);
5. To consider and, if thought fit, to adopt a resolution to adopt By-law No.2 of Intact Financial Corporation relating to Advance Notice for the nomination of Directors, as set out in [section 3](#) and [Schedule B](#);
6. Approve the non-binding advisory resolution to accept the approach to executive compensation disclosed in the accompanying Management Proxy Circular; and
7. 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 15, 2017 are entitled to receive the Notice of Annual and Special Meeting of Shareholders and will be entitled to vote at the Meeting. On that date, 131,022,734 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,

A handwritten signature in black ink, reading "Frédéric Cotnoir".

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

March 31, 2017

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](http://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 1, 2017, 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 18, 2017.

# Summary

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

## Shareholder Voting Matters

Voting matter	Board vote recommendation	Page references for more information
Election of 12 Directors	<b>FOR</b> each nominee	<a href="#">7, 12 to 24</a>
Appointing Ernst & Young LLP as Auditors	<b>FOR</b>	<a href="#">6</a>
Approving the Amended and Restated Shareholder Rights Plan	<b>FOR</b>	<a href="#">7 to 9</a>
Adopting By-law No.2 of the Company	<b>FOR</b>	<a href="#">9 and 10</a>
Advisory Resolution on Executive Compensation	<b>FOR</b>	<a href="#">10 and 11</a>

## Director Nominees at a Glance

	Occupation	Age	Independent director	Director since	% Votes FOR at 2016 Annual Meeting	Committee Memberships 2016	Board and Committee attendance 2016	Other current public boards	Share Ownership Requirement
<b>Charles Brindamour</b>	Chief Executive Officer, Intact Financial Corporation	46		2008	99.62%	—	6/7 (86%)	Hydro One Limited	Met
<b>Robert W. Crispin</b>	Corporate Director	70	X	2004	99.44%	Audit, Risk	16/16 (100%)	—	Met
<b>Janet De Silva</b>	President and CEO, Toronto Region Board of Trade	56	X	2013	99.89%	CRCG, Risk	15/15 (100%)	—	Has until May 8, 2018 to comply
<b>Claude Dussault</b>	President, ACVA Investing Corporation	62	X	2000	96.55%	—	7/7 (100%)	Metro Inc.	Met
<b>Robert G. Leary</b>	CEO, Nuveen	56	X	2015	99.61%	Audit, Risk	15/16 (94%)	—	Has until May 6, 2020 to comply
<b>Eileen Mercier</b>	Corporate Director and Chair, Payments Canada	69	X	2004	98.57%	Audit, Risk	16/16 (100%)	Teekay Shipping Corp.	Met
<b>Sylvie Paquette</b>	Retired	57	X	—	—	—	—	—	If elected, will have until May 3, 2022 to comply
<b>Timothy H. Penner</b>	Corporate Director	61	X	2010	98.42%	CRCG, HRC	15/15 (100%)	—	Met
<b>Louise Roy</b>	Chancellor and Chair of Board, Université de Montréal and invited Fellow and Chair, Center for Interuniversity Research and Analysis of Organizations	69	X	2004	97.92%	CRCG, HRC	15/15 (100%)	Power Financial Corporation	Met
<b>Frederick Singer</b>	Chief Executive Officer, Echo360	54	X	2013	98.33%	Audit, HRC	16/16 (100%)	—	Met
<b>Stephen G. Snyder</b>	Corporate Director	67	X	2009	98.44%	CRCG, HRC	15/15 (100%)	—	Met
<b>Carol Stephenson</b>	Corporate Director	66	X	2004	96.86%	CRCG, HRC	14/15 (93%)	Maple Leaf Foods Inc. Ballard Power Systems Inc. General Motors Company	Met



## Corporate Governance

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

In 2016, 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.

### 1<sup>st</sup> place

Clarkson Centre for Board Effectiveness – Board Shareholder Confidence Index 2016

### 2<sup>nd</sup> place

Globe & Mail Report on Business – Board Games 2016

### 96.65%

approval on advisory resolution on executive compensation (say-on-pay) at 2016 annual Meeting

### 98.15%

average vote in favour of the election of the director nominees in 2016

## Highlights of our Corporate Governance Practices

- Our Board of Directors is currently composed of 92% of independent Directors
- The Chair is an independent member of the Board of Directors
- Each committee of the Board of Directors is composed exclusively of independent Directors
- No Director Interlocks
- 33.33% of our current Directors are women
- Director share ownership requirements of 4x the annual Board of Directors retainer
- Executive share ownership requirements of 2x LTIP target
- Clawback policy for LTIP participants
- Double-trigger vesting of stock incentive under the LTIP upon change of control
- Annual shareholder advisory vote on executive compensation ("say-on-pay")

## Compensation

Intact Financial Corporation's compensation philosophy aims to ensure that its leaders focus on sustaining high levels of performance and growth in shareholder value, reinforcing the pay-for-performance philosophy.

The executive compensation package 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 to ensure alignment with the compensation philosophy.

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

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



# 1. Voting Information

This Management Proxy Circular (the “Circular”) is provided in connection with the solicitation of proxies to be used at the Annual and Special Meeting of Shareholders of Intact Financial Corporation, for the purposes indicated in the Notice of Meeting, to be held at 11:30 a.m. (Atlantic Time) on Wednesday, May 3, 2017, at the Lord Nelson, Hotel & Suites, located at 1515 South Park Street, Halifax, Nova Scotia, Canada, B3J 2L2, and at any adjournment thereof.

## Who is Soliciting my Proxy?

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

## Who has the right to vote at the Meeting?

If you hold Common Shares as at the close of business (5:00 p.m., Eastern Time) on March 15, 2017, (the record date established for receiving the Notice of Meeting and for voting in respect of the Meeting), you can cast one (1) vote for each Common Share you hold on all matters proposed to come before the Meeting. As at the close of business (5:00 p.m., Eastern Time) on March 15, 2017, 131,022,734 Common Shares were issued and outstanding. All the matters proposed before the Meeting require approval by a majority of votes cast by shareholders.

## Who can vote?

### Registered shareholder

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

We will prepare a list of the registered shareholders as of March 15, 2017, showing the names of all shareholders who are entitled to vote at the Meeting and the number of shares each owns. Our transfer agent, Computershare Investor Services Inc. (“Computershare”), will have a copy of the list at their Toronto office if you want to check it during regular business hours. Computershare is located at 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada, M5J 2Y1. You can also check the list when you arrive at the Meeting.

### Non-Registered shareholder

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

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

## How do I vote my Common Shares?

You have two options to exercise your right to vote:

- By proxy; or
- In person at the Meeting

### Option 1 – Voting by Proxy





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

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

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

#### Registered shareholders

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

-  **By Mail:** Complete, sign and return the enclosed proxy form by mail in the postage-paid envelope provided;
-  **By Fax:** Complete, sign and return the enclosed proxy form by fax to Computershare, at 1-866-249-7775;
-  **Online:** Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions; or
-  **By Telephone:** Call Computershare toll free at 1-866-732-8683.

#### Non-Registered shareholders

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

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

## Option 2 – Voting in person at the Meeting

Attending the Meeting in person gives you an opportunity to hear directly from management and meet the individuals who have been nominated to serve on our board. You can attend the Meeting and vote in person. Voting in person will automatically cancel any proxy form you completed and submitted earlier.

### Registered shareholders

You do not need to complete or return your proxy form. You have to see a representative of Computershare before entering the Meeting to register your attendance.

You can still attend the Meeting if you have already submitted your voting instructions, but you cannot vote again at the Meeting, unless you revoke your proxy form as described below.

### Non-Registered shareholders

If you want to attend the Meeting and vote in person, you can appoint yourself as proxyholder by printing your name in the space provided on the VIF. Complete the VIF and mail it to your nominee as instructed well in advance of the Meeting.

Your package also includes instructions for submitting your voting instructions by phone or on the Internet if you prefer either of these methods. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

## How will my common shares be voted if I return a proxy form/VIF?

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

- **FOR** the election of each proposed Director nominated by management of Intact Financial Corporation ("Management");
- **FOR** the appointment of the auditor;
- **FOR** the approval of the resolution of the shareholders confirming the Amended and Restated Shareholder Rights Plan of Intact Financial Corporation;
- **FOR** the approval of the resolution of the shareholders adopting By-law No.2 of the Company related to advance notice requirement for the nomination of Directors;
- **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 proxy form/VIF confers on the designated proxyholder discretionary authority with respect to any proposed amendments or variations to the matters set out therein and any other business which may properly come before the Meeting. As of March 31, 2017, Management of Intact Financial Corporation is not aware of any amendment or other matter which may properly come before the Meeting.

## How do I appoint someone else to go to the Meeting and vote my Common Shares for me?

The proxyholders designated in the enclosed form of proxy/VIF are Directors and/or Officers of the Company. **If you wish to appoint a proxyholder other than one of the persons designated in the form of proxy/VIF, you can do so by striking out the names appearing thereon and inserting the name of such person in the blank space provided.** The person you appoint does not need to be a Shareholder but must attend the Meeting to vote your Common Shares.

If the holder of Common Shares is a legal entity, an estate or trust, the form of proxy/VIF must be signed by a duly authorized representative and accompanied by a certified resolution confirming such authorization.

*In order to be valid, the form of proxy must be registered with Computershare by mail, internet ([www.investorvote.com](http://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 1, 2017, 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.*

## What if I change my mind?

Registered Shareholders can revoke a proxy:

- by delivering a written notice to that effect signed by you or your duly authorized representative(s) to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada, M5J 2Y1, no later than 12:00 p.m. (Eastern Time) on May 1, 2017, 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 you or your 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.

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

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

## Is my vote by proxy confidential?

Yes, in order to protect the confidential nature of voting by proxy, the votes exercised by proxy are received and compiled for the Meeting by Computershare, the 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.

## 2. General Information

### Date of Information

The information contained in the Circular is given as at March 31, 2017, except where otherwise noted.

### Currency

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

### Annual Report and Auditor's Report

A copy of the Company's 2016 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, 2016 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 Investors section of the Company's website ([www.intactfc.com](http://www.intactfc.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)). No vote will be taken at the Meeting in respect of the Company's 2016 Annual Report.

### Share Capital and Principal Holders

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

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.

### Status of the Company's Normal Course Issuer Bid ("NCIB")

The Company will proceed with a NCIB to purchase for cancellation, during the 12-month period that began on February 13, 2017, up to 6,551,741 Common Shares, representing approximately 5% of its issued and outstanding Common Shares as of February 1, 2017.

Purchases began on February 13, 2017 and will expire on the earlier of February 12, 2018 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 ("TSX"), without charge, 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.

### 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 2017 Annual and Special Meeting of Shareholders. The final date by which the Company must receive shareholder proposals for the annual meeting of shareholders of the Company to be held in 2018 is January 2, 2018.

Further information relating to Intact Financial Corporation may be obtained from its website at [www.intactfc.com](http://www.intactfc.com) and from the SEDAR website at [www.sedar.com](http://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, 2016 and these documents are accessible through SEDAR.

## 3. Business of the Meeting

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### 3.1 Financial Statements

You can find the Company's consolidated financial statements for the year ended December 31, 2016 in our 2016 Annual Report.

### 3.2 Appointment of Auditor

On the advice of the Audit Committee, the Board of Directors recommends voting **FOR** the appointment of the accounting firm of Ernst & Young LLP ("E&Y" or the "External Auditor") as auditor of the Company for the financial year commencing January 1, 2017 and ending December 31, 2017 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 property and casualty ("P&C") insurance subsidiaries is replaced every seven (7) years.

E&Y was appointed as auditor of Intact Financial Corporation at the 2016 annual meeting of Shareholders of the Company. The detailed voting results of the past two years concerning the appointment of the auditor are set out below:

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	96,534,878	97.37%	2,608,014	2.63%
2015	97,484,290	96.02%	4,037,975	3.98%

### 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 2015 and 2016 are as follows:

### Auditor Fees

(in thousands of dollars)	2016	2015
Audit Fees <sup>(1)</sup>	1,922	1,799
Audit-Related Fees <sup>(2)</sup>	652	424
Tax Fees <sup>(3)</sup>	26	47
All Other Fees <sup>(4)</sup>	81	75
<b>Total</b>	<b>2,681</b>	<b>2,345</b>

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 consultation concerning financial accounting and reporting standards not classified as audit services, as well as due diligence services in connection with proposed or completed transactions.
- (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.

Information regarding the Audit Committee as disclosed in the Company's 2016 Annual Information Form ("AIF") at pages 37 and 38 is hereby incorporated by reference. The AIF is available on SEDAR at [www.sedar.com](http://www.sedar.com), and upon request, shareholders may obtain a copy of such document delivered free of charge.

### 3.3 Election of Directors

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

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

See [pages 12 to 24](#) for more information about the Director nominees

### 3.4 Approval of the Amended and Restated Shareholder Rights Plan

The Board of Directors of Intact Financial Corporation approved a shareholder rights plan on February 8, 2011 (the "Rights Plan"). The Rights Plan was adopted by the shareholders of Intact Financial Corporation at the annual and special meeting of shareholders held on May 4, 2011 and reconfirmed at the annual and special meeting of shareholders held on May 7, 2014. Under its terms, the Rights Plan had to be reconfirmed by a resolution passed by a majority of greater than 50% of the votes cast by all holders of Common Shares of the Company who vote in respect of such reconfirmation at every third annual meeting of shareholders of Intact Financial Corporation following the May 4, 2011 meeting.

On February 7, 2017, the Board of Directors, after examination of the issue, determined, for reasons more fully detailed below, that it is in the best interests of the Company and its shareholders to maintain a shareholder rights plan for another three-year term and adopted the Rights Plan in an amended and restated form (the "Amended and Restated Rights Plan"). The Company asks that shareholders consider, and, if deemed advisable, approve the resolution (the text of which is set out below (the "Rights Plan Resolution")) ratifying, confirming and approving the Amended and Restated Rights Plan. **If the Rights Plan Resolution is not passed, the Amended and Restated Rights Plan shall terminate and be void and of no further force and effect on and from the date of termination of the Meeting.** If the Rights Plan Resolution is passed, the Amended and Restated Rights Plan will require reconfirmation by the shareholders at the 2020 annual meeting of the shareholders.

Shareholders will be asked to approve the Amended and Restated Rights Plan.

#### Background and Relevant Considerations

On May 9, 2016, amendments to the then current Canadian take-over bid regime took effect, pursuant to which, amongst other amendments, the minimum period a take-over bid must remain open for deposits of securities thereunder was lengthened to 105 days (the "TOB Amendments").

#### Unequal Treatment

While the TOB Amendments addressed many of the concerns that justified the adoption of the Rights Plan in the first place, there remains the possibility that control of a company may be acquired pursuant to private agreements in which a small group of shareholders disposes of shares at a premium to market price, which premium is not shared by the other shareholders. Also, a person may slowly accumulate Common Shares through stock exchange acquisitions which may result, over time, in the acquisition of control without payment of fair value for control or fair sharing of any control premium among all shareholders. The Amended and Restated Rights Plan aims to address such concerns, to require that bids be made to all shareholders and to prevent a potential acquirer from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-



up agreements as specified in the Amended and Restated Rights Plan.

### Other Considerations

The Amended and Restated Rights Plan does not inhibit shareholders from exercising their rights as shareholders under the Company's corporate statute, the *Canada Business Corporations Act*. These rights include the right to solicit proxies to promote a change in the composition of the Board of Directors and to requisition a shareholders meeting to transact any proper business stated in the requisition. In addition, the Amended and Restated Rights Plan does not affect the financial condition of the Company. Finally, the issuance of rights has not changed and will not change the manner in which shareholders currently trade their Common Shares.

### Proposed Amendments

The only proposed substantive amendment to the Rights Plan was to lengthen the period of time a Permitted Bid (as defined in [Schedule "A"](#)) must remain open to reflect the TOB Amendments. In order to ensure the proper alignment of the Amended and Restated Rights Plan with Canadian securities laws, the proposed amendments to the Rights Plan include:

- An amendment to the definitions of "Competing Permitted Bid" and "Permitted Bid" to reflect the minimum period a take-over bid must remain open for deposits of securities under Canadian securities laws along with other related amendments to these definitions to align with Canadian securities laws; and
- Certain additional, housekeeping, non-substantive, technical and administrative amendments to provide for greater clarity and consistency.

The Amended and Restated Rights Plan is designed to encourage fair treatment of all shareholders by providing shareholders with an equal opportunity to

participate in a take-over bid. The Amended and Restated Rights Plan encourages a potential acquirer to proceed by way of a Permitted Bid, which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board of Directors.

The Amended and Restated Rights Plan was not adopted in response to any specific proposal to acquire control of the Company, nor is the Board of Directors currently aware of any pending or threatened take-over bid for the Company. The Amended and Restated Rights Plan will be in effect for three years following its ratification by the shareholders.

