INSURER CLIMATE RISK SURVEY FOR REPORTING YEAR 2022

Governance – Narrative

Board of Directors Oversight

The Board of Directors (the "Board") of Intact Financial Corporation ("IFC"), the ultimate controlling parent company of the Intact Insurance Specialty Solutions insurance companies, which includes Atlantic Specialty Insurance Company and Homeland Insurance Company of New York ("Intact US"), is responsible for overseeing the strategic direction and initiatives regarding climate change risks. This includes, for example, a commitment to net zero emissions.

As discussed further in the Metrics and Targets section, the Board is responsible for overseeing progress towards climate-related commitments. Several Board members have experience or knowledge in environmental or sustainability practices.

The below table summarizes the Board and its committees, and their relationships to climate-related topics:

Committee	Climate-related Roles and Responsibilities
Board of Directors	• Oversees the delivery of the IFC climate change strategy and achievement of IFC's strategic objectives (which include climate change focused objectives).
Risk Management Committee	• Oversees the assessment and monitoring of the risks related to climate change and the development of strategies to manage these risks. • Reviews risk monitoring programs and receives quarterly reports on risk monitoring activities, including investment risk monitoring. • Ensures that our pricing and segmentation practices are adapted to address our risks including those related to climate change and trends in catastrophes and severe weather events and that our reinsurance programs adequately limit our losses in the event of significant weather-related and other catastrophic events.
Governance & Sustainability Committee	• Oversees corporate disclosure on climate change and climate risk management.
Audit Committee	• Oversees the integrity, fairness and completeness of our financial statements and other financial disclosure. • Oversees the quality and integrity of our internal controls and procedures. • Oversees our actuarial practices, ensuring pricing and segmentation practices are adapted to address our risks including those related to climate change and trends in catastrophes and severe weather events.

Intact US manages climate-related risks in alignment with IFC's Enterprise Risk Management Strategy, which is shaped by the Board. This includes setting the risk appetite where appropriate and ensuring its governance structure and policies are effective. The Enterprise Risk Management Strategy includes the identification, assessment, response, monitoring, and reporting of risks.

As directed by IFC's Human Resources and Compensation Committee, ESG-related goals, including climate initiatives, are included in the personal objectives of the CEO and other Senior Executives under IFC's Short-Term Incentive Plan.

Management Oversight

At the forefront of risk management at IFC, our Enterprise Risk Committee is headed by our Chief Risk Officer, and reports to the Board's Risk Management Committee quarterly. The Chief Risk Officer and Enterprise Risk Management (ERM) Committee oversee the ERM process, which is integrated into all business activities and strategic planning. This includes the identification, assessment, response, monitoring and reporting of risks, including those related to ESG and climate.

The ERM team meets quarterly with risk owners within the company and Intact Investment Management to investigate emerging risks and ensure risk management plans are in place. Regional risk management teams report on continued and emerging risks to the Chief Risk Officer, who manages IFC's Enterprise Risk Management Policy on behalf of the ERM Committee.

Our Senior Management team, including our Group CEO, provides direct leadership on ESG initiatives, including climate initiatives. The Chief People, Strategy and Climate Officer leads our Climate Strategy to ensure ongoing integration of climate change and climate risk management into our central strategy. This role reports directly to the Group CEO.

Intact US operates in line with IFC's strategy and has access and insight into its processes. Intact US has appointed IFC's Risk Management Committee as responsible for the oversight of Intact US's management of climate risks. Intact US has designated certain senior managers as responsible for the management of Intact US climate risks.

Management committees with specific climate change responsibilities are shown in the table below.

Committee	Climate-related Roles and Responsibilities	Action in 2022
Enterprise Risk Committee	• Headed by our Chief Risk Officer, this committee oversees risk management priorities, assesses the effectiveness of risk management programs, policies and actions of each key function of the business and reports quarterly to the Board Risk Management Committee. • The Committee is mandated to identify risks that could materially impact the business, measure risks in terms of impact on financial resources and reputation, monitor and manage risks in accordance with our risk appetite statement.	Conducted ongoing assessment of risks and opportunities arising from climate change Engaged quarterly with leadership of commercial, personal and specialty lines as well as with Intact Investment Management (IIM) leaders of the business to ensure proper risk assessment and mitigation plans are in place. Continually evaluates the reinsurance program and program coverage. Reviewed catastrophe risk and weather-related perils and plans to

