Notice of Annual Meeting of Shareholders

of Intact Financial Corporation,
May 9, 2018, and

Management Proxy Circular

March 29, 2018

INTACT FINANCIAL CORPORATION

intact

Your Vote Matters

Choose to vote in one of two ways:
- By proxy; or
- In person at the Meeting

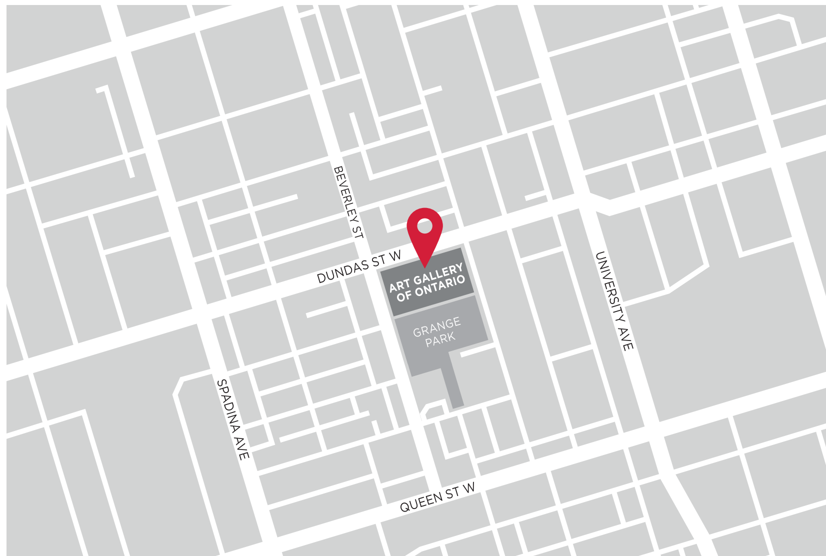
Detailed voting instructions for non-registered and registered shareholders can be found starting on page 1 of this Management Proxy Circular.

Location of Annual Meeting of Shareholders

Art Gallery of Ontario
317 Dundas Street West
Toronto, Ontario
Canada, M5T 1G4

PARKING

Visit www.toronto.bestparking.com to find parking options nearby



DIRECTIONS

From Pearson International Airport

- Follow ON-427 S and Gardiner Expy E to Lower Spadina Ave/Spadina Ave in Old Toronto.
- Take the Spadina Ave. exit from Gardiner Expy E.
- Continue on Spadina Ave. to Dundas St W.
- Turn right onto Dundas St W.
- The Art Gallery of Ontario is at the corner of Dundas Street and Beverley Street on your right side.

March 29, 2018

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 2018 Annual Meeting of Shareholders of Intact Financial Corporation (the "Meeting") that will take place on May 9, 2018 at 11:30 a.m. (Eastern Time) at the Art Gallery of Ontario, located at 317 Dundas Street West, Toronto, Ontario, Canada, M5T 1G4.

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.

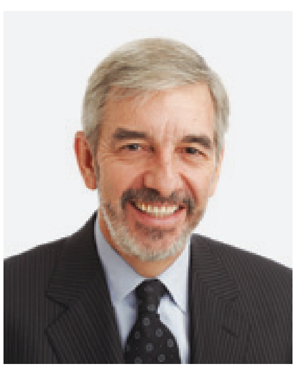
If you cannot attend the Meeting in person, we invite you to exercise your vote by proxy, as described in the attached documents.

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.

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 2017 Annual Report and other useful information.

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

Sincerely,



Claude Dussault
Chairman of the Board

Charles Brindamour
Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF INTACT FINANCIAL CORPORATION

Date: Wednesday, May 9, 2018
Time: 11:30 a.m. (Eastern Time)
Place: Art Gallery of Ontario
317 Dundas Street West
Toronto, Ontario
Canada, M5T 1G4

Business of the Meeting:

1. Receive the consolidated financial statements for the year ended December 31, 2017 and the auditor's report on those statements;
2. Appoint the auditor;
3. Elect Directors;
4. Approve the non-binding advisory resolution to accept the approach to executive compensation disclosed in the accompanying Management Proxy Circular; and
5. Transact such other business as may properly be brought before the Meeting.

Holders of common shares of Intact Financial Corporation (the "Common Shares") of record at 5:00 p.m. (Eastern Time) on March 15, 2018 are entitled to receive the Notice of Annual Meeting of Shareholders and will be entitled to vote at the Meeting. On that date, 139,188,634 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,

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

March 29, 2018

Holders of Common Shares of Intact Financial Corporation who are unable to attend the Meeting are invited to complete, date and sign the enclosed form of proxy, and return it by mail in the postage-paid envelope provided or fax it to Computershare Investor Services Inc. at 1-866-249-7775. They may also register their vote at www.investorvote.com or by calling toll free at 1-866-732-8683. In order to be valid, the form of proxy must reach Computershare Investor Services Inc., by Internet, phone, mail or by fax at its Toronto office, no later than 12:00 p.m. (Eastern Time) on May 7, 2018, 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. 66365.

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. 66365 no later than April 24, 2018.

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	**FOR** each nominee	8, 10 to 22
Appointing Ernst & Young LLP as Auditors	**FOR**	7
Advisory Resolution on Executive Compensation	**FOR**	8 and 9

Director Nominees at a Glance

	Occupation	Age	Independent director	Director since	% Votes FOR at 2017 Annual Meeting	Committee Memberships	Board and Committee attendance 2017	Other current public boards	Share Ownership Requirement
Charles Brindamour	Chief Executive Officer, Intact Financial Corporation	47		2008	99.51%	—	10/10 (100%)	Hydro One Limited	Met
Robert W. Crispin	Corporate Director	71	X	2004	99.02%	CRCG, Risk	19/19 (100%)	—	Met
Janet De Silva	President and CEO, Toronto Region Board of Trade	57	X	2013	99.80%	CRCG, HRC	14/18 (78%)	—	Met
Claude Dussault	President, ACVA Investing Corporation	63	X	2000	96.31%	—	10/10 (100%)	Metro Inc. Cominar REIT	Met
Robert G. Leary	CEO, Olayan Group	57	X	2015	99.90%	Audit, Risk	18/19 (95%)	—	Has until May 6, 2020 to comply
Eileen Mercier	Corporate Director and Chair, Payments Canada	70	X	2004	98.37%	Audit, Risk	19/19 (100%)	—	Met
Sylvie Paquette	Corporate Director	58	X	2017	99.91%	Audit, Risk	7/7 (100%)	—	Has until May 3, 2022 to comply
Timothy H. Penner	Corporate Director	62	X	2010	99.79%	CRCG, HRC	18/18 (100%)	—	Met
Frederick Singer	Chief Executive Officer, Echo360	55	X	2013	99.70%	Audit, Risk	18/19 (95%)	—	Met
Stephen G. Snyder	Corporate Director	68	X	2009	99.80%	Audit, HRC	18/18 (100%)	—	Met
Carol Stephenson	Corporate Director	67	X	2004	98.72%	CRCG, HRC	18/18 (100%)	Maple Leaf Foods Inc. Ballard Power Systems Inc. General Motors Company	Met
William L. Young	Corporate Director	63	X	—	—	—	—	Magna International Inc.	If elected, will have until May 9, 2023 to comply

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 2017, 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.

1st place Clarkson Centre for Board Effectiveness – Board Shareholder Confidence Index 2017	**2nd place** Globe & Mail Report on Business – Board Games 2017
97.93% approval on advisory resolution on executive compensation (say-on-pay) at 2017 annual and special Meeting	**99.16%** average vote in favour of the election of the director nominees in 2017

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 Directors Nominees are women
- Director share ownership requirements of 4x the annual Board of Directors retainer
- Executive share ownership requirements of 2x LTIP target
- Clawback policy applicable to all variable compensation, including cash bonuses and equity compensation
- 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 Meeting of Shareholders of Intact Financial Corporation, for the purposes indicated in the Notice of Meeting, to be held at 11:30 a.m. (Eastern Time) on Wednesday, May 9, 2018, at the Art Gallery of Ontario, located at 317 Dundas Street West, Toronto, Ontario, Canada, M5T 1G4, 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, 2018, (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, 2018, 139,188,634 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, 2018, 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 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 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 29, 2018, 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), phone (1-866-732-8683) or by fax at 1-866-249-7775, no later than 12:00 p.m. (Eastern Time) on May 7, 2018, 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 7, 2018, 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 29, 2018, 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 2017 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, 2017 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) and on SEDAR (www.sedar.com). No vote will be taken at the Meeting in respect of the Company's 2017 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")

On February 13, 2017, the Company renewed the NCIB permitting 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 the NCIB expired on February 12, 2018 and was not renewed. During this period, 51,100 Common Shares have been repurchased for cancellation at an average price of $94.19 per Common Share for a total consideration of $4.8 million.

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. 66365.

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 2018 Annual Meeting of Shareholders. The final date by which the Company must receive shareholder proposals for the annual meeting of shareholders of the Company to be held in 2019 is December 28, 2018.

Further information relating to Intact Financial Corporation may be obtained from its website at www.intactfc.com and from the SEDAR website at www.sedar.com. Financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2017 and these documents are accessible through SEDAR.

Previous year voting results

At the 2017 Annual and Special Meeting of Shareholders, the shareholders voted in favour of the confirmation, ratification and approval of the Amended and Restated Shareholders Rights Plan of the Company and in favour of the adoption of By-law No.2 of the Company related to Advance Notice Requirement for the Nomination of Directors. The detailed voting results related to those items are set out below:

Amended and Restated Shareholder Rights Plan

Votes For	% Votes For	Votes Against	% Votes Against
76,787,880	85.25%	13,283,748	14.75%

By-law No. 2 related to Advance Notice Requirement for the Nomination of Directors

Votes For	% Votes For	Votes Against	% Votes Against
76,400,164	84.82%	13,671,464	15.18%

3. Business of the Meeting

Where to find it

3.1 Financial Statements

You can find the Company's consolidated financial statements for the year ended December 31, 2017 in our 2017 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, 2018 and ending December 31, 2018 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 2017 annual and special meeting of Shareholders of the Company. The detailed voting results of the past two years concerning the appointment of the auditor are set out below:

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	86,636,830	96.19%	3,434,798	3.81%
2016	96,534,878	97.37%	2,608,014	2.63%

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 2016 and 2017 are as follows:

Auditor Fees

(in thousands of dollars)	2017	2016
Audit Fees(1)	3,189	1,922
Audit-Related Fees(2)	1,423	652
Tax Fees(3)	715	26
All Other Fees(4)	197	81
Total	**5,524**	**2,681**

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. Audit Fees for 2017 included those related to the audit of OneBeacon Insurance Group, Ltd. ("OneBeacon") acquired in September 2017.

(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 and prospectus services in connection with proposed or completed transactions.

(3) Tax Fees are mainly for tax advice related to assistance on tax audit matters. Tax Fees for 2017 included those related to advice concerning our operations in the U.S.

(4) All Other Fees include those related to translation services.

Information regarding the Audit Committee as disclosed in the Company's 2017 Annual Information Form ("AIF") at pages 41 and 42 is hereby incorporated by reference. The AIF is available on SEDAR at www.sedar.com, and upon request, shareholders may obtain a copy of such 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 10 to 22 for more information about the Director nominees

3.4 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 2017. 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
2017	88,204,766	97.93%	1,866,662	2.07%
2016	95,816,275	96.65%	3,325,817	3.35%

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 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.

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.

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 2018 annual meeting of shareholders."

3.5 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

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, 2017 and, with respect to non-executive directors, includes Common Shares and DSUs received in early 2018 for services rendered in the fourth quarter of 2017. 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.

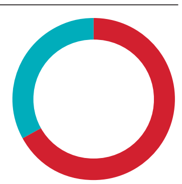
Management does not contemplate that any of the proposed nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the Board of Directors or Management representatives designated in the enclosed form of proxy/VIF reserve the right to vote for another 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.

See page 41 for more information about Intact's Majority Voting Policy for the election of Directors

See pages 42 and 43 as well as 49 to 51 for more information about Director tenure and diversity, respectively

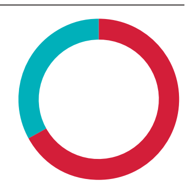
Geographic mix

Canada	67%
U.S.	33%



Gender

Male	67%
Female	33%



Claude Dussault, B.Sc. | Independent Director

Québec City,
Québec, Canada

Director since: 2000

Age: 63

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

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	2017 Meeting Attendance
Board (Chair)	10/10 (100%)

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	86,746,166	96.31%	3,325,462	3.69%
2016	95,717,629	96.55%	3,425,263	3.45%

Securities Held - 2016		Securities Held - 2017	
Common Shares	30,411	Common Shares	32,411
DSUs	8,444	DSUs	10,857
Total Common Shares and DSUs	38,855	Total Common Shares and DSUs	43,268

Director Share Ownership Requirement

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

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

Metro Inc.	2005 to present
Cominar REIT	2017 to present

Charles Brindamour, B.Sc. | Chief Executive Officer

Toronto,
Ontario, Canada

Director since: 2008

Age: 47

Key Skills

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

Charles Brindamour is Chief Executive Officer of Intact Financial Corporation, the largest provider of property and casualty insurance in Canada and a leading provider of specialty insurance in North America. 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 and serves on the advisory board of Gibraltar Growth Corporation.

Board and Committee Membership	2017 Meeting Attendance
Board	10/10 (100%)

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,629,486	99.51%	442,142	0.49%
2016	98,763,764	99.62%	379,128	0.38%

Securities Held - 2016

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

Securities Held - 2017

Common Shares	209,180
RSUs*	34,497
Total Common Shares and RSUs	243,677

Senior Executive Share Ownership Requirement

2x Annual LTIP target in Common Shares	Met

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

Hydro One Limited	2015 to present

* 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 79 to 81 for further details.

Robert W. Crispin, MBA, CFA | Independent Director

Rangeley,
Maine, USA

Director since: 2004

Age: 71

Key Skills

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

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	2017 Meeting Attendance
Board	10/10 (100%)
Audit Committee	3/3 (100%)*
Compliance Review and Corporate Governance Committee	2/2 (100%)**
Risk Management Committee (Chair)	4/4 (100%)

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,184,466	99.02%	887,162	0.98%
2016	98,588,262	99.44%	554,630	0.56%

Securities Held - 2016	
Common Shares	800
DSUs	10,449
Total Common Shares and DSUs	11,249

Securities Held - 2017	
Common Shares	800
DSUs	11,761
Total Common Shares and DSUs	12,561

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

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

–

* Mr. Crispin ceased to be a member of the Audit Committee effective May 3, 2017.

** Mr. Crispin was appointed a member of the Compliance Review and Corporate Governance Committee effective May 3, 2017. He attended every meeting held in 2017 following his appointment.

Toronto,
Ontario, Canada

Director since: 2013

Age: 57

Key Skills

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

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	2017 Meeting Attendance
Board	8/10 (80%)
Compliance Review and Corporate Governance Committee	3/4 (75%)
Risk Management Committee	2/2 (100%)*
Human Resources and Compensation Committee	1/2 (50%)**

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,895,758	99.80%	175,870	0.20%
2016	99,031,723	99.89%	111,169	0.11%

Securities Held - 2016	
Common Shares	4,210
DSUs	1,990
Total Common Shares and DSUs	6,200

Securities Held - 2017	
Common Shares	5,310
DSUs	4,042
Total Common Shares and DSUs	9,352

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

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

–

* Ms. De Silva ceased to be a member of the Risk Management Committee effective May 3, 2017.
** Ms. De Silva was appointed a member of the Human Resources and Compensation Committee effective May 3, 2017. She attended the July 31, 2017 meeting but was absent at the November 6, 2017 meeting.

Directors
4

North Palm Beach,
Florida, USA

Director since: 2015

Age: 57

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 The Olayan Group, a private multinational enterprise. The Olayan Group is an international investor and a diverse commercial and industrial group with operations globally. Mr. Leary was previously CEO of Nuveen, a U.S. based investment management firm that was acquired in 2014 by TIAA-CREF (Teachers Insurance & Annuity Association – College Retirement Equities Fund), now known as TIAA. Mr. Leary had joined TIAA-CREF in 2013 and was instrumental in the acquisition and invigoration of Nuveen as well as its integration with TIAA's pre-existing asset management business. 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. He has been 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	2017 Meeting Attendance
Board	10/10 (100%)
Audit Committee	4/5 (80%)
Risk Management Committee	4/4 (100%)

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,983,637	99.90%	87,991	0.10%
2016	98,760,692	99.61%	382,200	0.39%

Securities Held - 2016	
Common Shares	0
DSUs	3,166
Total Common Shares and DSUs	3,166

Securities Held - 2017	
Common Shares	0
DSUs	5,289
Total Common Shares and DSUs	5,289

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: 70

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 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, November 2015 and November 2017, 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	2017 Meeting Attendance
Board	10/10 (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
2017	88,607,562	98.37%	1,464,066	1.63%
2016	97,722,976	98.57%	1,419,916	1.43%

Securities Held - 2016	
Common Shares	1,553
DSUs	14,753
Total Common Shares and DSUs	16,306

Securities Held - 2017	
Common Shares	2,084
DSUs	16,309
Total Common Shares and DSUs	18,393

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 2018
CGI Group Inc.	1995 to 2013

Québec City,
Québec, Canada

Director since: 2017

Age: 58

Key Skills

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

Sylvie Paquette, B.Sc. | Independent Director

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 was 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. Throughout her career, Ms. Paquette has co-chaired major fundraising campaigns and she now sits on the Board of Laval University's Foundation. 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.

Board and Committee Membership	2017 Meeting Attendance
Board	3/3 (100%)*
Audit Committee	2/2 (100%)**
Risk Management Committee	2/2 (100%)**

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,986,200	99.91%	85,428	0.09%
2016	–	–	–	–

Securities Held - 2016		Securities Held - 2017	
Common Shares	–	Common Shares	2,000
DSUs	–	DSUs	1,317
Total Common Shares and DSUs	–	Total Common Shares and DSUs	3,317

Director Share Ownership Requirement

4x Annual Retainer in Common Shares and/or DSUs	Has until May 3, 2022 to comply

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

–

* Ms. Paquette was elected a member of Board of Directors effective May 3, 2017. She attended every meeting held in 2017 following her election.