### Summary of the Amended and Restated Rights Plan

The material terms of the Amended and Restated Rights Plan are summarized in [Schedule "A"](#). This summary is qualified in its entirety by reference to the actual provisions of the Amended and Restated Rights Plan, a copy of which is available on the SEDAR website at [www.sedar.com](http://www.sedar.com), or upon request from the Office of the Corporate Secretary of the Company. Copies will also be available at the Meeting. Certain definitions of the Amended and Restated Rights Plan have been summarized at the end of [Schedule "A"](#) for ease of reference.

### Approval

The Amended and Restated Rights Plan has been conditionally approved by the TSX, subject to shareholders' approval.

As mentioned above, to be effective, the Rights Plan Resolution must be approved by a majority of greater than 50% of the votes cast by all holders of Common Shares of the Company who vote in respect of such resolution.

If no instructions were given, any designated proxyholder who is a Director and/or an Officer of the

Company will vote **FOR** the approval of the Amended and Restated Rights Plan.

**The Board of Directors recommends that shareholders approve the following resolution:**

**"BE IT RESOLVED, THAT:**

**(1) The Amended and Restated Shareholder Rights Plan Agreement dated February 8, 2017 between the Company and Computershare Investor Services Inc., which amends and restates the Shareholder Rights Plan Agreement dated February 9, 2011 and continues the rights issued thereunder, be and is hereby ratified, confirmed and approved.**

**(2) Any director or officer of Intact Financial Corporation is authorized to do all such acts and things and to execute and deliver all such instruments, agreements and other documents as in such person's opinion may be necessary or desirable in connection with the foregoing to give full effect to this resolution."**

### 3.5 Adoption of By-law No. 2 of the Company Related to Advance Notice Requirement for the Nomination of Directors

You will be voting on the adoption of By-law No.2 of the Company related to advance notice requirement for the nomination of Directors (the "By-law"). The By-law is summarized below.

The By-law incorporates an advance notice requirement for director nominations. The purpose of this requirement is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of director nominations and sufficient information with respect to all director nominees in connection with any annual or special meeting of shareholders. The Board of Directors believes that this requirement establishes a transparent and fair process for all shareholders to follow if they intend to nominate directors, and for all shareholders to have sufficient time and information before they vote for the election of directors. The By-law is also intended to facilitate an orderly and efficient meeting process.

The Company believes that the By-law conforms to the published guidelines of major proxy advisory firms.

Among other things, the By-law requires that a shareholder seeking to nominate individuals for election as directors provide timely notice thereof in proper written form to the Secretary of the Company. To be timely, the notice must be given:

(i) in the case of an annual meeting of shareholders, no later than the close of business on the 30th day before the date of the annual meeting of shareholders (unless the annual meeting of

shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, in which case the notice may be given not later than the close of business on the 10<sup>th</sup> day following the date of the public announcement); and

(ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors, no later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

The By-law also sets forth the information that a shareholder must include in the notice for it to be in proper written form.

The advance notice requirements included in the By-law do not interfere with the ability of shareholders to requisition a meeting or nominate directors by way of shareholder proposal in accordance with the *Canada Business Corporations Act*.

The foregoing is only a summary of the principal provisions of the By-law. The full text of the By-law is set out in [Schedule B](#). Shareholders are encouraged to review the By-law in its entirety. The By-law will come into effect upon its adoption by shareholders at the Meeting.

We believe that the By-law is to the benefit of shareholders and demonstrates our continued commitment to adopt the highest possible standards

of corporate governance. Accordingly, the Board of Directors recommends that you vote **FOR** the resolution adopting the By-law. In order to be approved, the resolution requires the affirmative vote of a simple majority of the votes cast, in person or by proxy, at the Meeting.

If you do not specify how you want your Common Shares voted, the Director and/or Officer of the Company named as proxyholder in the enclosed proxy form or VIF will cast the votes represented by proxy at the Meeting **FOR** the resolution adopting the By-law.

**The Board of Directors recommends that shareholders approve the following resolution:**

**“BE IT RESOLVED, THAT:**

**By-law No. 2 of the Company, the full text of which is reproduced in [Schedule B](#) to the Management Proxy Circular of the Company dated March 31, 2017, be and is hereby adopted.”**

### 3.6 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.

**98%**

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

The approach to Executive Compensation was accepted by a majority of shareholders in 2016. The detailed voting results of the past two years concerning the Advisory Resolution on the Approach to Executive Compensation are set out below:

Year	Votes for	% of Votes for	Votes Against	% Votes Against
2016	95,816,275	96.65%	3,325,817	3.35%
2015	97,187,083	95.76%	4,307,504	4.24%

The “[Statement on Executive Compensation](#)” section discusses the Board of Directors' compensation philosophy, the objectives of the different elements of the Company's compensation programs and the way the Board of Directors assesses performance and makes decisions. It explains how the Company's compensation programs are 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

Please see the “[Statement on Executive Compensation](#)” section starting on [page 69](#) of this Circular for more information on compensation matters.

If there are specific concerns you wish to discuss please consult the “[How to contact us](#)” section of the Circular for contact information.

been approved by the Board of Directors on the recommendation of the Human Resources and Compensation Committee (the “HRC Committee”) with the support of the HRC Committee's external consultant, Willis Towers Watson.

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

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

**"BE IT RESOLVED, on a non-binding and advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Company's management proxy circular delivered in advance of the 2017 annual and special meeting of shareholders."**

### 3.7 Other Business

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

# 4. Directors

## Where to find it

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## 4.1 Nominees

The twelve (12) nominees are profiled below, including their background and experience, meeting attendance, share ownership, and other public company boards served on during the past five years. Please note that, unless otherwise indicated, the information hereunder as to Common Shares and deferred share units ("DSUs") beneficially owned or controlled, directly or indirectly, has been furnished by each of the nominees, as of December 31, 2016. 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 Board of Directors or Management representatives designated in the enclosed form of proxy/VIF reserve the right to vote for another nominee at their discretion. All elected Directors of the Company will hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

### Geographic mix

● Canada	75%
● U.S.	25%

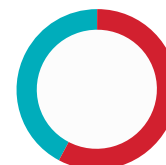


See [page 43](#) for more information about Intact's Majority Voting Policy for the election of Directors

See [pages 44 and 45](#) as well as [50 and 51](#) for more information about Director tenure and diversity, respectively

### Gender

● Male	58%
● Female	42%





Québec City,  
Québec, Canada

Director since: 2000

Age: 62

#### Key Skills

- Corporate social responsibility
- Financial services
- Governance
- Investment management
- Marketing / Brand awareness
- P&C operations
- Risk management
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation
- Technology

## Claude Dussault, B.Sc. | Independent Director

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.

### Board and Committee Membership

### 2016 Meeting Attendance

Board (Chair)	7/7 (100%)
---------------	------------

### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	95,717,629	96.55%	3,425,263	3.45%
2015	98,067,220	96.62%	3,427,367	3.38%

### Securities Held - 2015

Common Shares	30,411
DSUs	6,440
Total Common Shares and DSUs	36,851

### Securities Held - 2016

Common Shares	30,411
DSUs	8,444
Total Common Shares and DSUs	38,855

### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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### Other Public Company Board Memberships During the Last Five (5) Years

Metro Inc.	2005 to present
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Toronto,  
Ontario, Canada

Director since: 2008

Age: 46

#### Key Skills

- Corporate Social responsibility
- Financial expertise
- P&C operations
- Risk management
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation
- Technology

## Charles Brindamour, B.Sc. | Chief Executive Officer

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, the Geneva Association and the Business Council 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".

### Board and Committee Membership

### 2016 Meeting Attendance

Board	6/7 (86%)
-------	-----------

### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	98,763,764	99.62%	379,128	0.38%
2015	100,972,359	99.49%	522,228	0.51%

### Securities Held - 2015

Common Shares	168,872
RSUs*	39,437
Total Common Shares and RSUs	208,309

### Securities Held - 2016

Common Shares	181,870
RSUs*	39,013
Total Common Shares and RSUs	220,883

### Senior Executive Share Ownership Requirement

2x Annual LTIP target in Common Shares	Met
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### Other Public Company Board Memberships During the Last Five (5) Years

Hydro One Limited	2015 to present
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\* 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 77 to 79](#) for further details.





Rangeley,  
Maine, USA

Director since: 2004

Age: 70

#### Key Skills

- Financial expertise
- Financial services
- International markets
- Investment management
- P&C Operations
- Risk management
- Strategic leadership / Senior Executive

## Robert W. Crispin, MBA, CFA | Independent Director

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.

Board and Committee Membership	2016 Meeting Attendance
Board	7/7 (100%)
Audit Committee	5/5 (100%)
Risk Management Committee (Chair)	4/4 (100%)

#### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	98,588,262	99.44%	554,630	0.56%
2015	100,824,567	99.34%	670,020	0.66%

#### Securities Held - 2015

Common Shares	800
DSUs	9,255
Total Common Shares and DSUs	10,055

#### Securities Held - 2016

Common Shares	800
DSUs	10,449
Total Common Shares and DSUs	11,249

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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#### Other Public Company Board Memberships During the Last Five (5) Years

Sul América S.A.	2006 to 2012
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Toronto,  
Ontario, Canada

Director since: 2013

Age: 56

#### Key Skills

- Financial Services
- Governance
- Government / Public affairs
- International markets
- Risk management
- Strategic leadership / Senior Executive

## Janet De Silva, MBA | Independent Director

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, an Asian based due diligence and risk management services provider. She is a past member of the board of the Asian Corporate Governance Association. She has served terms both as Chair and President of the Canadian Chamber of Commerce in Hong Kong and Chair of 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.

#### Board and Committee Membership

#### 2016 Meeting Attendance

Board	7/7 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Risk Management Committee	4/4 (100%)

#### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	99,031,723	99.89%	111,169	0.11%
2015	101,395,047	99.90%	99,540	0.10%

#### Securities Held - 2015

Common Shares	4,210
DSUs	0
Total Common Shares and DSUs	4,210

#### Securities Held - 2016

Common Shares	4,210
DSUs	1,990
Total Common Shares and DSUs	6,200

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Has until May 8, 2018 to comply
---	---------------------------------

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

—



Greenwich,  
Connecticut, USA

Director since: 2015

Age: 56

#### Key Skills

- Corporate Social responsibility
- Financial expertise
- Financial services
- International markets
- Investment management
- Legal and regulatory affairs
- Marketing / Brand awareness
- Risk management
- Strategic leadership / Senior Executive

## Robert G. Leary, J.D. | Independent Director

Mr. Leary is CEO of Nuveen. He has responsibility for the company's investment strategy, distribution and operations, as well as the stand-alone businesses that comprise Nuveen's multi-boutique structure. Since joining Nuveen's parent company TIAA in 2013, Mr. Leary has created one of the most diversified financial services organizations by completing several successful acquisitions and organic growth initiatives. 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.

#### Board and Committee Membership

#### 2016 Meeting Attendance

Board	6/7 (86%)
Audit Committee	5/5 (100%)
Risk Management Committee	4/4 (100%)

#### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	98,760,692	99.61%	382,200	0.39%
2015	101,473,033	99.98%	21,554	0.02%

#### Securities Held - 2015

Common Shares	0
DSUs	1,104
Total Common Shares and DSUs	1,104

#### Securities Held - 2016

Common Shares	0
DSUs	3,166
Total Common Shares and DSUs	3,166

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Has until May 6, 2020 to comply
---	---------------------------------

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

—



Toronto,  
Ontario, Canada

Director since: 2004

Age: 69

#### Key Skills

- Financial expertise
- Financial services
- Governance
- International markets
- Investment management
- Risk management
- Strategic leadership / Senior Executive
- Technology

## Eileen Mercier, M.A., MBA | Independent Director

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 Payments Canada. She is currently a Trustee of the University Health Network and director of the Royal Conservatory of Music. 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. In October 2016, Ms. Mercier was appointed chancellor of Wilfrid Laurier University. She is also a Fellow of the Institute of Corporate Directors of Canada and a Fellow of the Institute of Canadian Bankers. Ms. Mercier was appointed a member of Intact Financial Corporation's former Advisory Board in 1999.

### Board and Committee Membership

### 2016 Meeting Attendance

Board	7/7 (100%)
Audit Committee (Chair)	5/5 (100%)
Risk Management Committee	4/4 (100%)

### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	97,722,976	98.57%	1,419,916	1.43%
2015	99,882,227	98.41%	1,612,360	1.59%

### Securities Held - 2015

Common Shares	1,526
DSUs	13,187
Total Common Shares and DSUs	14,713

### Securities Held - 2016

Common Shares	1,553
DSUs	14,753
Total Common Shares and DSUs	16,306

### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
---	-----

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

Teekay Shipping	2000 to present
CGI Group Inc.	1995 to 2013



Québec,  
Québec, Canada

Age: 57

#### Key Skills

- Corporate social responsibility
- Financial services
- Governance
- P&C Operations
- Risk management
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation

## Sylvie Paquette | Proposed Director (Independent)

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

Ms. Paquette has been actively involved in key industry associations. In recent years, she was a Board member of the Insurance Bureau of Canada (Chair in 2015 and 2016), of the General Insurance Statistical Agency, of the Institute for Catastrophic Loss Reduction and of the Centre for Insurance and Financial Services Development (Chair from 2009 to 2014). In 2009, she was named one of Canada's Top 100 Most Powerful Women and in 2014 she received the "Inspiration – Andrée Corriveau" Award from the Association of Quebec Women in Finance. Over the years, Ms. Paquette has co-chaired major fundraising campaigns to prepare the next generation of P&C insurance specialists. In addition, she was Co-chair of the United Way campaign for the Quebec City / Chaudière-Appalaches region in 2016 and also sat on the cabinet for Laval University's Major Fundraising Campaign to mark the school's 350<sup>th</sup> anniversary. Ms. Paquette is a graduate of the Actuarial Science program at Laval University and a Fellow of both the Canadian Institute of Actuaries and the Casualty Actuarial Society.

#### Securities Held - 2015

Common Shares	–
DSUs	–
Total Common Shares and DSUs	–

#### Securities Held - 2016

Common Shares	–
DSUs	–
Total Common Shares and DSUs	–

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	If elected, will have until May 3, 2022 to comply
---	---

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

–



Toronto,  
Ontario, Canada

Director since: 2010

Age: 61

#### Key Skills

- Corporate social responsibility
- Financial expertise
- Governance
- International markets
- Marketing / Brand awareness
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation

## Timothy H. Penner | Independent Director

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.

#### Board and Committee Membership

#### 2016 Meeting Attendance

Board	7/7 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Human Resources and Compensation Committee (Chair)	4/4 (100%)

#### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	97,580,999	98.42%	1,561,893	1.58%
2015	101,395,484	99.90%	99,103	0.10%

#### Securities Held - 2015

Common Shares	12,711
DSUs	0
Total Common Shares and DSUs	12,711

#### Securities Held - 2016

Common Shares	13,896
DSUs	0
Total Common Shares and DSUs	13,896

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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#### Other Public Company Board Memberships During the Last Five (5) Years

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Montréal,  
Québec, Canada

Director since: 2004

Age: 69

#### Key Skills

- Governance
- Government / Public affairs
- International markets
- Marketing / Brand awareness
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation

## Louise Roy, O.Q., O.C. | Independent Director

Ms. Roy is Chancellor and Chair of the Board of Université de Montréal, the first woman to occupy these functions. Since September 2003, she has been 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 (IATA) 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 Policy Forum's Award of 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.

### Board and Committee Membership 2016 Meeting Attendance

Board	7/7 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Human Resources and Compensation Committee	4/4 (100%)

### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	97,082,608	97.92%	2,060,284	2.08%
2015	98,993,548	97.54%	2,501,039	2.46%

### Securities Held - 2015

Common Shares	2,888
DSUs	11,206
Total Common Shares and DSUs	14,094

### Securities Held - 2016

Common Shares	3,811
DSUs	11,486
Total Common Shares and DSUs	15,297

### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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### Other Public Company Board Memberships During the Last Five (5) Years

Power Financial Corporation	2010 to present
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Great Falls,  
Virginia, USA

Director since: 2013

Age: 54

#### Key Skills

- Corporate social responsibility
- Governance
- Financial expertise
- Government / Public affairs
- International markets
- Marketing / Brand awareness
- Strategic leadership /Senior Executive
- Talent Management / Executive Compensation
- Technology

## Frederick Singer, BA, | Independent Director B.Comm, LL.B, MA, MBA

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 and the Afiniti Corporation, a U.S. company specializing in artificial intelligence software. He was named one of Washingtonian Magazine's "Tech Titans" in 2013 and 2015. He has also funded pioneering research in autism with the Children's National Medical Center and Stanford University. Mr. Singer holds an MBA from Harvard University, as well as an LLB, MA in Philosophy, BA with Distinction in Philosophy, and a Bachelor of Commerce (Honours) from Queen's University in Canada. He is also a recipient of the Tricolour award at Queen's University.