		strengthen our modelling capabilities.
Operating Committee	• The IFC Operating Committee oversees the climate change strategy, net zero target progress, climate adaptation initiatives and climate risk management approaches. • This Committee includes IFC's Group Chief Executive, Chief Risk, and Chief Climate Officer, among other C-suite level executives. • Climate-related risks and/or opportunities that could impact IFC at the enterprise level, or that require strategic/operational intervention, are presented and discussed with this committee.	Approved the IFC Climate Strategy in advance of Board approval in April 2022. Reviewed and discussed climate strategy progress updates throughout 2022.
Operational Investment Committee	• Reviews investment strategies, monitors performance and discusses investment risks. The OIC oversees the climate change engagement strategies with investees, commitments to climate initiatives such as Climate Engagement Canada and oversees progress on investment net zero targets. • IIM reports regularly and directly to this committee on all ESG matters related to investment management.	Reviewed investment strategies to confirm alignment with the Climate Strategy, identify gaps, and work to close them. Oversaw investee engagement and quantification of investments emissions. In 2022, there were ESG discussions at 75% of the OIC meetings.
Disclosure Committee	• Ensures all disclosures are complete, accurate and timely. Oversees all corporate disclosures, including the Social Impact Report and responses to regulators and supervisory entities on climate change topics.	Discussed emerging climate disclosure regulation in IFC operating geographies. Reviewed the TCFD and the Social Impact & ESG Report.

IFC also incorporates climate-related risks and the assessment of their impact on capital in the Own Risk and Solvency Assessment ("ORSA"). Its most recent stress test scenario performed on transition risk addressed the impact on capital over the long-term of severe and plausible climate risk scenarios. Results of the financial risk assessments that cover climate change from a capital perspective are captured in the annual ORSA Report.

IFC's public reports, including the Management's Discussion and Analysis and the Social Impact and ESG Report, which contains IFC's Task Force on Climate Related Financial Disclosures ("TCFD") report, describe the Board's role and the role of the Enterprise Risk Management Strategy in responding to climate risk. The Social Impact and ESG Report may be found at https://www.intactfc.com/English/in-the-community/social-impact-report/default.aspx

Strategy – Narrative

Our climate strategy focuses on our expertise, scale, and resources to address all aspects of climate change including our strategy to achieve net zero emissions. We play an integral role in enabling innovation, and the pathway to a sustainable future continues to be an opportunity for us to help facilitate a prosperous and climate-resilient economy.

Our five-part climate strategy, described below, is underpinned by the following principles:

- We will help people, businesses and society de-risk the transition to a sustainable future by leveraging our strengths.
- We will take an inclusionary approach to supporting our stakeholders, not an exclusionary one.
- We will focus our actions on areas that maximize the overlap between helping and winning.

IFC has established and publicly disclosed a five-part climate strategy describing its goals on climate-related risks and opportunities:

- COMMIT to achieve net zero overall by 2050
- Double down on helping people ADAPT to climate change
- Leverage our platform to SHAPE customer behaviour
- ENABLE the transformation by supporting existing and new industries that are key to the transition
- COLLABORATE with governments and industry to influence and accelerate climate action

Climate Change Opportunities

Our enhanced climate strategy focuses on helping manage risks but also looks to capitalize on opportunities by increasing revenues via new and emerging markets that may help advance society's transition. There are a number of potential opportunities for our business, including:

- Increased investment in renewable energy technologies, increased demand for renewable energy insurance, and increased revenue related thereto.
- New product and service offerings to provide insurance for new technologies or infrastructure. This opportunity is managed through product/service offering, customer engagement, and ongoing market analysis.
- Increased demand for insurance as changes to weather patterns increase public awareness of the need for insurance products. This is managed through product/service offering and customer engagement.
- Leverage our AI capabilities to outperform by continuously investing in and redefining how we select and price risk with data and predictive analysis, leveraging the expertise of 500 experts across AI, machine learning, actuarial science and data.

Climate Change Risks

As a P&C insurer, assuming physical risk from our customers is our business. Our risk management and underwriting expertise have enabled strong financial performance even in lines heavily impacted by severe weather.

Physical, transition and liability risks relevant to our business are presented here, along with the time horizon for which these risks may be most impactful and the ways in which we are managing these risks.