** Ms. Paquette was appointed a member of the Audit Committee and the Risk Management Committee effective May 3, 2017. She attended every meeting held in 2017 following her appointment.

Timothy H. Penner | Independent Director

Toronto,
Ontario, Canada

Director since: 2010

Age: 62

Key Skills

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

Tim Penner served as President of Procter & Gamble Inc. (Canada) 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. He currently serves as Board Chair of MaRS Innovation as well as on the boards of SickKids Hospital, Club Coffee and The Beer Store. Mr. Penner is past Chair of the YMCA of greater Toronto, GS-1 and Food & Consumer Products of Canada. He served on the boards of the Youth Challenge Fund and Career Bridge and was Chair of the United Way of Greater Toronto 2007 Campaign, after serving as Deputy Chair for 2006.

Board and Committee Membership	2017 Meeting Attendance
Board	10/10 (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
2017	89,883,854	99.79%	187,774	0.21%
2016	97,580,999	98.42%	1,561,893	1.58%

Securities Held - 2016	
Common Shares	13,896
DSUs	0
Total Common Shares and DSUs	13,896

Securities Held - 2017	
Common Shares	17,196
DSUs	0
Total Common Shares and DSUs	17,196

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

–

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

Great Falls, Virginia, USA

Director since: 2013

Age: 55

Key Skills

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

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, Upper Canada College, The Langley School and "Warrior to Cyber Warrior" which focuses on providing distance learning training in the field of cybersecurity to wounded veterans. He was named one of Washingtonian Magazine's "Tech Titans" in 2013 and 2015. He has also funded pioneering research in autism with the Children's National Medical Center and Stanford University. Mr. Singer holds an MBA from Harvard University, as well as an LLB, MA in Philosophy, BA with Distinction in Philosophy, and a Bachelor of Commerce (Honours) from Queen's University in Canada. He is also a recipient of the Tricolour award at Queen's University.

Board and Committee Membership	2017 Meeting Attendance
Board	9/10 (90%)
Audit Committee	5/5 (100%)
Human Resources and Compensation Committee	2/2 (100%)*
Risk Management Committee	2/2 (100%)**

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,801,425	99.70%	270,203	0.30%
2016	97,486,346	98.33%	1,656,546	1.67%

Securities Held - 2016	
Common Shares	1,380
DSUs	7,475
Total Common Shares and DSUs	8,855

Securities Held - 2017	
Common Shares	1,380
DSUs	9,710
Total Common Shares and DSUs	11,090

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

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

–

* Mr. Singer ceased to be a member of the Human Resources Committee effective May 3, 2017.

** Mr. Singer was appointed a member of the Risk Management Committee effective May 3, 2017. He attended every meeting held in 2017 following his appointment.

Calgary,
Alberta, Canada

Director since: 2009

Age : 68

Key Skills

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

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

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 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	2017 Meeting Attendance
Board	10/10 (100%)
Compliance Review and Corporate Governance Committee	2/2 (100%)*
Audit Committee	2/2 (100%)**
Human Resources and Compensation Committee	4/4 (100%)

Past Annual Meeting Voting Results

Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	89,890,523	99.80%	181,105	0.20%
2016	97,600,461	98.44%	1,542,431	1.56%

Securities Held - 2016	
Common Shares	39,832
DSUs	316
Total Common Shares and DSUs	40,148

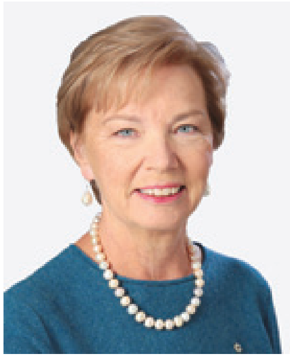
Securities Held - 2017	
Common Shares	45,974
DSUs	324
Total Common Shares and DSUs	46,298

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

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

* Mr. Snyder ceased to be a member of the Compliance Review and Corporate Governance Committee effective May 3, 2017.

** Mr. Snyder was appointed a member of the Audit Committee effective May 3, 2017. He attended every meeting held in 2017 following his appointment.



London,
Ontario, Canada

Director since: 2004

Age: 67

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	2017 Meeting Attendance
Board	10/10 (100%)
Human Resources and Compensation Committee	4/4 (100%)
Compliance Review and Corporate Governance Committee (Chair)	4/4 (100%)

Past Annual Meeting Voting Results

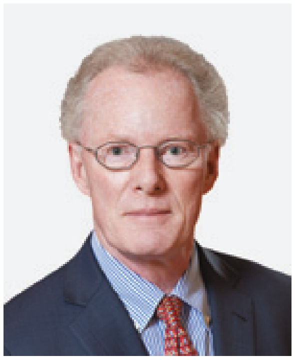
Year	Votes for	% of Votes for	Votes Withheld	% Votes Withheld
2017	88,918,934	98.72%	1,152,694	1.28%
2016	96,029,710	96.86%	3,113,182	3.14%

Securities Held - 2016	
Common Shares	5,278
DSUs	13,212
Total Common Shares and DSUs	18,490

Securities Held - 2017	
Common Shares	6,193
DSUs	13,554
Total Common Shares and DSUs	19,747

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	
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



Lexington,
Massachusetts, USA

Age: 63

Key Skills

- Financial expertise
- Governance
- International markets
- Investment management
- Marketing / Brand Awareness
- Strategic leadership / Senior Executive
- Talent management / Executive compensation

William L. Young, P. Eng., MBA | Proposed Director (Independent)

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

Securities Held - 2016	
Common Shares	–
DSUs	–
Total Common Shares and DSUs	–

Securities Held - 2017	
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 9, 2023 to comply

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

4.2 Director Compensation

Total Compensation Paid to Directors in 2017

The total compensation paid to Directors of the Company during the year ended December 31, 2017, other than Directors who also serve as Officers of Intact Financial Corporation or its affiliates, is set out in the table below. Directors' compensation is not and has not been in the past, paid to Directors who serve as Officers of the Company or its affiliates.

Name	Fees earned in cash ($)	Share-Based Awards (DSUs)(1),(2) ($)	Share-Based Awards (Common Shares) ($)	Percentage of Fees in Cash/DSUs/ Shares (%)	Total ($)
Yves Brouillette	33,115	34,467	0	49/51/0	67,582
Robert W. Crispin	137,787(3)	102,000	0	57/43/0	239,787
Janet De Silva	0	196,000	0	0/100/0	196,000
Claude Dussault	150,000	215,000	0	41/59/0	365,000
Robert G. Leary	0	200,000	0	0/100/0	200,000
Eileen Mercier	97,000	115,000	0	46/54/0	212,000
Sylvie Paquette	0	132,418	0	0/100/0	132,418
Timothy H. Penner	0	0	208,000	0/0/100	208,000
Louise Roy	36,000	0	160,000	18/0/82	196,000
Frederick Singer	0	200,000	0	0/100/0	200,000
Stephen G. Snyder	0	0	198,648	0/0/100	198,648
Carol Stephenson	72,000	0	130,000	36/0/64	202,000

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 2017 is disclosed in the table entitled "Outstanding Director Share-Based Awards" on page 27.

(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 2017 and 2018

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 2017 and 2018 are described in the table below.

In 2017, the CRCG Committee retained Willis Towers Watson to review the comparator group used to benchmark Directors' compensation in the context of the Company's expansion into the U.S. following the acquisition of OneBeacon. Willis Towers Watson completed this review and recommended that the comparator group recently approved by the Board of Directors for 2018 for the Executives and Senior Executives with North American oversight also be used for Directors' compensation purposes. This recommendation was approved by the CRCG committee. Please see pages 72 to 74 for more information on the comparator groups.

Therefore, in early 2018, at the request of the CRCG committee, Willis Towers Watson independently carried out a comparative analysis of Directors' compensation using the new comparator group and, as a result of this comparative analysis, recommended changes to Director compensation for approval by the Board of Directors to further alignment with such peer group median for 2018. The fees approved by the Board of Directors for 2018 are described below.

Description of fees

	2017	2018
Annual Retainer fee	$174,000: – $102,000 payable in DSUs or Common Shares – $72,000 payable in cash, DSUs or Common Shares	$200,000: – $102,000 payable in DSUs or Common Shares – $98,000 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
Chair Retainer fees		
Chairman of the Board	$365,000: – $215,000 payable in DSUs or Common Shares – $150,000 payable in cash, DSUs or Common Shares	$400,000: – $215,000 payable in DSUs or Common Shares – $185,000 payable in cash, DSUs or Common Shares
Chair of the CRCG Committee	$15,000	$25,000
Chair of the Audit Committee	$25,000	$30,000
Chair of the HRC Committee	$25,000	$30,000
Chair of the Risk Committee	$25,000	$30,000
Other fees		
All reasonable travel expenses incurred to attend meetings	Included	Included

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

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

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.

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 has been set 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 $174,000 in 2017, the minimum director share ownership requirement in 2017 was $696,000 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 $104.99 on the TSX as of December 29, 2017.

Each Independent Director must hold at least four (4) times his/her annual retainer in Common Shares and/or DSUs. ($696,000 in 2017)

	Common Shares held (#)	DSUs held[1] (#)	Total value of all equity holdings ($)	Conformity with Director Share Ownership Policy
Robert W. Crispin	800	11,761	1,318,779.39	Yes
Janet De Silva	5,310	4,042	981,866.48	Yes
Claude Dussault	32,411	10,857	4,542,707.32	Yes
Robert G. Leary	0	5,289	555,292.11	Has until May 6, 2020 to comply
Eileen Mercier	2,084	16,309	1,931,081.07	Yes
Sylvie Paquette	2,000	1,317	348,251.83	Has until May 3, 2022 to comply
Timothy H. Penner	17,196	0	1,805,408.04	Yes
Louise Roy	5,136	11,784	1,776,430.80	Yes
Frederick Singer	1,380	9,710	1,164,339.10	Yes
Stephen G. Snyder	45,974	324	4,860,827.08	Yes
Carol Stephenson	6,193	13,554	2,073,237.53	Yes

Note:

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

Effective January 1, 2018, the minimum director share ownership requirement will be $800,000 for members of the Board of Directors and $1,600,000 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:

- $102,000, effective 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 14,354 DSUs and 3,782 Common Shares were granted to eligible Directors in 2017.

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

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

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

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

Outstanding Director Share-Based Awards

Name	Share-Based Awards						Payout Value of Vested DSUs ($)
	Number of Common Shares granted in 2017[1] (#)	Market or Payout Value of Common Shares granted in 2017 at year-end[3],[5] ($)	Number of DSUs granted in 2017 that have not vested[2] (#)[7]	Market or Payout Value of DSUs Granted in 2017 that have not vested[3],[6] ($)	Number of DSUs Outstanding that have not vested (#)[7]	Market or Payout Value of DSUs Outstanding at year-end that have not vested[4] ($)	
Yves Brouillette[8]	0	0	0	0	0	0	1,406,881
Robert W. Crispin	0	0	1,312	137,717.48	11,761	1,234,777.90	N/A
Janet De Silva	0	0	2,052	215,448.92	4,042	424,402.12	N/A
Claude Dussault	0	0	2,413	253,359.76	10,857	1,139,922.60	N/A
Robert G. Leary	0	0	2,123	222,931.56	5,289	555,307.85	N/A
Eileen Mercier	0	0	1,556	163,350.79	16,309	1,712,235.70	N/A
Sylvie Paquette	0	0	1,317	138,229.83	1,317	138,229.83	N/A
Timothy H. Penner	1,100	115,489	0	0	0	0	N/A
Louise Roy	825	86,616.75	297	31,233.48	11,784	1,237,174.80	N/A
Frederick Singer	0	0	2,235	234,649.50	9,710	1,019,495.90	N/A
Stephen G. Snyder	1,142	119,898.58	8	858.82	324	34,034.61	N/A
Carol Stephenson	715	75,067.85	342	35,926.53	13,554	1,423,042.80	N/A

Notes:

(1) The number of Common Shares granted in 2017 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 2017 was paid quarterly in four (4) equal instalments and is equal to the director's elected percentage of DSUs to be received under the Director compensation plan, multiplied by the director's annual retainers and committee retainers, divided by the closing Common Share price on the TSX as of the last trading day preceding the fifteenth (15th) day following the end of a quarter (or where such day is not a business day, the preceding business day when Common Shares are publicly traded) the whole in accordance with the Director compensation plan. In the event that any cash dividend was declared and paid on the Common Shares, an amount equal to the number of DSUs in the director's account divided by the closing Common Share price on the TSX on the dividend payment dates was credited as DSUs to the director's account.

(3) The market or payout value of DSUs/Common Shares granted in 2017 is based on the closing Common Share price of $104.99 on the TSX as of December 29, 2017.

(4) The market or payout value of DSUs outstanding is based on the closing Common Share price of $104.99 on the TSX as of December 29, 2017.

(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.

(8) Mr. Brouillette holds 13,400 DSUs which have vested. The payout value of DSUs was calculated based on the closing Common Share price of $104.99 on the TSX as at December 29, 2017.

4.3 Additional Information Regarding Directors

Board of Directors and Committee Meetings in 2017

Board Meetings	
Intact Financial Corporation	10
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					
Robert W. Crispin		■		■ (Chair)	■
Janet De Silva		■	■		■
Robert G. Leary	■			■	■
Eileen Mercier	■ (Chair)			■	■
Sylvie Paquette	■			■	■
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, 2017

Director	Number and % of meetings attended						
	Board of Directors	Audit Committee	CRCG Committee	HRC Committee	Risk Committee	Committees (Total)	Overall attendance
Claude Dussault	10/10 (100%)	—	—	—	—	—	10/10 (100%)
Charles Brindamour	10/10 (100%)	—	—	—	—	—	10/10 (100%)
Robert W. Crispin	10/10 (100%)	3/3 (100%)	2/2 (100%)	—	4/4 (100%)	9/9 (100%)	19/19 (100%)
Janet De Silva	8/10 (80%)	—	3/4 (75%)	1/2 (50%)	2/2 (100%)	6/8 (75%)	14/18 (78%)
Robert G. Leary	10/10 (100%)	4/5 (80%)	—	—	4/4 (100%)	8/9 (89%)	18/19 (95%)
Eileen Mercier	10/10 (100%)	5/5 (100%)	—	—	4/4 (100%)	9/9 (100%)	19/19 (100%)
Sylvie Paquette	3/3 (100%)	2/2 (100%)	—	—	2/2 (100%)	4/4 (100%)	7/7 (100%)
Timothy H. Penner	10/10 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	18/18 (100%)
Louise Roy	9/10 (90%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	17/18 (94%)
Frederick Singer	9/10 (90%)	5/5 (100%)	—	2/2 (100%)	2/2 (100%)	9/9 (100%)	18/19 (95%)
Stephen G. Snyder	10/10 (100%)	2/2 (100%)	2/2 (100%)	4/4 (100%)	—	8/8 (100%)	18/18 (100%)
Carol Stephenson	10/10 (100%)	—	4/4 (100%)	4/4 (100%)	—	8/8 (100%)	18/18 (100%)

Supplementary information relating to Directors

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

William L. Young, a proposed Director of the Company, served as a director of American Fiber & Yarns and Recycled Paper Greetings, both of which were private companies, when they filed voluntary petitions for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on September 23, 2008 and January 2, 2009, respectively. Mr. Young was a director of Pharmetics Inc., a private company, until he resigned in connection with its sale in September 2017. Approximately five months after the sale, in February 2018, Pharmetics filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).

Attendance of Director whose term ended in 2017

The term of Mr. Brouillette as Director of the Company ended on May 3, 2017. From January 1, 2017 to May 3, 2017, his attendance record as a Director was as follows:

Board	4/4 (100%)*
Audit Committee	3/3 (100%)
Risk Management Committee	2/2 (100%)

* Mr. Brouillette was not invited to the Board of Directors meetings relating to the OneBeacon acquisition due to his conflict of interest related to his role as a director of White Mountains Insurance Group, Ltd., the majority shareholder of OneBeacon at the time of the discussions.

Attendance of Director whose term will end in 2018

Louise Roy will not be standing for re-election to the Board of Directors. The Company reiterates its thanks for Ms. Roy's contribution. Ms. Roy has been a director of the Company since 2004.

The term of Ms. Roy as Director of the Company will end on May 6, 2018. From January 1, 2018 to March 29, 2018, her attendance record as a Director was as follows:

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

5. Corporate Governance Practices

Where to find it

1st place

Clarkson Centre for Board Effectiveness – Board Shareholder Confidence Index 2017

2nd place

Globe & Mail Report of Business – Board Games 2017

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.

The Company's corporate governance practices are reviewed regularly to ensure alignment with the evolving best practices of comparable publicly traded companies. As such, the Company believes that sound governance also means taking actions to make communities safer, healthier and happier. The Company is therefore committed to being environmentally responsible in its operations, supporting employees in their citizenship endeavours, encouraging climate change adaptation and fostering vibrant and resilient communities for all its stakeholders, the whole in accordance with its Public Accountability Statement which is available on the Company's website at www.intactfc.com.

Intact Financial Corporation strives to have employees that feel engaged, inspired and passionate about making a difference. One of the ways the Company evaluates if it is reaching this objective is through its annual engagement survey. Following 2017's engagement survey, the Company introduced a series of initiatives that provided employees with more support tools to develop their skills and grow their careers. Moreover, the Company has a complete compliance program that includes a Code of Conduct and Business Principles document entitled "Living Our Values," along with related Company policies, in addition to maintaining an ombudsman's office and a privacy office headed by the Compliance Department.

Over the years, the Company also developed policies and processes related to the fair treatment of customers and, recently, it has undertaken development of a national policy based on our core value of being Customer driven which will formalize the roles and responsibilities of various stakeholders in putting forward initiatives that will benefit customers and promote their fair treatment across the Company.

In establishing its governance practices, the Board of Directors of the Company has adopted principles, structures and processes to enable it to carry out its responsibilities more effectively and that are focused on the implementation, development and maintenance of a 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.**
- **Adoption of the Company's Code of Conduct by OneBeacon.**

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.

OneBeacon adopted a version of Living Our Values adapted to U.S. particularities as its own code of conduct.