### Board and Committee Membership

### 2016 Meeting Attendance

Board	7/7 (100%)
Audit Committee	5/5 (100%)
Human Resources and Compensation Committee	4/4 (100%)

### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	97,486,346	98.33%	1,656,546	1.67%
2015	98,020,743	96.58%	3,473,844	3.42%

### Securities Held - 2015

Common Shares	1,380
DSUs	5,309
Total Common Shares and DSUs	6,689

### Securities Held - 2016

Common Shares	1,380
DSUs	7,475
Total Common Shares and DSUs	8,855

### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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### Other Public Company Board Memberships During the Last Five (5) Years

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Calgary,  
Alberta, Canada

Director since: 2009

Age : 67

#### Key Skills

- Corporate social responsibility
- Governance
- Government / Public affairs
- Risk management
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation

## Stephen G. Snyder, B.Sc., | Independent Director MBA

Mr. Snyder was formerly President and CEO of TransAlta Corporation, a position he held since 1996 until his retirement on January 1, 2012. 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 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 and CCEMC. 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 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).

Board and Committee Membership	2016 Meeting Attendance
Board	7/7 (100%)
Compliance Review and Corporate Governance Committee	4/4 (100%)
Human Resources and Compensation Committee	4/4 (100%)

#### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	97,600,461	98.44%	1,542,431	1.56%
2015	99,645,890	98.18%	1,848,697	1.82%

#### Securities Held - 2015

Common Shares	38,620
DSUs	308
Total Common Shares and DSUs	38,928

#### Securities Held - 2016

Common Shares	39,832
DSUs	316
Total Common Shares and DSUs	40,148

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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#### Other Public Company Board Memberships During the Last Five (5) Years

TransAlta Corporation	1996 to 2012
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London,  
Ontario, Canada

Director since: 2004

Age: 66

#### Key Skills

- Governance
- Government / Public affairs
- International markets
- Legal and regulatory affairs
- Strategic leadership / Senior Executive
- Talent Management / Executive Compensation
- Technology

## Carol Stephenson, O.C. | Independent Director

Ms. Stephenson served as the Dean of the Ivey Business School at 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 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. In 2016, she was recognized by the National Association of Corporate Directors as one of the top 100 directors in North America. 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. She was awarded an honorary doctorate from Ryerson Polytechnic University and Western 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.

#### Board and Committee Membership

#### 2016 Meeting Attendance

Board	6/7 (86%)
Human Resources and Compensation Committee	4/4 (100%)
Compliance Review and Corporate Governance Committee (Chair)	4/4 (100%)

#### Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2016	96,029,710	96.86%	3,113,182	3.14%
2015	98,887,587	97.43%	2,607,000	2.57%

#### Securities Held - 2015

Common Shares	4,409
DSUs	12,889
Total Common Shares and DSUs	17,298

#### Securities Held - 2016

Common Shares	5,278
DSUs	13,212
Total Common Shares and DSUs	18,490

#### Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Met
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#### Other Public Company Board Memberships During the Last Five (5) Years

General Motors Company	2009 to present
Ballard Power Systems Inc.	2012 to present
Maple Leaf Foods Inc.	2016 to present
Manitoba Telecom Services Inc.	2008 to 2016

## 4.2 Director Compensation

### Total Compensation Paid to Directors in 2016

The total compensation paid to Directors of the Company during the year ended December 31, 2016, 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) <sup>(1),(2)</sup> (\$)	Share-Based Awards (Common Shares) (\$)	Percentage of Fees in Cash/DSUs/Shares (%)	Total (\$)
Yves Brouillette	98,000	88,000	0	52.69/47.31/0	186,000
Robert W. Crispin	144,535 <sup>(3)</sup>	88,000	0	62.16/37.84/0	232,535
Janet De Silva	0	182,000	0	0/100/0	182,000
Claude Dussault	171,500	168,500	0	50.44/49.56/0	340,000
Robert G. Leary	0	186,000	0	0/100/0	186,000
Eileen Mercier	85,000	113,000	0	42.93/57.07/0	198,000
Timothy H. Penner	0	0	194,000	0/0/100	194,000
Louise Roy	21,600	0	160,400	11.87/0/88.13	182,000
Frederick Singer	0	186,000	0	0/100/0	186,000
Stephen G. Snyder	0	0	182,000	0/0/100	182,000
Carol Stephenson	51,000	0	137,000	27.13/0/72.87	188,000

Notes:

- (1) Share-based awards to Directors of the Company are made in the form of DSUs or Common Shares as discussed more fully under the heading "Information on DSU and Share Purchase Plan for Non-Related Directors" below.
- (2) The number of DSUs granted to each Director in 2016 is disclosed in the table entitled "Outstanding Director Share-Based Awards" below.
- (3) The cash component of our U.S. Directors' compensation is paid in U.S. dollars without adjustments to reflect the exchange rate. The amount above reflects the Canadian dollar equivalent amount received.

### Directors' Compensation for 2016 and 2017

The responsibility for Directors' compensation is part of the mandate of the Company's Compliance Review and Corporate Governance Committee (the "CRCG Committee"). Based on a comparative analysis of Directors' compensation with a peer group of Canadian public corporations carried out independently by Willis Towers Watson in 2015 for the account of the CRCG Committee, the CRCG Committee reconfirmed at the end of 2015 its policy of aligning the Company's total director compensation to that of the median of its comparable market.

Effective in 2016, the Board of Directors approved the recommendation of the CRCG Committee to eliminate the per meeting attendance fees and replaced them by annual flat fees determined by the positions occupied on the committees of the Board of Directors. The flat fee structure is simpler to administer and disclose and aligns better with the job of being a director at the Company. The fees payable in 2016 are described in the table below.

In early 2017, the CRCG committee, using the same peer group, updated its comparative analysis of Directors' compensation for 2016 and recommended changes for approval by the Board of Directors to further alignment with the peer group median for 2017. The fees approved by the Board of Directors for 2017 are described below.

### Description of fees

	2016	2017
<b>Annual Retainer fee</b>	\$160,000:	\$174,000:
	– \$88,000 payable in DSUs or Common Shares	– \$102,000 payable in DSUs or Common Shares
	– \$72,000 payable in cash, DSUs or Common Shares	– \$72,000 payable in cash, DSUs or Common Shares
Members of the CRCG Committee	\$9,000	\$9,000
Members of the Audit Committee	\$13,000	\$13,000
Members of the HRC Committee	\$13,000	\$13,000
Members of the Risk Management Committee ("Risk Committee")	\$13,000	\$13,000
<b>Chair Retainer fees</b>		
Chairman of the Board	\$340,000:	\$365,000:
	– \$95,000 payable in DSUs or Common Shares	– \$215,000 payable in DSUs or Common Shares
	– \$245,000 payable in cash, DSUs or Common Shares	– \$150,000 payable in cash, DSUs or Common Shares
Chair of the CRCG Committee	\$15,000	\$15,000
Chair of the Audit Committee	\$25,000	\$25,000
Chair of the HRC Committee	\$25,000	\$25,000
Chair of the Risk Committee	\$25,000	\$25,000
<b>Other fees</b>		
All reasonable travel expenses incurred to attend meetings	Included	Included

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

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

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 two (2) years to ensure Directors' compensation remains competitive at all times.

### Director 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 \$160,000 in 2016, the minimum director share ownership requirement in 2016 was \$640,000 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 \$96.10 on the TSX as of December 30, 2016.

**Each Independent Director must hold at least four (4) times his/her annual retainer in Common Shares and/or DSUs. (\$640,000 in 2016)**

	Common Shares held (#)	DSUs held <sup>(1)</sup> (#)	Total value of all equity holdings (\$)	Conformity with Director Share Ownership Policy
Yves Brouillette	13,500	12,702	2,517,968.96	Yes
Robert W. Crispin	800	10,449	1,081,046.20	Yes
Janet De Silva	4,210	1,990	595,841.14	Has until May 8, 2018 to comply
Claude Dussault	30,411	8,444	3,733,990.49	Yes
Robert G. Leary	0	3,166	304,232.42	Has until May 6, 2020 to comply
Eileen Mercier	1,553	14,753	1,566,976.81	Yes
Timothy H. Penner	13,896	0	1,335,405.60	Yes
Louise Roy	3,811	11,486	1,470,065.73	Yes
Frederick Singer	1,380	7,475	851,007.78	Yes
Stephen G. Snyder	39,832	316	3,858,221.84	Yes
Carol Stephenson	5,278	13,212	1,776,878.43	Yes

Note:

1. The number of DSUs is rounded to the nearest whole number.

Effective January 1, 2017, the minimum director share ownership requirement will be \$696,000 for members of the Board of Directors and \$1,460,000 for the Chairman of the Board of Directors. Unless a Board of Directors member has already met the revised level of minimum ownership requirement, the additional retainer must be received in DSUs or Common Shares until the new requirements are reached.

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

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

- \$88,000, effective in 2016 (increasing to \$102,000 in 2017) of the compensation of Directors is in DSUs issued or Common Shares; and
- the remainder of the Board of Directors and Committee annual retainers may be received by a Director in total or in part in cash 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 Common Share price on the TSX as of the redemption date. Canadian Directors may choose the redemption date, the final redemption date being at least three (3) months after a Director terminates his/her directorship with the Company, but no later than December 15 of the first calendar year commencing after the year in which the termination date occurred. Our U.S. Directors are not entitled to choose a redemption date, the final redemption date being December 15 of the first calendar year commencing after the year in which the U.S. Director terminated his or her directorship.

DSUs provide a notional ongoing equity stake in the Company, therefore ensuring alignment of the interests of the Directors with those of the shareholders of the Company. A total of 12,843 DSUs and 4,192 Common Shares were granted to eligible Directors in 2016.

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

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

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

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



## Outstanding Director Share-Based Awards

Name	Share-Based Awards						
	Number of Common Shares granted in 2016 <sup>(1)</sup> (#)	Market or Payout Value of Common Shares granted in 2016 at year-end <sup>(3),(5)</sup> (\$)	Number of DSUs granted in 2016 that have not vested <sup>(2)</sup> (#) <sup>(7)</sup>	Market or Payout Value of DSUs Granted in 2016 that have not vested <sup>(3),(6)</sup> (\$)	Number of DSUs Outstanding that have not vested <sup>(7)</sup> (#)	Market or Payout Value of DSUs Outstanding at year-end that have not vested <sup>(4)</sup> (\$)	Payout Value of Vested DSUs (\$)
Yves Brouillette	0	0	1,249	120,044.28	12,702	1,220,618.96	N/A
Robert W. Crispin	0	0	1,194	114,753.01	10,449	1,004,166.20	N/A
Janet De Silva	0	0	1,990	191,260.14	1,990	191,260.14	N/A
Claude Dussault	0	0	2,004	192,575.75	8,444	811,493.39	N/A
Robert G. Leary	0	0	2,062	198,120.72	3,166	304,232.42	N/A
Eileen Mercier	0	0	1,566	150,489.72	14,753	1,417,733.51	N/A
Timothy H. Penner	1,186	113,974.60	0	0	0	0	N/A
Louise Roy	923	88,700.30	281	26,972.39	11,486	1,103,828.63	N/A
Frederick Singer	0	0	2,167	208,241.01	7,475	718,389.78	N/A
Stephen G. Snyder	1,213	116,569.30	8	742.85	316	30,366.64	N/A
Carol Stephenson	870	83,607	325	31,024.92	13,212	1,269,662.63	N/A

Notes:

- (1) The number of Common Shares granted in 2016 is equal to the number of Common Shares available for purchase on the open market by the Company's share agent in consideration of the amount equal to the director's elected percentage of Common Shares to be received under the Director compensation plan, multiplied by the director's annual retainers and committee retainers.
- (2) The number of DSUs granted in 2016 was paid quarterly in four (4) equal instalments and is equal to the director's elected percentage of DSUs to be received under the Director compensation plan, multiplied by the director's annual retainers and committee retainers, divided by the closing Common Share price on the TSX as of the last trading day preceding the fifteenth (15<sup>th</sup>) day following the end of a quarter (or where such day is not a business day, the preceding business day when Common Shares are publicly traded) the whole in accordance with the Director compensation plan. In the event that any cash dividend was declared and paid on the Common Shares, an amount equal to the number of DSUs in the director's account divided by the closing Common Share price on the TSX on the dividend payment dates was credited as DSUs to the director's account.
- (3) The market or payout value of DSUs/Common Shares granted in 2016 is based on the closing Common Share price of \$96.10 on the TSX as of December 30, 2016.
- (4) The market or payout value of DSUs outstanding is based on the closing Common Share price of \$96.10 on the TSX as of December 30, 2016.
- (5) The value of the Common Shares reflects the after-tax amount due to the immediate vesting of the Common Shares.
- (6) The value reflects the before-tax amount due to the vesting period until the departure of the Director.
- (7) The number of DSUs is rounded to the nearest whole number.

## 4.3 Additional Information Regarding Directors

### Board of Directors and Committee Meetings in 2016

#### Board Meetings

Intact Financial Corporation	7
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#### Committee Meetings

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

### Committee Composition and Director Independence

	Audit Committee	CRCG Committee	HRC Committee	Risk 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, 2016.

Director	Number and % of meetings attended						Overall attendance
	Board of Directors	Audit Committee	CRCG Committee	HRC Committee	Risk Committee	Committees (Total)	
Claude Dussault	7/7 (100%)	—	—	—	—	—	7/7 (100%)
Charles Brindamour	6/7 (86%)	—	—	—	—	—	6/7 (86%)
Yves Brouillette	7/7 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	16/16 (100%)
Robert W. Crispin	7/7 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	16/16 (100%)
Janet De Silva	7/7 (100%)	—	4/4 (100%)	—	4/4 (100%)	8/8 (100%)	15/15 (100%)
Robert G. Leary	6/7 (86%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	15/16 (94%)
Eileen Mercier	7/7 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	16/16 (100%)
Timothy H. Penner	7/7 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	15/15 (100%)
Louise Roy	7/7 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	15/15 (100%)
Frederick Singer	7/7 (100%)	5/5 (100%)	—	4/4 (100%)	—	9/9 (100%)	16/16 (100%)
Stephen G. Snyder	7/7 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	15/15 (100%)
Carol Stephenson	6/7 (86%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	14/15 (93%)

### Supplementary information relating to Directors

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

the proposed Director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

*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.

#### Attendance of Director whose term ended in 2017

Yves Brouillette will not be standing for re-election to the Board of Directors. Management intends to present a motion at the Meeting to recognize his past contributions to the development of the Company and its subsidiaries. Mr. Brouillette has been a director of the Company since 1989, having served as its Chief Executive Officer from 1993 to 2001. He has also served as a member of the board of directors of Intact Financial Corporation's federal P&C insurance subsidiaries since 1989.

The term of Mr. Brouillette as Director of the Company will end on May 3<sup>rd</sup>, 2017. From January 1, 2017 to March 31, 2017, his attendance record as a Director was as follows:

Board	3/3 (100%)
Audit Committee	2/2 (100%)
Risk Management Committee	1/1 (100%)

The Company offers its sincere thanks to Mr. Brouillette for his important contribution to the development and progress of the Company, including his membership on various committees of the Board of Directors over the years and particularly his leadership as Chairman of the Board of Directors from 2003 to 2007.

# 5. Corporate Governance Practices

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## 1<sup>st</sup> place

Clarkson Centre for Board Effectiveness – Board Shareholder Confidence Index 2016

## 2<sup>nd</sup> place

Globe & Mail Report of Business – Board Games 2016

## 5.1 Introduction

Intact Financial Corporation considers corporate governance and sound market practices to be essential components of its operations. As a Canadian reporting issuer with securities listed on the TSX, the Company has corporate governance practices that meet or exceed the requirements of the TSX and the applicable rules of the Canadian Securities Administrators.

In addition, the Company'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.

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.

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.

## 5.2 Code of Conduct and Ethics

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

Our Governance and compliance structures and processes include the following:

- our Code of Conduct “Living Our Values” that details our high ethical standards;
- the support of a dedicated Compliance team that follows legislative, governance, regulatory and compliance rules, trends and best practices and strives to maintain a high level of good governance and a compliance mindset across our companies;
- numerous policies and reporting mechanisms including Whistleblower and Incident Reporting procedures;
- 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; and
- strict policies on conflicts of interest, disclosure of material information and insider trading.

By virtue of our Code of Conduct, the Company has endorsed high ethical and compliance principles to promote integrity, respect, excellence, social

responsibility and customer driven actions. 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, Officers and Directors. Together with related compliance programs, “Living Our Values” provides mechanisms to detect and deter wrongdoing and to encourage good corporate citizenship.