Short term risks are equal to or under 4 years, medium term risks are 5-10 years, with long term risks being 10 years and longer.

IFC has identified the following climate-related risks, which are all actively managed through internal risk management systems:

- Physical Risk:
    - Physical risk, identified as a short- to long-term risk, is defined by an increase in the number and cost of claims associated with severe weather conditions or natural disasters. Changing weather patterns result in less predictability and increasingly severe storms.
    - Potential Impact:
        - Underwriting: Weather patterns could continue to change, increasing earnings volatility and negatively impacting property and automobile insurance results.
        - Operations: Physical risk could disrupt our operations if severe weather affects our premises or the premises of outsourced business functions.
- Transition Risk:
    - Transition risk, a mid- to long- term risk, is the risk associated with the transition to a low GHG and climate-resilient economy. This involves changes to government policies, the legal environment, technology, and financial markets. For example, large institutional investors are shifting away from GHG emission intensive sectors.
    - Potential Impact:
        - Underwriting: The financial impact of the transition on sectors will vary greatly. The transition may lead to a concentration of market demand and/or an increase in losses for certain lines of business. There is significant opportunity in insuring new green technology, investing in greener assets, and potential new insurance products to manage physical risks.
        - Claims: Changes in the operational cost base or claims profile due to new or unproven technologies associated with the net zero transition (e.g., switch to electric vehicles, larger turbine size, battery storage etc.)
        - Shifting Market Demand: In some sectors the transition could lead to contraction of market demand and an increase in losses for certain lines of business and will require changes to underwriting guidelines and practices. We also expect new industries to emerge and market demand for certain sectors to increase.
        - Investments: Transition risk may lead to a decline in the valuation of certain vulnerable assets. Exposure to carbon-intensive sectors could lead to the perception of disregard of the transition to a greener economy and increase reputational risk.
- Liability Risk:
    - Liability risk, identified as a mid- to long-term risk, falls into two categories:

1. First, there is a risk of climate-related claims under liability policies made against our insureds. Our underwriting third-party liability policies could lead to claims against our insureds for contributing to climate change. We have observed that with greater regulatory reporting requirements, the claims landscape is shifting towards liability to corporations for not being sufficiently transparent about their exposure to climate-related risks. We have also seen an increase in third-party claims under the directors & officers policies for management and governance errors in respect to climate change. The directors and officers of GHG-intensive industries and investment companies may be held personally accountable for failing to consider the impact of climate change in corporate strategy and decision-making, failing to disclose information relating to climate risks, and for a lack of progress on publicized net zero targets. Other businesses might fail to consider the impact of climate change on their advice to clients, such as accountants, architects, engineers, and those involved in the construction sector. As companies increasingly become required by law to measure and report their exposure to climate-related risks, the risk of liability towards investors and other stakeholders will also increase. Businesses that fail to keep pace with the sustainability requirements or fail to disclose their exposure to climate risks may face class actions as well as enforcement measures from regulators.
2. Second, there is a risk of allegations about a lack of transparency in where our liability exposure lies. We understand our exposure to climate-related claims and the impact of climate change on our balance sheet. Intact US faces the risk of litigation from customers, investors, or other stakeholders who may be dissatisfied with our approach to climate-related risks and opportunities.

- Potential Impact: Net zero commitments are contingent on many variables, including the role of governments and their ability to meet climate commitments. There is a risk that companies have overstated their ability to meet their target and may miss their interim net zero targets. Litigants could seek compensation for losses resulting from the physical or transition risks outlined above. Although in its very early stages globally, climate-related litigation could increase with implications for certain liability coverages. The prevalence of greenwashing, which is the advertisement of an unsubstantiated climate-related claim, may increase climate-related litigation.

