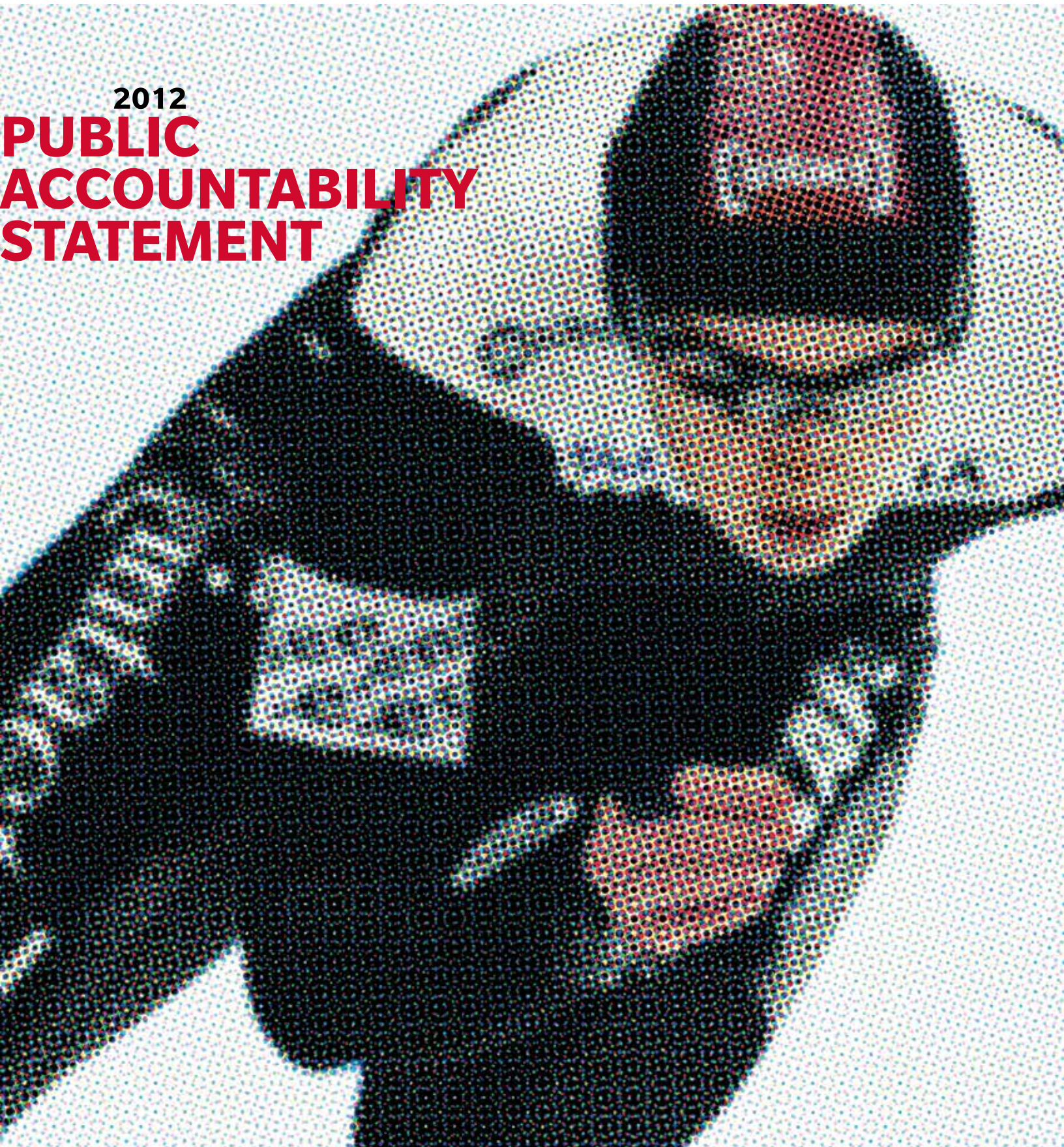


2012  
**PUBLIC  
ACCOUNTABILITY  
STATEMENT**



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**Scope |** Intact Financial Corporation's 2012 Public Accountability Statement was produced and filed as a consolidated public accountability statement. It complements the Intact Financial Corporation Annual Report and provides an overview of activities undertaken in support of customers, employees, community members and governments during the fiscal year January 1 to December 31, 2012. All dollar amounts are expressed in Canadian currency.

This Public Accountability Statement includes the contributions of the following subsidiaries:

Belair Insurance Company Inc.  
Intact Insurance Company  
Novex Insurance Company  
The Nordic Insurance Company of Canada  
Trafalgar Insurance Company of Canada  
Intact Investment Management Inc.  
Equisure Financial Network Inc.  
Grey Power Insurance Brokers Inc.  
Canada Brokerlink Inc.  
AXA Insurance Inc.  
AXA Pacific Insurance Company  
Intact Farm Insurance Inc.  
AXA Insurance (Canada)  
Anthony Insurance Incorporated  
Jevco Insurance Company

**Donations |** All requests for charitable donations can be submitted using the online application process at [www.intactfc.com](http://www.intactfc.com) under the In the Community section. The section also includes information about the Intact Foundation, our partners and initiatives.

Comments regarding this document may be forwarded to:

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Social Responsibility Manager  
Intact Financial Corporation  
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1-800-663-9468 ext. 20102



**Charles Brindamour**  
Chief Executive Officer

2012 was a remarkable year for our all of us at Intact as we pursued our journey to become a world class property and casualty insurance company, a company where our customers will be our advocates, our people will be engaged and where we will be recognized as the most respected insurer.

Despite the challenges inherent in adding more than 3,000 new people to our team and integrating the products and processes of three different companies, our people should be proud of what they achieved this year. They continued to expand our offering to consumers, provided them greater ease to reach us and an outstanding experience when they needed us the most. Our brokers also benefited again this year from the excellent service they have come to expect from us. And we reinforced our commitment to making a meaningful and lasting difference in the communities where we live and work.

In 2012 we contributed more than \$3.5 million to charitable organizations that address the needs of youth at risk, help communities prepare for climate change and those that our employees support or are involved with.

We also brought to fruition two significant initiatives that we launched with community partners. In June, in collaboration with the University of Waterloo, we released the most comprehensive roadmap to help our country adapt to climate change. The roadmap outlined practical and cost-effective initiatives that could be implemented in the short term.

We also supported Raising the Roof, the only Canadian national charity focused on sourcing long-term solutions to youth homelessness, and participated in their Youthworks initiative. Released in November, the report focuses on understanding how to motivate and support Canadian business to provide innovative employment, mentorship and skills training opportunities to disadvantaged youth.