The compliance programs and systems 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 25 representatives from the operational, corporate and Human Resources departments across Canada also act as compliance ambassadors across the Company.



"Living Our Values" was adopted by the Board of Directors in December 2009 and is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

We strive to create an environment where our employees live our values every day. It is a framework for who we are, how we behave and how we maintain our excellent reputation.

Our values are organized according to five core themes, defined as follows:

## Integrity

We demonstrate the highest ethical standards of personal conduct. We behave with honesty, integrity, openness and fairness when working with each other, customers, partners and governments.

## Respect

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 that each of us and our teams are making to our success.

## Customer Driven

We listen to customers, understand their needs, offer the best solutions and deliver on our promises. We make it easy for customers to deal with us. We go beyond expectations and always deliver an outstanding experience.

## Excellence

We are disciplined in our approaches and our actions, which is why we excel in all of our businesses. 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 value to our stakeholders.

## Social Responsibility

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. Our commitment to social responsibility also serves as the mandate of the Intact Foundation, which donates to organizations that are committed to climate-change adaptation and the improvement of the lives of at-risk youth.



"Living Our Values" promotes the highest levels of personal conduct and ethical standards in compliance with applicable law while promoting a spirit of fairness and honesty; 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, among other subjects, conflicts of interest, media, harassment, protection and proper use of the Company's assets and opportunities, incident reporting and whistleblowing procedures. These policies provide guidelines on how to address various situations, for example, the Board of Director's Conflict of Interest Policy ensures that Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer may have a material interest by excluding such person from the decision making process in relation to a transaction giving rise to a conflict of interest. The procedures also allow reporting on a confidential and anonymous basis: complaints can be made by telephone or email or direct communications through Corporate Audit Services, the Legal and Compliance Department or Human Resources. Complaints can also be brought to the CRCG Committee or to the Board of Directors.

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 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 next twelve (12) to fifteen (15) months. The Audit Committee is also notified by the Chief Internal Auditor if a complaint relates to accounting, internal controls or audit matters or if fraudulent conduct is involved. In such instances, Corporate Audit Services or the Audit Committee determines how the case will be handled.

## 5.3 Board of Directors

### Structure

#### Size of the Board of Directors

- ▶ **The Board of Directors is composed of 12 members. Biographical details with respect to the members can be found at [pages 13 to 24](#) of this Circular. We consider that the size of the Board of Directors and its committees in 2016 was appropriate.**

#### 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 mandate of the Board of Directors (reproduced in [Schedule C](#) 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 Chief Executive Officer ("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.

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

The full-text version of the mandates of the 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 website at [www.intactfc.com](http://www.intactfc.com).

## Position Descriptions

- ▶ **Position descriptions have been developed for the Board Chair, committee Chairs and the CEO.**
- ▶ **The positions of Board Chair and CEO are separate.**
- ▶ **The Chair is an independent member of the Board of Directors.**

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, development and 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; and
- 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.

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.

## 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.**

Throughout the 2016 fiscal year, we continued to foster an enterprise-wide culture of compliance, to improve our risk management practices and to achieve even better corporate governance standards. We continued to implement the recommendations of the Office of the Superintendent of Financial Institutions ("OSFI") as set out in its Corporate Governance Guideline (issued in January 2013). This guideline sets out OSFI's expectations on corporate governance in federally regulated financial institutions ("FRFIs") and aims to help boards of directors and senior management of FRFIs identify and manage risks being undertaken by their companies.

The Board of Directors is ultimately responsible for annually 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 in line with 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 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.

### **Risk appetite statement 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 management culture**
- **We maintain our ability to access capital markets at reasonable costs**

## Board of Directors

**Risk Management Committee**

**Compliance Review and Corporate Governance Committee**

**Human Resources and Compensation Committee**

**Audit Committee**

## Enterprise Risk Committee

### Operational Committee

Review all aspects related to operations

### Operational Investment Committee

Review investment strategies, performance and discuss investment risks

### Reserve Review Committee

Review the adequacy of our financial reserves and the variation of our losses

### Fraud Prevention and Management Committee

Oversee and monitor the fraud prevention and detection activities

### Executive Committee

Discuss organization structure, objectives and plans

### Profitability Committee

Review results and performance

### Large Loss Committee

Discuss claims related to large losses and potential class actions

### Disclosure Committee

Ensure all disclosures are complete, accurate and timely

See [pages 62 to 64](#) 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 Chief Risk Officer ("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 Chief Compliance Officer ("CCO") whose general responsibility is to support the Company's Code of Conduct through disciplined management and oversight of compliance risks and to develop a compliance vision, a compliance framework and related policies and processes for a world-class organization aimed at identifying, managing and mitigating compliance risks;
- The Chief Financial Officer ("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.

## Director Independence

- ▶ **Eleven (11) of the twelve (12) Directors in 2016 were independent.**
- ▶ **Policy on Director Independence.**
- ▶ **New Director nominee is independent.**
- ▶ **Additional disclosure regarding Directors standing for election is available on [pages 12 to 24](#) of this Circular.**

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

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

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

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

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

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 12 to 24](#) 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.

### Policy on External Positions and Interlocking

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

### **There are no Director Interlocks among the candidates proposed for election.**

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

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

The Chair of the Board of Directors or the Chair of the CRCG Committee will take into account any Director Interlocks before accepting that a Director be

appointed to the board of another organization, whether a private or publicly listed company, or a not-for-profit organization.

No Director Interlock will be accepted should there be 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 interlock relationships on an annual basis.

The Board of Directors has also adopted a policy providing that no more than 33 ⅓% of the members of the HRC Committee shall be sitting chief executive officer(s) of another company.

#### Private Meetings of Directors

- ▶ **Independent Directors met without the presence of management at all meetings of the Board of Directors and also met *in camera* at all 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.**

In 2016, 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 2016.



## Nomination of Directors

- ▶ **The CRCG Committee acts as the nominating committee of the Board of Directors.**
- ▶ **Term of office and Board of Directors tenure framework in place.**
- ▶ **Majority Voting Policy in place.**
- ▶ **A Skills Matrix has been developed to help identify talent and Board requirements of current and potential Directors.**
- ▶ **An evergreen list of Director candidates is maintained. In 2016, 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.

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 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.

### 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, good judgment, ethics and reputation. In addition, Management and the Board of Directors aim to develop a diversified Board of Directors composition that includes the following skills and strengths which are in line with the needs of the Company, its mission and future development. The key skills of each nominee are identified within the Skills Matrix.

**In 2017, a new Skills Matrix has been developed for use by the CRCG Committee to identify the talent and Board requirements of current and potential Directors.**

	Claude Dussault	Charles Brindamour	Robert W. Crispin	Janet De Silva	Robert G. Leary	Eileen Mercier	Sylvie Paquette	Timothy H. Penner	Louise Roy	Frederick Singer	Stephen G. Snyder	Carol Stephenson
<b>Skills</b>												
Corporate social responsibility	■	■			■		■	■		■	■	
Financial expertise		■	■		■	■		■		■		
Financial services	■		■	■	■	■	■					
Governance	■			■		■	■	■	■	■	■	■
Government / Public affairs				■					■	■	■	■
International markets			■	■	■	■		■	■	■		■
Investment management	■		■		■	■						
Legal and regulatory affairs					■							■
Marketing / Brand awareness	■				■			■	■	■		
P&C operations	■	■	■				■					
Risk management	■	■	■	■	■	■	■				■	
Strategic leadership / Senior executive	■	■	■	■	■	■	■	■	■	■	■	■
Talent management / Executive compensation	■	■					■	■	■	■	■	■
Technology	■	■				■				■		■

### Director Term Limits and Other Mechanisms of Board of Directors Renewal

The Board of Directors has determined that a mandatory retirement age is not appropriate in the context of the Company and instead, has implemented a tenure and term of office framework. 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.

### Tenure

- 0-5 years 33%
- 6-10 years 25%
- 11-15 years 42%



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. Directors are elected to a committee for a term of one (1) year. At the end of each year, the CRCG Committee shall review the lists of Directors and make recommendations to the Board of Directors.

The CRCG Committee is also responsible for ensuring assessment of the Board of Directors and the members of the Board of Directors and its committees on an ongoing basis. As part of the process, the CRCG Committee considers the competencies and skills of the Board of Directors, as a whole, and required competencies and skills from new members. Candidates are screened to ensure they have the following attributes:

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

These board renewal mechanisms, along with the formal Board of Directors and committee assessment process discussed below, aim to ensure ongoing Board of Directors renewal and create an effective balance between fresh perspectives and experienced Directors on the Board of Directors

Furthermore, the Chair of the Board of Directors or the Chair of CRCG committee will take into account any board interlock before accepting that a candidate be proposed for nomination.

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

In 2016, specific candidates continued to be identified to fill potential vacancies or vacancies that will likely be left by retiring Directors. The CRCG Committee reviewed its evergreen list for 2016 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 who 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.

### Board of Directors and Board Member Assessment

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

#### Who Undergoes Assessment ?

#### Who Performs the Assessment ?

The Directors

• The Directors themselves (self-assessment)

Board of Directors

• All Directors

Chair of the Board of Directors

• All Directors

Committees

• All members of the committee in question

Chairs of the Committees

• The Chairs of the committees themselves (self-assessment)  
• All members of the committee in question

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

For more than ten (10) 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 Director 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.

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.

## Compensation

- ▶ Director compensation is detailed at [pages 25 to 29](#) of this Circular.
- ▶ Executive compensation, including that of the CEO, is available at [pages 69 to 100](#) of this Circular.
- ▶ An independent compensation consultant, Willis Towers Watson, was independently retained by the HRC Committee and also provides other services to the Company. Further information is available at [pages 84 and 85](#) 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 [page 27](#) for details regarding the minimum Directors share ownership requirement.
- ▶ See [pages 65 to 68](#) of this Circular for information on the members of the HRC Committee, its responsibilities and activities.

## Orientation and Continuing Education of our Directors

- ▶ **Directors are provided with regular briefings regarding industry developments, new legislation as well as industry, economic, political and 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 regularly 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.

**In 2016, the Board of Directors held four (4) strategic reviews to discuss positioning of the Company, its development and its long-term objectives.**

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.

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:

Educational Event	Date	Attendees
Financial market and economic reviews provided by the operational investment team of Intact Investment Management Inc. ("IIM")	February 9, 2016 May 2, 2016 July 26, 2016	All Risk Committee members
Legislative and jurisprudence updates provided by the Legal and Compliance team.	February 9, 2016 May 3, 2016 July 25, 2016 November 1, 2016	All Directors
Corporate governance trends and practices report presented by the Legal and Compliance team, including a presentation on current issues and emerging trends in relation to the Annual Meeting of Shareholders of the Company of 2016.	May 4, 2016	Ten (10) of the eleven (11) independent Directors
Guided tour of the Intact Lab and IIM's offices and presentations on the operations, research, challenges and opportunities of these two units of the Company.	May 4, 2016	Ten (10) of the eleven (11) independent Directors
Report from the Company's Diversity Council highlighting the diversity initiatives of the Company, reviewing the progress made in 2015 and discussing the next steps for 2016 and beyond.	July 26, 2016	All HRC Committee members
Voluntary training/education session presented by the Legal team on Corporate Governance, Take-Over Bids and Defense considerations. The Directors did not receive compensation for attending this event.	July 27, 2016	Eight (8) of the eleven (11) independent Directors
Voluntary training/education session presented by a broker partner on sales and service models. The Directors did not receive compensation for attending this event.	July 27, 2016	Eight (8) of the eleven (11) independent Directors

Director attendance at meetings of the Board of Directors and its committees is provided on [page 31](#) of this Circular.



## 5.4 Diversity

- ▶ 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 the Board of Directors: 33.3%; and 41.6% should Director Nominee Sylvie Paquette be elected to the Board of Directors.
- ▶ Promotion of Diversity through various programs: Diversity Council, mentoring, flexible work arrangements.
- ▶ 29% of women in executive officer positions.
- ▶ 33.9% of women representation in Senior Executive and Executive 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 "Living Our Values" as well as in our diversity vision statement.

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 for new Director nominees 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 women 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.

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 searches for new Directors. These independent advisors are instructed to present a slate of potential Directors based on the criteria discussed above and which includes qualified female candidates.

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

Even though Intact has continuously exceeded the 25% representation of women on its Board of Directors since its initial public offering 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.

### Gender

● Male	67%
● Female	33%



In July 2016, the Company joined the 30% Club Canada, reaffirming its continued support of the notion that it is a good business practice to have women holding at least 30% of the seats on the Board of Directors as well as having strong representation in senior management. By committing to the 30% Club Canada, Intact clearly indicates that it shares the aspiration that Canadian companies can collectively reach this goal by 2019.

Through its long-standing actions, the Board of Directors has proven that it remains committed to gender diversity and will continue to strive to achieve balance in this regard. In 2016, our Board of Directors was composed of twelve (12) Directors. Four (4) of the twelve (12) Directors were women representing 33.3% of the total with two (2) of the four (4) being Chairs of Board committees. In 2017, should Director nominee Sylvie Paquette be elected to the Board of Directors, women will represent 41.6% of its membership.

**In 2015, at an event presented by Catalyst and the *Ensemble vers la Parité* network 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.**

### 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 for 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

background, 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 and inclusion training, flexible work arrangements, employee networks and a structured mentoring program and workshops for women.

### 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 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 and inclusion training;
- support new and existing employee networks;
- introduce programs (like "National Celebration of Our Diversity") 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 twelve (12) individuals from all areas of the Company, including Executives and Senior Executives.

### Flexible Working Arrangements

The Flexible Working Arrangement program was created to meet the needs of employees who have responsibilities outside the office that are not easily managed within the traditional nine to five, five-day work week. The Company also offers a Parental Leave and Benefits Program which provides financial support to new parents during their leave of absence.

### 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 which aim to create an inclusive environment for all employees.

A key example of such a networking group is Womomentum (Ontario): a network for 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 Program

The Company has 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. In addition, members of the Diversity Council mentor Senior Executives in dimensions of diversity to further the discussion on topics related to that dimension.

### Polytechnique Montréal bursary for women in technology

Intact Financial Corporation reiterated its partnership with the Polytechnique Foundation for 2016-2017, offering two new \$2,500 scholarships, with internships. These scholarships are intended for students of Polytechnique Montréal who are passionate about information technology, enrolled in a bachelor's degree in computer engineering or software. The "Intact Financial Women's Excellence Scholarship" is specifically aimed at encouraging young women in engineering.

### Executive and Managerial Positions

As at December 31, 2016, IFC, including all major subsidiaries, had twenty-seven (27) members on its Executive Committee of which eight (8) were women (29.63%). 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 thirty (130) positions; forty-four (44) of those positions were occupied by women representing 33.85% of the total. When considering all managerial level positions (and higher), women occupied 53.68% 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.

## 5.5 Shareholder Engagement

► **The Board of Directors has adopted a Shareholder Engagement Policy in order to facilitate an open dialogue and the exchange of ideas between the Board of Directors and Management and shareholders.**

The Board of Directors and Management welcome interaction with shareholders and believe that it is important to have direct regular and constructive engagement with them in order to allow and encourage open dialogue and the exchange of ideas.

We communicate with our shareholders and other stakeholders through various channels, including our annual report, management proxy circular, annual information form, quarterly reports, public accountability statement, news releases, website, presentations at investor and industry conferences and other meetings. In addition, our quarterly earnings call is open to all and we hold our annual meeting of shareholders at different locations across Canada so that all our shareholders have the opportunity to participate. Our website also provides extensive information about the Company.

Other examples of engagement practices at the Company include meetings with institutional investors and organizations representing a group of

shareholders, an annual say-on-pay vote in relation to executive compensation, creating conduits for communication with smaller shareholders on an ongoing basis, as well as addressing any shareholder proposal submitted before our annual meeting of shareholders.

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

The Board of Directors believes the procedures described in our Shareholder Engagement Policy reflect best practices in shareholder engagement and we encourage our shareholders to reach out to our Directors and Management to discuss matters of significance. A copy of this policy will be available on the Company's website.

## 5.6 Additional Information

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

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

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

## 6. 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. In order to fulfill their mandates, the Board of Directors and the committees may request access to Company records or meetings with any employees of the Company at any time.

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

## 6.1 Compliance Review and Corporate Governance Committee

- ▶ **Composed exclusively of independent directors**
- ▶ **Met four (4) times in 2016**
- ▶ **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 reconfirmation by the Board of Directors the 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 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 nor 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 2016. Members of Management participated in meetings at the invitation of the Chair of the CRCG Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the CRCG Committee to make informed decisions. *In camera* sessions were held at every meeting. All of the CRCG Committee members attended all of the 2016 meetings.