Living our Values

"Living Our Values" was adopted by the Board of Directors in December 2009 and is available on SEDAR (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 11 to 22 of this Circular. We consider that the size of the Board of Directors and its committees in 2017 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 held four (4) strategic reviews in 2017 to discuss positioning of the Company, its development and its long-term objectives.**

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

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

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

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

The full-text version of the mandates of the 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.

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 is organized properly, functions effectively and meets its obligations and responsibilities, facilitating the Board of Directors' independent functioning, acting as a liaison between the Board of Directors, the CEO and Management, 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;
- succession planning;
- strategic planning ;
- financial results and overall performance; and
- board relations.

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

The roles of the Chair of the Board of Directors and CEO of the Company are separate. Claude Dussault was elected 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 2017 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 overseeing the identification and monitoring of the principal risks affecting the Company's business which will vary depending on the prevailing economic climate and the specific nature of the Company's activities at the relevant time. The Board of Directors' functions include annually evaluating the Company's risk management culture, overseeing the Company's risk-taking activities and risk management programs and establishing mitigation strategies. It is supported by its committees to ensure that risks are being properly measured, monitored and reported throughout the Company.

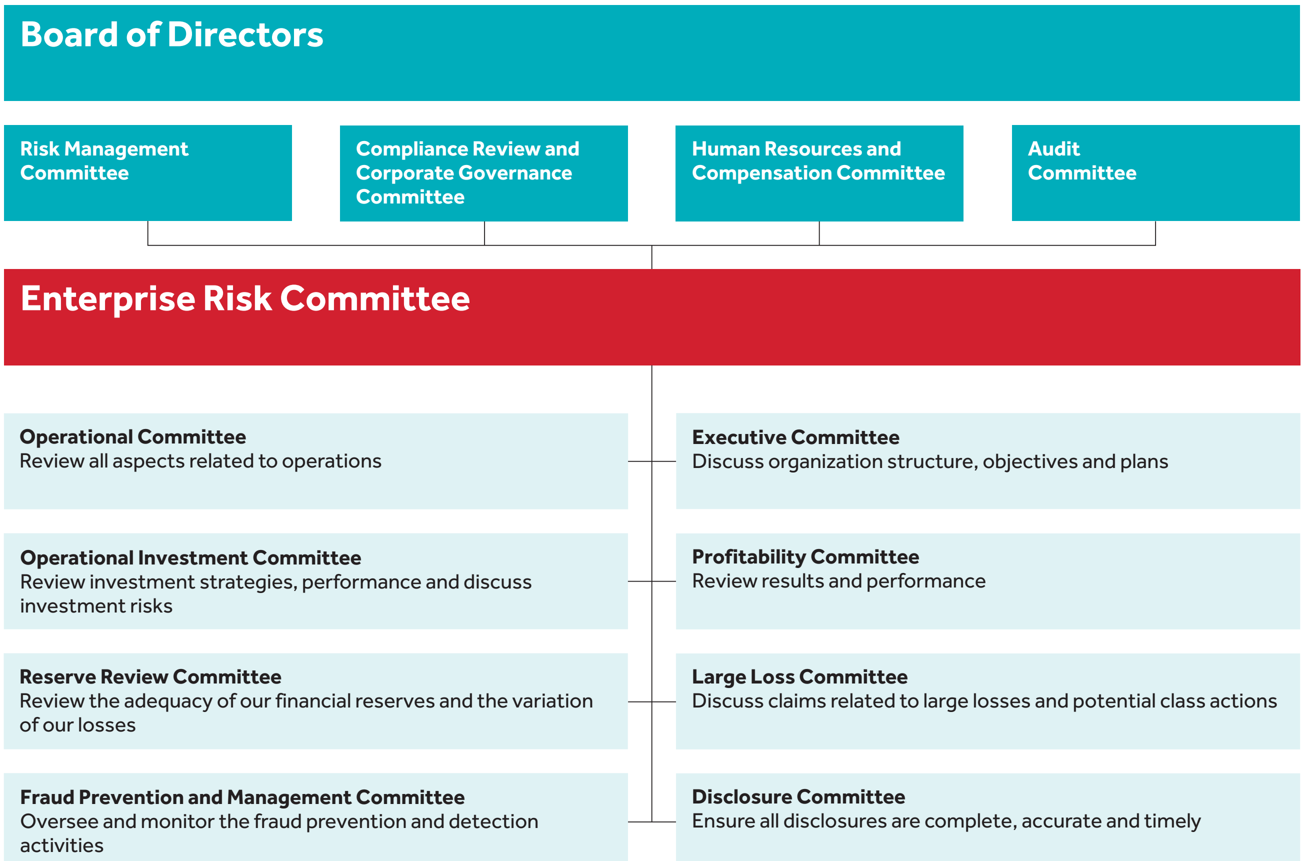
The Board of Directors is responsible for ensuring that the Company's business strategies and allocations of capital are in line with the Company's risk appetite and tolerance and must ensure that the Company has effective risk management programs and practices. To this end, the Board of Directors has 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 Policy, which is reviewed annually, into all business activities and strategic planning of the Company and its subsidiaries and operations, including its pension funds.

A list of the top and emerging risks applicable to the Company and how they are mitigated is provided in the 2017 Management's Discussion and Analysis for the year ended December 31, 2017, available at www.sedar.com

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**



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 Policy which is designed to oversee the Company's risks and ensure that appropriate actions are taken to protect the Company's clients, employees, shareholders and other stakeholders. The CRO may call a meeting of the Board of Directors or the Risk Committee at any time;
- The Executive Vice President with oversight over the governance functions 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 the compliance vision of 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;
- The Group Chief Actuary whose general responsibility is the corporate oversight of actuarial practices Company-wide and to provide leadership and direction for the Company's actuarial community. All of the Company's Appointed Actuaries report directly to the Group Chief Actuary;
- The Canadian Appointed Actuary whose general responsibility is to value the actuarial and other policy liabilities of the Company's Canadian P&C subsidiaries and support the Company's strategic goals through establishing and implementing sound and appropriate reserving practices.

Director Independence

- **Eleven (11) of the twelve (12) Directors in 2017 were independent.**
- **Policy on Director Independence.**
- **New Director nominee is independent.**
- **Additional disclosure regarding Directors standing for election is available on pages 10 to 22 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 10 to 22 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 33⅓% of the members of the HRC Committee shall be sitting chief executive officer(s) of another company.

Private Meetings of Directors

- ▶ **Independent Directors met *in camera* at all regular 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 2017, a meeting of the independent Directors was held at all regular 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 2017.

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 2017, 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 was developed for use by the CRCG Committee to identify the talent and Board requirements of current and potential Directors.

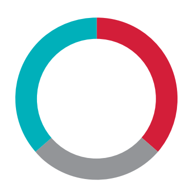
	Claude Dussault	Charles Brindamour	Robert W. Crispin	Janet De Silva	Robert G. Leary	Eileen Mercier	Sylvie Paquette	Timothy H. Penner	Frederick Singer	Stephen G. Snyder	Carol Stephenson	William L. Young
Skills												
Corporate social responsibility	■	■			■		■	■	■	■		
Financial expertise		■	■		■	■	■	■	■	■		■
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 36%
- 6-10 years 27%
- 11-15 years 36%



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.

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 2017, 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 2017 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.

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

Advance Notice By-law

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

Board of Directors and Board Member Assessment

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

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

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

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

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

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.

Compensation

- **Director compensation is detailed at pages 23 to 27 of this Circular.**
- **Executive compensation, including that of the CEO, is available at pages 69 to 109 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 89 and 90 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 25 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 2017, 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 7, 2017, May 1, 2017, July 31, 2017, November 6, 2017	All Risk Committee members
Strategic review and developments updates provided by Management.	February 7, 2017, May 2, 2017, August 1, 2017, November 7, 2017	All Directors at the February, May and August meetings. Ten (10) of the eleven (11) independent Directors and the non-independent Director at the November meeting.
Presentation by Mr. Graham Steele, former Minister of Finance and Minister of Economic & Rural Development and Tourism in Nova Scotia, on the particularities of the economy in Atlantic Canada.	May 1, 2017	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 and Special Meeting of Shareholders of the Company of 2017.	May 2, 2017	All Directors
Presentation on the Intact Ventures structure, mandate and strategy.	May 3, 2017	All independent Directors
Presentation by Ms. Phyllis Yaffe, Canada's Consul General in New York, on the Canada-U.S. relationship and NAFTA negotiations.	July 31, 2017	All Directors
Presentation by Management of the Board of Directors considerations relating to the OneBeacon acquisition including with respect to Capital Management, Financial Reporting, Board and Governance Matters, Overview of U.S. Insurance Regulations Status, Regulations of the Company as an Insurance Holding Company, U.S. Insurance Company Examinations and Reporting Requirements and the New York Department of Financial Services Cybersecurity Regulations.	August 1, 2017	All Directors
Presentation by Dr. Blair Feltmate, Head of the Intact Centre on climate adaptation, on climate change and the role of the Intact Centre in limiting climate change and extreme weather risk in Canada.	November 6, 2017	Ten (10) of the eleven (11) independent Directors and the non-independent Director

Director attendance at meetings of the Board of Directors and its committees is provided on page 29 of this Circular.

5.4 Diversity

- **At IFC, we value the diversity of our colleagues and their backgrounds, experiences and hopes for the future.**
- **The Board of Directors has adopted a Board Diversity Policy providing for representation of at least 30% of each gender. This policy was reviewed in 2018.**
- **Current women representation on the Board of Directors: 41.6%; and 33.3% should Director Nominee William L. Young be elected to the Board of Directors.**
- **Promotion of Diversity through various programs: Diversity Council, mentoring, flexible work arrangements.**
- **22% of women representation in executive officer positions.**
- **33% of women representation in Senior Executive and Executive positions.**

The Company, the Board of Directors and Management recognize the importance of a diverse and inclusive environment and value diversity. Diversity fosters broader exchanges of perspectives and enriches discussions at every level of the Company. 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 Code of Conduct "Living Our Values" as well as in our diversity vision statement.

Over the last several years, 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.

The Board of Directors and Management monitor diversity on an ongoing basis and make recommendations on gender and ethnicity diversity to foster improvements throughout the organization.

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 2018 the Board of Directors reviewed its written policy on Board and Senior Management Diversity which highlights the various facets of diversity including gender diversity, background, ethnic and cultural diversity, sexual orientation diversity, individuals with disabilities and diversity of skills, experiences and expertise. With this policy, the Board of Directors reaffirms that, when recruiting or selecting new directors or new members of Senior Management, only candidates who are highly qualified based on their experience, functional expertise and personal skills and that possess qualities that can enhance the Company's ability to achieve its future goals will be considered.

Under this policy, gender will be one of the criteria considered in the selection process with a view to ensuring that the Board of Directors and the Company benefits from the broader exchange of perspectives and balance brought by diversity of thought and experience.

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

The CRCG Committee and the HRC Committee are responsible for monitoring the implementation and effectiveness of this policy with respect to Board of Directors and Senior Management diversity respectively and recommending changes to the Board of Directors as required.

The Board of Directors applies these criteria as well as its Nomination and Board and Senior Management 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.

The Company has signed the Catalyst Accord 2022, which calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business by increasing the average percentage of women on boards and in executive positions to at least 30% by 2022.

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 2017, our Board of Directors was composed of twelve (12) Directors. Five (5) of the twelve (12) Directors were women representing 41.6% of the total with two (2) being Chairs of Board committees. In 2018, should Director nominee William L. Young be elected to the Board of Directors, women will represent 33.3% of its membership.

Gender - Board of Directors

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 ethnicity and cultural diversity, 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 identified women successors.

In 2017, *La Gouvernance au Féminin*, a Québec-based not-for-profit organization that supports women in their leadership development, career enhancement and access to board seats, gave the Company the *Certification of Parity* for our actions towards the advancement of women in business. Intact was also one of the three companies that achieved platinum level certification in recognition of our commitment to advancing the cause of 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 various employee networks which aim to create an inclusive environment for all employees.

Key examples of such a networking group include the Women's Networks (Québec and Ontario): networks 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;

as well as the national LGBT and Allies Network, a resource for lesbian, gay, bisexual & transgender employees and their allies, which participates in community events like Pride, provides input to charitable organizations like EGALE Human Rights Trust and engages employees nationally with various activities like this year's "How to be an Ally" workshop educating employees on how to support colleagues who identify as LGBT.

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.

Executive and Managerial Positions

As at December 31, 2017, IFC, including all major subsidiaries, had twenty-nine (29) members on its Executive Committee of which seven (7) were women (24.14%). It also had thirty-two (32) executive officer positions (as such term is defined under securities legislation), seven (7) of such positions being occupied by women representing 21.88% 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 and fifty-six (156) positions; fifty-one (51) of those positions were occupied by women representing 32.69% of the total.

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 the 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 the Shareholder Engagement Policy is 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) where our Code of Conduct document is filed, our corporate website at 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 carrying out its duties and responsibilities and discharging its obligations, the Board will, directly and through its committees, provide direction to management to pursue the best interests of the Company.

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

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

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

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

6.1 Compliance Review and Corporate Governance Committee

- **Composed exclusively of independent directors**
- **Met four (4) times in 2017**
- **Preparatory sessions before the CRCG Committee meetings were held by the Chair of the CRCG Committee with the CCO and other functions in the Company**
- ***In camera* sessions held at all meetings of the CRCG Committee**

Role of the Compliance Review and Corporate Governance Committee

The CRCG Committee is responsible for ensuring a high standard of ethics, compliance and governance in the Company, including its pension funds, and that the Company meets its legal requirements and engages in best practices as determined by the Board of Directors.

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

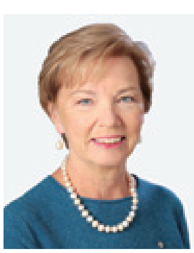
As part of its mandate, the CRCG Committee reviews the Company's policy on appointment of Board of Directors and committee members and identifies and recommends candidates for nomination to the Board of Directors. The CRCG Committee is also responsible for the implementation and review of the nomination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

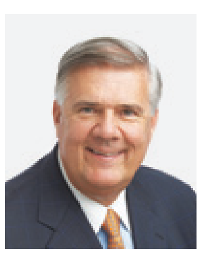
The CRCG Committee reviews the Company's practices and approach in relation to Directors' compensation and makes its recommendation to the Board of Directors. It assists the Company in defining director compensation that attracts and retains key members, with a view towards enhancing the Company's strategic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

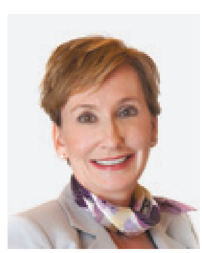
Composition of the Compliance Review and Corporate Governance Committee

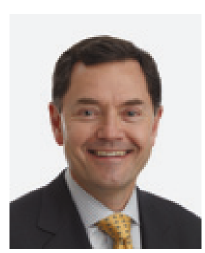
The CRCG Committee is composed of a minimum of three (3) Directors, and is currently composed of five (5) Directors, all of whom are independent, and none of whom is a member of Management nor an employee of the Company or its P&C insurance subsidiaries.

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


Carol Stephenson


Robert W. Crispin


Janet De Silva


Timothy H. Penner


Louise Roy

The CRCG Committee met four (4) times in 2017. 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 2017 meetings, except for Ms. Janet De Silva who was absent at the November 6, 2017 meeting.

Compliance and Market Conduct Programs

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

Related Party Transactions and Conflicts of Interest

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

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.

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 approves 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 2017, 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 2017.

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, the CRCG Committee and the HRC Committee independently retained external consultants in 2017 occasionally or on a recurring basis for certain recurring subjects. Please see the reports of the Audit Committee, the CRCG Committee and the HRC Committee below, in this regard.

Activities of the Compliance Review and Corporate Governance Committee in 2017

In 2017, 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 Chair of 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 2017; • Reviewed the IIM Statement of Policy on conflicts of interest; • Reviewed the evergreen list of possible candidates to the Board of Directors and the Board Chair succession plan; • Recommended the nomination of a new director nominee; • Reviewed and recommended for approval to the Board of Directors the revised Director Skills Matrix; • Reviewed the Internal Auditor's report on Directors and Officers questionnaires on conflicts of interest and identified no concerns in this regard; • Recommended to the Board of Directors the appointment of the members and Chairs of the committees;

- Reviewed best practices and benchmarking and assessed policies in light of the Company's public company status;
- Recommended to the Board of Directors for approval the board composition of the OneBeacon entities;
- Reviewed and recommended for approval by the Board of Directors the governance structure of the OneBeacon entities and other international subsidiaries of the Company;
- Reviewed and recommended for approval by the Board of Directors the amended Shareholder Engagement Policy of the Company;
- Reviewed and recommended for approval by the Board of Directors the Advance Notice By-law of the Company; and
- Reviewed and recommended for approval by the Board of Directors the Amended and Restated Shareholder Rights Plan of the Company.

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 2016;
- 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") and OneBeacon;
- 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 2017;
- Reviewed and recommended to the Board of Directors for approval the compliance structure of the OneBeacon entities after the acquisition;
- Reviewed and approved the revised Out of the Ordinary Course Litigation Reporting Process of the Company;
- Reviewed and approved amendments to the Outsourcing Policy of the Company and reviewed the current List of Material Outsourcing Contracts; and
- Reviewed and recommended for approval by the Board of Directors changes to the Corporate Disclosure and Insider Trading Policy.

Strategies and Mandate of the CRCG Committee

- Obtained assurances from the Executive Vice President with oversight over the governance functions that the function has sufficient resources to meet its mandate and act independently from the operations and reviewed and discussed his 2017 objectives;
- Obtained assurances from the CCO that this function has sufficient resources to meet its mandate and act independently from the operations and reviewed and discussed his 2017 objectives;
- Reviewed and approved the CRCG Committee report and Statement of Governance Practices sections of the 2017 Management Proxy Circular; and
- Reviewed the OneBeacon internal corporate reorganization.

The CRCG Committee is satisfied that it has appropriately fulfilled its mandate in 2017.

(Signed) Compliance Review and Corporate Governance Committee

Carol Stephenson (Chair)
Robert W. Crispin
Janet De Silva
Timothy H. Penner
Louise Roy

6.2 Audit Committee

- **Composed exclusively of independent Directors**
- **Met five (5) times in 2017**
- **Preparatory sessions before the Audit Committee meetings were held by the Chair of the Audit Committee with the CFO, the Chief Internal Auditor and other functions in the Company**
- **Reviewed and recommended to the Board of Directors for approval the mandate of the Audit Committee**
- ***In camera* sessions held at all meetings of the Audit Committee**

Role of the Audit Committee

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

The Audit Committee has been designated by each of the U.S. P&C insurance companies under OneBeacon as its audit committee.

