



2021 REPORT

ENVIRONMENTAL SOCIAL & GOVERNANCE



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TO SECURE THE FUTURE**
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WORKING TOGETHER TO SECURE THE FUTURE

As providers of property/casualty insurance and managed risk solutions, Argo Group shares a firm commitment to working together with our independent agents, wholesale brokers and retail brokerage partners to deliver innovative products for niche markets. Argo delivers value to its partners through industry-leading underwriting expertise and by developing digital platforms and smart solutions that enable them to excel in a rapidly evolving industry.

CULTURE AND VALUES

Argo's employees deliver on the company's mission to help businesses stay in business and embody the Core Values that help drive our behaviors and decisions every day. We believe in:

- The entrepreneurial spirit
- Doing the right thing
- Collaborating
- Respecting each other

At Argo, we thrive together.

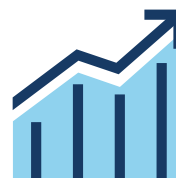
CORPORATE RESPONSIBILITY

[Environmental, social and governance](#) (ESG) factors are addressed throughout Argo's operations. We established a [Sustainability Working Group](#) in 2016 that coordinates sustainability and ESG activities and plans across the company. The Sustainability Working Group is sponsored at the board level and led by senior executives.

RATINGS AND RECOGNITION

Measuring our ESG rating highlights Argo's position within the industry and provides real insight into the company's efforts to achieve long-term sustainable progress toward a better future. Three leaders in researching and rating ESG-related investment risks have analyzed and rated our operations. We've received:

- An MSCI ESG Rating of BB (as of February 2021)
- A Sustainalytics ESG Risk Ratings score of 23.2 (as of March 2021)
- An ISS QualityScore Rating of Governance 3, Environment 4, Social 2 (as of March 18, 2021)



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Argo Group also won Corporate Social Responsibility Initiative of the Year in the [InsuranceERM Annual Awards 2021](#). This is a new category highlighting insurers' growing recognition of ESG factors in their business activities and awareness that failure to make measurable progress on ESG represents a reputational risk.

POWERED BY PEOPLE

Argo Group's nimble operations, strategic focus and commitment to employee well-being was vital as we pursued our mission during an extraordinary year. The events of 2020 reinforced Argo's values and accelerated positive change.

Notably, we made significant progress this year in the ongoing development of our environmental, social and governance program, including initiatives focused on diversity, equality, sustainability and board oversight. We also simplified our organization and made more efficient use of capital and resources.

This is only possible because we are powered by the people who make it happen. I am grateful for Argo's employees and their dedication to the company, especially while personally navigating the challenges of the year outside of work.

From the Board down, our focus on ESG is making Argo Group a stronger company for our employees, shareholders, customers and communities – and it's simply the right thing to do.

Kevin J. Rehnberg
Chief Executive Officer



A year of challenges related to COVID-19, racial justice movements and natural catastrophes helped prove that the commitments we've made in Argo Group's environmental, social and governance journey are more than just the right thing to do – they're necessary to help our world become a more equal, just and sustainable place. This has been recognized by external bodies through steady improvement in our external ESG ratings.

In the past year, our progress has been marked by:

- Our first public disclosure of our progress against the [Taskforce on Climate-related Financial Disclosures \(TCFD\)](#) via our ClimateWise report
- Implementation of our [Responsible Investment Policy](#) leading up to our first UN Principles for Responsible Investment (PRI) disclosure in Q2 2021
- Establishment of nine [employee resource groups \(ERGs\)](#) in support of our Diversity & Inclusion Committee

Our core purpose is one of enabling the resilience and sustainability of our clients, and to do this, we rely on our employees and business partners. We remain focused on our [UN Sustainable Development Goal \(SDG\)](#) priorities, specifically:

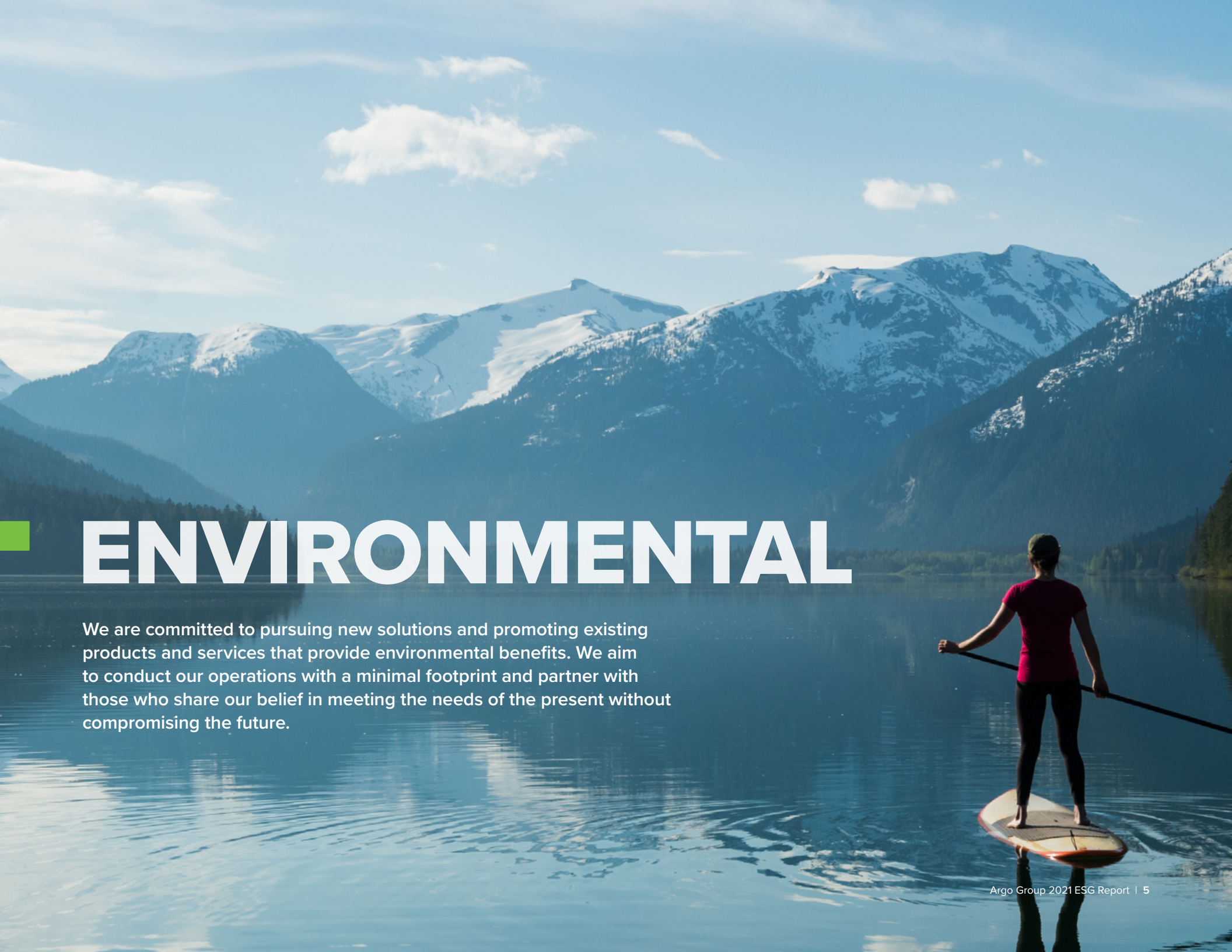
- **SDG13: Climate Action** – incorporating climate risk fully into our enterprise risk management framework
- **SDG11: Sustainable Cities** – providing tailored underwriting solutions to support our clients' resilience and recovery
- **SDG5: Gender Equality** – tracking progress with our talent pipeline leading to stronger representation of women at senior level, as monitored by our internal ESG key performance indicator dashboard



The dedication from Argo's board members, shareholders, executives and employees keeps us on the path to becoming a leader in ESG that organizations – inside and outside of our industry – can look to as an example of corporate citizenship.

Alex Hindson
Chief Risk and Sustainability Officer





ENVIRONMENTAL

We are committed to pursuing new solutions and promoting existing products and services that provide environmental benefits. We aim to conduct our operations with a minimal footprint and partner with those who share our belief in meeting the needs of the present without compromising the future.

CLIMATE IN RISK MANAGEMENT FRAMEWORK

Argo Group has formalized oversight of climate risk within its risk management framework and incorporated this fully into our risk and control assessments. Risk appetite statements on physical risk, transition risk and litigation risk have been developed and approved. As risk experts, we have an essential role in helping our stakeholders understand and adapt to the impacts of climate-related risks.

TCFD SUPPORTER

Argo Group is a supporter of the Financial Stability Board's [Task Force on Climate-related Financial Disclosures](#) (TCFD) recommendations. Our overall plans and climate risk management align with the core elements recommended by TCFD: governance, strategy, risk management, as well as metrics and targets. In order to measure and monitor progress, we implemented an internal, executive-approved ESG performance dashboard in 2021.

CLIMATEWISE

As a founding member of [ClimateWise](#), Argo Group is focused on better understanding and modeling of climate risks to tailor solutions. Our [ClimateWise report](#), which is [TCFD-aligned](#), further discloses our strategy and commitment to managing risks and opportunities associated with climate change.

ClimateWise members are required to report annually on their operational decisions, allowing members to benchmark progress against their



peers. ArgoGlobal, the company's Lloyd's of London Syndicate, has provided these disclosures since 2007 and made progress each year.



We're looking at new opportunities in the clean energy space and managing the risks we have today, making sure we're moving into the future without forgetting about the past.

—Tim Carter, Executive Vice President,
Chief Underwriting Officer

We are committed to continually improving our strategy for managing climate-related risks and opportunities and are transitioning in 2021 to reporting as the whole Group against the ClimateWise Principles, continuing to integrate climate-related risk considerations into our governance structure and business processes.

CLIMATEWISE INSURANCE ADVISORY COUNCIL

Argo Group's Chief Risk and Sustainability Officer is a member of the [ClimateWise Insurance Advisory Council](#). This is a group of executives from across the organization's global

membership base that commissions research into how the insurance industry can transition to a zero-carbon, climate-resilient economy. We are committed to seeking and considering the views of stakeholders affected by Argo's operations.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

[PRI](#), supported by the United Nations, encourages investors to embed environmental, social and governance factors into investment decisions. As a signatory, we are required to report publicly on our investment activities and, in 2021, will report for the first time on our 2020 performance. This inaugural report is an opportunity to set the basis for further improvements in our investment portfolio.

CLIMATE RISK SCENARIO ANALYSIS

ArgoGlobal partnered with one of our investment managers to analyze risks posed to our investment portfolio by the transition to a low-carbon economy. We have included this type of analysis for a second year in our own risk and solvency assessment (ORSA) report as we investigate the [2° Investing Initiative](#) (2DII) and Bank of England scenarios. This work continues, with ArgoGlobal acting as the pilot for the wider Group's adoption of this analysis.