### 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 and its subsidiaries. The CRCG Committee also approves related party transactions except those that the CRCG Committee must recommend to the Board of Directors for approval by law.

### 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, conflicts of interest, diversity 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 CCO. The CRCG Committee periodically 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 reviewed the self-assessment process of Directors for 2016, 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 2016.

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 2016 occasionally or on a recurring basis for certain recurring subjects. Please see the reports of the Audit Committee and the HRC Committee below, in this regard.

### Activities of the Compliance Review and Corporate Governance Committee in 2016

In 2016, 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 and approved the Board of Directors and committee self-assessment and conflict of interest questionnaire process for 2016;
- Reviewed the evergreen list of possible candidates to the Board of Directors and the Board Chair succession plan;
- 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 and assessed policies in light of public company status; and
- Reviewed 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 2015;
- 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 Canadian Direct Insurance Inc. ("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 2016;
- Reviewed and approved the IFC Compliance Framework and the related Compliance Compendium;
- Reviewed and approved the Policy and Process for the appointment of the CEO or Named Executive Officers ("NEOs") to the Board of Directors of another high-profile organization, which includes a process for dealing with such organization thereafter;
- Reviewed and approved a new Out of the Ordinary Course Litigation Reporting Process;
- Reviewed and recommended for approval by the Board of Directors changes to the Capital Management Policy;
- Reviewed and recommended for approval by the Board of Directors changes to the Corporate Disclosure and Insider Trading Policy;
- Reviewed and recommended for approval by the Board of Directors the Intact Ventures investment framework;
- Reviewed and recommended for approval by the Board of Directors the mandate of the Executive Vice President, Governance and Capital Management which requires that this function have sufficient resources to meet its mandate and act independently from the operations; and
- Reviewed and recommended for approval by the Board of Directors the Mandate of the CCO which requires that this function have sufficient resources to meet its mandate and act independently from the operations.

## Strategies and Mandate of the CRCG Committee

- Reviewed and approved the CRCG Committee report and Statement of Corporate Governance Practices sections of the 2016 Management Proxy Circular; and
- Reviewed and recommended to the Board of Directors for reconfirmation the mandate of the CRCG Committee.

The CRCG Committee is satisfied that it has appropriately fulfilled its mandate in 2016.

(Signed) Compliance Review and Corporate Governance Committee

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

## 6.2 Audit Committee

- ▶ **Composed exclusively of independent Directors**
- ▶ **Met five (5) times in 2016**
- ▶ **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 confirmation the mandates of the Chief Internal Auditor and the Appointed Actuary as well as the 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 CEO and the CFO of the financial statements of the Company, as required by applicable legislation.\*

The Audit Committee meets periodically with the Risk Committee in furtherance of their respective mandates. In 2016, the Audit Committee and Risk Committee held a joint meeting in addition to their respective meetings.

### 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 mandate of the Audit Committee is presented in its entirety in the Company's AIF for the most recently completed financial year.

The Audit Committee met five (5) times in 2016. Members of Management participated in meetings at the invitation of the Chair of the Audit Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the Audit Committee to make informed decisions. *In camera* sessions were held at every meeting. All Audit Committee members attended all of the meetings of the Audit Committee held in 2016.

### 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. The Audit Committee periodically 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 2016

In line with its mandate, the Audit Committee has performed the following functions in 2016:

#### 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, AIF 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 the Appointed Actuary's reports;
- Reviewed the CFO's quarterly reports;
- Reviewed and recommended to the Board of Directors for approval the mandate of the CFO; and
- Reviewed and recommended to the Board of Directors for reconfirmation the mandate of the Appointed Actuary.

#### Internal Controls and Disclosure Controls

- Reviewed and discussed the 2016 objectives of the Chief Internal Auditor, the Appointed Actuary and the CFO;
- Reviewed the Regulatory Inspections and Investigations Report;
- Reviewed quarterly reports of the Chief Internal Auditor;
- Reviewed and recommended to the Board of Directors for approval the 2017-2019 Audit Plan;
- Reviewed Management's response to comments made by the Chief Internal Auditor in its quarterly reports; and
- Reviewed and recommended to the Board of Directors for approval the mandate of the Chief Internal Auditor.

### External Auditor

- Reviewed and assessed the External Auditor's 2016 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 Annual Auditor Assessment process;
- Completed the first comprehensive review of the External Auditor, using the guidelines recommended by CPA Canada;
- Assured itself of the qualifications, performance and independence of the External Auditor;
- Reviewed Audit Quality Indicators;
- Participated in an External Assessment of the External Auditors;
- Recommended to shareholders the appointment of the External Auditor; and
- Met regularly with the External Auditor without the presence of Management.

### Strategies and Mandate of the Audit Committee

- Reviewed and approved the Audit Committee report of the 2016 Management Proxy Circular; and
- Reviewed and recommended to the Board of Directors for confirmation the mandate of the Audit Committee.

### Independent Engagement of External Consultants

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

### Private Meetings

The Audit Committee regularly held private meetings with each of the CFO, the Chief Internal Auditor, the External Auditor, the CRO and the Appointed Actuary, and Management.

The Audit Committee is satisfied that it has appropriately fulfilled its mandate in 2016.

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

## 6.3 Risk Management Committee

- ▶ **Composed exclusively of independent Directors**
- ▶ **Met four (4) times in 2016**
- ▶ **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 reconfirmation the mandate of the CRO and the 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.

The Risk Committee meets periodically with the Audit Committee in furtherance of their respective mandates and the CRO may call a meeting of the Board of Directors or the Risk Committee at any time. In 2016, the Audit Committee and Risk Committee held a joint meeting in addition to their respective meetings.

### 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 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



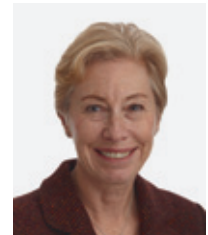
Yves Brouillette



Janet De Silva



Robert G. Leary



Eileen Mercier

The Risk Committee met four (4) times in 2016 and members of Management participated in meetings at the invitation of the Chair of the Risk Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the Risk Committee to make informed decisions. *In camera* sessions amongst the Risk Committee members and amongst the Risk Committee members and the CRO, the Senior Vice President and Managing Director of IIM, the Deputy Senior Vice President and Chief Investment Officer of IIM, and the Executive Vice President, Governance and Capital Management, 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 2016.

### 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. The Risk Committee periodically 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, 2016, available on our website at [www.intactfc.com](http://www.intactfc.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### Activities of the Risk Management Committee in 2016

In line with its Mandate, the Risk Committee has performed the following functions in 2016:

#### 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 and the emerging risks;
- Reviewed and recommended for approval to the Board of Directors the revised Enterprise Risk Management Strategy, including the Cyber Security Escalation Process;
- Reviewed a report on the review of the Enterprise Risk Management function and the resulting multi-year enhancement road map;
- Reviewed the market and economy risks that could affect the Company;
- Reviewed the Quarterly Investment Reports;
- Reviewed reports on Liquidity Risk, Management of Property Insurance Concentration Risk and Social Media Risks;
- Reviewed and approved the 2016 Reinsurance programs;
- Reviewed the risk assessments and actions taken by the Company following a cyber security live simulation;
- Reviewed and recommended for approval to the Board of Directors various changes to the Intact P&C Companies Investment Policy;
- Reviewed a report on the Company's claims fraud detection structure; and
- Reviewed and agreed with Management's framework relating to the Own Risk and Solvency Assessment (ORSA) and Dynamic Capital Adequacy Testing (DCAT) requirements.



<b>Responsibility for Oversight Function</b>	<ul style="list-style-type: none"> <li>Reviewed and recommended to the Board of Directors for approval the revised mandate of the CRO which requires that this function has sufficient resources to meet its mandate and act independently from the operations; and</li> <li>Reviewed and approved the 2016 STIP objectives of the CRO and the Vice President, Risk Management.</li> </ul>
<b>Compliance with Risk Policies</b>	<ul style="list-style-type: none"> <li>Reviewed and approved risk management policies, including the Reinsurance Risk Management Policy, the Intact Pension Funds Statement of Investment Policies and Procedures and the Intact P&amp;C Companies Investment Policy.</li> </ul>
<b>Strategies and Mandate of the Risk Committee</b>	<ul style="list-style-type: none"> <li>Reviewed and approved the Risk Committee report of the 2016 Management Proxy Circular; and</li> <li>Reviewed and recommended to the Board of Directors for reconfirmation the mandate of the Risk Committee.</li> </ul>

The Risk Management Committee is satisfied that it has appropriately fulfilled its mandate in 2016.

(Signed) Risk Management Committee

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

## 6.4 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 human resources policy that:

- Supports the Company's overall strategy and objectives;
- Attracts and retains talent and key executives;
- Fosters talent advancement through effective succession planning;
- Links total compensation to:
  - Financial performance
  - The attainment of strategic objectives and
  - The achievement of value-driven goals;
- Provides competitive total compensation at a reasonable cost;
- Enhances the ability of the Company to fulfill its objectives;
- Fosters a positive organizational culture that promotes diversity, fairness and inclusion; and
- Encourages high performance of all employees.

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 reviews the CEO's objectives and the CEO's performance assessment once a year and provides its comments to the Board of Directors. The HRC Committee makes recommendations to the Board of Directors for its approval of the CEO's total compensation for the year in relation to pre-established, measurable performance goals and objectives.

The HRC Committee 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 the Plans or recommends changes to the Board of Directors if the design of the Plans is fundamentally changed or if they are replaced with new Plans. The HRC Committee is also responsible for recommending 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 33<sup>1/3</sup>% 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 2016. The CEO and other members of Management participated in meetings at the invitation of the Chair of the HRC Committee. Detailed materials were distributed in advance of each meeting, containing information which allowed the HRC Committee to make informed decisions. *In camera* sessions were held at every meeting. The HRC Committee members attended all of the 2016 meetings.

### Activities of the Human Resources and Compensation Committee in 2016

In 2016, 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 IIM participants;
- Reviewed and approved the CEO's STIP, LTIP and total compensation, as well as his 2016 objectives and reported to the Board of Directors its recommendations for the CEO's 2017 target compensation;
- Reviewed the CRO Report relating to the application of risk management policies on the STIP and LTIP;
- Monitored executive share ownership and retention policies;

- Reviewed current and emerging market trends and best practices, as well as related regulatory developments and proxy voting guidelines issued by various institutional investors and proxy advisory firms; and
- Reviewed and approved changes to the design of the LTIP, including the introduction of a two (2) year post-vesting restriction period on Common Shares received upon the conversion of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") for all NEOs and the CRO.

#### Assessments and Succession Planning

- Reviewed the 2015 performance assessment of the CEO and the CEO's performance objectives for 2016;
- Reviewed the Succession Plans of the CEO, Senior Executives and Executives; and
- Reviewed the talent pool available for succession at management and Executive levels.

#### Strategies and Mandate of the HRC Committee

- Reviewed and approved the Human Resources sections of the 2016 Management Proxy Circular;
- Reviewed and approved the mandate of the HRC Committee;
- Reviewed the results related to the 2015 employee engagement survey and the related 2016 Action Plan;
- Reviewed the Human Resources Reports presented by the Chief Human Resources Officer;
- Reviewed the revised Total Compensation Policy of the Company; and
- Reviewed the Diversity Council report and 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 2016.

(Signed) Human Resources and Compensation Committee

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

# 7. Statement on Executive Compensation

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## 7.1 Introduction

- 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”;
- 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 P&C insurance industry; and
  - Below target when the Company does not attain its outperformance objectives relative to the Canadian P&C insurance industry or the industry benchmark. Certain components of the incentive programs do not pay out if the Company’s performance is inferior to that of the Canadian P&C insurance industry or the industry benchmark.

- We further align the interests of our Executives and Senior Executives with those of shareholders with share ownership guidelines and trading restrictions including maintaining minimum share ownership post-termination for Senior Executives;
- Stock options are not utilized in overall compensation, and, as such, there is no possibility of repricing of share-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.

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 in the Code of Conduct and Ethics subsection of this Circular. The compensation philosophy described below supports the Company's mission as well as its values.

## 7.2 Compensation Discussion and Analysis

### 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 P&C 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 20 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 share 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. In 2016, the design of the LTIP was modified with respect to its application towards certain participants. Effective April 2016, NEOs and the CRO are subject to a two (2) year post-vesting restriction period on Common Shares received upon the conversion of RSUs and PSUs. Please refer to [page 78](#) for additional details.

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 Code of Conduct "Living Our Values", sets out our commitment to acting with integrity and with the highest of ethical standards. It is organized according to five core values: integrity, respect, customer driven, excellence and socially responsible. 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.

## Comparator Group for Senior Executives and Executives

### Statistical Distribution (as at December 31, 2016)

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

#### Total Revenues/DPWs (\$M)

25 <sup>th</sup>	Median	52 <sup>nd</sup>	75 <sup>th</sup>
1,659	7,351	8,294	12,772

#### Market Capitalization (\$M)

25 <sup>th</sup>	38 <sup>th</sup>	Median	75 <sup>th</sup>
8,685	12,598	19,320	31,593

#### Number of Employees

25 <sup>th</sup>	48 <sup>th</sup>	Median	75 <sup>th</sup>
2,249	12,000	16,333	34,839

■ Intact Ranking

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 1/3 of the total sample.

### Rationale for use

- 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 Canadian P&C Insurance companies that compete directly with Intact; and
  - Other Canadian financial services companies of comparable size which employ executives who possess skill sets, experience and expertise similar to those prioritized 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.

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

### Target Total Compensation Position Relative to the Comparator Group

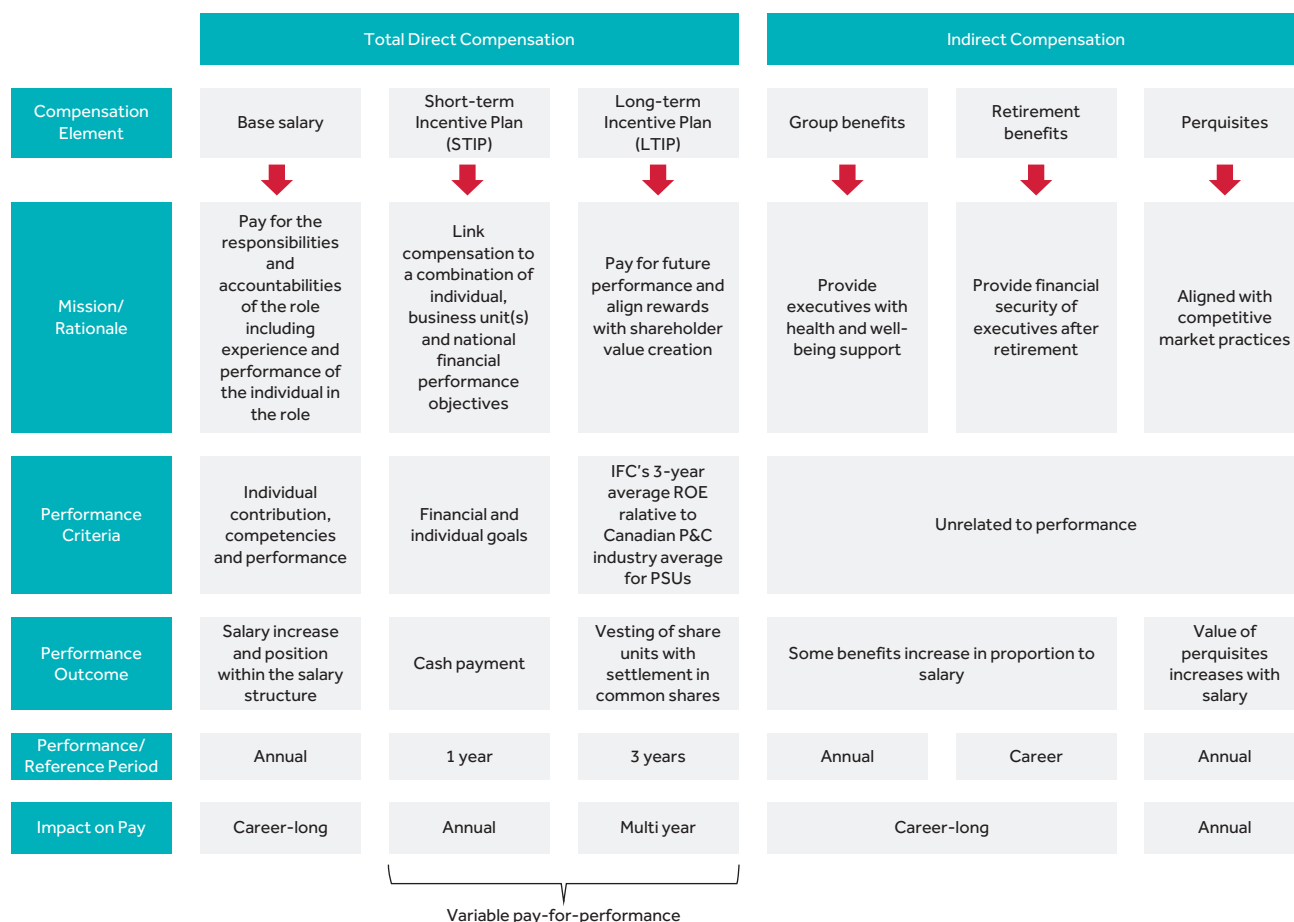
The Company's policy is to set target total compensation for Executives and Senior Executives in line with the median of the comparator group. Other factors such as experience, individual contribution and internal equity are also considered when finalizing individual total compensation opportunities.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

The CEO's target total compensation is established *in camera* by the HRC Committee. For 2016, 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 Company's 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 119% of the median of the comparator group. The other NEOs 2016 target total compensation is, on average, at 101% 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:



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 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 Intact's reference market for comparable positions. The target incentive is made up of several components, or objectives, and is paid at target for each specific target component, each with its own weight, if met. The target performance criteria are based on a composite of some or all of the following, depending on the particular position: combined ratio, net operating income per share, direct premiums written growth, leadership, overall performance, and execution of strategic and value-driven priorities. For each component, minimum and maximum levels are also set, allowing a sliding scale to be used, from zero at minimum level to twice the targeted amount at maximum level. 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 2016 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 tables set forth the 2016 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.

