

## **RISK MANAGEMENT POLICY**

**Argo Group International Holdings, Ltd.**

**As adopted by the Risk & Capital Committee of the Board of Directors (the “Board”),  
effective February 17, 2022**

### **General Policy**

Argo Group International Holdings, Ltd.’s (the “Company” or “Argo Group”) is committed to establishing and maintaining a sustainable risk management framework as an integral part of its business model supporting business planning and capital management.

### **Purpose**

Enterprise Risk Management (“ERM”) is a company-wide process sponsored by Argo’s Risk & Capital Committee of the Board of Directors (“Board”) that identifies, assesses, monitors, manages and reports risks that could materially influence our ability to deliver its strategic objectives. ERM is intended to enhance the Company’s performance and shareholder value as well as providing assurance to the Board and shareholders that various regulatory and legal requirements are met.

The Company considers the implementation of an effective risk management framework as a strategic imperative, not only to meet regulatory requirements such as those laid out in the Bermuda Monetary Authority’s (“BMA”) Code of Conduct and the regulations in countries in which the Company conducts business, but also to gain a competitive edge by improving its understanding of its own risks and capital requirements for solvency on a per risk and an aggregated basis.

The contents of this Risk Management Policy (the “Policy”) and the risk management framework that supports it should be observed by all board members, officers and employees of Argo Group International Holdings, Ltd. and its subsidiaries (collectively referred to as “Argo”, “Argo Group” or the “Company”).

In applying this Policy, the Company will:

- Ensure that risks are made visible by ensuring they are identified, assessed, managed and monitored on an ongoing basis;
- Articulate a clear risk appetite in terms of its ability and willingness to take risk;
- Assign clear accountability for managing risks and ensure those with these accountabilities establish policies and procedures for managing material risks within risk appetite;
- Act when material risks fall outside its agreed risk appetite.

### **Background**

Argo operates in an environment of uncertainty. The Company recognizes that creating a sustainable business model and enduring shareholder value come from actively seeking and accepting opportunities, while managing threats within acceptable bounds.

The Company’s Vision for risk management is as follows – “Risk intelligence enables Argo to achieve its strategic objectives by taking appropriate risks and exploiting opportunities”.



In support of this Vision, Argo operates a Risk Management Policy and framework which seeks to achieve the following:

- Risk Governance & Culture –ensure clear accountabilities are defined and a risk aware culture is fostered in line with Argo’s Purpose and Values;
- Risk Identification and Prioritization –ensure current and emerging risks that could materially impact its financial resources, volatility of results or the viability of its business model are understood and articulated in a timely manner;
- Risk Appetite, Tolerances and Limits –ensure clear boundaries for acceptable risk taking are defined by the Board;
- Risk Management and Controls –ensure conscious management decisions are taken to secure opportunities and bring threats within acceptable bounds;
- Risk Reporting and Communication –ensure communication of risk information to different levels in the organization to support decision-making.

The Company’s Risk Management Strategy is to ensure that all staff have access to the appropriate tools, processes and training to enable them to make informed and timely risk-taking decisions. This implies five key principles adopted in the manner in which the framework is implemented:

- “Risks are made visible”
- “Risks are discussed and understood”
- “Risks are owned”
- “Appropriate action is taken”
- “Argo Group learns from its risk taking”

### **Authority**

The risk management function is authorized by the Board, as directed by management, through the Chief Risk & Sustainability Officer to:

- Provide the infrastructure and information systems required to create a sustainable risk management framework;
- Deliver an Own Risk and Solvency Assessment (“ORSA”) process capable of informing the Board and senior management on the Company’s solvency and risk profile on an ongoing basis;
- Ensure the risk management framework established by this Policy is supported by a sound governance and internal control system designed to meet the Bermuda Code of Conduct.

### **Duties and Responsibilities**

In furtherance of this Policy, the Risk & Capital Committee shall:

- Delegate day to day responsibility for the implementation and maintenance of the Policy, including the risk management framework, to the Chief Risk & Sustainability Officer;
- Ensure independence of the Risk Management Function from the underwriting and business operations in respect of the managerial reporting relationships;
- Ensure that the Chief Risk & Sustainability Officer has direct communication with the Company’s Board; and
- Ensure that the Chief Risk & Sustainability Officer and Risk Management Function have access to all Company personnel and information necessary to enable them to ensure compliance with this Policy.

The Chief Risk and Sustainability Officer shall:

- Implement and maintain this Policy;



- Ensure compliance with this Policy;
- Report to the Company's Board and executive officers as required or appropriate regarding compliance with the Policy;
- Ensure that the risk management framework is applied consistently across the organization including processes to identify, analyze, manage and report risk exposures and related control systems;
- Support the Board in articulating the Company's risk appetite and monitor risk exposures against agreed risk tolerance limits;
- Develop plans and processes to ensure the delivery of the Company's risk strategy;
- Recommend risk response and treatment options to the extent that identified risks fall outside the Company's risk tolerance;
- Ensure risk exposures are monitored and reported against as required by this Policy;
- Consult and coordinate with the various functions with respect to implementation of this Policy; and
- Evaluate this Policy and compliance with the Policy and recommend adoption of any changes deemed necessary to the Board on at least an annual basis.

### **Guidance & Training**

Argo Group will provide appropriate guidance and training to all employees regarding this Policy.

### **Application**

This Policy applies to Argo Group including its employees (whether full-time, fixed-term, permanent or trainees), directors and officers. It also applies to, consultants and contractors who are all expected to comply with this Policy in their business activities with or on behalf of Argo Group.

### **Policy Review**

The Risk & Capital Committee shall review this Policy at least annually.

Questions about this Policy should be directed to the Company's Chief Risk & Sustainability Officer.