The scenario analyses are based on both short-term (up to five years) and long-term (over 15 years) views. Short-term scenarios assessed financial risks within the current business planning horizon and costs associated with moving from the status quo model to a lower-carbon economy. Long-term scenarios considered

ENVIRONMENTAL

the financial and economic consequences, and orderly and disorderly transitions, given average global temperatures potentially rising between 1.5 and 4 degrees Celsius.

With this, ArgoGlobal piloted the implementation of climate risk governance in line with U.K. regulatory requirements from the Prudential Regulatory Authority (PRA) expectations under their [Policy Statement PS11/19](#).

GREENHOUSE GAS EMISSIONS

To understand our risks and opportunities and to monitor and report on our climate change impact, Argo Group completed a greenhouse gas (GHG) inventory using ISO 14064-1. The standard provided guidance on quantifying and reporting our GHG inventory. In designing and developing our [GHG inventory](#), organizational and reporting boundaries were established.

By identifying the activities that were sources of GHG emission, it was determined that our Scope 2 indirect emissions from purchased electricity represent 93% of our Scope 1 and 2 emissions.

Scope 3, which includes all other indirect emissions in our value chain, such as business travel, allowed us to examine new business goals by recognizing and understanding our carbon footprint.

COVID-19 has caused us to revisit how we do business. We have secured executive sponsorship to grasp “going back better” as an opportunity to set ambitious public GHG reduction targets for 2021 as part of our commitment to UN Sustainable Development Goal 13. We will continue to report on them annually.

For 2021, we are committing to a:

- 33% reduction in Scope 3 GHG emission rate
- 20% reduction in Scope 2 GHG emission rate

From our 2019 base year, these reduction targets are quoted as emission rates, measured in metric tons of carbon dioxide (CO₂) per dollar of gross written premium (GWP).

▶ [2020 Greenhouse Gas Emissions Data](#)



“Both Argo and Lloyd’s of London have laid out timeframes for sustainability of underwriting processes. The credit and political risk team within the Syndicate is looking to push that further.

The tangible way that we’re doing this at the moment is supporting an MGA that’s called Tierra. Through them, we will be supporting the financing of wind farms, solar farms, and I expect that will develop further to energy storage as the technology evolves.

—Jeremy Shallow, Head of Specialty

| ARGO GROUP ENERGY USE | | | |
|---|-----------------------------|----------------------------|-----------|
| Global buildings identified by organizational boundaries | Purchase Electricity | kWh | 4,297,377 |
| ARGO GROUP AIR TRAVEL | | | |
| Metric tons CO ₂ e / full-time employee | | | 2.81 |
| ARGO GROUP GREENHOUSE GAS EMISSIONS (metric tons CO ₂ e) | | | |
| Inventory emissions | Scope 1: Direct emissions | Fleet of cars ¹ | 123 |
| | Scope 2: Indirect emissions | Purchased electricity | 1,783 |
| | Scope 3: Indirect emissions | Air travel ² | 4,135 |
| | | Total | 6,041 |

1. Company has a small fleet gasoline cars (27), estimated 12,000 miles/year. 2. Significant estimates were made where CO₂e data was not available.

Note: 2019 base year emissions shall be retroactively recalculated to reflect any changes that would otherwise compromise the consistency and relevance of our reported GHG emissions information.

ENVIRONMENTAL

EMPLOYEE COMMUTER SURVEY

Before transitioning to working from home in 2020, more than 800 employees participated in a survey to help Argo leaders understand how they commute to work and what would motivate them to choose green alternatives.

To help measure the company's GHG emissions, we used an "average-data method" formula and scaled it to reflect the total number of employees, average number of workdays and four separate averages of distances for each mode of transport. Multiply 3.04 emissions per employee by 1,470 total Argo employees, and the result is 4,468.8 metric tons of carbon dioxide emitted by Argo each year in commuting alone.

2,482
total emissions

3.04
emissions per
employee

816
number of
employees
surveyed



Emissions shall be retroactively recalculated to reflect any changes that would otherwise compromise the consistency and relevance of our reported GHG emissions information.

Since conducting the survey, the pandemic reduced Argo's footprint substantially, and that will continue. Given the experience of remote working during the pandemic, more than 40% of employees are choosing to work from home permanently. A further 50% have chosen to work in a hybrid model, reducing their commuting week by half. By reducing the number of office locations, Argo is continuing to lower its carbon footprint and costs.



“

We want to protect the planet for future generations. And we want our employees and future employees to be part of that. This year gave us time to implement more sustainability strategies to reduce our footprint, and we aim to continue this every year going forward.

—Ian Macartney, Senior Vice President,
Head of Business Services and Innovation

SUSTAINABLE BUILDING PROGRAM

We recognize that buildings account for significant GHG emissions through the use of heating and lighting. With this in mind and our commitment to reducing our GHG footprint, the majority of buildings in our global portfolio that we lease have been equipped with environmentally conscious and energy-saving features, including digital technology for video conferencing in all meeting rooms.

London – BREEAM Refurbishment and Fit Out (RFO) standard building with sustainable refurbishments installed to minimize our environmental impact. There is also a cycle-to-

work scheme with on-site storage. The office uses a high-efficiency variable refrigerant flow (VRF) air conditioning system.