### Senior Executives

	Weight (%)	Threshold (minimum level below which the participant will not receive a bonus amount) (% of target)	Maximum (maximum level at which the participant will receive twice the targeted amount) (% of target)
<b>National Financial Metrics – Relative to the Industry Benchmark</b>			
Growth (in DPW)	16.7	33	233
Profitability (Combined Ratio)	33.3	33	167
<b>Other Metrics</b>			
Net Operating Income per Share	25	78	122
Individual/Personal Goals	25	—	—
<b>TOTAL</b>	<b>100</b>	<b>—</b>	<b>—</b>

### Executives

	Weight (%)	Threshold (minimum level below which the participant will not receive a bonus amount) (% of target)	Maximum (maximum level at which the participant will receive twice the targeted amount) (% of target)
<b>National Financial Metrics – Relative to the Industry Benchmark</b>			
Growth (in DPW)	16.7	33	233
Profitability (Combined Ratio)	33.3	33	167
<b>Other Metrics</b>			
Net Operating Income per Share	—	—	—
Individual/Personal Goals	50	—	—
<b>TOTAL</b>	<b>100</b>	<b>—</b>	<b>—</b>

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 remaining one of the best employers in Canada. In November 2015, we achieved our initial objective when Intact Financial Corporation was officially recognized by Aon 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.

Intact Financial Corporation is proud to be recognized once again by Aon as a Best Employer at the platinum level for 2017 and as one of Canada's Top 100 Employers for 2017 by Mediacorp Canada Inc. for its exceptional human resources programs and forward-thinking workplace policies. This is the second year in a row Intact receives these prestigious awards.

The following table represents the STIP payout for each NEO based on 2016 results that will be paid in the second quarter of 2017:

Name & Title	2016 STIP Target (\$)	2016 STIP Financial Results (%) <sup>(1)</sup>	2016 Total STIP Result (%) <sup>(2)</sup>	2016 Total STIP (\$)
Charles Brindamour — Chief Executive Officer	1,312,500		130.4	1,711,500
Louis Marcotte — Senior Vice President & Chief Financial Officer	194,205		151.4	294,026
Jean-François Blais — President, Intact Insurance	504,000	147.2	139.9	705,096
Louis Gagnon — President, Service and Distribution	504,000		135.4	682,416
Mark Tullis — Executive Vice President, Governance & Capital Management	464,000		135.4	628,256

(1) 2016 STIP Financial Results are comprised of 66.67% national financial results and 33.33% Net Operating Income per Share results.

(2) 2016 Total STIP Result is comprised of 50% national financial results, 25% Net Operating Income per Share results, and 25% based on results achieved against personal goals and objectives.

### 3. LTIP — Intact Financial Corporation Share Incentive Plan:

#### LTIP Components

- PSUs 70%
- RSUs 30%



#### Payouts Based on

##### Performance Share units (PSU)

IFC's three-year average return on equity ("ROE") relative to Canadian P&C industry average ROE. Payouts in the form of Common Shares<sup>1</sup>.

##### Restricted Share units (RSU)

Vesting not linked to performance. Vesting based on passage of time. Payouts in the form of Common Shares<sup>1</sup>.

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

#### 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.



Element	RSUs	PSUs
<b>Shareholder interest alignment</b>	While both PSUs and RSUs align the interests of participants with those of shareholders due to the link between their ultimate value and the Company's Common Share price, PSUs are predominantly used to reward operational excellence while RSUs are used to increase the LTIP's ongoing retention power.	
<b>Payout range (as a % of the grant award)</b>	100%	0 – 200%
<b>Term</b>	Three years	Three years
<b>Vesting Date for 2016 grants</b>	January 1, 2019	January 1, 2019
<b>Vesting criteria</b>	<p>Automatically vest three (3) years from the year of the grant, provided that the employee stays with the Company.</p> <p>Vesting for RSUs is not linked to Intact Financial Corporation's performance.</p>	<p>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&amp;C insurance industry.</p> <p>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.</p>
<b>Restriction period<sup>1</sup></b>	2 years	2 years
<b>Dividend Equivalents</b>	Units awarded under the LTIP are credited with dividend equivalents on the same basis as dividends declared on the Common Shares.	
<b>Methods of Payment<sup>2</sup></b>	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.	
<b>Pricing at time of grant</b>	<p>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.</p> <p>The average price of one Common Share during the last quarter of 2015 was \$90.36. 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).</p> <p>The market median long-term incentive practices for comparable positions are considered when determining the size of target individual awards.</p>	

1 In 2016, the HRC Committee approved, effective as of April 2016, the introduction of a restriction period applicable to NEOs and the CRO on Common Shares received upon the conversion of RSUs and PSUs prohibiting the sale of such Common Shares for a period of two (2) years following vesting of the award. As such, these participants can elect to (i) receive all Common Shares subject to the additional two (2) year restriction and pay taxes in cash immediately, or (ii) receive a reduced number of Common Shares with the balance used to cover taxes. No cash payment option is available to these participants.

2 In May 2014, the HRC Committee adopted a revised LTIP delivery mechanism for Senior Executives (currently excludes the NEOs and CRO). 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 shares (or unvested RSUs). Senior Executives made their election in June 2016 for the 2017 deliveries. Elections were reviewed and approved by the Board of Directors in July 2016 and are irrevocable.

A total of 186,708 units (130,693 PSUs and 56,015 RSUs) were awarded in 2016 to LTIP participants. The 2016 LTIP targets, expressed as a percentage of salary, and unit awards for NEOs are detailed as follows:

Name & Title	2016 LTIP Target (%)	2016 PSU Awarded (#)	2016 RSU Awarded (#)	2016 Total Award (#)
Charles Brindamour — Chief Executive Officer	300	24,403	10,458	34,861
Louis Marcotte — Senior Vice President & Chief Financial Officer	80	2,188	938	3,126
Jean-François Blais — President, Intact Insurance	130	6,345	2,719	9,064
Louis Gagnon — President, Service and Distribution	130	6,345	2,719	9,064
Mark Tullis — Executive Vice President, Governance & Capital Management	130	5,841	2,503	8,344

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:

In 2016, three participants, none of whom are NEOs, were holding awards already vested under the prior ING Americas Stock Incentive Plan. Such awards were credited to individual Notional Shares Accounts that become payable upon retirement or employment termination. Such accounts were converted into notional Common Shares and are credited with dividend equivalents to ensure continuity and fairness for employees who have contributed to the success of the Company over the years and to ensure fairness to our shareholders.

#### **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 95](#) of this Circular for details on these plans. In conjunction with a pension 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 share ownership policies applicable to all Executives and Senior Executives including the NEOs. Executives and Senior Executives are expected to accumulate and own Intact Financial Corporation Common Shares over time. This practice, designed to more closely align Management's and shareholders' interests, is common for public companies and consistent with the principles of the Canadian Coalition for Good Governance, among others. Executives and Senior Executives are expected to accumulate two (2) times their annual LTIP target in IFC shares. There are prescribed mechanisms to satisfy this expected share ownership:

- Senior Executives are expected to satisfy the requirements within five (5) years of 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 time frame for the Executives to satisfy the requirements. However, they must retain a minimum of 50% of their after-tax LTIP gains in Company shares until they reach their target ownership.

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

IFC shares for ownership policy purposes includes shares currently owned, IFC shares 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 has been 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 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, 2016.

Named Executive Officer	Target Ownership		Shareholdings as at December 31, 2016				Status	
	Multiple of salary (#)	Multiple of salary (\$)	Common Shares (\$)	Unvested RSUs (\$)	Total Holdings (\$)	Total Holdings (#)	Total Holdings as a Multiple of salary	Share Ownership Requirement (SOR)
Charles Brindamour	6.00	6,300,000	17,477,707	3,749,149	21,226,856	220,883	20.22	Met
Louis Marcotte	1.60	564,960	942,068	276,384	1,218,452	12,679	3.45	Met
Jean-François Blais	2.60	1,638,000	2,047,699	977,049	3,024,748	31,475	4.80	Met
Louis Gagnon	2.60	1,638,000	4,393,500	960,039	5,353,539	55,708	8.50	Met
Mark Tullis	2.60	1,508,000	9,100,670	896,709	9,997,379	104,031	17.24	Met

Based on Intact Financial Corporation's December 30, 2016 closing share price of \$96.10.

In 2005, the HRC Committee adopted a policy whereby insiders are not permitted to engage in hedging activities with respect to IFC shares. 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 Corporation 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.

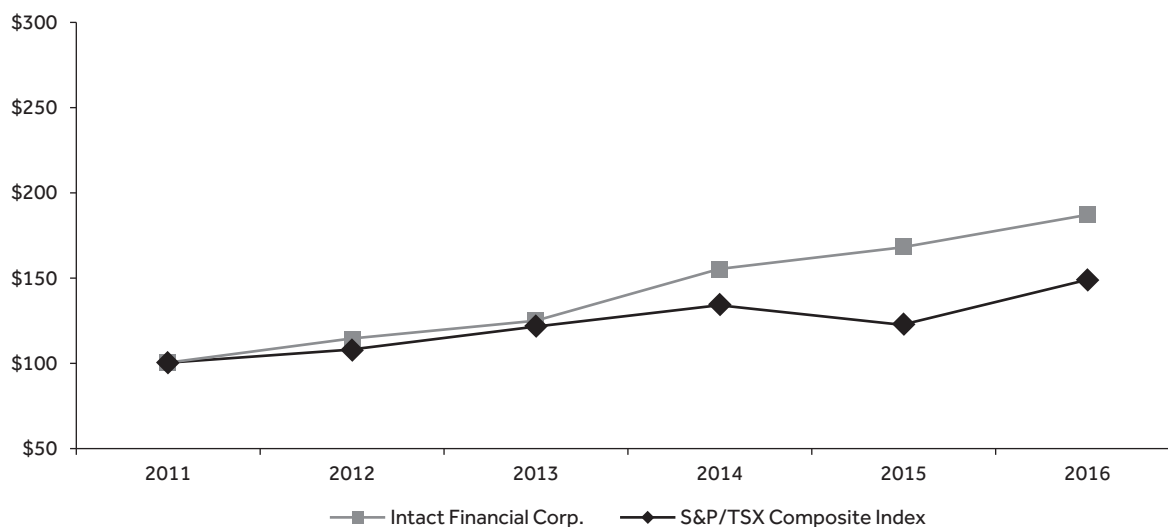
In 2010, IFC expanded its forfeiture provisions by introducing a clawback and readjustment of compensation policy for key executives, IIM and other employees, including NEOs, to align more closely with the Financial Stability Board's principles for sound compensation practices and emerging best practices. In the event of fraud or misconduct, including failure to follow internal policies and procedures, IFC can adjust an 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 2016 of 11.17% was lower than the S&P/TSX Composite Index's total return of 21.08%. Over a five-year period Intact's performance is 38% 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, 2011 through December 31, 2016.

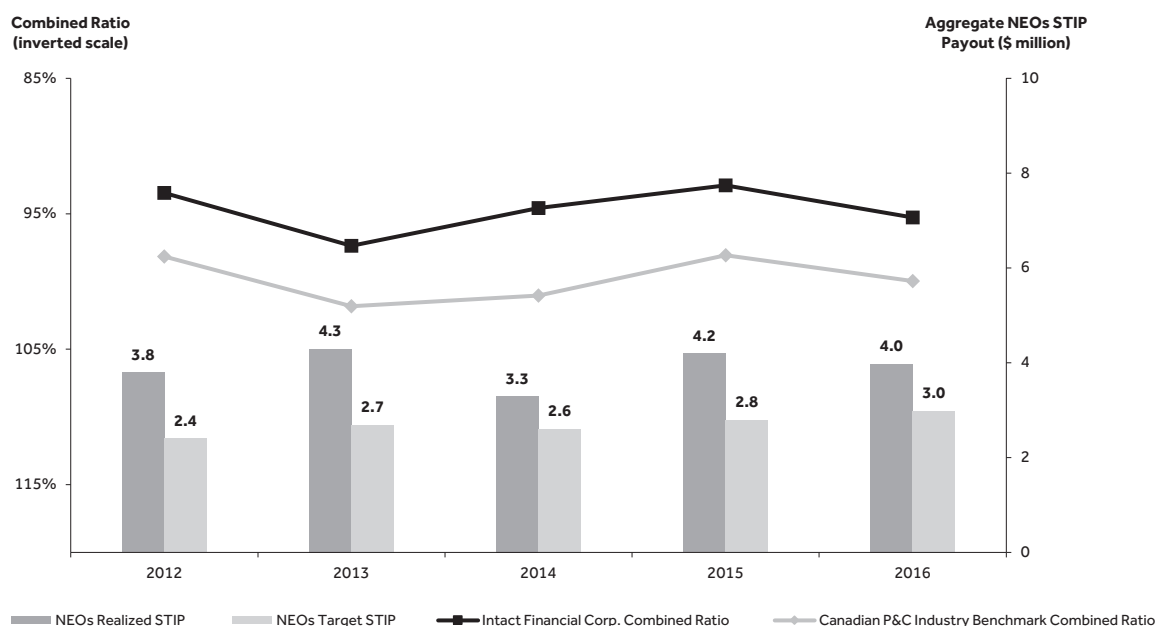
**Cumulative Value of a \$100 investment assuming Reinvestment of Dividends**



Year Ending December 31	2011	2012	2013	2014	2015	2016
Intact Financial Corp.	100.0	113.6	125.1	155.2	168.1	186.8
S&P/TSX Composite Index	100.0	107.2	121.1	133.9	122.8	148.6

## Combined ratio for STIP 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 20 Canadian P&C insurance companies\*. The graph below illustrates the Company's track record of outperforming the top 20 Canadian P&C insurance companies from a combined ratio perspective, and highlights the 4.7% positive gap in 2016. Based on the strength of the Company's performance in 2016 compared to that of the top 20 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.