We also continued our efforts towards becoming one of the best employers in the country by providing a workplace where our people feel welcome, respected and appreciated; a workplace where they can contribute their very best each and every day.

Over five million Canadians rely on us to protect their home, their car and their business. Thanks to our people, we continued to deliver on our promise as we helped nearly 550,000 of our customers get back on track after the unexpected happened.

While we are here to help our customers, we all realize there is more to it. We also play an essential role in helping people, businesses and society prosper by providing them the confidence, security and freedom to prosper, innovate, grow and progress.

I am confident that by continuing to live our values of integrity, respect, customer-driven, excellence and being socially responsible, all of us at Intact will make a real difference and a greater contribution to our society.

A handwritten signature in black ink that reads "Charles Brindamour".

**Charles Brindamour**  
Chief Executive Officer

## ABOUT US

**Who we are** | We are Canada's largest provider of home, auto and business insurance protecting more than five million individuals and businesses. More people count on us for peace of mind than any other insurance company in Canada.

We have a long and proud Canadian history. We trace our roots back to 1809 when a group of business people formed the Halifax Fire Insurance Association - later to become Halifax Insurance Company - making us one of the country's oldest, continuous companies. In the 1950s the Halifax Insurance Company was purchased by Nationale-Nederlanden, one of the largest Dutch insurance companies at the time. Operating as ING Canada in most of the 1990s and 2000s, we became the largest provider of property and casualty insurance. Today, Intact Financial Corporation is an independent and widely held Canadian company that is continuing its journey to build a world-class P&C insurer.

### Our recent history |

**2002**

We became the largest property and casualty provider in the country following the acquisition of Zurich Canada's home, auto and small and medium sized business insurance portfolios

**2004**

We reinforced our core business position and further expanded our national presence with the acquisition of Allianz Insurance Company of Canada

To help finance the acquisition our former parent at the time, ING Group, sold an initial 30% stake to the public and we began trading on the Toronto Stock Exchange

**2009**

ING Group sold its remaining 70% majority ownership to the public and we became Intact Financial Corporation, an independent and widely held Canadian company

**2011**

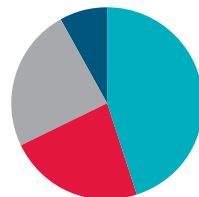
We acquired AXA Canada and, as a result, we strengthened our product offering to customers, improved our capacity to support brokers, expanded our distribution platform and deepened the quality of our management team

**2012**

We expanded our product suite to include recreational vehicles and commercial specialty lines as a result of the acquisition of Jevco Insurance Company

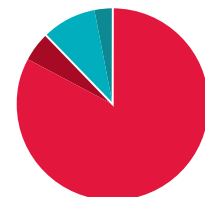
**What we offer** | With our comprehensive and broad range of car, home and business insurance products, we offer customers protection that is tailored to meet their unique needs. We also offer customers the ability to acquire our products through insurance brokers or deal with us directly.

2012 Direct premiums written by business line (excluding pools, %)



Personal auto	45%
Personal property	23%
Commercial P&C	24%
Commercial auto	8%

2012 Direct premiums written by distribution channel (excluding pools, %)



Intact Insurance	83%
BrokerLink	5%
belairdirect	9%
Grey Power	3%



**Intact Insurance** is Canada’s largest provider of home, auto and business insurance, chosen by more than four million customers. The company focuses on what matters most to customers – getting them back on track as quickly as possible after an unexpected event. Its coast to coast presence and strong relationships with more than 2,000 insurance brokerages mean the company can provide the outstanding service, comfort and continuity customers deserve.



For nearly 60 years now, **belairdirect** has been devising comprehensive and innovative home and auto insurance solutions to meet the specific needs of Canadians. Today, belairdirect has even more to offer: personalized services provided any time, with insurance quotes available online, by mobile phone, electronic tablet or telephone, and even in person at their local branches.



**BrokerLink** is one of the largest P&C insurance brokerages in Canada with over 60 offices and more than 750 employees across Ontario and Alberta – writing more than \$550 million in premiums for their 225,000 customers. BrokerLink delivers an excellent customer experience on the phone, online or in person and makes it easy for customers to connect by offering extended calling hours, online chat and friendly, in-branch local service. BrokerLink insurance advisors are ready to serve and they use feedback from their customer surveys to build an even better service experience. BrokerLink is dedicated to providing the right advice, recommending the most appropriate coverage and finding the best value for each customer.



**Grey Power** rewards experienced drivers with great value for money and service tailored for Canadians 50 or over. In the last 20 years, Grey Power has built a strong brand and emerged as a leader and top choice for this demographic. Grey Power is highly customer driven and believes in providing friendly, expert advice both online and by phone.



**Jevco** Insurance Company offers non-standard personal automobile solutions in Ontario. Working with independent insurance brokers, Jevco offers tailored solutions for customers who have unique auto insurance needs.





WE HAVE AN ESTABLISHED FRAMEWORK IN PLACE THAT OUTLINES WHY WE'RE HERE, WHAT WE VALUE, WHERE WE ARE GOING AND HOW WE WILL GET THERE.

WE INTEND TO BECOME A WORLD-CLASS P&C INSURER WHERE CUSTOMERS WILL BE OUR ADVOCATES, OUR PEOPLE WILL BE ENGAGED AND WHERE WE WILL BE RECOGNIZED AS THE MOST RESPECTED INSURER.

**Our purpose** | We are here to help people, businesses and society prosper during good times and be resilient during bad times. Being there in good times means providing the confidence, security and freedom to prosper, grow and progress. Being there in bad times means helping people and communities after an unforeseen event occurs. Since insurance is about people, we are committed to providing an experience that exceeds expectations and that is second to none.

**Our values** | Our values of behaving with integrity, respecting each other, being customer-driven, striving for excellence and being socially responsible are at the heart of our commitment to our employees, brokers, customers and communities where we live and work. These values define who we are as a company, how we behave and will guide us as we continue our journey to build a world-class P&C insurer.

**Our objectives** | We will achieve our vision by aiming to provide our customers with among the highest level of satisfaction in the financial services industry, be recognized as one of Canada's best employers and outperform the industry in terms of profitability and growth.

**Our strategies** | We sustain our success by being customer driven, investing in our people, strengthening our distribution channels and ensuring we are the most profitable P&C company in markets where we operate.