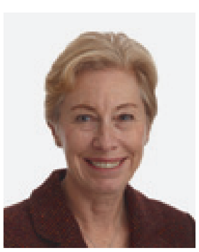
It is also responsible for reviewing the certification process and the certifications by the CEO and the CFO of the financial statements of the Company, as required by applicable legislation.*

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

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


Robert G. Leary


Sylvie Paquette


Frederick Singer


Stephen G. Snyder

* 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 2017. 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 2017, except for Mr. Robert Leary who was absent at the February 23, 2017 meeting.

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

The Audit Committee reviews and may recommend to the Board of Directors for approval the appointment or dismissal, if deemed appropriate, of the CFO, the Chief Internal Auditor, the Group Chief Actuary and the Canadian 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. It reports any issue to the Board of Directors in relation thereto before the Board of Directors approves the budget and plans of the Company.

Activities of the Audit Committee in 2017

In line with its mandate, the Audit Committee has performed the following functions in 2017:

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 the Appointed Actuary's reports; • Reviewed the CFO's quarterly reports; • Reviewed the Corporate Finance updates, which include investment results; and • Reviewed the CRO report in light of the OneBeacon acquisition.
Internal Controls and Disclosure Controls	• Reviewed the Regulatory Inspections and Investigations Report; • Reviewed the quarterly Internal Audit report; • Reviewed and recommended to the Board of Directors for approval the 2018-2020 Internal Audit Plan; • Reviewed Management's responses to comments made by the Chief Internal Auditor in its quarterly reports; and • Reviewed and discussed financial disclosure questions and regulatory requirements related to the OneBeacon acquisition.

External Auditor	• Reviewed and assessed the External Auditor's 2017 Canadian and U.S. Audit plans 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; • Assured itself of the qualifications, performance and independence of the External Auditor; • Reviewed Audit Quality Indicators; • 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 2017 Management Proxy Circular; • Reviewed and recommended to the Board of Directors for approval the mandate of the Audit Committee; • Obtained assurances from the Chief Internal Auditor, the Canadian Appointed Actuary and the CFO that these functions have sufficient resources to meet their mandates and act independently from the operations and reviewed and discussed their 2017 objectives; and • Reviewed and recommended for approval by the Board of Directors, the OneBeacon internal corporate reorganization.

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 and the Canadian Appointed Actuary, and Management.

The Audit Committee is satisfied that it has appropriately fulfilled its mandate in 2017.

(Signed) Audit Committee

Eileen Mercier (Chair)
Robert G. Leary
Sylvie Paquette
Frederick Singer
Stephen G. Snyder

6.3 Risk Management Committee

- **Composed exclusively of independent Directors**
- **Met four (4) times in 2017**
- **Preparatory sessions before the Risk Committee meetings were held by the Chair of the Risk Committee with the CRO and other functions in the Company**
- ***In camera* sessions held at all meetings of the Risk Committee**

Role of the Risk Management Committee

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

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

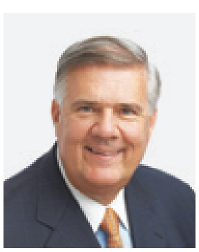
The Risk Committee monitors compliance with risk management policies implemented by the Company while ensuring an appropriate balance of risk and return in pursuit of the Company's strategic business objectives.

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.

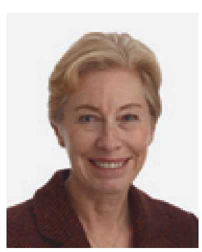
Composition of the Risk Management Committee

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


Robert G. Leary


Eileen Mercier


Sylvie Paquette


Frederick Singer

The Risk Committee met four (4) times in 2017 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 with oversight over the governance functions, 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 2017.

Risk Management Function

The Risk Committee reviews and recommends to the Board of Directors for approval the appointment or dismissal, if deemed appropriate, of the CRO. The Risk Committee periodically approves the mandate of the Enterprise Risk Management function and annually obtains assurances that this function has the necessary budget and resources to meet its mandate and that the oversight of the risk management activities of the Company is independent from operational management, is adequately resourced, and has appropriate status and visibility throughout the Company and reports any issue in relation thereto to the Board of Directors. A list of our principal risks can be found in our annual Management's Discussion & Analysis for the year ended December 31, 2017, available on our website at www.intactfc.com and on SEDAR at www.sedar.com.

Activities of the Risk Management Committee in 2017

In line with its Mandate, the Risk Committee has performed the following functions in 2017:

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 Policy;
- Reviewed an update on Cybersecurity plans;
- Reviewed a report on the update of the Company's Key Risk Metrics;
- Reviewed the new Operational Risk Management Governance Policy;
- Reviewed the market and economy risks that could affect the Company;
- Reviewed the Quarterly Results and Investment Reports;
- Reviewed and approved the 2017 Reinsurance programs;
- Reviewed and recommended for approval to the Board of Directors various changes to the Intact P&C Companies Investment Policy;
- Reviewed and agreed with Management's framework relating to the Own Risk and Solvency Assessment (ORSA) and Dynamic Capital Adequacy Testing (DCAT) requirements; and
- Reviewed the risk management implications of the OneBeacon acquisition.

Responsibility for Oversight Function	• Obtained assurances from the CRO that this function has sufficient resources to meet its mandate and act independently from the operations; and • Reviewed and approved the 2017 STIP objectives of the CRO and the Vice President, Risk Management.
Compliance with Risk Policies	• Reviewed and approved risk management policies, including the revised Reinsurance Risk Management Policy, the Intact Pension Funds Statement of Investment Policies and Procedures and the Intact P&C Companies Investment Policy.
Strategies and Mandate of the Risk Committee	• Reviewed and approved the Risk Committee report of the 2017 Management Proxy Circular.

The Risk Management Committee is satisfied that it has appropriately fulfilled its mandate in 2017.

(Signed) Risk Management Committee

Robert W. Crispin (Chair)
Robert G. Leary
Eileen Mercier
Sylvie Paquette
Frederick Singer

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 125 positions) and senior executives (CEO, Presidents, Executive Vice-Presidents and Senior Vice Presidents referred to as "Senior Executives" in this Circular, approximately 30 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.

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 periodically reviews 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.

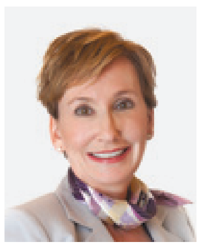
The HRC Committee reviews and assesses proposals for major reorganizations of the Company that affect the Senior Executive structure and its composition, and makes recommendations to the Board of Directors. It also reviews and recommends to the Board of Directors the annual Statement on Executive compensation 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 $33\frac{1}{3}$% 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


Janet De Silva


Louise Roy


Stephen G. Snyder


Carol Stephenson

The HRC Committee met four (4) times in 2017. 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. All HRC Committee members attended all of the 2017 meetings, except for Ms. De Silva who was absent at the November 7, meeting.

Activities of the Human Resources and Compensation Committee in 2017

In 2017, 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 appointment of Mercer Canada Ltd. as the new pension actuary of the Company;
- Reviewed and approved the remuneration for Senior Executives;
- Reviewed and approved Short-Term Incentive Plans ("STIP") for Canadian Executives and Canadian Senior Executives, bonus plans for employees and Long-Term Incentive Plans ("LTIP"), including plans for Canadian Executives, Canadian Senior Executives and IIM participants, including adjustments made following the OneBeacon acquisition;
- Reviewed and approved the CEO's STIP, LTIP and total compensation, as well as his 2017 objectives and reported to the Board of Directors its recommendations for the CEO's 2018 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 and reports issued by various institutional investors and proxy advisory firms; • Reviewed and approved the 2018 comparator groups for purposes of benchmarking the executive compensation following the OneBeacon acquisition; • Reviewed and approved the employment offer for Mr. T. Michael Miller, former CEO of OneBeacon and currently President, U.S. and Specialty Solutions of the Company; • Reviewed and approved the performance metrics for 2018 STIP & LTIP for OneBeacon (respectively the "IFC U.S. STIP" and the "IFC U.S. LTIP"); • Reviewed and approved the LTIP design for OneBeacon, including the application of Stock Ownership Requirements; and • Reviewed all Human Resources matters related to the OneBeacon integration, including retention, engagement and onboarding.
Assessments and Succession Planning	• Reviewed the 2016 performance assessment of the CEO and the CEO's performance objectives for 2017; • 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 2017 Management Proxy Circular; • Reviewed the results related to the 2016 employee engagement survey and the related 2017 Action Plan; • Reviewed the Human Resources Reports presented by the Chief Human Resources Officer; 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. Furthermore, the Company aims to leverage succession planning as a tool to make progress on the diversity of the management team, including with respect to gender and ethnicity diversity. 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. Committee members and directors actively participate in ongoing discussions with Management relating to succession planning year-round. The members of the HRC Committee and the entire Board of Directors ensure they are exposed to, have direct interactions with, and get to know, the candidates identified in the succession plans and can appreciate their skills and expertise first hand, including through presentations by such individuals at regular meetings, through presentations made at annual training sessions and by meeting and discussing with candidates at social events. The members of the HRC Committee firmly believe that they, and the Board of Directors in its entirety, have a comprehensive and deep knowledge of succession planning and identified successors within the organization.

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 in aggregate, they do not provide incentive for excessive risk taking. The CFO supplies the HRC Committee with analyses that support decision-making regarding the design, calibration and administration of our incentive plans.

The HRC Committee is satisfied that it has appropriately fulfilled its mandate in 2017.

(Signed) Human Resources and Compensation Committee

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

7. Statement on Executive Compensation

Where to find it

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";
- For Canadian Executives and Canadian Senior Executives 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.

- For U.S. Executives and U.S. Senior Executives, target total compensation is based on OneBeacon's absolute performance, against goals that have been set based on the OneBeacon acquisition economics; therefore actual pay may be above or below target compensation based on OneBeacon's performance relative to those objectives.
- 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 Canada and one of the leading providers of Specialty Insurance in North America, the Company must attract, retain and motivate talented Executives and Senior Executives in a highly competitive business environment. The HRC Committee wants Intact Financial Corporation's leaders to focus on sustaining high levels of performance and growth in shareholder value, reinforcing the pay-for-performance philosophy. Executives and Senior Executives play a key role in the Company meeting its objectives. The review, assessment and approval of the Senior Executives' compensation is 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 Canadian Executives' and Canadian 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 20 largest comparable companies in the Canadian P&C insurance industry and to Net Operating Income per Share (for Canadian Senior Executives only) and individual performance;

- Link U.S. Executives' and U.S. Senior Executives' short-term incentives to the achievement of the Company's U.S. financial and strategic results on profitability relative to set objectives and individual performance. Starting in 2018, IFC's net operating income per share will be a component of the calculation for U.S. Senior Executives;
- Link Canadian Executives' and Canadian 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;
- Link U.S. Executives and U.S. Senior Executives' long-term incentives to the Company's U.S. financial results on profitability relative to set objectives; and
- Starting in 2018, link short-term and long-term incentives of Executives and Senior Executives with a North American scope of responsibilities to a personalized weighted-average of the financial and strategic results of the Company's Canadian and U.S. operations reflecting their responsibilities.

To achieve the above objectives, the HRC Committee:

- Sets target total compensation levels (including base salary, short-term and long-term incentives, perquisites, benefits and pension) aligned to the market median of the relevant comparator group (see detailed comparator groups below);
- Implements share ownership guidelines as appropriate; and
- Awards additional incentive compensation that rewards performance and recognizes special achievements, as appropriate.

For U.S. Executives and U.S. Senior Executives, OneBeacon has historically utilized a pay for performance executive compensation program closely aligning the financial interests of management with those of OneBeacon's shareholders and supporting OneBeacon's primary objective of maximizing value over long periods of time.

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. Since April 2016, Canadian NEOs and the CRO are subject to a two (2) year post-vesting restriction period on Common Shares received upon the vesting of RSUs and PSUs. Following approval by the HRC Committee and effective as of April 2018, the two (2) year post-vesting restriction period will be expanded to apply to (i) the CEO and the three (3) most highly compensated Canadian Executives, excluding investment management executives, (ii) the oversight functions as determined under OSFI's Corporate Governance Guideline (the CFO, CRO, Group Chief Actuary, Chief Internal Auditor and CCO (the "Oversight Functions")) and (iii) the Vice-Chairman. Please refer to page 80 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 initiatives, excellence and social responsibility. 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 Canadian Senior Executives' individual/personal goals in the STIP include objectives derived directly from Living Our Values. For instance, our Canadian 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 Canadian Senior Executives and Canadian Executives

Statistical Distribution (as at December 31, 2017)
The scope of the comparator group compares to that of Intact Financial Corporation as follows:

Total Revenues/DPWs ($M)

25th	Median	52nd (Intact Ranking)	75th
2,400	7,972	9,293	13,402

Market Capitalization ($M)

25th	43rd (Intact Ranking)	Median	75th
7,072	14,613	20,353	33,211

Number of Employees

25th	48th (Intact Ranking)	Median	75th
3,687	13,000	16,631	36,574

Intact Ranking

The 2017 comparator group included 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 represented approximately 1/3 of the total sample.

Rationale for use

- Provided a reliable representation of pay practices found among Canadian companies that were similar to Intact in terms of complexity, scope and industry and that competed with Intact for key talent;
- Reflected the complexity and autonomy associated with managing a publicly listed company;
- Provided 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 competed directly with Intact; and
  - Other Canadian financial services companies of comparable size which employed executives who possessed skill sets, experience and expertise similar to those prioritized by Intact;
- Reflected 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
Largest Canadian Property and Casualty Insurance Companies									
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	
Other Canadian Financial Services Companies									
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		
General Canadian Marketplace Companies of Similar Size									
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	

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

Prior to its acquisition by Intact, the management of OneBeacon periodically conducted its own review of compensation data using a peer group composed of specialty insurers and other companies consisting of:

- W.R. Berkley Corporation
- Markel Corporation
- Navigators Group, Inc.
- Arch Capital Group LTD
- Aspen Insurance Holdings LTD
- RLI Corporation

OneBeacon management reviewed proxy statements for these comparable companies, considered the compensation practices of White Mountains Advisors, the majority shareholder of OneBeacon at the time, and incorporated market feedback from its experience in recruiting and hiring executives. From time to time, a compensation consultant was retained to assist with market assessment.

Once OneBeacon became a wholly-owned subsidiary of Intact, the HRC Committee reviewed the compensation policy of U.S. Executives and U.S. Senior Executives and recommended a new comparator group for purposes of benchmarking U.S. Executives and U.S. Senior Executives. Further to this recommendation, the Board of Directors approved the comparator group for U.S. Executives and U.S. Senior Executives, effective for fiscal year 2018.

New North American Comparator Group in 2018 for select Executives and Senior Executives with North American Oversight

With the expansion of Intact in the U.S. through the acquisition of OneBeacon, the HRC Committee reviewed the competitive landscape for select Executives and Senior Executives whose role and responsibilities were expanded to reflect the increased complexity associated with managing a company with a North American scope of operations. In that context, the HRC Committee recommended that, in 2018, a new comparator group be used for select Executives and Senior Executives with North American oversight. Further to this recommendation, the Board of Directors approved the new North American comparator group, effective for fiscal year 2018.

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 set objectives.

The CEO's target total compensation is established *in camera* by the HRC Committee. For 2017, 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 reflected the practices of large Canadian publicly traded organizations and brought Mr. Brindamour's target total compensation at 135% of the median of the comparator group. The other NEOs 2017 target total compensation was, on average, at 107%[1] of the median of the 2017 comparator group for Canadian Senior Executives and Canadian Executives, reflecting the various tenures in their respective roles.

Note 1: Mr. T. Michael Miller is excluded from the target total compensation average given his special arrangements related to the OneBeacon acquisition, which are disclosed on pages 81 and 82 of this Circular.

Executive Compensation Framework and its Components

The Company's compensation components aim for an optimal balance between fixed and variable pay to encourage participation and behaviour that aligns with the longer term interests of the Company and its shareholders. The following illustrates the executive compensation framework for 2017:

	Total Direct Compensation			Indirect Compensation		
Compensation Element	Base salary	Short-term Incentive Plan (STIP)	Long-term Incentive Plan (LTIP)	Group benefits	Retirement benefits	Perquisites
Mission/ Rationale	Pay for the responsibilities and accountabilities of the role including experience and performance of the individual in the role	Link compensation to a combination of individual, business unit(s) and national financial performance objectives	Pay for future performance and align rewards with shareholder value creation	Provide executives with health and well-being support	Provide financial security of executives after retirement	Aligned with competitive market practices
Performance Criteria	Individual contribution, competencies and performance	Financial and individual goals	IFC's 3-year average ROE ralative to Canadian P&C industry average for PSUs	Unrelated to performance		
Performance Outcome	Salary increase and position within the salary structure	Cash payment	Vesting of share units with settlement in common shares	Some benefits increase in proportion to salary		Value of perquisites increases with salary
Performance/ Reference Period	Annual	1 year	3 years	Annual	Career	Annual
Impact on Pay	Career-long	Annual	Multi year	Career-long		Annual

Variable pay-for-performance (STIP and LTIP)

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. Market data is available for all positions, including Senior Executive positions.

2. Short-Term Incentive Plan and OneBeacon Management 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 Canadian Executives and Canadian Senior Executives	1 year	Achievement of Company's strategic financial and non-financial objectives, and individual goals.
Management Incentive Plan ("MIP")	Cash	All U.S. Executives and U.S. Senior Executives	1 year	MIP pool achievement, performance of the respective business units or functional groups as well as individual performance or other factors.

Bonus plan or the STIP: All Canadian permanent employees, including Executives and Senior Executives, participate in an annual cash-based bonus plan or the STIP. Awards are earned on the achievement of the Company's strategic financial and non-financial objectives and the personal performance of individual participants, linked to the Company's corporate values. 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.