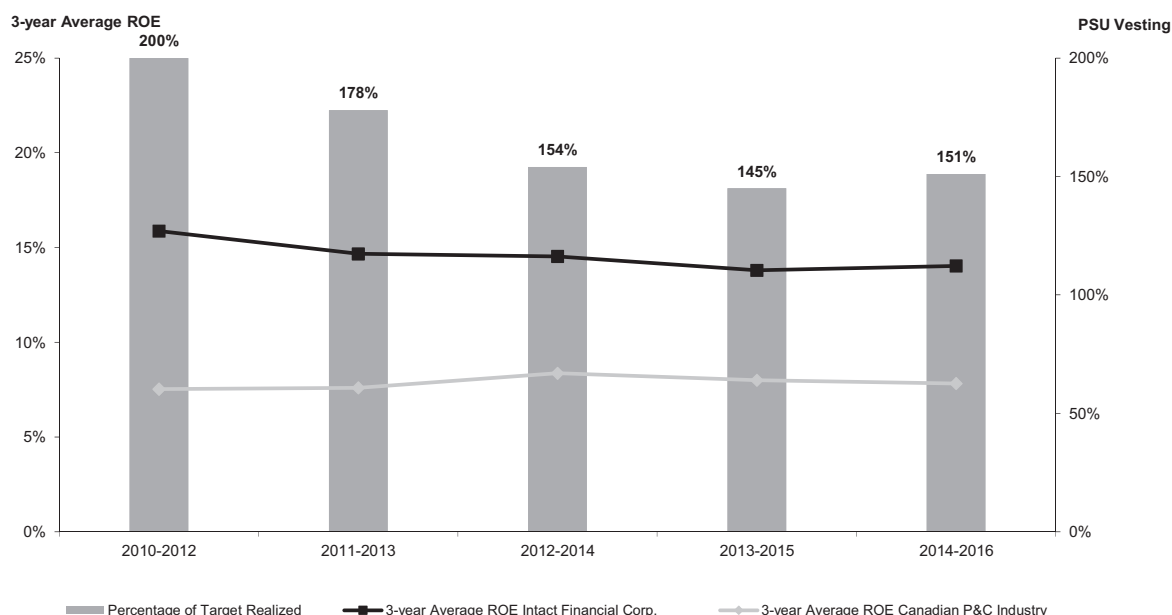


Year Ending December 31	2012	2013	2014	2015	2016
Combined Ratio Intact Financial Corp.	93.4%	97.3%	94.5%	92.8%	95.2%
Combined Ratio Canadian P&C Industry Benchmark	98.1%	101.8%	101.0%	98.0%	99.9%
Percentage Points better than Benchmark	4.7%	4.5%	6.5%	5.2%	4.7%
Aggregate NEOs STIP vs Target	1.58 x	1.57 x	1.26 x	1.51 x	1.35 x

\* Consists of the 20 largest companies of the P&C insurance 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 2013-2015 three-year period, which vested on January 1, 2016, 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 145% PSU payout under the LTIP. Please refer to [pages 93 to 95](#) of this Circular for details on the LTIP payment. For the 2014-2016 period, the three-year average ROE of the Company was higher than that of the P&C industry's three-year average by 6.2%. This results in a PSU payout of 151%\* 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:	2010-2012 Jan 1, 2013	2011-2013 Jan 1, 2014	2012-2014 Jan 1, 2015	2013-2015 Jan 1, 2016	2014-2016 Jan 1, 2017
3-year Average ROE Intact Financial Corp.	15.87%	14.67%	14.53%	13.80%	14.03%
3-year Average ROE Canadian P&C Industry**	7.53%	7.60%	8.37%	8.00%	7.83%
Percentage Points Above/Below Benchmark	+8.3%	+7.1%	+6.2%	+5.8%	+6.2%
PSU Vesting	200%	178%	154%	145%	151%

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

### Compensation Consultant Independent Advice

The HRC Committee receives the assessments and recommendations from Management taking into consideration all shareholders' interests. To this end, the HRC Committee works with Management and the compensation team to review employment and compensation practices in the Canadian 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.

\* The 6.2% average outperformance for 2014 to 2016 would have resulted in a 155% payout with respect to the PSUs for the 2014-2016 performance cycle. However, we refined our calculation of the 2016 Industry ROE to better reflect the impact of consolidation and capital structures. If the same calculation was applied to the 2015 Industry ROE, it would have resulted in a lower payout in 2015. As a result, we have reduced the 2014-2016 performance cycle PSU payout in 2016 to 151% instead of 155% in order to preserve fairness.



Willis Towers Watson has provided consulting services to the Company since 2005 on matters related to executive compensation and on other human resources advisory services. Willis 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 2016, fees paid to Willis Towers Watson for market analysis and other compensation advice totalled \$276,630. Other divisions of Willis Towers Watson were also paid \$1,084,867 in 2016 and \$1,377,900 in 2015 for consulting services related to Intact pension, post-employment and post-retirement non-pension benefit plans (including services related to risk management, plan design, actuarial valuations, investment, performance and manager evaluation, employee communication, board compensation evaluation and governance). Such services are not subject to pre-approval by the HRC Committee. The HRC Committee is of the opinion that Willis Towers Watson, the compensation consultant it retained, is able to provide services sufficiently independent of its other relationships with the Company. Willis Towers Watson's fees for the 2015 and 2016 fiscal years regarding such services were as follows:

Fees paid to Willis Towers Watson	Fiscal Years	
	2016	2015
Executive compensation-related fees	\$ 276,630	\$ 342,728
All other fees	\$1,084,867	\$1,377,900

### Executive Compensation for 2016

The HRC Committee has reviewed the executive compensation of the Senior Executives for 2016, presented in [Section 7.2](#) 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

## 7.3 CEO Compensation



### Charles Brindamour | Chief Executive Officer

Mr. Brindamour's key areas of responsibility include the establishment of, in consultation with Management and the Board of Directors, the purpose, the values and the long term objectives 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.

#### Actual Pay Mix

	2016 (\$)	2015 (\$)	2014 (\$)
Salary	1,048,231	934,250	869,846
At-Risk Compensation			
Annual Incentive Plans	1,711,500	1,772,117	1,402,875
Share-based Awards	3,150,000	2,805,000	2,610,000
Total At-Risk Compensation	4,861,500	4,577,117	4,012,875
Pension & Other Compensation	912,686	543,580	179,466
Total Compensation	6,822,417	6,054,947	5,062,187

#### 2016 At-Risk Compensation

● Salary	15%
● Annual incentive plan	25%
● Share-based award	46%
● Pension and other	14%
● At-risk	71%



## 2016 Look-Back Table

One of the HRC Committee's priorities is to ensure that pay is aligned with shareholders' interests and that employees whose impact on corporate results is the greatest have total compensation packages that are the most sensitive to corporate performance over the short as well as the long-term. 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 170%. The NEOs' total realizable compensation has exceeded target compensation over the same period, as shown in the table below.

Year	CEO		Other NEOs		Period	Value of \$100			S&P/TSX Composite Index (Total Return) <sup>(4)</sup>
	Total Target Compensation <sup>(1)</sup>	Realizable Total Compensation as of December 31, 2016	Average Total Target Compensation <sup>(1)</sup>	Average Realizable Total Compensation as of December 31, 2016		CEO <sup>(2)</sup>	Other NEOs <sup>(2)</sup>	Shareholder <sup>(3)</sup>	
2008	\$ 2,636,792	\$ 1,981,108	\$ 959,082	\$ 724,850	01/01/08 to 12/31/16	\$ 75	\$ 76	\$314	\$144
2009	\$ 2,479,478	\$ 5,746,443	\$ 950,126	\$ 1,923,113	01/01/09 to 12/31/16	\$232	\$202	\$381	\$216
2010	\$ 3,446,764	\$ 7,471,978	\$ 1,041,326	\$ 2,134,934	01/01/10 to 12/31/16	\$217	\$205	\$312	\$160
2011	\$ 3,312,637	\$ 7,367,136	\$ 1,143,647	\$ 2,201,799	01/01/11 to 12/31/16	\$222	\$193	\$221	\$136
2012	\$ 4,025,948	\$ 6,326,035	\$ 1,529,313	\$ 2,237,630	01/01/12 to 12/31/16	\$157	\$146	\$187	\$149
2013	\$ 4,075,246	\$ 6,102,168	\$ 1,458,095	\$ 2,020,668	01/01/13 to 12/31/16	\$150	\$139	\$164	\$139
2014	\$ 4,796,350	\$ 7,446,665	\$ 1,605,535	\$ 2,159,240	01/01/14 to 12/31/16	\$155	\$134	\$149	\$123
2015	\$ 5,499,330	\$ 6,760,700	\$ 1,749,408	\$ 2,094,586	01/01/16 to 12/31/16	\$123	\$120	\$120	\$111
2016	\$ 6,468,110	\$ 7,072,559	\$ 1,856,426	\$ 2,060,167	01/01/16 to 12/31/16	\$109	\$111	\$111	\$121
<b>Cumulative Over CEO Tenure</b>	<b>\$36,740,656</b>	<b>\$56,274,791</b>	<b>\$12,292,956</b>	<b>\$17,556,986</b>	<b>01/01/08 to 12/31/16</b>	<b>\$153</b>	<b>\$143</b>	<b>\$314</b>	<b>\$144</b>

(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, 2016 of unvested PSUs and regular RSUs. The Company has no stock option program.

## 7.4 Other NEO Compensation



### Louis Marcotte | Senior Vice President & Chief Financial Officer

The Chief Financial Officer provides financial and business leadership and perspective to senior management and to the Board of Directors. He actively participates in the crafting and evolution of the corporate strategy, and establishes an annual and three-year financial plan aligned with the Company's strategic plan and assesses financial performance against that plan. He promotes strong governance and financial control and oversees the adoption of appropriate policies and procedures to ensure completeness and accuracy of financial statements, management discussion and analysis and regulatory financial returns. Mr. Marcotte evaluates and optimizes the Company's capital position and sources of funding within the Company's regulatory and rating agency framework and ensures investments are properly structured and executed to deliver the expected returns, to maintain the Company's financial strength and to respect regulatory requirements.

#### Actual Pay Mix

	2016 (\$)	2015 (\$)	2014 (\$)
Salary	352,606	320,758	299,712
At-Risk Compensation			
Annual Incentive Plans	294,026	266,811	184,125
Share-based Awards	282,480	208,650	165,000
Total At-Risk Compensation	576,506	475,461	349,125
Pension & Other Compensation	121,115	98,898	92,208
Total Compensation	1,050,227	895,117	741,045

#### 2016 At-Risk Compensation

● Salary	34%
● Annual incentive plan	28%
● Share-based award	27%
● Pension and other	11%
● At-risk	55%





## Jean-François Blais | President, Intact Insurance

The President of Intact Insurance has as 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.

### Actual Pay Mix

	2016 (\$)	2015 (\$)	2014 (\$)
Salary	629,723	611,862	599,848
At-Risk Compensation			
Annual Incentive Plans	705,096	747,252	595,200
Share-based Awards	819,000	765,000	660,000
Total At-Risk Compensation	1,524,096	1,512,252	1,255,200
Pension & Other Compensation	311,071	255,806	238,622
Total Compensation	2,464,890	2,379,920	2,093,670

### 2016 At-Risk Compensation

● Salary	25%
● Annual incentive plan	29%
● Share-based award	33%
● Pension and other	13%
● At-risk	62%





## Louis Gagnon | President, Service and Distribution

The President, Service and Distribution has as 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.

### Actual Pay Mix

	2016 (\$)	2015 (\$)	2014 (\$)
Salary	629,729	611,944	574,703
At-Risk Compensation			
Annual Incentive Plans	682,416	730,563	579,600
Share-based Awards	819,000	765,469	632,500
Total At-Risk Compensation	1,501,416	1,496,032	1,212,100
Pension & Other Compensation	160,082	194,705	165,905
Total Compensation	2,291,227	2,302,681	1,952,708

### 2016 At-Risk Compensation

● Salary	27%
● Annual incentive plan	30%
● Share-based award	36%
● Pension and other	7%
● At-risk	66%





## 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, Internal 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.\*

### Actual Pay Mix

	2016 (\$)	2015 (\$)	2014 (\$)
Salary	579,708	560,873	549,654
At-Risk Compensation			
Annual Incentive Plans	628,256	669,273	540,100
Share-based Awards	754,000	701,250	605,000
Total At-Risk Compensation	1,382,256	1,370,523	1,145,100
Pension & Other Compensation	162,882	163,322	178,825
Total Compensation	2,124,846	2,094,718	1,873,579

### 2016 At-Risk Compensation

● Salary	27%
● Annual incentive plan	30%
● Share-based award	35%
● Pension and other	8%
● At-risk	65%



\* Mark Tullis retired at the end of February 2017. Effective March 2017, he assumed the role of Vice Chairman, providing guidance to the Board of Directors and Senior Executives with strategy, acquisition and talent mentorship. Don Fox joined Intact as Executive Vice President, on January 2, 2017, and, following a two-month transition period, assumed Mr. Tullis' responsibilities on March 1, 2017.



## 7.5 Summary Compensation Table

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Share- based Awards (\$) <sup>(2)</sup>	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	Total Compensation (\$)
				Annual Incentive Plans <sup>(3)</sup>			
Charles Brindamour Chief Executive Officer	2016	1,048,231	3,150,000	1,711,500	912,686	0	6,822,417
	2015	934,250	2,805,000	1,772,117	543,580	0	6,054,947
	2014	869,848	2,610,000	1,402,875	179,466	0	5,062,187
Louis Marcotte Senior Vice President & Chief Financial Officer	2016	352,606	282,480	294,026	121,115	0	1,050,227
	2015	320,758	208,650	266,811	98,898	0	895,117
	2014	299,712	165,000	184,125	92,208	0	741,045
Jean-François Blais President, Intact Insurance	2016	629,723	819,000	705,096	311,071	0	2,464,890
	2015	611,862	765,000	747,252	255,806	0	2,379,920
	2014	599,848	660,000	595,200	238,622	0	2,093,670
Louis Gagnon President, Service and Distribution	2016	629,729	819,000	682,416	160,082	0	2,291,227
	2015	611,944	765,469	730,563	194,705	0	2,302,681
	2014	574,703	632,500	579,600	165,905	0	1,952,708
Mark Tullis Executive Vice President, Governance & Capital Management	2016	579,708	754,000	628,256	162,882	0	2,124,846
	2015	560,873	701,250	669,273	163,322	0	2,094,718
	2014	549,654	605,000	540,100	178,825	0	1,873,579

Notes:

- (1) The salaries reported in the Summary Compensation Table are the actual base salaries paid in the 2016, 2015 and 2014 financial years. The 2016, 2015 and 2014 figures include an adjustment for the first days of the first pay period that was paid respectively at the 2015, 2014 and 2013 salary rate. The 2016, 2015 and 2014 annual base salaries for the NEOs are listed in the table below:

Name	Base Salary		
	2016	2015	2014
Charles Brindamour - Chief Executive Officer	1,050,000	935,000	870,000
Louis Marcotte - Senior Vice President & Chief Financial Officer	353,100	321,000	300,000
Jean-François Blais - President, Intact Insurance	630,000	612,000	600,000
Louis Gagnon - President, Service and Distribution	630,000	612,375	575,000
Mark Tullis - Executive Vice President, Governance & Capital Management	580,000	561,000	550,000

- (2) In terms of equity-based compensation, the NEOs were awarded a number of PSUs and RSUs for the financial year 2016 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 77 to 79](#) 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 2016 is based on the Company's performance relative to the industry benchmark average performance. The amounts disclosed in the Summary Compensation Table for 2016 are the annual STIP awards paid in the second quarter of 2017 for the performance year 2016. The amounts disclosed in the Summary Compensation Table for 2015 are the annual STIP awards paid in the second 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 second quarter of 2015 for the performance year 2014.
- (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.

In aggregate, the NEOs 2016 compensation represents 2.48% of 2016 adjusted net income to common shareholders of \$594 million.

## 7.6 Incentive Plan Awards

The following table provides information on all outstanding awards for each NEO at the end of the most recently completed financial year. PSUs are presented based on vesting at target. However, the ultimate vesting of PSUs depends on performance and may range from 0% to 200% of target.

### Outstanding Share-Based Awards

Name	Share-Based Awards			
	Number of Shares or Units of Shares that Have not Vested (#) <sup>(1)</sup>		Market or Payout Value of Share-based Awards that Have not Vested (\$) <sup>(2)</sup>	
	PSUs	RSUs	PSUs	RSUs
Charles Brindamour	73,249	37,020	7,039,229	3,557,622
Louis Marcotte	5,558	2,738	534,124	263,122
Jean-François Blais	19,197	9,651	1,844,832	927,461
Louis Gagnon	18,953	9,486	1,821,383	911,605
Mark Tullis	17,622	8,857	1,693,474	851,158

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 2014/2016, 2015/2017, and 2016/2018. The details are as follows:

Performance cycle	Charles Brindamour	Louis Marcotte	Jean-François Blais	Louis Gagnon	Mark Tullis
2014/2016	39,396	2,491	9,962	9,547	9,132
2015/2017	36,012	2,679	9,822	9,828	9,003
2016/2018	34,861	3,126	9,064	9,064	8,344

(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 30, 2016, which was \$96.10 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 30, 2016, which was \$96.10.

### Incentive Plan Awards-Value Vested or Earned During the Year

Name	Share-based Awards-Value Vested During the Year (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation-Value Earned During the Year (\$) <sup>(2)</sup>
Charles Brindamour	3,330,377	1,711,500
Louis Marcotte	257,083	294,026
Jean-François Blais	1,193,633	705,096
Louis Gagnon	1,103,357	682,416
Mark Tullis	989,403	628,256

Notes:

(1) a) RSUs

The RSUs allocated under the LTIP for the performance cycle 2013/2015 vested on January 1, 2016. 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 \$88.68. The number of Common Shares allocated to each NEO is as follows:

Name	Common Shares Allocated (#)	Value at Delivery (January 7, 2016) (\$)
Charles Brindamour	11,829	1,029,123
Louis Marcotte	914	79,518
Jean-François Blais	4,240	368,880
Louis Gagnon	3,919	340,953
Mark Tullis	3,514	305,718

Where applicable, the Common Shares were delivered to participants on January 7, 2016. The price of the Common Share at closing on January 6, 2016 was \$87.00. 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 6, 2016 of \$87.00.

b) PSUs

The PSUs allocated under the LTIP for the performance cycle 2013/2015 vested on January 1, 2016. Participants received the equivalent of 145% 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 \$88.68. The number of Common Shares allocated to each NEO is as follows:

Name	Number of Common Shares Allocated (#) (= 145% of original number of PSUs awarded)	Value at Delivery (April 28, 2016) (\$)
Charles Brindamour	25,726	2,369,879
Louis Marcotte	1,985	182,858
Jean-François Blais	9,220	849,346
Louis Gagnon	8,523	785,139
Mark Tullis	7,643	704,073

The Common Shares were delivered to participants on April 28, 2016. The price of the Common Share at closing on April 27, 2016 was \$92.12. 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 27, 2016 of \$92.12.