U.S. – Half of the 14 office locations are LEED certified, ENERGY STAR certified or pursuing an energy certification. Features include services that use green chemicals, hybrid parking stations, bike parking and LED lighting.

We are continually assessing how to improve and do things better, including making sustainability performance a due diligence factor in the selection and review of our leased real estate. The offices that we will continue to lease or own will be continually evaluated for improvements to be more sustainable, energy-efficient and meet employee needs. This pledge is in line with our objective of supporting UN Sustainable Development Goal 11: Sustainable Cities and Communities.



↓26%
facilities footprint
due to office closures



50%
U.S. offices LEED certified,
ENERGY STAR certified, or
pursuing energy certification



↓40%
commuter GHG emissions
as employees choose to
permanently work from home



SOCIAL

Doing what is right for Argo Group's employees, partners and communities is critical to our business success. We aim to foster a workplace that reflects and contributes to the diverse communities where we do business by providing programs and adhering to policies that create an environment of respect, equality, wellness and career development.

The impact of COVID-19 and social injustice seen in 2020 amplified the need to strengthen Argo's diversity and inclusion (D&I) program. Over the last year, we have developed a defined D&I strategy with a vision statement that is purpose-driven and will drive the company forward:

Argo aims to foster a workplace that reflects and contributes to the diverse communities where we do business.

We are committed to cultivating an authentic and inclusive workplace, ensuring all our employees feel comfortable bringing their whole selves to work, confident of being treated respectfully, with equal opportunities to be successful. We believe:

- Consciously embracing our differences is critical to driving innovation and business results
- Some of the greatest ideas come from a diverse mix of minds, cultures and experiences

DIVERSITY AND INCLUSION COMMITTEE

In 2020, with the support of our Board, Argo established a D&I Committee to champion the adoption and implementation of our [D&I policy](#) and initiatives throughout the company. Argo's D&I strategy includes an action plan aimed at:

- **Furthering our leadership commitment** through additional training and monitoring our D&I Scorecard evolution
- **Supporting and nurturing an inclusive culture** through employee resource group feedback and new policy and program development

- **Building and maintaining a diverse workforce** by changing our sourcing and recruiting strategy and offering development and mentoring opportunities



Argo really believes that bringing diverse thought together will result in better decisions, a better company and better performance. I think back on my career and when I've done my best work – I've really excelled when I've felt included, comfortable, and that I belonged in an organization. That's the type of organization that I want to be part of.

—Susan Comparato, Senior Vice President,
U.S. Insurance, and Diversity
and Inclusion Executive Sponsor

This strategy is spearheaded by the D&I Committee, made up of executive leaders who are passionate about D&I. Members will serve for a 12-month term to ensure we benefit from new and diverse perspectives each year. The Committee meets monthly, or more often as needed, to oversee how Argo develops corporate D&I strategies and to define and shape global D&I initiatives. The group's efforts include:

- Sponsoring the overall D&I program and individually acting as D&I ambassadors across the organization
- Setting and reviewing measurable D&I objectives and actively monitoring progress against D&I key performance indicators (KPIs) on an annual basis
- Reviewing the effectiveness of the D&I program and making recommendations for enhancements
- Ensuring an inclusive working environment free of discrimination at all stages of the Argo employee experience, including:
 - External recruitment and internal mobility
 - Talent and performance management
 - Succession planning
 - Training, learning and development
- Providing education and training to drive inclusive behaviors and foster equity across all protected categories
- Applying an inclusive approach when thinking of business and product development

During 2020, the Committee hosted internal forums on key relevant topics including our commitment to ESG factors related to D&I, employee wellness and diversity initiatives, as well as our efforts against racism and inequity.

BUILDING AN INCLUSIVE WORKPLACE

Argo is focused on recruiting diverse individuals with various professional backgrounds, interests and levels of expertise. We seek individuals with unique experiences and skill sets to complement and enhance our current workforce.

Our sourcing and recruiting strategy includes relationships with a variety of groups including veterans, AARP, Historically Black Colleges and Universities, Hispanic Association of Colleges and Universities, as well as internships targeted to underprivileged career seekers. Our ongoing commitment to internal and external talent development, diversity and inclusion, career opportunities and positive employee engagement plays a critical role in our employee retention plan.

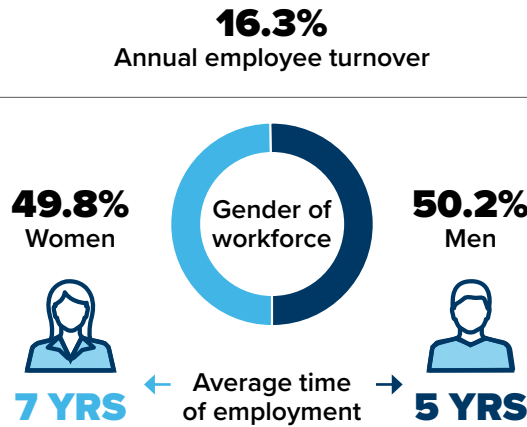
In an effort to increase diversity within the risk management and insurance industries amid a national dialogue on racial inequity, Argo Group partnered with the [Spencer Foundation](#) to help offer its first diversity scholarship to a student whose racial/ethnic identity has been traditionally underrepresented in these professions.

Argo tracks diversity metrics within our organization against benchmarks of various markets. As of December 31, 2020, we employed 1,448 people (1,414 full-time) – approximately 1,044 in the U.S. and 404 internationally, including in the U.K., Brazil and Bermuda.