**Our approach to governance** | Good corporate governance and sound market practices underpin all our behaviours and actions at all levels of the organization. Our Board of Directors oversees the company's actions against rigorous governance principles, structure and processes. They review compliance activities that relate to our market conduct, our ombudsman and privacy office and, finally, they provide oversight on our customer, broker and regulator relationships. The Board also monitors ongoing corporate governance developments and best practices.

**Our Code of Conduct** | Our code of conduct, which details our highest ethical standards of conduct, promotes our core values of integrity, respect, excellence, social responsibility and being customer-driven. These values shape the way in which we conduct our business and are central to our governance and compliance framework. In addition to the Code of Conduct, we adhere to the Insurance Bureau of Canada's Standards of Sound Marketplace Practice in our dealings with consumers.

**Our Social Responsibility Statement** | At Intact we respect the environment and its finite resources and we believe in making the communities where we live and work safer, healthier and happier. We demonstrate this by being environmentally responsible in our operations, supporting our employees in their citizenship endeavours, encouraging climate change adaptation and fostering vibrant and resilient communities for all of our stakeholders.

**Our Environmental Statement** | At Intact, we believe that respecting the environment is fundamental to the well-being of the communities where we live and work. We also believe that as Canada's largest provider of home, auto and business insurance, we have an important role to play in helping Canadians adapt to climate change and assisting communities in preparing for long-lasting changes in weather patterns. We are committed to being environmentally responsible in our operations and encouraging the awareness and responsibility of our employees on environmental issues.

## ECONOMIC CONTRIBUTION

We play an essential role in helping the Canadian economy grow, prosper and progress. We offer the financial security and social protection needed for a stable and prosperous economy, the trust needed for trade to occur between consumers and businesses and the confidence needed for business innovation and ideas to flourish and thrive. We provide the protection to build our economy and the security to be able to move forward as a society.

In 2012, we injected \$6.6 billion into the economy through salaries and benefits to employees, commissions to brokerages, payments to help restore customers, purchasing goods and services from suppliers, taxes to governments, dividends, and interest as well as donations to communities.

Here is a breakdown of taxes paid to federal and provincial governments for the last three years:

	Income Taxes	Premium and Fire Taxes	Total Taxes		
			2012	2011	2010
(\$'000 CAD)					
Total Federal	56 797	-	56 797	120 252	78 954
Newfoundland	1 028	2 813	3 841	4 405	61
Prince Edward Island	62	343	405	455	459
Nova Scotia	1 127	7 432	8 558	10 140	8 543
New Brunswick	413	3 140	3 553	4 261	1 953
Quebec	15 298	61 119	76 417	96 205	50 528
Ontario	16 667	87 358	104 024	114 329	89 517
Manitoba	372	2 866	3 238	3 440	2 943
Saskatchewan	70	658	728	776	132
Alberta	6 556	34 323	40 879	43 028	32 338
British Columbia	1 914	19 041	20 955	24 600	11 969
Yukon	28	113	141	227	127
Northwest Territories	53	366	419	484	348
Nunavut	7	44	51	51	37
Total Provincial	43 595	219 614	263 209	302 402	198 955
Total:	100 392	219 614	320 006	422 653	277 909



## CUSTOMERS



AT INTACT, WE FIRMLY BELIEVE THAT INSURANCE IS ABOUT PEOPLE; INSURANCE IS NOT ABOUT THINGS. WE ARE HERE TO HELP OUR CUSTOMERS PROSPER IN GOOD TIMES AND BE RESILIENT IN BAD TIMES. THAT'S WHY WE OFFER AN OUTSTANDING EXPERIENCE - ONE WHERE WE ENDEAVOUR TO EXCEED EXPECTATIONS AND THAT IS SECOND TO NONE. WE PUT CUSTOMERS AT THE CENTRE OF EVERYTHING THAT WE DO AND AIM TO PROVIDE AMONG THE HIGHEST LEVEL OF SATISFACTION IN THE FINANCIAL SERVICES INDUSTRY.

**Focused on customers** | We insure 4.1 million cars, 2.2 million homes and close to 500,000 businesses, retailers, contractors, manufacturers and other institutions in Canada. With that comes our commitment to putting customers first, being attuned to their individual needs and getting them back on track quickly. We believe what makes us unique is our speed of response, unparalleled customer service and local presence coast to coast.

At Intact, we recognize that customers are diverse individuals and we strive to deliver a tailored product, in a manner that is convenient for them. We offer our products through a vast coast to coast network of brokerages for customers who prefer the guidance of a broker and through belairdirect and Grey Power for customers who prefer to deal with us directly. We also offer customers products that are equitably and fairly priced in accordance with their unique characteristics. Our recent acquisitions provided the opportunity to strengthen and broaden our product offering and expand our network of brokers for the benefit of customers.

In recent years, we have improved our touch points or interactions with customers and accelerated our web presence to meet their evolving technology needs. As a first mover on the web with belairdirect, we continue to expand our online offering to our customers. In 2012, we expanded a web solution for customers who prefer to purchase insurance from a broker, made it easier for on-the-go Canadians to connect with the launch of mobile websites and modernized our claims technology to improve the customer experience and increase efficiencies.

**Listening to needs** | We conduct surveys with customers to obtain important insight and information about how well we are responding to their needs after an unforeseen event occurs. Intact Insurance surveys brokers to evaluate our ability to deliver an outstanding experience to their customers and solicit feedback from them at advisory councils where initiatives that may impact their customers are discussed. The input is highly valuable, relevant and necessary to ensure that we're continuously moving towards our objective of providing customers with among the highest levels of satisfaction in the financial services industry.

belairdirect routinely asks for feedback after advisors provide a quote or customers decide to make a change to their policy. In 2012, the majority of customers who provided feedback felt that their advisor listened and understood their needs and provided knowledgeable advice in an efficient and professional manner.

Furthermore, in listening to our customers' needs, we broadened our product offering this past year to include recreational vehicles such as motorcycles and ATVs and extended our offering to small and medium sized businesses. In addition, we continue to recognize experienced drivers with good driving records through Grey Power, while belairdirect now provides customers with nearly the full experience, from quote to claim, from the convenience of a laptop or tablet.





J.D. Power & Associates ranked belairdirect “Highest in Customer Satisfaction” among Home Insurers in the Ontario/Atlantic Region” and Grey Power “Highest in Customer Satisfaction among Auto Insurers in the Ontario/Atlantic Region”.



**Making it easier** | In 2012, our efforts remained focused on making it easier for customers to deal with us by improving our technology. At Intact Insurance, we continued to expand our web offering by providing customers in Alberta and Ontario with the ability to conveniently purchase their car insurance online with the trusted advice of a broker. In addition, we made our website content accessible on mobile devices. Both Grey Power and belairdirect continue to build upon their online capability and presence with belairdirect developing an easy-to-use online home insurance quote that was launched in early 2013.