OneBeacon annual employee bonus plan or the MIP: Prior to the acquisition of OneBeacon, all of its U.S. permanent employees, including Executives and Senior Executives, participated in an annual employee bonus plan or the MIP. For the employee bonus plan, individual contributors and supervisors participated in a bonus opportunity, where in any given year typically 50-60% of participants received bonuses of 3-10% of their year-end salary in recognition of outstanding performance and/or key contributions. For the MIP, each year an overall pool was set primarily based upon achievement of a combined ratio target and could vary from 25% to 175% of the total aggregate of target awards. Participants were given individual targets expressed as a percentage of annual base salary. Management then exercised an additional level of discretion in the distribution of the awards based on individual performance which resulted in a payout range of 0% to 230% of individual targets. For 2017, the HRC Committee exercised discretion in the final determination of the overall performance factor. There could be variability in the incentive performance factors based on the performance of each Executive and Senior Executives' respective business or functional group as well as individual performance or other factors. The primary performance goal for the MIP was a target annual combined ratio. Additional goals were also set depending on the challenges or opportunities OneBeacon faced in any given year. In 2018, the MIP will no longer be used and U.S. Executives and U.S. Senior Executives will be transitioned from the MIP to the IFC U.S. STIP.

The 2017 STIP/MIP targets as a percentage of base salary for NEOs are as follows:

Name & Position	STIP/MIP Minimum (%)	STIP/MIP Target (%)	STIP/MIP Maximum (%)
Charles Brindamour — Chief Executive Officer	0	125	250
Louis Marcotte — Senior Vice President & Chief Financial Officer	0	55	110
T. Michael Miller — President, U.S. and Specialty Solutions	25[1]	100	175
Jean-François Blais — President, Intact Insurance	0	80	160
Louis Gagnon — President, Service and Distribution	0	80	160

Note 1: Mr. T. Michael Miller participated in the MIP in 2017. A 0% payout was possible due to an additional level of discretion exercised by Management in distributing the awards.

The following tables set forth the 2017 Performance Metrics that are applied under the STIP to determine the amount of the award to Canadian Senior Executives and to Canadian Executives. Financial objectives represent at target, 75% of the weight of the overall target incentive for Canadian Senior Executives, and 50% of the weight of the overall target incentive for Canadian Executives.

Canadian Senior Executives

	Weight (%)	Threshold (minimum level below which the participant will not receive a bonus amount) (% points below target)	Maximum (maximum level at which the participant will receive twice the targeted amount) (% points above target)
National Financial Metrics – Relative to the Industry Benchmark			
Growth (in DPW)	16.7	2	2
Profitability (Combined Ratio)	33.3	2	2
Other Metrics			
Net Operating Income per Share	25	20	20
Individual/Personal Goals	25	—	—
TOTAL	100	—	—

Canadian Executives

	Weight (%)	Threshold (minimum level below which the participant will not receive a bonus amount) (% points below target)	Maximum (maximum level at which the participant will receive twice the targeted amount) (% points above target)
National Financial Metrics – Relative to the Industry Benchmark			
Growth (in DPW)	16.7	2	2
Profitability (Combined Ratio)	33.3	2	2
Other Metrics			
Net Operating Income per Share	—	—	—
Individual/Personal Goals	50	—	—
TOTAL	100	—	—

With respect to the MIP for 2017, the amount of the award to U.S. Executives and U.S. Senior Executives was based on a combined ratio target with a performance scale being used to determine the actual payout amount. This performance scale provided for a minimum payout amount if the actual combined ratio performance was five points inferior to the target and a maximum payout amount if the actual combined ratio performance was five points superior to the target.

In addition to the primary combined ratio objective, the 2017 MIP objectives adopted by OneBeacon included additional goals based on OneBeacon's challenges and opportunities for 2017. In determining the MIP pool for 2017, the HRC Committee looked first to the actual combined ratio performance and the corresponding performance score on the scale and could adjust the size of the pool based on under- or over-achievement of OneBeacon's other objectives at its sole discretion.

Our CEO and most other Canadian 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 objectives of remaining one of the best employers in Canada and being recognized as one of the most respected companies in Canada.

In November 2015, we achieved our initial objective when the Company was officially recognized by Aon as a Best Employer at the platinum level and by Mediacorp Canada Inc. as one of Canada's Top 100 Employers. As a testament to its exceptional human resources programs and forward-thinking workplace policies, the Company once again received these prestigious awards in 2017. This marks the third consecutive year the Company is a recipient of both awards.

The following table represents the STIP/MIP payout for each NEO based on 2017 results that will be paid in the second quarter of 2018:

Name & Title	2017 STIP/MIP Target ($)	2017 STIP Financial Results (%)[1]	2017 Total STIP/MIP Result (%)[2]	2017 Total STIP/MIP ($)
Charles Brindamour — Chief Executive Officer	1,500,000	104.5	108.4	1,625,625
Louis Marcotte — Senior Vice President & Chief Financial Officer	214,000	104.5	109.6	234,187
T. Michael Miller — President, U.S. and Specialty Solutions[3]	942,975	—	25	241,622
Jean-François Blais — President, Intact Insurance	514,000	104.5	103.4	531,430
Louis Gagnon — President, Service and Distribution	514,000	104.5	100.9	518,578

(1) 2017 STIP Financial Results are comprised of 66.67% national financial results and 33.33% Net Operating Income per Share results.

(2) 2017 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) Mr. Miller became an Officer of the Company on September 28, 2017. His 2017 MIP target was 100% of his base salary. In 2017, OneBeacon's Combined Ratio was below the minimum threshold resulting in a minimum payment and therefore in a payout of 25% of Mr. Miller's base salary of $US750,000 ($US187,500). For the purposes of the table above, Mr. Miller's base salary was converted to Canadian dollars using the exchange rate as at December 29, 2017, which was 1.2573. The MIP was paid to Mr. Miller on March 2, 2018 in U.S. dollars. For the purpose of the table above, the MIP payment was converted to Canadian dollars using the exchange rate on the date of payment of March 2, 2018, which was 1.28865.

3.1 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[1].

Restricted Share units (RSU)
Vesting not linked to performance. Vesting based on passage of time. Payouts in the form of Common Shares[1].

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

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
Shareholder interest alignment	While both PSUs and RSUs align the interests of participants with those of shareholders due to the link between their ultimate value and the Company's Common Share price, PSUs are predominantly used to reward operational excellence while RSUs are used to increase the LTIP's ongoing retention power.	
Payout range (as a % of the grant award)	100%	0 – 200%
Term	Three years	Three years
Vesting Date for 2017 grants	January 1, 2020	January 1, 2020
Vesting criteria	Automatically vest three (3) years from the year of the grant, provided that the employee stays with the Company. Vesting for RSUs is not linked to Intact Financial Corporation's performance.	Based on a specific performance goal determined by the HRC Committee, composed of the difference between the three-year average ROE of the Company and that of the Canadian P&C insurance industry. There is no payout if the actual ROE is less than the average of the industry, as reported to the regulatory authorities and twice the target level if the actual differential is eight (8) or more percentage points.
Restriction period[1]	2 years	2 years
Dividend Equivalents	Units awarded under the LTIP are credited with dividend equivalents on the same basis as dividends declared on the Common Shares.	
Methods of Payment[2]	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.	
Pricing at time of grant	The number of units allocated to each participant is determined by dividing the targeted economic value, which is a percentage of base salary (see LTIP payout target table below), by the average value of a Common Share during the last quarter of the most recently completed financial year. The average price of one Common Share during the last quarter of 2016 was $93.30. At the time of delivery, one (1) unit (PSU or RSU) is converted to one (1) Common Share of Intact Financial Corporation (these Common Shares are purchased on the secondary market subject to the Company's right, in its sole discretion, to settle any entitlements under PSUs or RSUs in whole or in part in cash as provided in the LTIP). The market median long-term incentive practices for comparable positions are considered when determining the size of target individual awards.	

1 In 2016, the HRC Committee approved, effective as of April 2016, the introduction of a restriction period applicable to Canadian 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. Following approval by the HRC Committee and effective as of April 2018, the two (2) year post-vesting restriction period will be expanded to apply to (i) the CEO and the three (3) most highly compensated Canadian Executives, excluding investment management executives, (ii) the Oversight Functions, and (iii) the Vice-Chairman. As such, these participants can elect to (i) receive all Common Shares subject to the additional two (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 (which currently excludes the Canadian 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 2017 for the 2018 deliveries. Elections were reviewed and approved by the Board of Directors in July 2017 and are irrevocable.

Following the acquisition of OneBeacon, Mr. Miller was granted special award PSUs with a target grant date fair value of $US10M (the "Special Award PSUs"). The one-time award was made to secure Mr. Miller's services beyond 2019 and offer him a meaningful performance leverage to align his compensation with the strategic plan for expanding the Company's business in the U.S., hence with the interests of shareholders. Fifty percent (50%) of the Special Award PSUs shall vest, subject to Mr. Miller's continued employment, on December 31, 2021 and shall be paid no later than March 15, 2022 based on pre-determined business units' average Combined Ratio for 2019, 2020 and 2021, and the other 50% of the Special Award PSUs shall vest, subject to Mr. Miller's continued employment, on December 31, 2022 and shall be paid no later than March 15, 2023 based on the same business units' average Combined Ratio for 2020, 2021 and 2022. The Special Award PSUs are subject to a minimum vesting target of 75% and maximum vesting target of 150%.

A total of 309,497 units (252,565 PSUs and 56,932 RSUs) were awarded in 2017 to LTIP participants. The 2017 LTIP targets, expressed as a percentage of salary, and unit awards for NEOs are detailed as follows:

Name & Title	2017 LTIP Target (%)	2017 PSU Awarded (#)	2017 RSU Awarded (#)	2017 Total Award (#)
Charles Brindamour — Chief Executive Officer	**300**	27,010	11,576	38,586
Louis Marcotte — Senior Vice President & Chief Financial Officer	**80**	2,331	999	3,330
T. Michael Miller — President, U.S. and Specialty Solutions[1]	**—**	119,733	—	119,733
Jean-François Blais — President, Intact Insurance	**140**	6,749	2,893	9,642
Louis Gagnon — President, Service and Distribution	**140**	6,749	2,893	9,642

Note 1: Mr. Miller became an officer of the Company on September 28, 2017 and therefore did not receive any regular annual IFC U.S. LTIP award for the 2017/2019 cycle. He received Special Award PSUs valued at $US10M (119,733 PSUs based on the volume-weighted average price of $103.88 of the Company's Common Share and the exchange rate of 1.24375).

The following table sets forth the Performance Measures that are applied under the LTIP to determine the payout for the PSU component to Canadian Executives and Canadian 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%

3.2 OneBeacon Long-Term Incentive Plans and Long-Term Cash Plan (the "OneBeacon Legacy Plans" and the "Long-Term Cash Plan", respectively)

The OneBeacon Legacy Plans provided for the possibility to grant options, restricted stock, restricted stock units, performance compensation awards, performance shares, performance units and other incentive awards (including cash awards and stock appreciation rights) to any eligible OneBeacon employee, at the discretion of its compensation committee.

Following the acquisition of OneBeacon, awards granted under the OneBeacon Legacy Plans were treated as follows:

- **The restricted stock and restricted stock units** were converted into the right to receive cash consideration calculated in accordance with the provisions of the Agreement and Plan of Merger between OneBeacon and the Company (the "Merger Agreement") for each OneBeacon common share subject to such award, and such amounts are payable upon satisfaction of the service-based vesting conditions that applied under the existing terms of such awards;

- **The performance shares and performance units granted under the 2015-2017 performance cycle** were converted into service-vesting awards using a 100% performance factor payable in cash upon satisfaction of the service-based vesting conditions that applied to such awards;
- **The performance shares and performance units granted under the 2016-2018 performance cycle** will continue to vest in the ordinary course, subject to certain adjustments to performance measures to take into account the OneBeacon acquisition, namely the operational objective to achieve a combined ratio in the low 90s for OneBeacon. Such awards to be settled in cash in accordance with the provisions of the Merger Agreement; and
- **The performance units granted under the 2017-2019 performance cycle** will continue to vest in the ordinary course, subject to certain adjustments to performance measures to take into account the OneBeacon acquisition, namely the operational objective to achieve a combined ratio in the low 90s for OneBeacon. Such awards to be settled in cash in accordance with the provisions of the Merger Agreement.

Please see pages 99 and 100 for more information on Mr. Miller's outstanding grants under the OneBeacon Legacy Plans.

Under the Long-Term Cash Plan, participants were granted long-term performance based cash incentive awards entitling them to receive a cash amount equal to the target dollar value of the award multiplied by a performance percentage between 0% and 200% after a three-year vesting period.

Following the acquisition of OneBeacon, each employee who participated in the Long-Term Cash Plan in respect of the 2015-2017 performance cycle was eligible to receive a payment under the aggregate bonus pool determined using a deemed target performance (100%). In addition, each employee who participated in the Long-Term Cash Plan in respect of the 2016-2018 performance cycle will be eligible to receive a payment consistent with the terms of such plan which will be operated in the ordinary course of business.

Mr. Miller has no outstanding grants under the Long-term Cash Plan.

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 Canadian Executives and Canadian Senior Executives benefit from two (2) pension plans: a base plan, which is a defined benefits plan with pensionable earnings to the annual limits allowed by the Canada Revenue Agency ("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 101 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.

OneBeacon: OneBeacon has no active pension plans. No executive officers are eligible to participate in or receive payments under any of the previously terminated or frozen OneBeacon pension plans.

Mr. Miller was eligible to participate in an unfunded, non-qualified plan for the purpose of deferring current compensation which gave him the choice to defer all or a portion of qualifying remuneration payable (consisting of up to 100% of annual bonus and/or long-term incentive compensation), and invest it in various investment options. All participants were cashed out at the closing of the OneBeacon acquisition on September 28, 2017. There is no outstanding balance and the plan is currently in the process of being closed.

All OneBeacon employees may participate in the qualified OneBeacon 401(k) Savings Plan. The OneBeacon 401(k) Savings Plan offers tax advantages, savings incentives and investment options to help employees achieve their financial goals. OneBeacon employees are immediately eligible for participation on their first day of employment. They may elect to contribute on a pre-tax, after-tax or Roth basis up to 40% of salary. Employees age 50 or older are also eligible for pre-tax and Roth catch-up contributions. In all cases, IRS limits apply to maximum contribution amounts. New hires who do not enroll after 60 days are automatically enrolled in pre-tax contributions at 6% of pay, with an automatic 1% increase each April. The default for their investments is the age appropriate Target Retirement Fund. Employees who are eligible for the plan receive a bi-weekly company contribution of 3% of eligible earnings. OneBeacon also makes an annual fixed contribution of 3% of compensation for employees who are active on the last business day of the plan year. Employees who do not participate in the LTIP are also eligible for an annual variable contribution, set at management discretion, based on financial results that can vary between 0% and 6%, with a target at 3%.

5. Perquisites:

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

Under the previous ownership of OneBeacon, Mr. Miller had access to a corporate aircraft for personal use as part of his benefits package. This benefit has been maintained under the Company's ownership. The HRC Committee established an annual cap on such personal use of a corporate aircraft of $US125,000. Other trips are reimbursed by Mr. Miller at their full cost to the Company and are not considered a perquisite. The amount of the actual out-of-pocket costs to the Company of the personal flights from the date of closing of the OneBeacon acquisition was $50,971[1], and is included in the Summary Compensation Table at page 97. From time to time, Mr. Miller may take his spouse or other family members with him on a business trip. In this instance, we do not include any amounts for the flight in the Summary Compensation Table because the additional passenger(s) do not increase the aggregate incremental cost of the flight.

Note 1: Annual allocation is $US125,000. The actual amount for 2017 from the OneBeacon acquisition closing date of September 28, 2017 to December 31, 2017 was converted to Canadian dollars using the exchange rate as at December 29, 2017 of 1.2573.

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 purposes of the share ownership policy 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, however for Mr. Miller's ownership, 75% of the Special Award PSUs are included in the calculation as the Special Award PSUs have a 75% minimum vesting condition.

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, 2017.

Named Executive Officer	Target Ownership		Shareholdings as at December 31, 2017					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	7,200,000	21,961,808	3,621,840	25,583,648	243,677	21.32	Met
Louis Marcotte	1.60	621,456	1,341,772	301,846	1,643,618	15,655	4.23	Met
T. Michael Miller[1]	9.34	8,807,387[2]	—	9,428,076[3]	9,428,076	89,800	10.00	Met
Jean-François Blais	2.80	1,799,280	2,983,081	944,700	3,927,781	37,411	6.11	Met
Louis Gagnon	2.80	1,799,280	5,511,870	944,805	6,456,675	61,498	10.05	Met

Based on Intact Financial Corporation's December 29, 2017 closing share price of $104.99

(1) For the purposes of this table, Mr. Miller's shareholdings include 75% of the Special Award PSUs which the Company has agreed to award Mr. Miller as soon as practicable given the 75% minimum vesting condition.

(2) Mr. Miller's base salary of $US750,000 has been converted to Canadian dollars using the exchange rate as at December 29, 2017, which was 1.2573.

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

In 2005, the HRC Committee adopted a policy which was expanded in 2010 to align more closely with the Financial Stability Board's principles for sound compensation practices. More specifically, the Company's Corporate Disclosure and Insider Trading Policy prohibits insiders from entering into derivative-based transactions, including hedging techniques under any form that involve, directly or indirectly, securities of Intact. Hedging techniques and other derivative-based transactions, and equity monetization transactions in particular, which allow an investor to transfer part or all of the economic risk and/or return associated with securities, without formally transferring the legal and beneficial ownership of such securities, are strictly prohibited. Examples of such prohibited transactions on the securities of Intact by insiders include, but are not limited to, the entering into of future contracts, short sales, put options, call options and equity swaps.

Clawback Policy

IFC's long-term incentive plan agreement includes provisions that provide for the reimbursement of previously received 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.