GENDER PAY GAP AND EQUAL PAY

At Argo Group, we are committed to cultivating an inclusive workplace where there are equal opportunities for women and men to be successful. As a company, we monitor both the gender pay gap and equal pay for similar work. We have recently implemented a consistent, company-wide career and compensation framework to help ensure equal pay for similar work, enable

Argo Workplace Diversity



us to more accurately compare jobs across the organization and ensure our compensation practices are fair and equitable. We are aware of the need and benefits of increasing the number of women and other underrepresented groups in senior positions. Our Diversity & Inclusion strategy includes action plans to address this gap, such as inclusive workplace training, mentoring programs, changing our talent sourcing strategies, monitoring metrics on diverse candidates and ensuring a diverse hiring panel. This commitment is supported by our Board of Directors as well as our Executive Management Team.

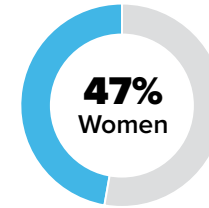
Our [U.K. gender pay gap report](#) is published on our website in line with the legislative requirement in the U.K.

RESPECTFUL WORKPLACE TRAINING

Respectful Workplace for Employees is a virtual learning course that offers diversity training and

New hires in 2020

296
TOTAL



Women in senior management
22% LEVEL 8+
23% LEVEL 7+
(10 levels identified)

22.6%
Employees who identify as an ethnic minority
(voluntarily disclosed)

guidance. It is required for all Argo employees, including part-time staff and contractors. The course promotes Argo’s workplace standards and expectations, and brings awareness to unconscious bias and the power of a diverse and inclusive workforce.

With sustainable learning models and tools, we help develop skills proven to positively impact workplace culture and business results in ways that align with Argo’s vision and values. Some of the topics include:

- Speaking up about workplace issues
- Inclusion
- Retaliation/protected protest
- Harassment
- Discrimination
- Unconscious bias
- Bullying
- Ethical standards

EMPLOYEE RESOURCE GROUPS

Employee resource groups (ERGs) are a critical part of our D&I strategy to provide a safe space for employees with shared interests to network, find community, share ideas and help us take action. Membership is voluntary and open to all employees. Each of Argo’s nine ERGs is sponsored and supported by senior managers within the company.

- Gender Equality
- Argo Pride (LGBTQIA+)
- Faith/Ethnicity/Race/Multiculturalism
- Early Career Professionals
- Working Families
- Argo Heroes (veterans)
- Generational
- Socioeconomic
- Disability



214

employees, mid-managers, senior leaders enrolled in leadership development programs



700

hours of employee volunteer service



245

members in inclusion-focused employee resource groups and D&I Committee



We’ve re-crafted our philanthropic activities around what’s important to our employees. It engages them, and I think an engaged employee is a more productive and happier employee. It’s a win-win. We still give money to the community, but employees are the ones who are driving the giving.

—Bill Wharton, Head of Argo Insurance – Bermuda

PHILANTHROPY AND COMMUNITY OUTREACH

While Argo Group’s contributions are primarily guided by our employees, we occasionally support larger, company-wide donations at the group level. As an active, responsible corporate partner, [we are committed to working with organizations inside and outside the industry](#) on critical initiatives such as D&I, scholarships, the environment and sustainability, the Insurance Careers Movement and catastrophe/disaster relief.

Our Team Argo volunteer program allows employees to donate their time to non-profit organizations and participate each year in local

fundraising events. Additionally, Argo’s Volunteer Time Off policy provides each employee with one day (eight hours) of paid time off each year to volunteer.

Argo Group’s Matching Gifts program benefits more than 1,500 groups each year. When employees contribute to a charitable, educational or cultural organization of their choice, Argo matches 100% of their donations (up to \$5,000 per employee per year).

Our philanthropic contributions are guided by the same entrepreneurial spirit and targeted, specialized focus that thrives among our teams. Employee-led Community Relations Committees have a voice in what Argo supports while promoting giving back across the enterprise. Committees are established in New York, San Antonio, Richmond, Bermuda, London and Brazil.

EMPLOYEE TRAINING AND DEVELOPMENT

In partnership with global business leaders, Argo Group provides innovative, creative experiences and tools curated to maximize employee engagement, connectedness and development – which naturally increases business performance and growth.

Our award-winning [SHINE ONboarding program](#) includes three virtual, instructor-led training events held during an employee’s first six months to help them understand Argo Group’s culture, business and approach to D&I. Since its implementation, we have seen a 5.4% decrease in turnover among employees who participated in the program.

SOCIAL

We pursue continuous improvements to our talent practices in order to match people who have the right skills with the organizational tasks required. Argo recognizes that its success is inextricably linked to the success of its employees. We invest significant resources to develop our talent, deepen our employees' skills, and provide growth opportunities. Those resources include:

- A leadership framework that provides targeted leadership training
- Additional investments in technology-enabled employee development platforms
- A transparent career and compensation framework for employees
- A social innovation platform that encourages all employees to share their ideas to drive efficiency, reduce expenses, or change policy
- Curated digital learning and development tools that enable 100% virtual learning opportunities

Our learning and development program, [Argo Academy](#), provides educational pathways to ensure employees have information and resources to stay current on market needs,

technology and customer preferences. It also offers pathways for developing personal and professional skill sets to benefit employees in any role. The curriculum is developed:

- In response to employee crowdsourcing and surveys
- In direct alignment to business strategy
- Through collaborative partnership with key leaders
- With integrated workforce development and planning

Argo is vested in helping our employees build the skills they need to learn and grow today and for tomorrow's workplace. We have designed and developed programs and platforms to promote growth and development in our workforce and assist employees as they transition into new roles as our industry's reality evolves. Our approach is validated through learning and development experts, including Degreed, Harvard University, Stagen Leadership, Mind Gym, AchieveForum, ELI, Glint and Bridge.