Strategy Resilience

We have a number of risk management strategies in place to mitigate risk, reduce financial impact and capture potential opportunities. Our business strategy and intrinsic risk management processes are responsible, in large part, for our climate change resilience. Some of the key activities contributing to our resilience as a business include:

- Leveraging operational planning processes that consider changing weather patterns. Using up-to-date catastrophe models and building identifiable trends into our weather planning, technical pricing and exposure management are key parts of our underwriting guidance. As part of this we:

    - Re-price our products with weather trends annually at renewal, given most of our policies are 12 months in duration.
    - Use weather peril models, risk maps and geolocation tools to support risk assessments and underwriting of residential and commercial properties, especially to impacts related to flood and wildfire risks.
    - Continuously invest in and redefine how we select and price risk with data and predictive analysis, leveraging the expertise of 500 experts across AI, machine learning, actuarial science, and data.
- Reinsuring certain risks to limit our losses in the event of a catastrophe or other significant weather- related losses. Below our catastrophe cover, we purchase specific treaties for business that is more exposed to major events and use facultative and per risk reinsurance to limit exposure on any one risk. Our catastrophe reinsurance covers flood, windstorms, hurricanes, wildfires and other severe weather events, with special provisions providing additional protection for prolonged or greater frequency events.
- Working with our customers to promote measures that improve resilience to extreme weather.

Additionally, we conduct stress-testing with internally developed scenarios and measure their aggregate effects on our business. We then take action to limit these effects, whether by limiting our exposures or by transferring risk to others. In doing so, we help ensure that our ability to get customers back on track won't be compromised even when extreme events occur.

In addition to the stress-testing we conduct, Intact and RSA Insurance Group ("RSA"), a subsidiary of IFC, participated in pilot projects with the Bank of Canada (BoC) and the Office of the Superintendent of Financial Institutions (OSFI), as well as the Bank of England Biennial Exploratory Scenario (CBES) exercise. Using our expertise in risk management, we contributed to the development of scenario analysis tools and resources. The BoC/OSFI exercise revealed that the transition impact of climate scenarios on our business remains manageable. And the CBES has helped drive improvements in resilience-building and risk management for banks and insurers.

The results of our internal stress-testing, climate-related peril modelling, and participation in sector-level scenario analysis pilot projects support the conclusion that climate change is a manageable threat for IFC, and that climate risks are well-managed within our business.

With respect to our climate risk investment strategy:

- Intact Investment Management (IIM) adopted and implemented positions on coal in 2020 and oil and gas in 2021. In 2022, IFC began actively engaging with high emitting investees, focused on supporting the energy sector's net zero transition.
- IIM is assessing climate disclosure and transition plans for all companies in our investment universe that:
    - generate more than 25% of revenue from thermal coal mining
    - derive more than 25% of energy generation, revenue or net income from thermal coal
    - are included in the top GHG emitters from the oil and gas sector.
        - In 2022, we reviewed the transition plans for 10 high emitting investees who fall into these categories

- In 2022, IIM portfolio managers held 125 meetings where we engaged in discussions on company climate resilience.
- In 2022, we voted on 345 shareholder proposals related to ESG matters, of which 18% were environment-related

Risk Management – Narrative

At IFC, the Enterprise Risk Management process consists of the following workflow: risk identification, risk assessment, risk response, risk monitoring and risk reporting. This process identifies the most significant risks (including climate change risk), fosters discussion on mitigation measures, and enables management to make appropriate decisions to help the company achieve its objectives. The Three Lines of Defense Model attributes accountability for compliance and risk management across the company. As such, the senior business leaders are accountable for climate change risk ownership.

Both top-down and bottom-up processes are employed to identify and measure the potential impact of climate-related risks on our insurance risk exposures over appropriate time horizons.

As part of the underwriting process, Intact US underwrites hurricane perils using catastrophe models. We also utilize underwriting guidelines to manage catastrophe risks. Our pricing and product changes reflect new climate realities. We conduct regular reviews of claims processes and exercise a greater focus on loss prevention. We monitor risk concentration and use historical data and models based on hazards and engineering and assess potential financial implications. These provide an average annual loss estimate (AAL) and an exceedance probability curve. This impacts eligibility, rating, limits, and deductibles. We manage our exposure to catastrophe losses through individual risk selection and the purchase of reinsurance contracts. We have established climate-related deleveraging strategies.

As part of our risk management optimization strategy, we have a reinsurance program that offers protection against unexpected climate-related catastrophe events.

We use an Inherent Risk Exposure Scale and Control Effectiveness Scale to assess climate risk exposure. Results of the completed assessments help prioritize areas of focus in annual planning while also providing valuable context for discussions with the Enterprise Risk Committee about climate risk management. Depending on the inherent risk score, the business may be required to perform additional insurance risk exercises, as deemed appropriate by the risk management committees.