**Unique claims expertise** | Our customers can reach us 24/7 when the unexpected happens. In 2012, we received 2.2 million customer calls and 95% were answered within seconds. As part of our offering, we ensure that a knowledgeable claims representative here in Canada is available within 30 minutes to provide support, advice, schedule repairs and authorize emergency payments. It's our Claims Service Guarantee and if we're unable to do so, then we will write a cheque in the amount of our customer's premium up to \$1,000. In 2012, we honoured our guarantee 99.999% of the time. Furthermore, our three-way conferencing technology between the customer, broker and our in-house representative ensures that claims are handled quickly, seamlessly, efficiently and effectively.

By handling almost all claims in-house, we can provide a seamless experience while mitigating damages and helping customers recover promptly. Working jointly with providers selected individually based on their own merits, we are able to maintain a service that goes beyond expectations.



**Delivering on our promise** | In 2012, our 3,200 highly-skilled claims professionals and our preferred network of more than 1,000 suppliers helped nearly 550,000 customers get back on track after the unexpected happened. Our coast to coast presence, in-house expertise and telephony and technology interconnectivity help deliver an outstanding claims experience.

When we asked our customers how satisfied they were and whether they would recommend us to their friends and family after a claim, they rated us among the best in North America. We strive to do better each year and, to this end, we are investing in modernizing our claims technology to increase efficiencies and reduce fraud and abuse in the system, which costs customers and insurers alike.

If a customer is not satisfied after a claim, we offer processes for them to resolve complaints and attain a fair resolution. In 2012, we resolved virtually all of our customers' concerns directly and without the intervention of a regulator.

**We were there when customers needed us most** | When the communities that we serve are faced with devastating catastrophes, a dedicated team of field and telephone adjusters execute and oversee our response. Mother Nature's ferocity was particularly evident again this year with severe rainstorms in Montreal and Thunder Bay and hailstorms in Calgary and Ottawa. These events provided us the opportunity to deliver our claims promise.



### **Thunder Bay rainstorm**

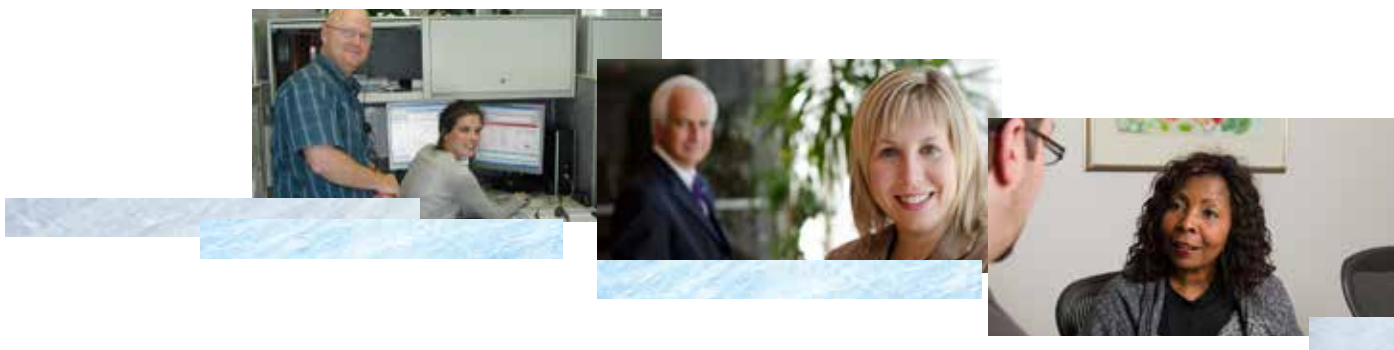
In late May, the city of Thunder Bay declared a state of emergency after a rainstorm unleashed 91 millimetres of rain, flooding the city's sewage facility and impacting over 1,000 of our customers. Within 24 hours, additional staff were mobilized and we brought over 20 additional field adjusters and 100 contracting crews to the local community. We also set up a drive-in centre right in town to better serve our customers.



### **Calgary hailstorm**

In mid-August, the city of Calgary suffered a hailstorm that impacted thousands of our customers. An after-hours call centre went to work the same day, and within a week, we had set up a 4,465 sq. m. auto facility to assess damages, remove dents and provide rentals on site. Furthermore, our catastrophe response team sent field adjusters to customers' homes.





THROUGHOUT THE YEAR, WE CONTINUED OUR EFFORTS TOWARDS BECOMING ONE OF THE BEST EMPLOYERS IN THE COUNTRY BY PROVIDING A WORKPLACE WHERE OUR PEOPLE FEEL WELCOME, RESPECTED AND APPRECIATED AND WHERE THEY CAN CONTRIBUTE THEIR BEST EVERY DAY.

Despite the added challenges of integrating the people, products and processes of AXA Canada and Jevco within the Intact team, we had many accomplishments in 2012.

Throughout much of the year, we focused our efforts into better managing the performances of our people and providing them greater recognition for their achievements. These efforts resulted in a significant increase in the engagement of our employees as we continue our journey towards becoming one of Canada's best employers. Accomplishing this in a transformative year is something, of which we are all very proud. Such results, along with our highest-ever survey response rate, clearly demonstrate that our people are eager to tell us what makes our organization a great place to work, what we can do to make it even better and that we're headed in the right direction.

And although we trust that ours is the best team in the industry, we firmly believe that our quest for excellence and our collective efforts will contribute to our success as a whole, and our team will become even stronger.

## Number of employees

					Total Employees		
	Full-time	+	Part-time	=	2012	2011	2010
Alberta	1 525		93		1 618	1 516	1 356
British Columbia	495		22		517	513	255
Manitoba	69		3		72	70	52
New Brunswick	80		1		81	70	32
Nova Scotia	246		11		257	257	232
Newfoundland	110		1		111	28	--
Ontario	4 061		135		4 196	3 882	3 228
Quebec	3 645		480		4 125	3 875	2 658
<b>Total</b>	<b>10 231</b>		<b>746</b>		<b>10 977</b>	<b>10 211</b>	<b>7 813</b>

## Compensation, pension and benefits |

We offer a competitive compensation package while rewarding high performance.

Base pay is the most significant component of the compensation package for our employees. We base each position's pay on the external market for similar positions primarily within the broad financial services sector in Canada. We also regularly review and update our market data to ensure that our employee offering remains competitive. In addition to their salary, most of our 11,000 employees are eligible for an annual bonus based on their individual performance and the organization's successes.