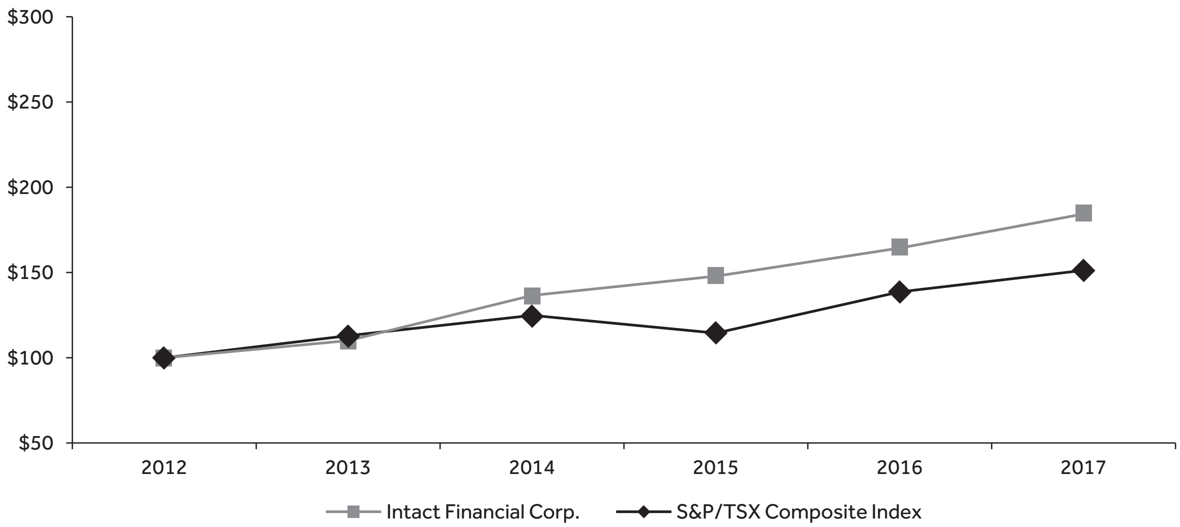
In early 2018, IFC expanded its clawback and readjustment of compensation policy for LTIP participants, to align more closely with the Financial Stability Board's principles for sound compensation practices and emerging best practices. In the event of misconduct, and whether or not there is a subsequent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

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. For Canadian employees, 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. For U.S. employees, short-term incentives are linked to target annual combined ratio and additional goals depending on the current challenges or opportunities in any given year while long term incentives are linked to the achievement of a target average combined ratio over a performance cycle.

The Company's total shareholder return (including dividends) for 2017 of 12.14% was higher than the S&P/TSX Composite Index's total return of 9.10%. Over a five-year period Intact's performance is 33% 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, 2012 through December 31, 2017.

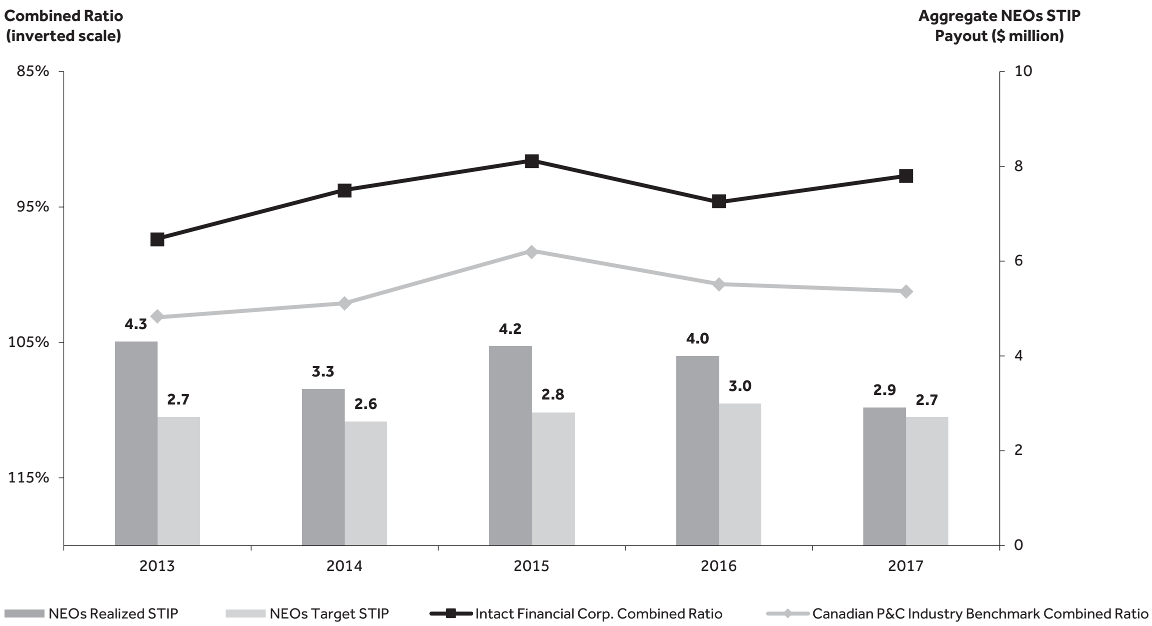
Cumulative Value of a $100 investment assuming Reinvestment of Dividends



Year Ending December 31	2012	2013	2014	2015	2016	2017
Intact Financial Corp.	100.0	110.1	136.6	147.9	164.4	184.4
S&P/TSX Composite Index	100.0	113.0	124.9	114.5	138.7	151.3

Combined ratio for STIP calculation

All Canadian permanent employees, including Executives and Senior Executives, participate in the bonus plan or the STIP. Awards are earned on the achievement of the Company's strategic financial objectives (which could include premium growth, underwriting profitability and net operating income per share) and non-financial objectives and the personal performance of individual participants. Growth and profitability for the incentive payment are based on the Company's performance relative to the 20 largest comparable companies in the Canadian P&C insurance industry*. The graph below illustrates the Company's track record of outperforming the 20 largest comparable companies in the Canadian P&C insurance industry from a combined ratio perspective, and highlights the 6.6% positive gap in 2017. Based on the strength of the Company's performance in 2017 compared to that of the 20 largest comparable companies in the Canadian P&C insurance industry, the level of STIP award payout was above target. The graph below also shows that over time, NEO STIP payouts are generally above target when the Company's combined ratio, an important performance component of the STIP, is better than that of the industry.



Year Ending December 31	2013	2014	2015	2016	2017
Combined Ratio Intact Financial Corp.	97.3%	94.5%	92.8%	95.2%	93.7%
Combined Ratio Canadian P&C Industry Benchmark	101.8%	101.0%	98.0%	99.9%	100.3%
Percentage Points better than Benchmark	4.5%	6.5%	5.2%	4.7%	6.6%
Aggregate NEOs STIP vs Target(1)	1.57 x	1.26 x	1.51 x	1.35 x	1.06 x

(1) Excludes Mr. T. Michael Miller given his participation in the OneBeacon MIP

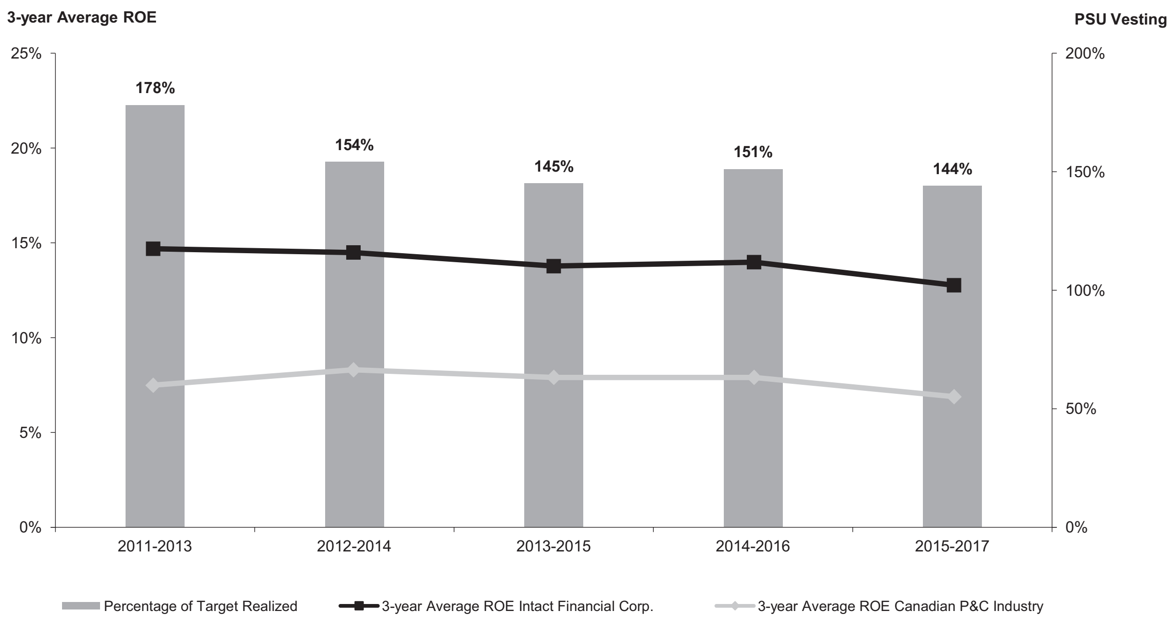
* Consists of the 20 largest comparable companies in the Canadian P&C insurance industry based on MSA Research Inc., excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth, CGMIC and IFC.

Combined Ratio for MIP calculation

Prior to the acquisition of OneBeacon, all of its U.S. Executives and U.S. Senior Executives participated in the MIP. Under the MIP, each year an overall pool was set primarily based upon achievement of a combined ratio target and could vary from 25% to 175% of the total aggregate of target awards. Participants were given individual targets expressed as a percentage of annual base salary. Management then exercised an additional level of discretion in the distribution of the awards based on individual performance which resulted in a payout range of 0% to 230% of individual targets. For 2017, the HRC Committee exercised discretion in the final determination of the overall performance factor. There could be variability in the incentive performance factors based on individual performance or other factors. The primary performance goal for the MIP was a target annual combined ratio. Additional goals were also set depending on the challenges or opportunities OneBeacon faced in any given year. In 2018, the MIP will no longer be used and U.S. Executives and U.S. Senior Executives will be transitioned from the MIP to the IFC U.S. STIP.

Return On Equity (ROE) for Canadian LTIP calculation

One of the key goals of the Company is to consistently outperform its P&C industry peers. For the 2014-2016 three-year period, for which the units vested on January 1, 2017, 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 151% PSU payout under the Canadian LTIP*. Please refer to pages 98 to 100 of this Circular for details on the Canadian LTIP payment. For the 2015-2017 period, the three-year average ROE of the Company was higher than that of the P&C industry's three-year average by 5.77%. This results in a PSU payout of 144% of target under the Canadian LTIP. The graph below clearly shows how Canadian 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:	2011-2013 Jan 1, 2013	2012-2014 Jan 1, 2014	2013-2015 Jan 1, 2015	2014-2016 Jan 1, 2016	2015-2017 Jan 1, 2017
3-year Average ROE Intact Financial Corp.	14.67%	14.53%	13.80%	14.03%	12.77%
3-year Average ROE Canadian P&C Industry**	7.60%	8.37%	8.00%	8.00%	7.00%
Percentage Points Above/Below Benchmark	+7.1%	+6.2%	+5.8%	+6.0%	+5.8%
PSU Vesting	178%	154%	145%	151%	144%

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

OneBeacon Legacy Plans Calculation

Please see pages 81 and 82 for more information on the OneBeacon Legacy Plans.

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

* 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 reduced the 2014-2016 performance cycle PSU payout in 2016 to 151% instead of 155% in order to preserve fairness.

compensation team to review employment and compensation practices in the Canadian and U.S. markets in order to ensure that the Company's employees, managers, Executives and Senior Executives are competitively compensated . The HRC Committee may also consult directly with independent experts to fulfill its mandate.

Willis Towers Watson has provided consulting services to the Company since 2005 on matters related to executive compensation and on other human resources advisory services. Effective in 2018, Willis Towers Watson will provide consulting services exclusively on matters related to executive compensation. 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 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 2017, a vendor search exercise was conducted via request for proposal for the pension actuary and other benefit-related consulting services, and Mercer Canada Ltd. was retained.

In 2017, fees paid to Willis Towers Watson for market analysis and other compensation advice totalled $797,678, which includes $394,732 of acquisition-related work. Other divisions of Willis Towers Watson were also paid $697,917 in 2017 and $1,084,867 in 2016 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.

Willis Towers Watson's fees for the 2016 and 2017 fiscal years regarding such services were as follows:

Fees paid to Willis Towers Watson	**Fiscal Years**	
	2017	**2016**
Executive compensation-related fees	$797,678	$ 276,630
All other fees	$697,917	$1,084,867

Executive Compensation for 2017

The HRC Committee has reviewed the executive compensation of the Senior Executives for 2017, 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
Janet De Silva
Louise Roy
Stephen G. Snyder
Carol Stephenson

7.3 CEO Compensation

Charles Brindamour | Chief Executive Officer

Mr. Brindamour's key areas of responsibility include the establishment of, in consultation with Management and the Board of Directors, the purpose, the values and the long term objectives and vision of the Company as well as its strategies and strategic priorities. He oversees the development of guidelines and practices relating to the Human Resources of the Company, including with respect to employee engagement and well-being. As Chief Executive Officer, Mr. Brindamour is responsible for the development and implementation of the strategic plan and corporate objectives of the Company, including the establishment, in consultation with Management, the Board of Directors and the Enterprise Risk Committee, of the risk appetite framework. He establishes appropriate annual and longer-term financial objectives and is responsible for meeting these objectives and ensuring reliable mechanisms are in place for asset protection and effective control of operations. Mr. Brindamour ensures the Company has a robust succession plan in place for the executive team and his direct reports and is responsible for developing and implementing policies and programs related to succession planning, talent development and management development. The Chief Executive Officer also ensures close communication with the Board of Directors and its committees and keeps the directors informed of the important aspects of the status and development of the Company and facilitates the Board of Director' governance, composition, and committee structure.

Actual Pay Mix

	2017 ($)	2016 ($)	2015 ($)
Salary	1,197,115	1,048,231	934,250
At-Risk Compensation			
Annual Incentive Plans	1,625,625	1,711,500	1,772,117
Share-based Awards	3,600,000	3,150,000	2,805,000
Total At-Risk Compensation	5,225,625	4,861,500	4,577,117
Pension & Other Compensation	1,363,270	912,686	543,580
Total Compensation	7,786,010	6,822,417	6,054,947

2017 At-Risk Compensation

Salary	15%
Annual incentive plan	21%
Share-based award	46%
Pension and other	18%
At-risk	67%

2017 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 195%. The NEOs' total realizable compensation has exceeded target compensation over the same period, as shown in the table below.

Year	CEO		Other NEOs[1]		Value of $100				
	Total Target Compensation[2]	Realizable Total Compensation as of December 31, 2017	Average Total Target Compensation[2]	Average Realizable Total Compensation as of December 31, 2017	Period	CEO[3]	Other NEOs[1][3]	Shareholder[4]	S&P/TSX Composite Index (Total Return)[5]
2008	$ 2,636,792	$ 1,981,108	$ 959,082	$ 724,850	01/01/08 to 12/31/17	$ 75	$ 76	$353	$158
2009	$ 2,479,478	$ 5,746,443	$ 950,126	$ 1,923,113	01/01/09 to 12/31/17	$232	$202	$427	$235
2010	$ 3,446,764	$ 7,471,978	$ 1,041,326	$ 2,134,934	01/01/10 to 12/31/17	$217	$205	$350	$174
2011	$ 3,312,637	$ 7,367,136	$ 1,143,647	$ 2,201,799	01/01/11 to 12/31/17	$222	$193	$248	$148
2012	$ 4,025,948	$ 6,326,035	$ 1,529,313	$ 2,237,630	01/01/12 to 12/31/17	$157	$146	$210	$162
2013	$ 4,075,246	$ 6,102,168	$ 1,458,095	$ 2,020,668	01/01/13 to 12/31/17	$150	$139	$184	$151
2014	$ 4,796,350	$ 7,331,345	$ 1,605,535	$ 2,136,458	01/01/14 to 12/31/17	$153	$133	$167	$134
2015	$ 5,499,330	$ 8,245,346	$ 1,749,408	$ 2,417,512	01/01/15 to 12/31/17	$150	$138	$135	$121
2016	$ 6,468,110	$ 7,382,473	$ 1,856,426	$ 2,125,948	01/01/16 to 12/31/17	$114	$115	$125	$132
2017	$ 7,701,730	$ 8,287,154	$ 2,345,759	$ 2,448,309	01/01/17 to 12/31/17	$108	$104	$112	$109
Cumulative Over CEO Tenure	**$44,442,386**	**$66,241,185**	**$14,638,715**	**$20,371,221**	**01/01/08 to 12/31/17**	**$149**	**$139**	**$353**	**$158**

(1) Mr. T. Michael Miller is excluded from this analysis in 2017 given his special arrangements related to the OneBeacon acquisition

(2) Includes salary, target STIP and LTIP awarded during the year, pension and other compensation

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

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

(5) 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, 2017 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

	2017 ($)	2016 ($)	2015 ($)
Salary	387,731	352,606	320,758
At-Risk Compensation			
Annual Incentive Plans	234,187	294,026	266,811
Share-based Awards	310,728	282,480	208,650
Total At-Risk Compensation	544,915	576,506	475,461
Pension & Other Compensation	162,127	121,115	98,898
Total Compensation	1,094,773	1,050,227	895,117

2017 At-Risk Compensation

Salary	35%
Annual incentive plan	22%
Share-based award	28%
Pension and other	15%
At-risk	50%

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T. Michael Miller | President, U.S and Specialty Solutions

The President, U.S. and Specialty Solutions, a new position created in 2017 in connection with the OneBeacon acquisition, is primarily responsible for the profitability and growth of the Company's North American specialty insurance business, including OneBeacon, its U.S based specialty insurance provider, and Intact Specialty Solutions, which focuses on the Canadian specialty market. Mr. Miller assumed this role following the Company's acquisition of OneBeacon in September 2017 and is responsible for developing the strategies, approaches and plans for profitability, growth and the development in general of the Company's specialty line of business.