Physical Risk Resiliency

We have implemented several actions to manage the potential impact of changing weather patterns, including improved risk selection, pricing, product changes and a greater emphasis and investment in prevention. Our response to climate change has long been embedded in our strategy and our approach to risk management. This includes the following:

- Risk Selection and Pricing:
    - Maintain an adequate capital margin to ensure that we are sufficiently capitalized to withstand an acceptable level of insurance and/or market shocks.
    - Implement rate changes in our property business to reflect recent trends in catastrophes and severe weather.
    - Reinsure certain risks to limit our losses in the event of a catastrophe or other significant weather-related losses. We purchase specific treaties for businesses that are more exposed to major events and use facultative and per-risk reinsurance to limit exposure to any one risk.
- Product evolution:
    - Continually evolve our products to account for new climate realities.

    - Transform our business to adapt to evolving climate risks.
- Supply chain & claims support enhancements:
    - Use actuarial tools and actuaries in claims support operations to quickly assess catastrophes, including the number of claims, nature of claims, geo-coded maps and supply-chain requirements.
- Investments:
    - Engage with investees on climate change resiliency and the integration of climate change into strategy and governance measures.
    - Discuss the impacts of extreme weather events on financial performance and ensure management is accounting for climate change as a key risk.
    - In 2022, we voted on 345 shareholder proposals related to ESG matters, of which 18% were environment-related

Transition Risk Resiliency

Transition risk is the risk inherent in the transition to a low-carbon and more climate-resilient economy. Below are the methods Intact US and its affiliates use to manage this risk:

- Underwriting:
    - We are assessing underwriting risks and opportunities that can emerge in the transition to a low-carbon economy and acting accordingly.
- Investments:
    - Intact Investment Management ("IIM") adopted and implemented positions on coal in 2020 and oil and gas in 2021, focused on supporting the energy sector's transition to a low-carbon economy.
    - IIM will assess the climate disclosure and transition plans for all companies in our investment universe that:
        - generate more than 25 percent of revenue from thermal coal mining;
        - derive more than 25 percent of energy generation, revenue or net income from thermal coal; and
        - are included in the top GHG emitters from the oil and gas sector.
    - We will engage with investee companies that do not have satisfactory transition plans but expect tangible improvements.
    - We will remove companies that are non-responsive or do not provide evidence of progress on their transition plan from our investment universe within a communicated timeline.
    - In 2022, we reviewed the transition plans for 10 high emitting investees who fall into these categories

Liability Risk Resiliency

Below are the methods Intact US and its affiliates use to manage liability risk:

- We apply our leading financial disclosure practices to our net zero commitment, disclosing our progress in a timely manner.
- We are transparent with any changes to our strategy or our targets.

- We conduct internal climate risk assessment surveys with Underwriting, monitoring liability claims for climate-related liability trends.
- We have included climate change litigation as a top emerging risk for quarterly assessment and monitoring. We have identified the root causes of risk and are taking adequate steps to measure and mitigate our exposure.
- We are also actively monitoring the growing body of climate change litigation cases to better identify, assess and mitigate risk. Our awareness of climate change litigation outcomes helps us develop appropriate policy settings and proactively mitigate our exposure to climate risk. Further, it enables us to make progress on our climate action (including ESG agenda) to ensure we maintain a high level of consumer and investor confidence.

Metrics and Targets — Narrative

In line with our strategic objectives, we measure the impact of our work in climate change and building resilient communities.

Some key metrics we use to manage and assess our climate impacts include catastrophe losses, weather-related losses and ratios, and some key targets include net-zero operations, emissions calculations, and net premiums in renewable energy. Further details on IFC's sustainability operations, including emissions metrics, may be found in the Social Impact Report: https://www.intactfc.com/English/in-the-community/social-impact-report/default.aspx

Catastrophe Modeling

Catastrophe events include natural disasters and non-natural events. The incidence and severity of catastrophe events are inherently unpredictable. Hurricane models are used for pricing and portfolio management. We report on severe convective storms, wildfire, and floods from a risk management perspective based on modelling from our reinsurance broker. Some catastrophe events are restricted to small geographic areas; however, hurricanes and other storms may produce significant damage in large, heavily populated areas. We manage this risk by reviewing our risk appetite to catastrophe exposure and analyzing exposure data in catastrophe models, which provides metrics for effective control over geographic risk accumulation.