We provide a flexible pension plan where employees can choose among three different levels of retirement benefits.

We also offer a comprehensive flexible benefits plan that gives permanent employees many options and allows them to design the medical, dental, life, disability and other insurance coverages that they want and require.

We also understand that our employees invest their time and talents into helping our company grow and succeed, so we want to give them the opportunity to share in the rewards of that success. This is why we offer our people the opportunity to participate in the Employee Share Purchase Plan. In 2012, half of our employees were taking advantage of this program.

Additional benefits such as our fitness and sports team subsidies, professional designation bonus, PC purchase program and various other employee discounts also help differentiate our organization in the financial industry.

## Performance Management |

For the last two years, much of our energies were focused on improving how we manage performance. The recently implemented program allows us to ensure our goals and objectives are being met efficiently, consistently and effectively. Our process involves clarifying expectations, setting objectives, identifying goals, providing feedback, evaluating results and establishing development roadmaps.

When measuring performance we consider what people do, but we also consider how they do it. The 'how' is measured by behaviours that employees are expected to demonstrate in their daily work with others and is where our values come into play. In other words, adhering to our values (striving for excellence, maintaining a customer driven attitude, behaving with integrity, respecting others, and being socially responsible), and putting them into action, are just as important to us as how well someone does his or her job.

In addition to living our values, our managers must also focus on a defined set of success factors. We expect our managers to possess a significant sense of personal accountability. And to effectively lead a team of employees, managers need to create an open and honest environment, support and embrace healthy change, and demonstrate that they genuinely care about people.

The Leadership Passport program was created in 2012 to help build strong leaders. This program focuses on the importance of our values, our strategies and our leadership success factors. It puts an emphasis on skill building and practical learning, as well as provides tools that guide managers in their day-to-day interactions with their teams.

## Training and development |

In a year where we introduced new people to new products, new systems, and new processes, there was a lot of energy focused on training to ensure that our customers and brokers were constantly receiving excellent service. Our training departments worked tirelessly to bring everyone up to speed in order to maintain our customer driven culture during a time of organizational growth.

We also foster a work environment that is conducive to personal and professional development. We support our employees in their own endeavours to grow and provide financial assistance and reimbursements for the cost of pursuing their education. We encourage our employees to achieve the Chartered Insurance Professional (CIP) designation and the Fellow Chartered Insurance Professional (FCIP) designation. In 2012, our education expenses increased year-over-year to \$8.6 million mainly reflecting the acquisition of AXA Canada.

We also offer an internal tool to help employees increase their knowledge, meet their goals and expand their career options. The Intact Learning Centre (ILC) provides access to numerous online learning and development modules on a variety of career-related topics.



**Recognition** | We believe it's important to recognize our people who demonstrate our values and our customer driven culture, especially when those efforts positively impact customers, brokers or teams. Our Bravo program allows employees to send their appreciation to each other, identifying various levels of thanks.

Bravissimo is our premiere level of employee recognition. Each year these awards are presented to four teams of employees who have demonstrated outstanding initiative in ways that align with our corporate values and whose efforts have had a significant and lasting impact on the organization.

Last year's winners included teams of employees who led task forces during the AXA integration, whose efforts helped significantly improve belairdirect's performance, who led the catastrophe relief efforts in Slave Lake, Alberta and a cross-functional team who delivered a new tool to brokers allowing them to do real time quotes and process policy changes more effectively.

What our employees managed to accomplish in 2012, throughout the acquisitions and integrations, was truly remarkable. To show our thanks for the efforts of all involved, financial rewards were given and appreciation events were held in every office.



**Retention and turnover** | In a competitive environment that is seeking the best of the best for their employees, retaining ours is a high priority. Despite the challenges resulting from the changes over the past two years, our voluntary turnover rate remained low and under pre-integration levels.

While the Millennial generation – those born after 1980 – is the age group with the largest propensity to accept positions outside our organization, their turnover rate decreased by one percentage point year-over-year. We believe this is partially due to the fact that at least one in every five employees in this generation was promoted in 2012. Altogether approximately 18% of our employees were either promoted or made lateral moves into different jobs in 2012.

**Voluntary Turnover**

	2012	2011	2010
<b>Total</b>	6.4%	5.8%	6.8%
Men	7.0%	5.9%	7.6%
Women	6.0%	5.7%	6.5%
< 35 years old	10.5%	10.7%	13.1%
35-55 years old	4.8%	3.2%	3.5%
> 55 years old	0.9%	0.6%	1.5%



**Diversity** | At Intact, we believe that everyone – regardless of their differences – should feel they are part of an inclusive environment. We understand that we all benefit when we bring together different perspectives on people and issues.

Over the past several years our Diversity Council has promoted various diversity initiatives such as our employee networks, our diversity curriculum, and the Celebration of Our Diversity events.

To improve the diversity of our workforce, we offer permanent employees the opportunity to participate in our Flexible Work Arrangements. This program, which gives employees the option to work part-time, work a compressed schedule in order to have an extra day off, work on a flexible hour schedule, or take time in lieu once earned, continues to thrive. In 2012, 43% of employees were taking advantage of these various schedules.

We also recognize that changes in life stages are very important to many of our employees. For this reason, we provide a maternity leave top-up benefit, to supplement government benefits, for the first 18 weeks of leave.

Being a diverse organization is also important for our customer driven culture. An effective way to generate creative ideas and solve complex problems is to have teams that are diversified. Creating these teams makes it possible for us to go beyond our customers' expectations.

Our recent acquisitions have impacted our progress on our journey towards greater gender diversity and we remain committed to continuing our efforts in creating a more diverse workplace.

### Diversity

	2012	2011	2010
<b>Total</b>			
Men	35.6%	34.8%	34.1%
Women	64.4%	65.2%	65.9%
<b>Senior Management</b>			
Men	68.3%	65.6%	67.0%
Women	31.7%	34.4%	33.0%
<b>Middle Management</b>			
Men	43.9%	42.0%	42.0%
Women	56.1%	58.0%	58.0%
<b>Individual Contributors</b>			
Men	33.9%	33.3%	32.4%
Women	66.1%	66.7%	67.6%

**Labour code and human rights** | At Intact our values are very important to us and we hold ourselves and our employees to a very high standard of ethical behaviour. These values help us determine our course of action and take the obligations we have to our employees, clients, communities, society and the environment, very seriously. Our policies, on everything from corporate disclosure to employee safety, were developed with these ideals in mind. And this is why we adhere fully to the legislated labour and human rights codes. Furthermore, we offer employees a compensation package that is over and above what is required by law, when someone is asked to leave the organization.