Actual Pay Mix[1]

	2017 ($)	2016 ($)	2015 ($)
Salary	224,863	–	–
At-Risk Compensation			
Annual Incentive Plans	241,622	–	–
Share-based Awards	12,437,500	–	–
Total At-Risk Compensation	12,679,122	–	–
Pension & Other Compensation	12,626,321	–	–
Total Compensation	25,530,306	–	–

2017 At-Risk Compensation

Salary	1%
Annual incentive plan	1%
Share-based award	49%
Pension and other	49%
At-risk	50%

Note 1: Compensation for Mr. Miller has been converted to Canadian dollars, please see the Summary Compensation table on page 97 for more details. Salary for Mr. Miller has been prorated for the period from September 28, 2017 to December 31, 2017

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Jean-François Blais[1] | President, Intact Insurance (Retired)

The President of Intact Insurance had primary responsibility for the profitability of Intact Insurance. He was responsible for personal and commercial underwriting, dedicated sales, marketing, research and development, customer relations and people management. Mr. Blais developed the strategic vision, approaches and plans for profitability, national growth, distribution development, customer relations and people management.

Actual Pay Mix

	2017 ($)	2016 ($)	2015 ($)
Salary	642,358	629,723	611,862
At-Risk Compensation			
Annual Incentive Plans	531,430	705,096	747,252
Share-based Awards	899,640	819,000	765,000
Total At-Risk Compensation	1,431,070	1,524,096	1,512,252
Pension & Other Compensation	1,573,581	311,071	255,806
Total Compensation	3,647,009	2,464,890	2,379,920

2017 At-Risk Compensation

Salary	18%
Annual incentive plan	14%
Share-based award	25%
Pension and other	43%
At-risk	39%

1 Jean-François Blais retired as at December 31, 2017. Mr. Blais made a considerable contribution to the Company and played a pivotal role in the development of Intact Insurance. He joined Intact in 2011 through the AXA Canada acquisition and was a cornerstone in the successful transition of former AXA employees and brokers. As part of an agreement with the Company and subject to restrictive covenants, Mr. Blais will receive a two-year salary continuance. He will also be entitled to two years of STIP at target as well as a payment in May 2018 for the performance cycle 2015-2017 determined using actual performance achieved, a payment in May 2019 for the performance cycle 2016-2018 and a payment on December 31, 2019 for the performance cycle 2017-2019 determined using a deemed target (100%) performance for the years 2018 and 2019 for the forfeiture of unvested LTIP PSUs & RSUs. Pension benefits will continue to accrue during the salary continuance period. See details of the pension arrangement on page 101.

Louis Gagnon | President, Canadian Operations

In 2017, Mr. Gagnon was President, Service and Distribution and was primarily responsible for the profitability and growth of Direct to Customer Distribution (DTCD) and BrokerLink, service and customer relations in claims as well as international development. He was responsible for underwriting, claims, dedicated sales, marketing, international development, customer relations and people management. Mr. Gagnon was appointed President of Intact's Canadian operations in January 2018. In this role, Mr. Gagnon is responsible for all Canadian based business entities (Intact Insurance, belairdirect, Anthony Insurance and BrokerLink), in addition to overseeing Personal Lines, Commercial Lines and Marketing functions.

Actual Pay Mix

	2017 ($)	2016 ($)	2015 ($)
Salary	642,358	629,729	611,944
At-Risk Compensation			
Annual Incentive Plans	518,578	682,416	730,563
Share-based Awards	899,640	819,000	765,469
Total At-Risk Compensation	1,418,218	1,501,416	1,496,032
Pension & Other Compensation	172,212	160,082	194,705
Total Compensation	2,232,788	2,291,227	2,302,681

2017 At-Risk Compensation

Salary	29%
Annual incentive plan	23%
Share-based award	40%
Pension and other	8%
At-risk	63%

7.5 Summary Compensation Table

Name and Principal Position	Year	Salary ($)[1]	Share-based Awards ($)[2]	Non-equity Incentive Plan Compensation ($) Annual Incentive Plans[3]	Pension Value ($)[4]	All Other Compensation ($)	Total Compensation ($)
Charles Brindamour Chief Executive Officer	2017	1,197,115	3,600,000	1,625,625	1,363,270	0	7,786,010
	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
Louis Marcotte Senior Vice President & Chief Financial Officer	2017	387,731	310,728	234,187	162,127	0	1,094,773
	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
T. Michael Miller President, U.S. and Specialty Solutions	2017	224,863	12,437,500	241,622	2,350	12,623,971[5]	25,530,306
Jean-François Blais President, Intact Insurance	2017	642,358	899,640	531,430	1,573,581	0	3,647,009
	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
Louis Gagnon President, Service and Distribution	2017	642,358	899,640	518,578	172,212	0	2,232,788
	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

Notes: Compensation for Mr. Miller has been converted to Canadian dollars:

- for Salary; using the exchange rate as at December 29, 2017 which was 1.2573;
- for Share-based Awards; using the exchange rate at the time of grant of the Special Award PSUs which was 1.24375;
- for Annual Incentive Plans; using the exchange rate as of the date of payment of the MIP on March 2, 2018, which was 1.28865;
- for All Other Compensation; using the exchange rate as at December 29, 2017 which was 1.2573

(1) The salaries reported in the Summary Compensation Table are the actual base salaries paid in the 2017, 2016 and 2015 financial years. For Mr. Miller, base salary of $US750,000 is prorated for the period of employment with Intact since September 28, 2017 and converted to Canadian dollars. Actual amounts were paid to Mr. Miller in U.S. dollars. The 2017, 2016 and 2015 figures include an adjustment for the first days of the first pay period that was paid respectively at the 2016, 2015 and 2014 salary rate. The 2017, 2016 and 2015 annual base salaries for the NEOs are listed in the table below:

Name	Base Salary 2017	2016	2015
Charles Brindamour - Chief Executive Officer	1,200,000	1,050,000	935,000
Louis Marcotte - Senior Vice President & Chief Financial Officer	388,410	353,100	321,000
T. Michael Miller - President, U.S. and Specialty Solutions	942,975	—	—
Jean-François Blais - President, Intact Insurance	642,600	630,000	612,000
Louis Gagnon - President, Service and Distribution	642,600	630,000	612,375

(2) In terms of equity-based compensation, the NEOs (other than Mr. Miller) were awarded a number of PSUs and RSUs for the financial year 2017 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 79 to 82 for individual LTIP percentages and the number of PSUs and RSUs that this translates into. Following the acquisition of OneBeacon, Mr. Miller received Special Award PSUs valued at $US10M. Refer to page 81 for details on the Special Award PSUs.

(3) Annual incentive plans is comprised of the STIP (MIP for Mr. Miller). One of the current financial measures (profitability) for the STIP performance year 2017 is based on the Company's performance relative to the industry benchmark average performance. The amounts disclosed in the Summary Compensation Table for 2017 are the annual STIP awards to be paid in the second quarter of 2018 for the performance year 2017. The 2017 MIP payment for Mr. Miller was $US187,500 and was paid on March 2, 2018. The amount has been converted to Canadian dollars using the exchange rate on the date of payment of March 2, 2018, which was 1.28865. 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.

(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. For Mr. Miller the value reflects contributions made by OneBeacon between September 28, 2017 and December 31, 2017 under OneBeacon's 401K . Actual contributions were made in U.S. dollars.

(5) The amount reported for Mr. Miller corresponds to the personal use of a corporate aircraft with a maximum value of $US125,000 (actual cost included for the period of employment since September 28, 2017 and converted to Canadian dollars) and an amount of $US10M corresponding to the retention bonus to be paid in U.S. dollars to Mr. Miller in light of a Retention Agreement entered into by Mr. Miller and OneBeacon prior to closing of the acquisition to ensure Mr. Miller's continued employment with OneBeacon on and after its acquisition by the Company. This Retention Agreement provides for a first payment of $US4M (which occurred on October 3, 2017) and a payment of $US3M in each of 2018 and 2019. Details on the retention bonus can be found on pages 106 and 107.

In aggregate, the NEOs 2017 compensation represents 5.20% of 2017 adjusted net income to common shareholders of $775 million. When excluding non-recurrent acquisition-related awards for Mr. Miller, the NEOs 2017 compensation represents 2.63% of 2017 adjusted net income to common shareholders.

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 (#)(1)		Market or Payout Value of Share-based Awards that Have not Vested ($)(2)	
	PSUs	RSUs	PSUs	RSUs
Charles Brindamour	76,621	32,838	8,044,439	3,447,662
Louis Marcotte	6,394	2,741	671,306	287,778
T. Michael Miller	119,733	—	12,570,768	—
Jean-François Blais	19,969	8,559	2,096,545	898,609
Louis Gagnon	19,974	8,560	2,097,070	898,714

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 2015/2017, 2016/2018 and 2017/2019. The number of PSUs indicated for Mr. Miller for the 2017-2019 performance cycle corresponds to the Special Award PSUs valued at $US10M. See details on page 81. The details are as follows:

Performance cycle	Charles Brindamour	Louis Marcotte	T.Michael Miller	Jean-François Blais	Louis Gagnon
2015/2017	36,012	2,679	—	9,822	9,828
2016/2018	34,861	3,126	—	9,064	9,064
2017/2019	38,586	3,330	119,733	9,642	9,642

(2) With the exception of Mr. Miller's Special Award PSUs, which are subject to a minimum vesting target of 75%, the minimum payout under the plan is 0% for the PSUs. The RSU component is not based on performance; therefore the minimum payout is the number of RSUs awarded multiplied by the Common Share price at vesting. The values of the unvested share-based awards represent the total number of PSUs that have not vested, multiplied by the Common Share price at closing on December 29, 2017, which was $104.99 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 29, 2017, which was $104.99.

Incentive Plan Awards-Value Vested or Earned During the Year

Name	Share-based Awards-Value Vested During the Year ($)[1]	Non-equity Incentive Plan Compensation-Value Earned During the Year ($)[2]
Charles Brindamour	5,321,922	1,625,625
Louis Marcotte	336,542	234,187
T. Michael Miller	0[3]	241, 622
Jean-François Blais	1,345,688	531,430
Louis Gagnon	1,289,758	518,578

Notes:

(1) a) RSUs

The RSUs allocated under the LTIP for the performance cycle 2014/2016 vested on January 1, 2017. The value indicated in the table represents the number of Common Shares allocated to each NEO, including dividend equivalents, multiplied by the price of the Common Share at closing on the vesting date, which was $96.10. The number of Common Shares allocated to each NEO, including dividend equivalents, is as follows:

Name	Common Shares Allocated (#)	Value at Delivery (January 10, 2017)
Charles Brindamour	16,961	1,615,705
Louis Marcotte	1,072	102,119
T. Michael Miller	0	0
Jean-François Blais	4,289	408,570
Louis Gagnon	4,111	391,614

Where applicable, the Common Shares were delivered to participants on January 10, 2017. The price of the Common Share at closing on January 9, 2017 was $95.26. Participants electing to receive Common Shares are entitled to dividend payments as of the delivery date. Following approval by the HRC Committee and effective as of April 2018, a restriction period is applicable to the (i) CEO and the three (3) most highly compensated Canadian Executives, excluding investment management executives, (ii) the Oversight Functions and (iii) the Vice-Chairman. Such restriction period prohibits the sale of Common Shares received upon the conversion of RSUs and PSUs for a period of two (2) years following vesting of the award.

b) PSUs

The PSUs allocated under the LTIP for the performance cycle 2014/2016 vested on January 1, 2017. Participants received the equivalent of 151% 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, including dividend equivalents, multiplied by the price of a Common Share at closing on the vesting date, which was $96.10. The number of Common Shares allocated to each NEO, including dividend equivalents, is as follows:

Name	Number of Common Shares Allocated (#) (= 151% of original number of PSUs awarded)	Value at Delivery (April 27, 2017) ($)
Charles Brindamour	38,418	3,582,094
Louis Marcotte	2,430	226,573
T. Michael Miller	0	0
Jean-François Blais	9,714	905,733
Louis Gagnon	9,310	868,064

The Common Shares were delivered to participants on April 27, 2017. The price of the Common Share at closing on April 26, 2017 was $93.24. Participants electing to receive Common Shares are entitled to dividend payments as of the delivery date. Following approval by the HRC Committee and effective as of April 2018, a restriction period is applicable to the (i) CEO and the three (3) most highly compensated Canadian Executives, excluding investment management executives, (ii) the Oversight Functions and (iii) the Vice-Chairman. Such restriction period prohibits the sale of Common Shares received upon the conversion of RSUs and PSUs for a period of two (2) years following vesting of the award.

(2) The value represents the amounts to be paid in the second quarter of 2018 for the performance year 2017.

(3) The number of outstanding incentives awards granted by OneBeacon to Mr. Miller prior to closing of the OneBeacon acquisition is as follows:

Mike Miller Outstanding awards under the OneBeacon Legacy Plans

Type of incentive award	Outstanding as at March 29, 2018 (#)	Vesting date	Value at December 31, 2017 ($)[1]
Restricted Shares	47,800	January 1, 2020	1,087,790.81
Performance Shares[2]	85,000	December 31, 2018	2,091,455.69
Performance Units[3]	22,500 26,250	December 31, 2018 December 31, 2019	2,828,925.00 3,300,412.50
Supplemental Restricted Stock Awards[4]	24,200	February 24, 2019	550,722.55

(1) Canadian dollar values are based on the exchange rate as at December 29, 2017, which was 1.2573. These incentives will be paid to Mr. Miller is U.S. dollars. Value for the outstanding Restricted Shares is $US 865,180. Value for the outstanding Performance Shares is $US 1,663,450, including accumulated dividends. Aggregate value for the outstanding Performance Units is $US 4,875,000. Value for the Supplemental Restricted Stock Awards is $US 438,020.

(2) 78,924 Performance Shares granted for the 2015-2017 performance cycle vested December 31, 2017 and resulted in a payment, including accumulated dividends, in the amount of $US 1,610,838.84 on March 2, 2018 ($2,075,807.47, using the exchange rate as of the date of payment, which was 1.28865).

(3) 22,500 Performance Units granted for the 2015-2017 performance cycle vested December 31, 2017 and resulted in a payment in the amount of $US 2,250,000 on March 2, 2018 ($2,899,642.50, using the exchange rate as of the date of payment, which was 1.28865).

(4) 24,200 Supplemental Restricted Stock Awards vested on February 24, 2018 and resulted in a payment of $US 438,020 on March 2, 2018 ($564,454.47 using the exchange rate as of the date of payment, which was 1.28865).

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 97 of this Circular.

On January 1, 2017, the awards made under the LTIP for the performance cycle 2014/2016 vested. Intact Financial Corporation's three (3) year average ROE was 14.00%, and the industry's three (3) year average ROE for that same period was 7.80%. Intact Financial Corporation therefore out-performed the industry by 6.20%, which according to the LTIP performance objectives, results in a payout of 155% of the initial PSUs allocated in 2014. 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.

Awards for the 2015/2017 performance cycle vested on January 1, 2018. The delivery of the final number of Common Shares related to the RSU component occurred on January 10, 2018. The delivery and confirmation of the final number of Common Shares related to the PSU component to participants will occur in April or May 2018 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 (#)	Annual benefits payable: At year end[7] ($)	Annual benefits payable: At age 65 ($)[1]	Opening present value of defined benefit obligation ($)[2]	Compensatory Change ($)[3]	Non compensatory change ($)[4]	Closing present value of defined benefit obligation ($)[5]
Charles Brindamour	22.6712	672,800	1,236,545	8,179,536	1,363,270	1,425,075	10,967,881
Louis Marcotte	11.1923	91,753	190,957	1,029,814	162,127	173,191	1,365,132
Jean-François Blais[6]	28.5938	438,584	N/A	6,314,167	1,573,581	84,288	7,972,036
Louis Gagnon	10.9231	183,230	341,291	1,988,036	172,212	322,380	2,482,628

Notes:

(1) The information shown in this column was determined based on the final average earnings of each participant as of December 31, 2017 and years of credited service projected up to age 65 (assuming full-time employment).

(2) The information shown in this column was determined by using the same assumptions and methods as those used for 2016 financial statement reporting purposes. In particular, the discount rate used to value the obligation is 3.82% per year for benefits accrued under the registered DB pension plans and 3.75% per year for benefits accrued under the SERP.

(3) 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. The service cost was determined using the same assumptions and methods as those used for 2016 financial statement reporting purposes. In particular, the discount rate used to value the service cost under the registered DB pension plans and the SERP is 3.90% per year.

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

(5) The information shown in this column was determined by using the same assumptions and methods as those used for 2017 financial statement reporting purposes. In particular, the discount rates used are 3.53% per year for benefits accrued under the registered DB pension plans and 3.51% per year for benefits accrued under the SERP.

(6) For Mr. Blais, the number of years of credited service under the SERP is 22.1486. The figures shown reflect Mr. Blais's retirement from Intact Financial Corporation effective December 31, 2017. The annual benefit is payable from age 55.

(7) 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.

Defined Contribution Plan ("401k")

Name	Accumulated value at start of year ($)[2]	Compensatory Change ($)[3]	Non compensatory change ($)[4]	Accumulated value at year end ($)
T. Michael Miller[1]	670,743	2,350	29,923	703,016

Notes:

(1) Figures are expressed in Canadian dollars.

(2) Represents the value of Mr. Miller's 401k account on the date of the acquisition of OneBeacon by the Company, September 28, 2017.

(3) Contributions made by OneBeacon between September 28, 2017 and December 31, 2017.

(4) Contributions made by Mr. Miller, if any, plus investment earnings, net of benefit payments and refunds, and including the effect of changes in the exchange rates.

Discussion for Intact Financial DB and SERP Plans

Participants other than Mr. Jean-François Blais

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

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

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

   Earnings are comprised of base salary.

Formula for each service period	Charles Brindamour(1)	Louis Marcotte(1)	Louis Gagnon(1)
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
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
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

(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 since January 1, 2014 Senior Executives are required to contribute to the plan. No contributions were required from Senior Executives prior to that date.

2. 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 benefitted 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 provided 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).

   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. This arrangement was succeeded by a new arrangement in conjunction with Mr. Blais's retirement from Intact Financial Corporation, further to which a total annual pension of $438,584 is payable commencing at age 55, inclusive of the pension in respect of service up to June 30, 2012.

For service up to June 30, 2012, Mr. Blais benefitted 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). An unreduced pension benefit under the AXA Senior Management Plan is provided at age 60 if the member 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). The 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 Plans if the tax limits as to the maximum pension payable, as set out in the applicable Former AXA Base Plans, were not applicable; and

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

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.