Metrics

We recognize the importance of understanding, measuring and managing the impact of our own operations, the impacts of our value chain, and our progress on our Climate Strategy priorities. Our Climate Strategy outlines our commitment to:

- Achieve net zero emissions by 2050.
- Halve operational emissions by 2030.
- Become carbon neutral in corporate operations by 2025.

We observed a reduction of 23% in our total greenhouse gas emissions including a 44% reduction associated with business travel. As expected, upon "return to office" in 2022, post-pandemic lockdowns, our emissions increased from 2021. However, our 2022 emissions total still reflects a reduction from the 2019 baseline, and we remain on track towards our 2030 emissions target.

The scope of the operations GHG emissions estimates section encompasses all of Intact Financial Corporation's wholly-owned subsidiaries' operations and activities.

			2022	**2021**	**2020**	**2019**
Operations [1]	Total GHG emissions (tonnes CO_2e)	Scope 1	18,898	17,395	16,576	20,166
		Scope 2 (location-based)	9,553	10,563	12,110	13,511
		Scope 3	7,187	1,856	3,224	12,560

		Scope 3 waste, water and paper[3]	*479*	*447*	*511*	*509*
		Scope 3 business travel[2]	*6,708*	*1,408*	*2,713*	*12,051*
		Total	**35,638**	**29,814**	**31,910**	**46,237**
	GHG intensity (Gross tonnes CO_2e/FTE)	Total emissions intensity	1.25	1.13	1.51	2.39
	Energy consumption (MWh)	Electricity, district heating and cooling	73,353	79,136	85,233	94,782
		Gas consumption	39,557	42,095	38,705	43,591
		Stationary liquid fossil fuels	11,538	11,793	11,799	13,617
		Transportation – vehicles	52,118	41,268	41,433	56,456
		Total energy use	**176,566**	**174,292**	**177,170**	**208,446**
	Business travel	million passenger km	24.9	5.2	11.1	50.9
	Waste[3]	Waste generated (tonnes)	1,390	1,407	1,486	1,517
		Diverted from landfill (%)	80.1%	75.2%	84.5%	80.0%
Value Chain (Investments)[4]	Gross GHG emissions (tonnes CO_2e)	Scope 3 — Investments	699,014	656,597	674,829	786,265
	GHG intensity (WACI, tCO_2e/$M company revenue)	Scope 3 - Investments	204	182	187	227
	Catastrophe losses (global)	Weather CAT losses	$708M	$483M	$205M	$326M
		Weather loss ratio	3.70%	3.00%	1.80%	3.20%
	External commitments	Meeting the requirements of the UNEP FI Principles for Sustainable Insurance	Requirements Met			
	Building climate resilient communities	Dollar value of partnerships focused on climate change adaptation (CAD)	$4.0M			
	Underwriting and investments	Proportion of renewable energy premiums in our direct energy portfolio (global)	Approximately 50%			
		Number of engagements with investees re: climate plans in 2022	125			

1: Notes about our operations GHG emissions estimates:

- The scope of the operations GHG emissions estimates section encompasses all of Intact Financial Corporation's wholly-owned subsidiaries' operations and activities, subject to the below limitations.
- All known sources of Scope 1 and 2 GHG emissions have been included in our operations GHG emissions estimates. Scope 3 emissions include employee business travel, except for On Side Restoration Employee-Owned Vehicles usage in Canada, waste, water and paper.
- Use of estimation technique: Some data sources were incomplete or unavailable, such as utility usage data at specific real estate locations, e.g., certain IFC Canada locations. In these instances, we used estimation techniques to approximate utility usage, using data from locations of a similar size and energy usage. Efforts are being made to increase actual data coverage for future years.
- In line with the GHG protocol, all years of emissions data have been re-stated to take account of the emissions from acquisitions having occurred during reported years, including On Side Restoration and RSA.

2: Scope 3 business travel excludes On Side Restoration Employee-Owned Vehicles in Canada.

3: Limited scope - Includes UK&I data and partial data coverage for IFC Canada locations. Efforts are being made to increase actual data coverage for future years.

4: For more information about how our investments emissions are calculated, please refer to the Notes regarding IIM GHG emissions estimates on page 61 of our social impact report.