**Adapting to changing weather patterns** | Climate change is one of the most significant issues facing Canadian society today. As the largest provider of property and casualty insurance in Canada, we are witnessing the effects of climate change firsthand. With increasing temperatures, heavier precipitation, more intense storms and less predictable weather patterns, the evidence is clear - climate change is a reality.

Severe weather events are becoming more frequent. In 2012, Toronto, Montreal, Thunder Bay, Hamilton and Steinbach, Manitoba all experienced 1-in-100 year events. The impact of several wind, rain and hailstorms during the year left behind a considerable burden on Canadian communities. The frequency and severity of these events remind us that Canadian society must adapt to climate change.



Since 2010 we have been collaborating with the University of Waterloo on the Climate Change Adaptation Project, an initiative designed to identify and operationalize practical, meaningful and cost-effective adaptation solutions to the most challenging impacts of climate change facing Canada. Working with a diverse and distinguished community of Canadian climate change experts, the project's team identified the most vulnerable areas where adaptive solutions to climate change are most urgently required.



As part of the project, temperature and precipitation climate projections for Canada were developed. The [results](#) indicate that Canada will continue to warm by up to 2°C by 2020 and 4°C by 2050 and the impact of climate change will vary across regions. For example, Vancouver will see a decrease in summer precipitation, Winnipeg will see an increase in winter precipitation and Toronto and Montreal will see milder winters.



After conducting, analyzing and collating research over a three-year period, the project team released 20 practical and cost-effective recommendations in June 2012. These recommendations can be implemented on a priority basis in the short term as part of a comprehensive [roadmap](#) for climate change adaptation in Canada. We believe that this roadmap is an opportunity to implement effective climate change adaptation solutions that will build strong and resilient communities for generations to come.

For more information on the Climate Change Adaptation Project, please visit [www.adaptnowcanada.com](http://www.adaptnowcanada.com)

## KEY RECOMMENDATIONS

### FROM THE CLIMATE CHANGE ADAPTATION PROJECT REPORT



#### **City Infrastructure - modes of transportation, storm water run-off and energy generation are impacted by climate change**

- Perform climate change vulnerability and risk assessments
- Evaluate the storm water run-off systems for capacity and resilience to future climate extremes
- Incorporate climate change adaptation into city planning policy



#### **Biodiversity - climate change is altering natural habitats by pushing species to the brink of extinction and causing invasive species to enter new habitats**

- Model climate change to help inform solutions
- Create habitat corridors in human-dominated areas to assist migration
- Ensure better management of exotic invasive species



#### **Freshwater Resources – warmer temperatures will increase evaporation, reduce the spring snowmelt and limit the availability of this already scarce resource**

- Protect and restore wetlands and natural drainage systems
- Change the design of human infrastructure to conserve water quality and quantity
- Locate new communities and water-intensive industry where water will be plentiful despite the changing climate



#### **Aboriginal Communities – climate change is resulting in degradation of community infrastructure, diminution of traditional livelihoods and causing catastrophic disruption to community access and energy capacity**

- Conduct comprehensive community capital planning
- Integrate resiliency into community access and energy capacity



#### **Agriculture – as a provider of food, a basic human need, agriculture is dependent on climate and weather and directly sensitive to climate change**

- Provide agriculture-relevant information on climate change and incorporate it into planning decisions
- Develop adaptation recommendations that are specific to different roles and situations within the industry



#### **Insurance - homes in Canada experience more than \$3.5 billion a year in damages due to severe weather, which is likely to increase as the climate changes across Canada**

- Update the National Building Code; incorporate changes into new builds and modifications on current structures
- Launch a public campaign to inform Canadians about improvements they can make to their homes to lessen risk



**Green offering** | In addition to promoting climate change adaptation among our customers, we also help them to mitigate the impact of climate change. We offer discounts to customers who purchase hybrid electric vehicles and customers who choose to save energy by purchasing a tank less hot water unit. Furthermore, over the years, we have refined our pricing to better account for distance travelled by our auto insurance customers.

**Energy consumption** | Our energy consumption is limited to our offices and business travel. In 2012, our energy consumption increased by 28% compared to the prior year. The increase was driven mainly by the expansion of our workforce following the AXA Canada and Jevco acquisitions. Despite the increase in consumption, the intensity of our greenhouse gas emissions was reduced per premiums and per employees.

#### Total Energy Use

	2012	2011	2010
<b>Total Energy Consumption</b>			
(MWh)	88 444	68 872	65 446
Electricity	50 750	42 055	41 142
Natural Gas and Fuel Oil	13 439	12 693	10 782
Gasoline, Diesel and Ethanol	24 255	14 124	13 522
<b>Total GHG Emissions</b>			
(tonnes of CO2 equivalent)	18 491	14 390	14 025
Direct (Scope 1)	6 459	5 715	5 203
Indirect (Scope 2)	10 630	7 478	7 751
Other (Scope 3)	1 402	1 197	1 071
<b>GHG Intensity</b>			
Per premiums	2.49	2.59	2.88
Per employees	1.58	1.65	1.82
Per square footage	7.98	7.77	8.34
<b>Total Paper Consumption</b>			
(tonnes)	818	585	--

GHG emissions are calculated based on most recent Canadian greenhouse gas protocol and includes scope 1 and 2 emissions as defined by the Carbon Disclosure Project. Scope 3 emissions cover fleet vehicle usage.

Scope 1 and 2 emissions included in the GHG intensity calculation.

The AXA Canada and Jevco acquisitions and the subsequent integration of their people provided us with the opportunity to reassess our office requirements and in some cases relocate to more modern and efficient buildings.

During the year, our people in Mississauga moved to a Leadership in Energy and Environmental Design-designated office and in 2013, our people in Halifax and Quebec City will be moving to new, modern offices.

In 2012, a number of our facilities also made improvements. For instance, in Calgary HVAC systems were replaced with newer, more efficient heating, ventilation and cooling systems and in Montreal, new thermal windows were installed in our 2020 University office which will provide more insulation and increase energy efficiency. Furthermore, in Vancouver an energy efficiency study has been undertaken.

**Paper consumption** | During the year, our office and policy paper consumption increased by approximately 40% as a result of the growth of our business, in large part due to acquisitions. Since a significant proportion of our paper consumption is used for customer and broker communication, our intent is to reduce, and when possible, eliminate the distribution of paper policies by focusing on electronic delivery and transmission of customer policy documentation to brokers.