Five-plus daily, personalized development opportunities

Training is often personalized to each employee and enables social, democratized learning through the Degreed platform.

\$300,000 annual average tuition reimbursement

We support employees in their higher educational pursuits with partners that include Harvard University, the University of Texas system, the University of Pittsburgh and Southern New Hampshire University.

100%
employees
who receive
training

50
average annual
training hours
per employee

\$2M
company training
development
expenditure



SOCIAL

LEADERSHIP FRAMEWORK

Our formal talent development pipeline offers four distinct pathways (below) to provide all employees with the opportunity to practice leadership, be it personal, for a large business unit or for a small team.

SUCCESSION PLANNING

Succession planning is a critical component to our talent management strategy and our continued success as an organization. We continually strive to foster the professional development of our employees and developed

a succession plan for our senior management team and other critical roles in the organization subject to ongoing evaluation by the Human Resources Committee of the Board.

EMERGING TALENT

This pathway focuses on developing those with less than five years of specialty insurance experience.

- 120 new specialty professionals enrolled by nomination
- 13 business units
- 30.3% promotion rate in 2020 (35.26% above the company average)
- 95% employee retention rate
- 97% feel Emerging Talent has a profound impact on their career
- Approximately 18 professional development sessions

LEADING OTHERS

This interactive, cohort-based pathway is tailored for those in Argo's mid-management leadership pipeline.

- Around 75 mid-managers enrolled by nomination
- First 12 weeks of learning led by Leading the Business (LTB) alumni. Topics:
 - Mindset
 - Conscious Communication
 - Working With Bias
 - Active Listening
 - Feedback
- 18 months of business acumen learning and practicum
- First class led by LTB alumni launched December 2020



LEADING SELF

This pathway aims to develop individuals' core technical and personal leadership skills.

- Self-directed, with guiding competency map provided
- To be launched summer 2021

LEADING THE BUSINESS

This interactive, cohort-based pathway is tailored for those in Argo's senior management leadership pipeline.

- First class launched May 2020
- 19 senior leaders (VPs and above) in first cohort
- Leadership networking
- Six business acumen course invitations
- 12 weeks of concepts:
 - Learner Mindset
 - Conscious Communication
 - Working With Bias
 - Active Listening
 - Feedback
- 12 weeks of teaching mid-managers in Leading Others, launched December 2020

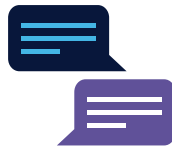
GRADUATE TRAINING PROGRAM

Based in Bermuda, the [Argo Group Graduate Training Program](#) provides recent graduates who meet the academic criteria an unprecedented exposure to a leading insurance company. Students participating in the program will rotate through departments at Argo Insurance to gain meaningful work experience, develop their skills and help launch their careers.

EMPLOYEE ENGAGEMENT

During 2020, Argo’s senior leaders held multiple town hall meetings to support employees during the pandemic. These virtual gatherings provided ongoing updates on office closures, mental health resources and a forum for employees to ask questions and voice concerns.

71% say Argo does a good job **communicating** with employees, 9% higher than the benchmark.



76% report feeling **empowered** to make decisions about their work.

66% believe teams at Argo **collaborate** effectively, 2% higher than the benchmark.



Argo employees feel heard, collaborative and empowered: Our [annual employee engagement survey](#) notched a 79% response rate – 6% higher than the benchmark.

WELLNESS AND BENEFITS

The Argo Wellness program gives employees and their covered partners opportunities to learn about wellness and participate in activities that foster a healthy lifestyle. We offer employees access to the Virgin Pulse Engage platform, which provides robust wellness tools, challenges and education.

In 2020, we implemented three new programs to help employees manage work/life balance:

- The Paid Parental Leave and Paid Family Caregiver Leave programs provide financial peace of mind by offering paid time away from work to bond with a new child in the family or tend to a family member who is ill or injured.
- Even before the pandemic, Argo established a formal Flexible Workplace Policy, which combined several existing global programs, such as Summer Hours, with new unpaid sabbaticals and globally available flexible work options.
- Dress for Your Day encourages employees to use their own judgment when deciding what clothing is appropriate for them and for their scheduled business commitments.

Our Total Rewards program includes salary, a comprehensive benefits package, retirement savings, flexible workplace options, health and wellness, and employee assistance programs.



“ I think our philosophy on employee wellness is constantly evolving. My first year here, we had this big initiative around a global step challenge and keeping your physical health. Then, the focus started to evolve more towards wellness also including mental health and financial health. Now we discuss well-being around all of these key elements.

—Silvana Nuzzo, Vice President, Total Rewards

To help employees save for future expenses and contribute to their long-term goals, Argo Group sponsors a 401(k) retirement savings plan in the U.S. and similar programs internationally.

CAREER AND COMPENSATION FRAMEWORK

The most important asset at Argo Group is our human capital – the skill, ingenuity and integrity our teams bring to their roles every day. In 2020, we established a framework that includes a:

- Job architecture that enables employees to see their future career track at Argo
- Total Rewards compensation model that is consistent, understood and motivating

SOCIAL

- Pay-for-performance strategy that recognizes effort and success in a diverse and inclusive environment

We provide transparent disclosure around executive compensation and release an annual proxy statement that details that information.