Discussion of OneBeacon 401(k) Savings Plan

Mr. Miller participates in the OneBeacon 401(k) Savings Plan, which has the following features:

- OneBeacon makes bi-weekly contributions equal to 3% of an employee's compensation. For this purpose, compensation is limited to the annual IRS limit ($US 270,000 in 2017).
- OneBeacon also makes an annual fixed contribution of 3% of compensation for employees who are active on the last business day of the plan year. For this purpose, compensation is limited to the annual Social Security ceiling ($US127,200 in 2017).
- OneBeacon also makes a variable contribution – 0% to 6% of eligible compensation up to the IRS defined compensation limit ($US 270,000 in 2017). The variable contribution is determined based on to what extent the company has achieved its annual financial goals. All employees are eligible for the fixed contribution. Employees who participate in any long-term incentive plans are not eligible to receive a variable contribution.
- Employees may also make contributions to the plan in the form of deferred wages up to certain limits.

Compensation under the plan includes base salary and overtime and excludes bonuses and other incentive compensation.

7.8 Termination and Change of Control Benefits

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

Mr. Miller Employment Agreement with Intact Financial Corporation

The Company entered into an employment agreement with Mr. Miller following the acquisition of OneBeacon. Under the terms of the agreement, in the event the Company terminates Mr. Miller's employment without cause (defined as termination for reasons other than (i) Mr. Miller's death or Disability or (ii) cause) or Mr. Miller experiences a "Constructive Termination" (termination at Mr. Miller's initiative which follows (i) a material decrease in total annual compensation opportunity, (ii) a material diminution in the authority, duties or responsibilities of Mr. Miller's position (iii) a relocation of Mr. Miller's principal place of employment by more than 35 miles), the Company will provide Mr. Miller with the following:

- A cash payment equal to two times the sum of (i) his base salary and (ii) his annual target IFC U.S. STIP, payable in equal monthly installments over a period of 24 months;
- Continued participation in the Company's welfare benefit plans for a period of 24 months; and
- In respect of outstanding PSUs (including the Special Award PSUs) and RSUs, the Pro-Rata LTIP Treatment (as each such term is defined below); provided, that solely with respect to Special Award PSUs, if such termination occurs before July 1, 2020, the payment with respect to the Special Award PSUs shall be the greater of $US5 million or the pro-rated amount calculated in accordance with the Pro-Rata LTIP Treatment, in each case plus accrued dividends converted to PSUs.

Except as provided above, upon Mr. Miller's termination of employment for any reason, outstanding PSUs and RSUs shall be forfeited; provided however, that if Mr. Miller Retires (as such term is defined below) on or prior to December 31, 2022, his outstanding PSUs (other than the Special Award PSUs) and RSUs will vest on a pro-rated basis (the numerator of which will be the number of completed whole months in the performance period prior to Mr. Miller's termination and the denominator of which will be the number of months in the performance period) based on the actual level of performance achievement for completed years of the performance cycle and target level of performance achievement for future years of the performance cycle (the "Pro-Rata LTIP Treatment"); provided further that if Mr. Miller Retires on January 1, 2023 or later, his outstanding PSUs (other than the Special Award PSUs) and RSUs shall vest and be paid on the original payment date(s) subject to the actual level of performance achievement.

The term "Retire" means (a) a voluntary termination of employment as mutually agreed between Mr. Miller and the Company prior to December 31, 2022, (b) a voluntary termination of employment on or following January 1, 2023, (c) Mr. Miller's death or (d) the Company terminates Mr. Miller's employment due to Disability as defined in the OneBeacon 2017 Long-Term Incentive Plan.

Except as provided above, upon Mr. Miller's termination of employment for any reason, outstanding Special Award PSUs shall be forfeited; however, upon (i) Mr. Miller's death, (ii) the Company terminating Mr. Miller's employment due to Disability or (iii) a Change in Control (as defined below) following the closing of the OneBeacon acquisition, the Special Award PSUs shall vest and be paid without proration related to the duration of the employment on the original payment date(s) based on the actual level of performance achievement for completed years of the performance cycle and target level of performance achievement for future years.

Mr. Miller Retention Agreement with OneBeacon prior to closing of the acquisition

OneBeacon entered into a retention agreement with Mr. Miller prior to closing of the acquisition of OneBeacon (the "Retention Agreement"). The Retention Agreement was essential from the perspective of OneBeacon and White Mountains Insurance Group, Ltd. (the previous owner of OneBeacon) in order to retain Mr. Miller and ensure a successful sale process.

Under the terms of the Retention Agreement Mr. Miller is entitled to a cash retention bonus in the aggregate amount of $US10M (the "Bonus") payable on the following schedule:

(a) 40% as of the closing date, subject to continued employment with OneBeacon. The $US4M was paid to Mr. Miller on October 3, 2017.

(b) 30% as of each of the first and second anniversaries of the closing date, subject to continued employment with the Company through such dates.

Pursuant to the Retention Agreement, in the event Mr. Miller's employment with the Company is involuntarily terminated without cause or due to Constructive Termination, a portion of the Bonus may be accelerated based on the schedule set forth in the Retention Agreement. A "Constructive Termination" means a termination at Mr. Miller's initiative following (i) a material decrease in his total annual compensation opportunity, (ii) a material diminution in his authority, duties or responsibilities, or (iii) a relocation of his principal place of employment by more than 35 miles.

If Mr. Miller's employment terminates due to death or disability, then any unpaid amount of the Bonus will be paid in a lump sum as promptly as practicable following the termination date.

If Mr. Miller's employment terminates for any reason other than as set forth above, then all future installment payments of the Bonus will be immediately forfeited.

If OneBeacon experiences a Change in Control, then any unpaid amount of the Bonus will be paid in a lump sum as promptly as practicable following the effective date of such Change in Control.

A Change in Control under each of the agreements is defined as (i) a third party acquiring more than 35% of the total combined voting power of OneBeacon's common shares, or (2) the sale of all or substantially all of OneBeacon's assets to a third party.

General Rule

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.

Mr. Blais entered into an agreement with the Company effective December 31, 2017. Please refer to page 95 for details on this agreement.

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 under the LTIP:

If a Change of Control occurs, then the vesting of stock incentives under the LTIP shall be subject to double-trigger change of control provisions. 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.

OneBeacon Legacy Plans and Long-Term Cash Plan (the "Legacy Plans")

The Legacy Plans contain provisions relating to the consequences of a change of control of OneBeacon, as described below. The acquisition of OneBeacon by Intact Financial Corporation constituted a Change in Control as defined under the Legacy Plans. As a result, the vesting of awards under the Legacy Plans became subject to double-trigger change of control provisions. As such, an involuntary termination of employment without cause, the constructive termination of employment as defined under the Legacy Plans or an adverse change in the Legacy Plans within 24 months of the change in control will result in the accelerated vesting of awards granted under the Legacy Plans. Performance shares and performance units vesting will be on a pro-rated basis based on the greater of actual performance through the end of the quarter preceding the termination of employment or 100%.

In addition, awards under the Legacy Plans are generally forfeited if the holder terminates employment prior to the end of the award period.

Mr. Miller has outstanding grants as disclosed above under the OneBeacon Legacy Plans but no grants outstanding under the Long-Term Cash Plan.

Estimated payments to NEOs upon termination of employment as at December 31, 2017

The Company does not have employment contracts with its NEOs, except for Mr. Miller. The table below summarizes estimated incremental payments, payables and benefits which Mr. Miller would be contractually entitled to at, following, or in connection with each of the termination scenarios below as at December 31, 2017. Amounts do not include any potential greater common law or civil law entitlements. For equity-based compensation, the values represent the value of any awards (as of December 31, 2017) that would have been eligible for accelerated vesting as a result of termination. These values are based on a share price of $104.99, the closing price of our common shares on December 29, 2017 and U.S. dollar amounts have been converted to Canadian dollars using the exchange rate on December 29, 2017, which was 1.2573.

We do not gross up any compensation to cover the impact of income taxes.

The actual amounts that Mr. Miller would receive if his employment was terminated can only be determined at the time of termination. Many factors could affect the nature and amount of the benefits and the actual amounts may be higher or lower than the amounts shown below. PSUs and grants under the OneBeacon Legacy Plans have been valued assuming a performance factor of 100%, which may not reflect the actual payouts.

Executives' and former executives' outstanding equity-based incentives may be subject to reduction or recoupment, under the terms of our clawback policy.

Name	Compensation component	Retirement (early or normal) ($)	Termination with cause/Resignation ($)	Termination without cause /Constructive termination ($)	Termination without cause following a change of control ($)
Mike Miller	Salary and Annual Incentives	—	—	3,771,900	3,771,900
	Equity-Based Incentives	—	—	12,305,405	18,589,673
	Retention Bonus	—	—	1,257,300	1,257,300
	Value of benefits plans	—	—	28,440	28,440
	Total	—	—	17,363,045	23,647,313

7.9 Compensation of Directors

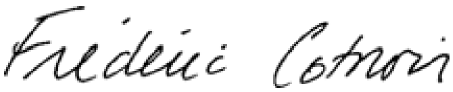
Please refer to the "Director Compensation" section at page 23 of this Circular.

7.10 Indebtedness of Directors and Executive Officers

To the knowledge of the Company, there is no outstanding indebtedness to the Company or to its subsidiaries incurred by Directors, Executive Officers, employees or former Directors, Executive Officers or employees of the Company, except under a loan program for the acquisition of computer equipment and software that is available to all the employees of the Company. Advances to a person under the computer loan program are of a nominal value (average: $3,500).

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 29, 2018

Schedule A

Mandate of the Board of Directors

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

I. Purpose

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

II. Composition and Qualifications

i) The composition of the Board and qualifications of its members is determined based on applicable legal requirements and best practices as determined by the Board.

ii) Directors must have complementary knowledge, skills and expertise, including a reasonable representation of financial industry and risk management skills, to enable them to positively contribute to the achievement of the Company's corporate objectives.

iii) The Board of Directors Policies and Procedures, as approved from time to time by the Board, serves as a guide to determining the composition of the Board and qualifications of its members.

III. Process and Operations

1. Meetings

i) The Board meets at least four times per year based on a Board pre-approved calendar.

ii) Any of the oversight functions, which include: Financial; Risk Management; Compliance; Internal Audit; and Actuarial (the "Oversight Functions"), may also call a meeting of the Board at any time.

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

i) At each meeting, the members of the Board will meet privately for an in-camera session without the presence of management.

ii) The members of the Board may meet members of management in private after each meeting or with any other employees of the Company, as deemed appropriate.

3. Quorum

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

IV. Duties and Responsibilities

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

1. Strategic Planning

i) Approves, at least annually, the strategic plan and the corporate objectives of the Company and oversees their execution. This oversight includes reviewing and approving all major strategy and policy recommendations and monitoring the Company's performance against the strategic plan using appropriate metrics and milestones.

ii) Reviews the opportunities and risks of the Company's three-year plan and, if deemed advisable, approves such plan, including the budget for the following year.

iii) The Board performs periodic reviews of the approved strategy and reviews and discusses results at each of its quarterly meetings to ensure attainment of key objectives and prompt realignment, if judged appropriate.

iv) Reviews and approves material transactions and reorganizations, such as acquisitions, dispositions, mergers, corporate reorganizations, alliances and financing transactions.

2. Risk Management and Capital Management

i) Oversees the identification and monitoring of the principal risks affecting the Company's business and ensures that the Company's business strategies and allocations of capital are related to the Company's Risk Appetite Framework and tolerance.

ii) Ensures that the Company has effective risk management programs and practices that are within the risk tolerance of the Company and that risk management activities have sufficient independence, status and visibility.

iii) Evaluates the Company's compliance with key risk policies and limits.

iv) At least annually, evaluates and approves the Enterprise Risk Management Policy including the Risk Appetite Framework and the Internal Capital Ratio.

v) Approves the Company's Investment Policy.

vi) Oversees the company's policies and strategies with respect to liquidity, funding and capital management.

3. Ethics, Compliance and Corporate Governance

i) Sets the tone for the integrity, ethics and compliance culture throughout the Company and ensures that the appropriate structures and programs are in place to meet and maintain the highest rules of ethics, compliance and conduct.

ii) Develops the Company's approach to corporate governance and its corporate governance principles.

iii) To support the Company's corporate governance objectives, the Board ensures that the Directors, the CEO, the Oversight Functions and other executives demonstrate suitability and integrity in line with the high ethical values of the Company and foster a culture of integrity throughout the Company.

iv) Reviews management reports regarding important developments in the relationship between the Company and key regulators, including the Office of the Superintendent of Financial Institutions ("OSFI"), the Autorité des Marchés Financiers ("AMF") and U.S. insurance regulators.

v) Reviews the Company's compliance programs including the Ombudsman's Office, the Privacy Office and market conduct initiatives.

vi) Reviews the Company's procedures to monitor its Related Party Transactions and approves permitted Related Party Transactions.

vii) Ensures that there are appropriate procedures in place for the identification and resolution of conflicts of interest.

viii) Oversees and monitors the Company's corporate social responsibility initiatives, including with respect to diversity.

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

i) Ensures that the Company is supported by an appropriate organizational structure including a CEO, Oversight Functions as defined by law, and other executives who have complementary skills and expertise, to ensure the sound management of the business and affairs of the Company and its long-term profitability.

ii) Oversees the Company's succession planning and talent development.

iii) Develops the annual corporate goals and objectives of the CEO and is responsible for the CEO's appointment, assessment, compensation and termination (if applicable).

iv) Conducts an annual assessment of the effectiveness and independence of the Oversight Functions and reviews their objectives. Such assessment may include conducting a benchmarking analysis of such functions and processes with the assistance of internal or external advisors.

v) Periodically reviews and approves the respective mandates of the Oversight Functions.

vi) Appoints, assesses and terminates (if applicable) the head of the Oversight Functions.

vii) Oversees the Company's general approach to human resources and compensation philosophy and reviews, discusses and approves the compensation and benefits plans for employees, management, executives, including the Oversight Functions, and Directors.

5. Pension Plans and Funds

i) Monitors the various aspects of the Company's Pension Plans (benefits, Financial Statements and actuarial valuation) or the management of their funds (review of policies and approval of strategies and investment reports).

ii) Reviews the governance framework in relation to the management of the Company's pension plans and pension funds.

6. Board of Directors Structure and Composition

i) Ensures that its own structure and composition are in compliance with applicable legislation and best practices, as determined by the Board, and reviews the size, composition and policies of the Board and its committees with a view to the effectiveness, contribution, skills, suitability, integrity and independence of the Board and of all the directors.

ii) Establishes the appropriate policies and procedures to enable the Board, its committees and individual directors to function independently of management.

iii) On an annual basis, the Board undertakes a self-assessment to evaluate the effectiveness of the Board and committee practices, periodically with the assistance of external advisors.

iv) Identifies potential new Board members and implements and reviews the nomination process for new Board members.

v) Provides orientation for new directors and continuing education opportunities to all Board members.

7. Financial Reporting, Public Disclosure and Internal Controls

i) Reviews and approves the Company's significant disclosure documents including financial statements and related financial information and oversees the Company's compliance with applicable audit, accounting, actuarial and reporting requirements.

ii) Ensures that the Company adopts appropriate policies and procedures that provide for timely and accurate disclosure to regulators, shareholders, employees, analysts and the public, that meet all applicable legal and regulatory requirements and that facilitate feedback from stakeholders and shareholder engagement.

iii) Oversees and monitors the integrity and effectiveness of the Company's internal controls and management information systems. The Board also reviews management's assertions on internal controls and disclosure control procedures.

iv) Appoints, subject to approval by shareholders, and terminates, if applicable, the external auditor.

8. General

i) As part of meeting its responsibilities, the Board is responsible for overseeing the governance and activities of subsidiaries.

ii) The Board is responsible for establishing general Company policies and performing other tasks required by law and regulations.

V. Access to Independent Consultants

i) The Board and each committee may retain and terminate independent consultants, at the Company's expense. Individual members of the Board are authorized to engage consultants, at the expense of the Company, in appropriate circumstances.

ii) The Board ensures that consultants are retained only when necessary and that such consultants are retained prudently and without duplication.

iii) The Board will ensure that appropriate policies and procedures are in place to provide for the prudent engagement of consultants.

VI. Committees of the Board and Delegation

i) The Board has established the following committees to assist it in its stewardship role: the Audit Committee, the Risk Management Committee, the Compliance Review and Corporate Governance Committee, and the Human Resources and Compensation Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

ii) The Board has approved mandates for each Board committee. Such mandates will be reviewed annually and approved by the Board.

iii) The Board has delegated for approval or review the matters set out in each Board committee's mandate to that committee.

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

VII. Board Mandate Review

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

Approved by the Board of Directors of Intact Financial Corporation and its Canadian P&C Insurance Companies on February 6, 2018.

How to Contact Us

Investors	Intact Financial Corporation Investor Relations Department 700 University Avenue, Suite 1500 Toronto, Ontario M5G 0A1 Email: ir@intact.net Phone: (416) 941-5336 or 1 (866) 778-0774 (toll-free within North America)
Shareholders For changes in share registration, address changes, dividend information, estate transfers and duplicate mailings.	Computershare Investor Services Inc. 100 University Avenue, 8th floor Toronto, Ontario M5J 2Y1 Email: service@computershare.com Phone: 1 (800) 564-6253
Independent Directors For inquiries related to Board of Directors structure and composition, Board of Directors and CEO performance, executive compensation, succession planning, corporate governance practices and disclosure, material strategic decisions and overall corporate performance.	Senior VP, Corporate and Legal Services, and Secretary Intact Financial Corporation 2020, Robert-Bourassa Blvd., 6th floor Montréal, Québec H3A 2A5 Email: corporate.secretary@intact.net Phone: (514) 985-7111 x 83131 or 1 (888) 221-7111 (toll-free within North America)
Management For inquiries related to the Company's general business operations, financial results, strategic direction and similar matters.	Intact Financial Corporation Investor Relations Department 700 University Avenue, Suite 1500 Toronto, Ontario M5G 0A1 Email: ir@intact.net Phone: (416) 941-5336 or 1 (866) 778-0774 (toll-free within North America)
Media	Stephanie Sorensen Director, External Communications Email: stephanie.sorensen@intact.net Phone: 1 (416) 344-8027

Further information relating to Intact Financial Corporation may be obtained from its website at www.intactfc.com and from the SEDAR website at www.sedar.com.

Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the fiscal year ended December 31, 2017 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.

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