Over time, we introduced electronic fund transfers to customers for submitting claims, provided electronic monthly statements to those who prefer to go paperless and offered brokers the ability to access copies of their customers' insurance documents electronically through an internal portal. In 2012, we complemented these initiatives by giving brokers access to electronic documents directly in their management systems. At the end of 2012, approximately 40% of insurance policies were transmitted electronically to brokers.

In late 2011, we adopted a policy which outlined our intent to move towards the exclusive use of FSC-certified office paper. In 2012, we extended our FSC-certified paper requirement to vendors as part of requests for proposals and we continued replacing our printers to help reduce energy and paper consumption. In 2012, 87% of our total office and policy paper consumption was FSC-certified, compared to 55% in the previous year.



### **Employee involvement** |

We encourage our people to come together to participate in local activities or join green teams to reduce their environmental footprint and help promote sustainability in the workplace. For instance, our people participated in Défi Climat in Quebec, the Clean Air Commute in Ontario and Bike to Work Week in British Columbia. Our green teams inspire and encourage employees to make sound environmental choices by taking the green pledge and providing tips on how they can live green, reduce waste and conserve resources. Our employees utilized our toolkit to help expand our network of green teams and in 2012 a new green team in Durham was created.

# COMMUNITIES



OUR COMMITMENT TO HELPING OUR CUSTOMERS EXTENDS TO HELPING BUILD STRONG AND RESILIENT COMMUNITIES WHERE WE LIVE AND WORK. THROUGHOUT THE YEAR, WE CONTINUED TO STRENGTHEN, INTENSIFY AND DEEPEN OUR PHILANTHROPIC GIVING AND SOCIAL RESPONSIBILITY ENDEAVOURS AS WE PROVIDED MORE THAN \$3.5 MILLION TO OVER 200 CHARITABLE ORGANIZATIONS ACROSS THE COUNTRY.

### Donations by region

(including employee match)

National	\$356 446
Atlantic	\$83 413
Ontario	\$1 425 326
Quebec	\$1 210 178
West	\$464 288
<b>Total</b>	<b>\$3 539 651</b>

### Total donations



### Fostering safe and vibrant communities by addressing the needs of youth at risk

The impact of youth homelessness is widespread and it extends well beyond the 65,000 Canadian youth who do not have a place to call home; it affects us all – socially and economically. As a result, it is imperative to find sustainable solutions to help enable homeless youth to become active, independent and contributing members of society.

That’s why we’re focused on helping alleviate youth homelessness and encouraging independence and strength-of-mind among at-risk youth in Canada. We believe that every youth deserves a safe, adequate and affordable place that they can call home and the hope, encouragement and opportunity to develop to their full potential.



We actively participated in Raising the Roof’s Youthworks initiative by providing employment opportunities to at-risk youth and by sharing the successes and lessons from our experience. Released in November 2012, Raising the Roof’s comprehensive report records the experience of businesses, agencies and youth in a series of interviews and a national roundtable discussion.

It focuses on understanding how to motivate and support Canadian businesses to provide innovative employment, mentorship and skills training opportunities to disadvantaged youth. Along with the report, Raising the Roof launched resources to help prospective employers and community agencies give disadvantaged youth opportunities in today’s workforce. In 2012, approximately 500 of our employees also participated in Raising the Roof’s Toque Campaign to help raise awareness about youth homelessness and funding for local shelters and agencies.

In 2012, we continued to expand the network of shelters and community agencies that we help across Canada. We support approximately 100 shelters and day programs that provide Canadian disadvantaged youth with a place to stay, education, counselling and preparation services to help them overcome challenges and realize their full potential. Some of which include:

- Homeward Trust, Edmonton
- St. Christopher's House, Toronto
- Covenant House, Vancouver
- Raido House, Calgary
- Maison Le Baluchon, Quebec
- YWCA, Halifax
- Eva's Initiatives, Toronto
- L'Auberge communautaire du Sud-Ouest, Montreal

In 2012, we expanded our network to help the YMCA of Greater Toronto provide essential services to the growing number of at-risk youth that it serves in the community. We recognized the need and committed \$500,000 over the next few years to help the YMCA extend their services, increase the number of staff and offer youth transition programs at one of their drop-in centres in Toronto.

**Employee involvement** | We encourage and support the charitable initiatives and involvement of our employees in their communities by providing financial support and time off through our community and volunteer matching gift programs, our Team Volunteer Day and our annual United Way campaign.



During 2012, more than 800 of our employees participated in our donation and volunteer matching gift programs that can provide up to \$1,000 per employee to charitable organizations. Furthermore, more than 1,300 of our people participated in our Team Volunteer Day program and spent close to 11,000 hours helping the non-profit organization of their choice deliver their services.

We also recognize the important role that social agencies play in their respective communities. That's why we support the United Way as they identify and tackle the root causes of social issues for the betterment of our communities. In 2012, our people generously increased their United Way contributions to approximately \$920,000, and we enthusiastically matched their donations, bringing our collective giving to the campaign to more than \$1.8 million.



**Sponsorships** | We complement our approach to community giving through our sponsorship activities. Through our longstanding relationship with Speed Skating Canada, we sponsor Canada’s national speed skating teams and help local, grassroots speed skating clubs develop the next generation of Olympians. Our Podium Tracker program helps bring young skaters closer to achieving their goals by encouraging Olympian visits and providing clubs cash and prizes when one of our national team members earns a medal during the World Cups or World Championships. In 2012, we awarded \$50,000 to speed skating clubs across the country to help clubs buy equipment, augment programs or secure more ice time that will ultimately help young athletes develop and achieve their full potential.



We also sponsor initiatives on a national and regional basis to which many of our employees provide support through their own giving, support and participation:

- Women in Insurance Cancer Crusade
- Canadian Cancer Society Relay for Life
- National Denim Day – The Cure Foundation
- Ride for Diabetes Research – Juvenile Diabetes Research Foundation
- Colorectal Cancer Association of Canada
- The Roméo Dallaire Child Soldier Initiative
- Olympic Oval, Calgary



**Civic contribution** | We promote the development of local communities where we live and work through our membership, association and affiliation with public-private partnerships.

As a founding member of the Global Risk Institute, we help to ensure that the Canadian financial services sector continues to improve particularly with the application of risk management practices and advancement of risk education. With the Toronto Financial Services Alliance and Finance Montreal, we help to increase Montreal’s and Toronto’s competitiveness as major global financial services centres.

