

RISK MANAGEMENT FUNCTION CHARTER

MISSION

The role of the risk management function (RMF) is to support executive management and the Board of Argo Group International Holdings, Ltd. (the “Company”) in managing the risks to achieving its strategic objectives. The RMF achieves this by facilitating, encouraging and challenging the adoption of an enterprise risk management (ERM) framework delivering management information capable of informing key decisions.

The RMF is a second line of defense challenge function and does not relieve executive management of their responsibility for effective control.

The RMF is established by the Company Risk & Capital Committee of the Board of Directors (the “Committee”). The RMF’s responsibilities are agreed and periodically reviewed by the Risk Committee as part of its oversight role.

PROFESSIONALISM AND REGULATORY REQUIREMENTS

The RMF will ensure it adheres to the Code of Conduct and Professional Standards Framework of the Institute of Risk Management which represent international best practice guidance for an enterprise risk management function and risk professionals.

The tasks of the risk management function shall include:

- assisting the board and other functions in the effective implementation and operation of the risk management system;
- monitoring the risk management system;
- monitoring the general risk profile of the business as a whole;
- detailed reporting on risk exposures and advising the board on risk management matters, including in relation to strategic affairs such as corporate strategy, mergers and acquisitions and major projects and investments; and
- identifying and assessing emerging risks.

AUTHORITY

The RMF derives its authority from the Board Risk & Capital Committee via the Chief Risk Officer (CRO) and reports on its activities back to the Committee. The scope of activities of the function includes all the activities of the Company. The function’s work will include, but not be restricted to, reviewing the risk management framework established by management to ensure the effective management of risks, including confirmation that:

- Risks are controlled within agreed tolerance levels
- Loss events and near misses are identified, evaluated and reported
- Emerging risks are proactively recognized and addressed
- Effectiveness of controls is accurately assessed

ORGANIZATION

The CRO will report functionally to the Committee.

The Committee will:

- Approve the risk management function charter (may be delegated to the ERM Steering Committee).
- Approve the risk management strategy and annual plan.
- Receive communication from the CRO on the RMF's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the CRO.
- Make appropriate inquiries of management and the CRO to determine whether the risk function is appropriately resourced.

The CRO will communicate and interact directly with the Committee, including in executive sessions and between Committee meetings as appropriate. The approval of appointment, replacement or dismissal of the CRO will be brought to the Risk Committee.

INDEPENDENCE

The RMF is a second line of defense function. It therefore has a dual role in both supporting first-line management in discharging its accountabilities for managing risk exposures, but also providing constructive challenge and assurance to executive management and the Board over the effectiveness of the Company's risk management framework.

RESPONSIBILITY

The scope of the RMF encompasses the ongoing management, monitoring and improvement of ERM in support of achieving the Company's stated goals and objectives. This includes:

- Enterprise Risk Management framework
 - Implementing and monitoring the adoption of an enterprise-wide risk management framework;
 - Supporting the Board in defining risk appetite and tolerance measures, and reporting periodically against these agreed limits;
 - Ensuring that the risk management framework remains consistent with prevailing international professional standards, best practices and regulatory requirements;
 - Maintaining documentation and systems related to implementation of ERM across the Company.

- Risk Management strategy
 - Developing, implementing and monitoring a risk management strategy and risk management improvement plan via an ERM Steering Committee;
 - Providing second line of defense assurance over the adoption of the Company's risk management processes;
 - Completing specific risk analyses on request from the Committee or executive management.
- Strategic Risk Management
 - Maintain a Strategic Risk Landscape capturing the Executive Risk Committee's view of strategic opportunities and threats facing the organization in delivering its mission and achieving its business objectives;
 - Support and challenge the Executive Risk Committee is evaluating specific strategic and reputational risks and putting in place appropriate response plans;
 - Monitoring and reporting on the level of involvement in strategic initiatives, and the risk insights provided;
 - Evaluating emerging risk trends through the Emerging Risk Review Group and supporting the Innovation Council and Underwriting Committees in optimizing and/or mitigating material opportunities and threats;
 - Delivering in conjunction with the Sustainability Working Group (SWG) and Communications function a Sustainability Strategy and action plan for addressing ESG (environmental, social and governance) threats and opportunities facing the organization.
- Risk management communication
 - Championing the development, communication and adoption of ERM across the Company;
 - Monitoring and reporting on Risk Ownership in the context of the nature of the Company's risk culture;
 - Delivering a program of Risk Owner and Risk Manager training for Company staff;
 - Communicating the Company's ERM program to external stakeholders such as regulatory bodies and credit rating agencies;
- Environmental, Social & Governance (ESG) strategy
 - Developing and implementing an ESG strategy and improvement plan via the SWG;
 - Monitoring and reporting on ESG Key Performance Indicators and progress in delivery of the Company's ESG strategy;
 - Communicating the Company's Sustainability program to external stakeholders such as regulatory bodies, shareholders, ESG rating agencies;
 - Coordinating the implementation of a Climate Risk Management (CRM) framework incorporating forward-looking stress and scenario testing;
- Risk management processes

- Developing and maintaining an effective risk and solvency framework including the Own Risk & Solvency Assessment (ORSA) process and reports;
 - Coordinating the timely preparation of risk & solvency related regulatory submissions to appropriate regulatory authorities;
 - Facilitating of the ongoing risk identification and assessment process adopted across the Company, including emerging risks and opportunities;
 - Facilitating the capture, analysis and resolution of loss events and near misses giving insights into the effectiveness of the Company's internal control system;
 - Coordinating a program of Company-wide scenario, stress and reverse stress studies to inform the viability of business strategies and plans.
- Internal Model governance
 - Ensuring that the Internal Model is appropriately governed, with ongoing controls over the model use and change control;
 - Promoting the 'Use' of the Internal Model;
 - Corporate Insurances
 - Ensuring that the Company has appropriate corporate insurance protections including Directors & Officer's Liability, Cyber and Errors & Omissions insurances in relation to the day-to-management and oversight of the firm.

RISK MANAGEMENT STRATEGY

The CRO is responsible for defining a risk management strategy that articulates the Company's medium-term aspirations in terms of developing its ERM program. This strategy covers a 3-year period and articulates how the Company addresses stakeholder expectations, including regulators, analysts and credit rating agencies. The RMF's annual risk management plan contributes towards achieving this strategy and is endorsed by the CRO, reviewed by the ERM Steering Committee and approved by the Committee.

REPORTING AND MONITORING

The RMF will provide quarterly reporting, to risk committees and other management meetings to provide executive management and Boards with assurance over performance against agreed risk tolerances.

The CRO will periodically present a 'CRO Paper' outlining the second line of defense function's view on the effectiveness of the risk management framework. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

The CRO and Chief Audit Executive, separately or together, will meet in executive session with the Committee at least once per annum.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The RMF will manage a risk management plan that covers all aspects of the function's work and progress in delivery of the Company's risk management strategy.

The CRO will periodically review the operational performance of the RMF and risk framework and report on their conclusions to the Committee.

RE-APPROVAL by the ERM Steering Committee on 17th March 2023