(2) The value represents the amounts to be paid in the second quarter of 2017 for the performance year 2016.

### Intact Financial Corporation-LTIP:

Please refer to the [Compensation Discussion and Analysis](#) ("CD&A") starting on [page 70](#) 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 92](#) of this Circular.

On January 1, 2016, the awards made under the LTIP for the performance cycle 2013/2015 vested. Intact Financial Corporation's three (3) year average ROE was 13.80%, and the industry's three (3) year average ROE for that same period was 8.00%. Intact Financial Corporation therefore out-performed the industry by 5.80%, which according to the LTIP performance objectives, results in a payout of 145% of the initial PSUs allocated in 2013.

Awards for the 2014/2016 performance cycle vested on January 1, 2017. The delivery of the final number of Common Shares related to the RSU component occurred on January 10, 2017 and the participants electing to receive cash received a payment based on the Common Shares closing price of January 9, 2017. 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 2017 after the industry financial results are made public and the HRC Committee approves the delivery. Participants are entitled to cash dividend payments once the delivery of Common Shares has occurred.

## 7.7 Pension Plan Benefits

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

### Defined Benefit Plans ("DB")

Name	Number of years of credited service (#) <sup>(1)</sup>	Annual benefits payable		Accrued obligation at start of year (\$) <sup>(3)</sup>	Compensatory Change (\$) <sup>(4)</sup>	Non compensatory change (\$) <sup>(5)</sup>	Accrued obligation at year end (\$) <sup>(6)</sup>
		At year end (\$)	At age 65 (\$) <sup>(2)</sup>				
Charles Brindamour	21.6712	588,761	1,135,368	6,309,255	912,686	957,595	8,179,536
Louis Marcotte	10.1923	74,895	171,166	750,769	121,115	157,930	1,029,814
Jean-François Blais	27.5952	440,270	767,718	5,305,478	311,071	697,618	6,314,167
Louis Gagnon	9.9231	157,852	322,934	1,570,098	160,082	257,856	1,988,036
Mark Tullis	8.0000	118,386	174,631	1,365,672	162,882	249,865	1,778,419

Notes:

- (1) For Mr. Blais, the number of years of credited service under the SERP is 21.1486.
- (2) The information shown in this column was determined based on the final average earnings of each participant as of December 31, 2016 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 2015 financial statement reporting purposes. In particular, the discount rate used is 4.10%.
- (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 2016 financial statement reporting purposes. In particular, the discount rates used are 3.75% for the SERP plans and 3.82% for the Quebec registered plan.

### 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 <sup>(1)</sup>	Louis Marcotte <sup>(1)</sup>	Louis Gagnon <sup>(1)</sup>	Mark Tullis <sup>(1)</sup>
For service on and after January 1, 2000, the pension accrual is 2% of average earnings multiplied by the number of years of service	X	X	X	X
For service from January 1, 1997 to December 31, 1999, the pension accrual is 1.3% of average earnings up to the average year's maximum pensionable earnings ("YMPE"), plus 2% of the excess	X	N/A	N/A	N/A
For service up to December 31, 1996, the pension accrual is 1.35% of average earnings up to the average YMPE, plus 2% of the excess	X	N/A	N/A	N/A

(1) Participant under the "Régime de retraite des employés d'Intact et de ses compagnies affiliées (regroupant les régimes enregistrés au Québec le 30 juin 2012)"

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 up 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.

- 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	X	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	X	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	X	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	X

The pension benefit payable shall not exceed the maximum pension amount as may be permitted under the *Income Tax Act* (Canada).

The pension benefit is payable at normal retirement age (age 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.

## 7.8 Termination and Change of Control Benefits

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

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 took 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

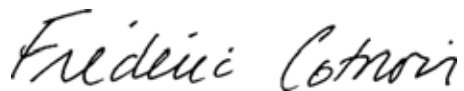
Please refer to the "Directors Compensation" section at [page 25](#) of this Circular.

## 7.9 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).

## 8. Approval of the Board of Directors

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



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

March 31, 2017

# Schedule A

## Summary of Amended and Restated Rights Plan

### Issue of Rights

One right (a “**Right**”) has been issued in respect of each Common Share outstanding immediately following the close of business on February 9, 2011 (the “**Record Time**”) and one Right has been and shall be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.

### The Rights

Each Right will entitle the holder, subject to the terms and conditions of the Amended and Restated Rights Plan, to purchase additional Common Shares after the Separation Time.

### Exercise of Rights

The Rights may not be exercised before the Separation Time.

After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for an exercise price equal to four times the market price of the Common Shares as determined at the Separation Time (subject to certain anti-dilution adjustments).

If a Flip-in Event occurs before the Expiration Time, each Right (other than the Rights held by an Acquiring Person which become null and void on the occurrence of the Flip-in Event) may be exercised to purchase that number of Common Shares having an aggregate market price equal to twice the exercise price for an amount in cash equal to the exercise price (subject to certain anti-dilution adjustments).

### Redemption of Rights

All (but not less than all) of the Rights may be redeemed by the Company with the prior approval of the shareholders at any time before a Flip-in Event occurs at a redemption price of \$0.00001 per Right (subject to adjustment). In addition, if a Permitted Bid, a Competing Permitted Bid or a bid in respect of which the Board of Directors has waived the operation of the Amended and Restated Rights Plan is completed, the Company will immediately, and without further formality, redeem the Rights at the redemption price.

### Waiver

The Board of Directors may, at any time before an acquisition of Common Shares under a take-over bid made by a take-over bid circular to all registered holders of Common Shares that would trigger a Flip-in Event, waive the application of the “Flip-in” provisions of the Amended and Restated Rights Plan to the acquisition.

The Board of Directors may, with the prior approval of the shareholders, at any time before any other acquisition of Common Shares that would trigger a Flip-in Event, waive the application of the “Flip-in” provisions of the Amended and Restated Rights Plan to the acquisition.

### Term of the Amended and Restated Rights Plan

Unless otherwise terminated, the Amended and Restated Rights Plan will expire at the Expiration Time.

## Fiduciary Duties of the Board of Directors

The Amended and Restated Rights Plan will not detract from or lessen the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The Board of Directors will continue to have the duty and power to take such actions and make such recommendations to the Company's shareholders as are considered appropriate.

## Amending Power

If the Amended and Restated Rights Plan is reconfirmed by the shareholders of the Company, all amendments to the Amended and Restated Rights Plan, other than amendments to correct clerical or typographical errors and amendments to maintain the validity of the Amended and Restated Rights Plan as a result of a change of applicable legislation or applicable rules or policies of securities regulatory authorities, must be approved by a majority of the votes cast by shareholders, other than an offeror under a take-over bid or an Acquiring Person (or any associate or affiliate of the offeror or the Acquiring Person or any other person acting jointly or in concert with the offeror or the Acquiring Person). In addition, all amendments to the Amended and Restated Rights Plan require the written concurrence of the Rights Agent and prior written consent of the Toronto Stock Exchange (as applicable).

## Definitions

### Acquiring Person

Subject to certain exceptions, an Acquiring Person is a person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares.

### Beneficial Owner

A person is a Beneficial Owner of Common Shares if the person (or any associate or affiliate of the person or any other person acting jointly or in concert with the person) legally or beneficially owns Common Shares or has the right to acquire (immediately or within 60 days) Common Shares upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

A person is not a Beneficial Owner of Common Shares if the person is engaged in the management of mutual funds, investment funds or public assets for others (e.g., a fund manager, trust company, pension fund administrator, trustee or a registered broker or dealer administering non-discretionary client accounts), as long as the person:

- (a) holds the Common Shares in the ordinary course of its business for the account of others; and
- (b) is not making a take-over bid or acting jointly or in concert with a person who is making a take-over bid.

### Separation Time

The Separation Time occurs on the tenth trading day after the earliest of:

- (a) the first date of a public announcement that a person has become an Acquiring Person;
  - (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid, other than a Permitted Bid or Competing Permitted Bid; and
  - (c) the date on which a take-over bid ceases to be a Permitted Bid or Competing Permitted Bid;
- (or, in the case of (b) or (c), such later date as the Board may determine in good faith).

## Expiration Time

If the shareholders reconfirm the Amended and Restated Rights Plan, the Expiration Time will occur on the earliest of:

- (a) the time at which the right to exercise the Rights terminates in accordance with the Amended and Restated Rights Plan;
- (b) immediately after the annual meeting of shareholders to be held in 2020 and every third year thereafter unless the Amended and Restated Rights Plan is reconfirmed at that meeting; and
- (c) the tenth anniversary of the date the Amended and Restated Rights Plan was adopted by the Board of Directors.

## Flip-in Event

A Flip-in Event occurs when a person becomes an Acquiring Person.

Upon the occurrence of a Flip-in Event, any Rights that are legally or beneficially owned by an Acquiring Person, will become null and void. As a result, the Acquiring Person's ownership interest in Intact Financial Corporation will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-in Event occurs.

## Permitted Bid

A Permitted Bid is a take-over bid that satisfies the following conditions:

- (a) the bid is made to all holders of Common Shares (other than the offeror);
- (b) the offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 105 days following the commencement of the bid or such shorter period that a take-over bid must remain open for deposits of securities thereunder pursuant to Canadian securities laws;
- (c) the offeror agrees that no Common Shares will be taken up or paid for under the bid unless, at the time of take-up or payment, more than 50% of the outstanding Common Shares held by shareholders, other than the offeror (or any associate or affiliate of the offeror or any other person acting jointly or in concert with the offeror), have been deposited pursuant to the bid and not withdrawn;
- (d) the offeror agrees that the Common Shares may be deposited to and withdrawn from the bid at any time before Common Shares are taken up and paid for; and
- (e) if, on the date specified for take-up and payment, condition (c) is satisfied, the bid will remain open for an additional period of at least 10 days to permit the remaining shareholders to tender their Common Shares.

## Competing Permitted Bid

A Competing Permitted Bid is a take-over bid that satisfies the following conditions:

- (a) the bid is made after the commencement and before the expiry of a Permitted Bid or another Competing Permitted Bid;
- (b) the bid satisfies all the conditions of a Permitted Bid other than Permitted Bid condition (b); and
- (c) the offeror agrees that no Common Shares will be taken up or paid for under the bid before the close of business on a date that is the last day of the minimum initial deposit period that such take-over bid must remain open for deposits of securities thereunder pursuant to Canadian securities laws after the date of the take-over bid constituting the Competing Permitted Bid.

# Schedule B

## Advance Notice By-law

### By-law No.2

A By-law relating to Advance Notice of Nominations of Directors of the Corporation

#### 1. ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

- (a) Subject to the laws governing the Corporation and the articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called was the election of directors. Such nominations may be made in the following manner:
  - (i) by or at the direction of the board, including pursuant to a notice of meeting;
  - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the Act, or a requisition of the shareholders made in accordance with the Act; or
  - (iii) by any person (a "Nominating Shareholder")
    - (A) who, at the close of business on the date of the giving of the notice provided for below in this By-law No.2 of the Corporation (the "By-law") and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and
    - (B) who complies with the notice procedures set forth below in this By-law.
- (b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this By-law.
- (c) To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be given:
  - (i) in the case of an annual meeting (including and annual and special meeting) of shareholders, not less than 30 days before the date of the meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be given not later than the close of business on the 10th day following the Notice Date;
  - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- (d) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:
  - (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (the "Proposed Nominee"):
    - (A) the name, age, province or state and country of residence of the Proposed Nominee;
    - (B) the principal occupation, business or employment of the Proposed Nominee, both at present and within the five years preceding the notice;



- (C) the number of securities of each class of voting securities of the Corporation or its subsidiaries which are beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (D) a description of any agreement, arrangement or understanding (financial, compensation or indemnity related or otherwise) between the Nominating Shareholder and the Proposed Nominee, or any affiliates or associates of, or any person acting jointly or in concert with the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's election as director;
  - (E) whether the Proposed Nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or its affiliates or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation or any of the Corporation's Affiliates and the interests of the Proposed Nominee;
  - (F) whether the Proposed Nominee is a "resident Canadian" within the meaning of the Act; and
  - (G) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- (ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has any rights or obligations relating to the voting of any securities of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
  - (iii) a written consent duly signed by each Proposed Nominee to being named as a nominee for election to the board and to serve as a director of the Corporation, if elected.

The Corporation may require that any Proposed Nominee furnish such other information as may reasonably be required by the Corporation to comply with requirements of the Office of the Superintendent of Financial Institutions (Canada) relating to assessing the suitability of directors and potential changes to the board, determine the eligibility of such Proposed Nominee to serve as an independent director of the Corporation, or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such Proposed Nominee.

- (e) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chair of the meeting of shareholders shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this By-law and, if any proposed nomination is not in compliance with this By-law, to declare that such defective nomination shall be disregarded.
- (f) For purposes of this By-law:
  - (i) "Act" means the *Canada Business Corporations Act*, or any statute that may be substituted therefor, as from time to time amended;
  - (ii) "Affiliate", when used to indicate a relationship with a specific person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
  - (iii) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or

promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and

- (iv) “public announcement” means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

Terms defined in By-law No.1 of the Corporation and used herein, unless otherwise defined herein or the context otherwise requires, shall have the same meaning herein as in By-law No.1 of the Corporation.

- (g) Notwithstanding any other provision of this By-law, notice given to the Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission (at such contact information as set out on the Corporation’s issuer profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com)) or electronic mail (to [corporate.secretary@intact.net](mailto:corporate.secretary@intact.net)), and shall be deemed to have been given and made only at the time it is served by personal delivery or email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Eastern Time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (h) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this By-law.

## 2. EFFECTIVE DATE

This By-law shall come into force when confirmed by the Shareholders of the Corporation.

ADOPTED by the Board on the February 7, 2017.

# Schedule C

## Mandate of the Board of Directors

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

#### 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 November 1, 2016.**

# How to Contact Us

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## Investors

Intact Financial Corporation  
Investor Relations Department  
700 University Avenue, Suite 1500  
Toronto, Ontario M5G 0A1  
Email: [ir@intact.net](mailto:ir@intact.net)  
Phone: (416) 941-5336 or 1 (866) 778-0774 (toll-free within North America)

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## Shareholders

For changes in share registration, address changes, dividend information, estate transfers and duplicate mailings.

Computershare Investor Services Inc.  
100 University Avenue, 8th floor  
Toronto, Ontario M5J 2Y1  
Email: [service@computershare.com](mailto:service@computershare.com)  
Phone: 1 (800) 564-6253

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## Independent Directors

For inquiries related to Board of Directors structure and composition, Board of Directors and CEO performance, executive compensation, succession planning, corporate governance practices and disclosure, material strategic decisions and overall corporate performance.

Senior VP, Corporate and Legal Services, and Secretary  
Intact Financial Corporation  
2020, Robert-Bourassa Blvd., 6th floor  
Montréal, Québec H3A 2A5  
Email: [corporate.secretary@intact.net](mailto:corporate.secretary@intact.net)  
Phone: (514) 985-7111 x 83131 or 1 (888) 221-7111 (toll-free within North America)

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## Management

For inquiries related to the Company's general business operations, financial results, strategic direction and similar matters.

Intact Financial Corporation  
Investor Relations Department  
700 University Avenue, Suite 1500  
Toronto, Ontario M5G 0A1  
Email: [ir@intact.net](mailto:ir@intact.net)  
Phone: (416) 941-5336 or 1 (866) 778-0774 (toll-free within North America)

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## Media

Stephanie Sorensen  
Director, External Communications  
Email: [stephanie.sorensen@intact.net](mailto:stephanie.sorensen@intact.net)  
Phone: 1 (416) 344-8027

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Further information relating to Intact Financial Corporation may be obtained from its website at [www.intactfc.com](http://www.intactfc.com) and from the SEDAR website at [www.sedar.com](http://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, 2016 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.





**Intact Financial Corporation**

700 University Ave.

Toronto, Ontario

M5G 0A1