In the Greater Toronto and Hamilton Area, where improved accessibility and a better transportation system is an issue, we are championing CivicAction’s Regional Transportation Initiative.

**Public policy** | As Canada’s property and casualty insurance industry is highly regulated, we engage and dialogue with government officials and regulators on an ongoing basis to ensure the availability and affordability of products for consumers.

During the year we participated in consultations with the Office of the Superintendent of Financial Institutions on earthquake and governance issues, the Alberta government on rate setting systems and discussed prospective changes to auto insurance in New Brunswick and Nova Scotia. In Ontario, we continued to engage with government and regulators to ensure the effectiveness of the auto insurance reforms.

As part of the process of obtaining regulatory approvals for the Jevco acquisition, we also consulted regulators such as the federal Competition Bureau, the Office of the Superintendent of Financial Institutions and the Autorité des marchés financiers in Quebec.

## LOCATIONS

WE HAVE A WIDE NETWORK OF REGIONAL OFFICES AND CALL CENTRES AROUND THE COUNTRY TO HELP MAKE IT EASY FOR CUSTOMERS AND BROKERS TO DO BUSINESS WITH US. IN 2012, OUR BRANCHES AND OTHER FACILITIES INCLUDED 106 LOCATIONS. OUR MAIN OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

### Intact Financial Corporation

Toronto 1500 - 700 University Avenue, Toronto, ON M5G 0A1

Montreal 700- 2020 University Street, Montreal, QC H3A 2A5

### Intact Insurance

Anjou 1000 - 7101 Jean-Talon Street East, Anjou, Quebec, H1M 0A5

Calgary 1200 - 321 6th Avenue S.W., Calgary, AB T2P 4W7

Durham 59 Westney Road South, Ajax, ON L1S 2C9

Edmonton 700 - 10830 Jasper Avenue, Edmonton, AB T5J 2B3

Halifax 300 - 5657 Spring Garden Road, Halifax, NS B3J 4A5

London 800 - 255 Queens Avenue, London, ON N6A 5R8

Mississauga 900 - 6925 Century Avenue, Mississauga, ON L5N 0E3

Moncton 770 Main Street, 9th floor, Moncton, NB E1C 1E7

Montreal 700- 2020 University Street, Montreal, QC H3A 2A5

Ottawa 300- 1400 St. Laurent Boulevard, Ottawa, ON K1K 4H4

Quebec City 400 - 1305 Lebourgneuf Boulevard, Quebec City, QC G2K 2E4

Saint-Hyacinthe 2450 Girouard Street West, Saint-Hyacinthe, QC J2S 3B3

Saint John 1400 - 1 Germain Street, Saint John, NB E2L 4V1

Sydney 2 - 275 Charlotte Street, Sydney, NS B1P 1C6

Toronto 1500 - 700 University Avenue, Toronto, ON M5G 0A1

Victoria 246 - 2401C Millstream Road, Victoria, BC V9B 3R5

Vancouver 200 - 999 West Hastings Street, Vancouver, BC V6C 2W2

Winnipeg 400 - 386 Broadway Avenue, Winnipeg, MB R3C 3R6

### belairdirect

Anjou 1000 - 7101 Jean-Talon Street East, Anjou, QC H1M 3T6

Ottawa 200 - 1111 Prince of Wales Drive, Ottawa, ON K2C 3T2

Toronto 1100 - 700 University Avenue, Toronto, ON M5G 0A1

Quebec City 500 - 5400 Des Galeries Boulevard, Quebec City, QC G2K 2B4

### BrokerLink

Calgary 200 - 1400 1st Street S.W., Calgary, AB T2R 0V8

Toronto 700 - 48 Yonge Street, Toronto, ON M5E 1G6

### Grey Power

Toronto 105 - 600 Gordon Baker Road, Toronto, ON M2H 3P8

### Jevco

Mississauga 100 - 4 Robert Speck Parkway, Mississauga, ON L4Z 1S1



**Forward-looking statements** | Certain of the statements included or incorporated by reference in this report about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements within the meaning of securities laws, including applicable Canadian securities legislation. These forward-looking statements include, among others, statements with respect to our beliefs and intentions, our vision, our strategic goals and priorities, including our environmental actions.

We caution readers not to place undue reliance on these statements, as a number of risk factors could cause our results and intentions to differ materially from the expectations expressed in this report. These factors — many of which are beyond our control and the effects of which can be difficult to predict — encompass credit, market, operational, and liquidity and funding risks. Other factors include general business, economic and financial market conditions in Canada and abroad. Our ability to successfully execute on our strategic goals and priorities could cause our actual results to differ materially from the expectations expressed in this report. Additional information about these and other factors can be found in our 2012 MD & A.

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**Disclaimers** | Belairdirect received the highest numerical score among home insurance providers in the Ontario/Atlantic Region in the proprietary J.D. Power and Associates 2012 Canadian Home Insurance Study<sup>SM</sup>. Study based on 7,716 total responses measuring 15 providers in the Ontario/Atlantic Region (NB, NL, NS, ON, PE) and measures consumer satisfaction with home insurance providers. Proprietary study results are based on experiences and perceptions of consumers surveyed in July-August 2012. Your experiences may vary. Visit [www.jdpower.com](http://www.jdpower.com)

Grey Power received the highest numerical score among auto insurance providers in the Ontario/Atlantic Region in the proprietary J.D. Power and Associates 2012 Canadian Auto Insurance Customer Satisfaction Study<sup>SM</sup>. Study based on 11,620 total responses measuring 20 providers in the Ontario/Atlantic Region (NB, NL, NS, ON, PE) and measures consumer satisfaction with auto insurance providers. Proprietary study results are based on experiences and perceptions of consumers surveyed in June-July 2012. Your experiences may vary. Visit [www.jdpower.com](http://www.jdpower.com)

INTEGRITY

SOCIALLY  
RESPONSIBLE

**We behave with integrity |**

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

**We respect each other |**

We value the diversity of our people and their dreams. We foster an environment conducive to personal growth, development and new opportunities. We recognize and value the contribution that each of us and our teams are making to our success.

**We are 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.

**We strive for excellence |**

We are disciplined in our approaches and our actions, which is why we excel in all aspects of our business. We embrace change and the opportunities it creates, encourage innovative thinking and always seek to improve. We value and reward high performance and success. We provide high value to our shareholders.

**We are socially responsible |**

We respect the environment and its finite resources. We believe in making the communities where we live and work safer, healthier and happier. We encourage the involvement and citizenship of all our employees.

RESPECT

EXCELLENCE

CUSTOMER  
DRIVEN