EMPLOYEE STOCK PURCHASE PLAN

The majority of Argo employees have the opportunity to invest in the company through an employee stock purchase plan (ESPP) or a save as you earn (SAYE) program. These programs allow employees to purchase Argo Stock at a generous 15% discount to the fair market value of our stock, and encourage employee ownership and savings as a benefit.

EQUAL OPPORTUNITY EMPLOYER

We are an equal opportunity employer. We do not discriminate on the basis of age, ancestry, color, gender, gender expression, gender identity, genetic information, marital status, national origin or citizenship (including language use restrictions), denial of family and medical care leave, disability (mental and physical, including HIV and AIDS), medical condition (including cancer and genetic characteristics), race, religious creed (including religious dress and grooming practices), sex (including pregnancy, child birth, breastfeeding, and medical conditions related to pregnancy, child birth or breastfeeding), sexual orientation, military or veteran status, or other status protected by laws or regulations in the locations where we operate.

We do not tolerate discrimination or harassment based on any of these characteristics.

HUMAN RIGHTS

Argo recognizes the responsibility to respect human rights and the ability to contribute to positive human rights impacts. Argo is [committed to treating everyone with dignity and respect](#) and strives to promote human rights in accordance with the UN Guiding Principles on Business and Human Rights. We expect the third parties we work with do the same.



A man in a dark blue suit, white shirt, and dark tie, wearing glasses, is looking down at a tablet computer he is holding. He is standing in front of a large window that offers a panoramic view of a city with many skyscrapers under a clear blue sky. The lighting is bright, suggesting daytime. The overall tone is professional and modern.

GOVERNANCE

Our philosophy is to promote investor confidence through corporate governance and transparency. We hold ourselves and each other accountable for our decisions, performance and behavior, operating to high governance and control standards and adopting best practices based on continuous improvement. In this way, we ensure our ability to respond effectively to opportunities and crises.

ETHICS AND INTEGRITY

We are committed to upholding the highest standards of corporate governance and ethical conduct. Argo Group's corporate compliance training program includes a portfolio of mandatory courses that all employees, including part-time staff and contractors, must complete on an annual basis. This is to establish their awareness and understanding of the legal, regulatory, and ethical requirements and risk behavior expectations that are necessary in order for Argo Group to sustain its compliant and risk-aware culture. The portfolio includes:

- Code of Conduct: Best Practices
- Whistleblowing: Raising Concerns
- [Preventing Bribery and Corruption](#)
- [Security Awareness](#)
- International Sanctions ([Anti-Money Laundering – Insurance](#))
- Avoiding Conflicts of Interest

Our [Whistleblowing Policy and Procedure](#) is intended to encourage employees to confidentially and anonymously report, without fear of retaliation, any suspected or actual financial, ethical or legal impropriety by their colleagues, management, customers and other market practitioners. The policy requires the company to follow an annually reviewed procedure for managing whistleblowing activity and investigating reports and to offer an Ethics Hotline to allow employees and management to report any activity or business practice that they suspect or consider to be unethical or illegal. The Audit Committee of the Board oversees compliance with the Whistleblower Policy.

The Company is committed to creating and fostering a suitable environment for sound and prudent business conduct, free of unethical and fraudulent activity. The [Code of Conduct & Business Ethics](#) sets out the basic principles which are to be followed in order to achieve this goal.

The Code is designed to set employee expectations, to serve as a framework for how to operate with integrity and to protect Argo from unnecessary risks. It brings our values, respect for each other and accountability to action. The Code applies to all employees, including part-time staff and contractors, Board members, controllers, officers and third-party providers. The Board oversees compliance of the Code and ensures a review is conducted on an annual basis.

We have zero-tolerance for any form of discrimination and harassment. Everyone at Argo has the right to be treated with dignity and respect. We encourage reporting concerns through our anonymous Ethics Hotline and other channels we have in place. We take a proactive approach to ensure we have the policies and practices in place to protect all employees and ensure a safe, respectful and inclusive workplace culture.

DATA SECURITY AND PRIVACY

Argo Group recognizes the importance of data privacy. In accordance with applicable privacy and security laws, along with annual independent audits, we've [instituted multiple policies](#) to diligently safeguard the collection and use of our customers' personal information



At Argo, we maintain internal policies with respect to compliance, risk management, financial crime, data privacy and information security protection. We've established clear roles of responsibility, beginning with the Board, its committees, senior management, down to individuals at Argo. By setting the tone at the top, we believe it sends a clear message to each employee that governance is important and doing the right thing is a core value of Argo.

—Allison Kiene, Senior Vice President,
General Counsel



GOVERNANCE

and to make those processes transparent. We are committed to safely managing any personal information collected from an individual through our websites, our services and products, and through other means and third parties, for the various legal reasons and business purposes described in our [Privacy Notice](#). We comply with all regulations in the jurisdictions in which we operate, including specifically addressing the rights of individuals regarding control of data we may hold related to them.

We are committed to ensuring, designing and adapting network security as it relates to personal privacy and mitigating online threats, including cybercrime, economic espionage, military espionage and cyber warfare. Data protection and information security is one of the [top five material risks](#) tracked by our Sustainability Working Group. All employees, including part-time staff and contractors, are required to complete an annual data protection and privacy training program to ensure every employee is fully aware of and understands their responsibility in protecting confidential information (for both customers

and the company) and the necessary escalation procedures should an event occur.

Accountability

Overall responsibility: Chief Information Security Officer

Day-to-day management: Regional data protection officers; lines of business

The Chief Information Security Officer reports to the Board or a committee thereof at least twice per year. Information security and data protection are addressed within the quarterly risk reports provided to the Committee.

RESPONSIBLE INVESTMENT

Argo is a signatory of the [UN Principles for Responsible Investment](#). Our investment team actively monitors for threats against and opportunities to enhance our portfolios. This includes a focus on the ESG factors that could have material impact on Argo's investments – a process that has been integrated into our investment approach. View our [Responsible Investment Policy](#).

VENDOR MANAGEMENT

Argo relies on products, systems and services provided by a variety of vendors, including hardware and software vendors, marketing firms, technology and telecommunication services, support personnel and consultants.

Where such arrangements are entered into, the relevant outsourcing and [vendor management procedures and protocols](#) will be followed, ensuring that:

- Each vendor relationship supports the overall business requirements and strategic plans
- There is in place the necessary expertise to oversee and manage the relationship
- That prospective vendors have been evaluated based on criticality of the procured service and products
- The risks associated with the use of the vendor are assessed and understood
- The appropriate oversight program is in place to monitor contractual performance and risk mitigation activities

▶ [View the full Vendor Management Policy](#).



RISK MANAGEMENT

In 2020, we revisited Argo’s risk management strategy. The Board Risk & Capital Committee commissioned an independent review of our framework. As a result, the Board approved and implemented additional improvement plans.

Argo Group’s Own Risk and Solvency Assessment (ORSA) process was applied throughout 2020 to manage risk and capital and identify and ensure we manage our exposures within our Board-approved risk appetites. Our framework is aligned to the international best practice standards, “ISO 31000:2018 Risk management – Guidelines.” Our strategic risk management framework is built on three core pillars:

1. **Strategic planning and execution risk management** – integrated enterprise risk management, planning and performance management
2. **Strategic risk landscape** – top-down assessments of key strategic and emerging threats and opportunities led by Chief Risk & Sustainability Officer
3. **Risk/reward analysis** – focused threat and opportunity evaluation exercises to support the assessment of strategic transactions

RISK APPETITE FRAMEWORK

Argo Group’s Risk Appetite Framework (RAF) brings together the overall approach for articulating and managing risk appetite, risk preferences, risk tolerances and risk limits. It describes how these are organized and what processes and procedures underpin its

implementation in practice. The purpose of the RAF is to support a risk-aware culture by ensuring that decisions involving risk taking are made consciously, in light of the agreed business strategy and risk appetite. Clarity over the amount of risk that can be taken ensures accountability for decision-making.

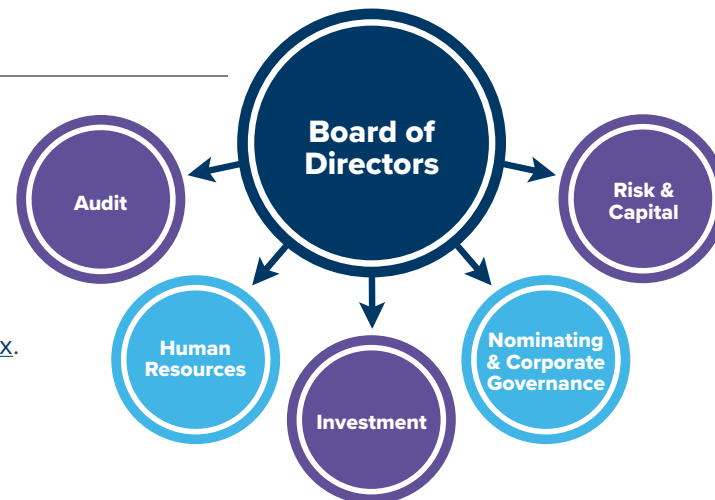
Risk appetite defines the level and nature of risks that the Board considers to be acceptable to expose the organization to in order to achieve its strategic objectives. It, therefore, defines Argo Group’s willingness to accept risk. In expressing the organization’s risk appetite, the Board has taken into account Argo’s risk-bearing capacity and its strategic objectives.

Appetite is articulated using a number of risk measures, including:

- Economic capital impact
- Earnings volatility
- Scenarios and stress tests outcomes
- Credit rating retention
- Reputation impact

ARGO GROUP INTERNATIONAL HOLDINGS LTD. BOARD COMMITTEES

See Committee descriptions in [Appendix](#).



“**Everything that we have been doing – shareholder engagement, executive compensation and governance, practice changes, the career and compensation framework that touches everyone in the company, initiatives around diversity and inclusion – it’s all to make sure the company continues to do the right thing for our employees and our shareholders. They’re all connected.**”

—Silvana Nuzzo, Vice President, Total Rewards



A YEAR TO REMEMBER

A YEAR TO REMEMBER

Argo Group responded to the events of 2020 as a [global corporate citizen](#) and also used the time to focus on getting back to basics – improving the company’s culture and infrastructure to meet the needs of employees, partners and shareholders today and in the future.

“We started with diversity and looked at opportunities to broaden our talent base,” says Chief Underwriting Officer Tim Carter. “We made commitments to get our technology platform to a much better place. We empowered our employees to give us ideas for where we can be different.”



“If you look back at our year, it wasn’t like we just kept going and kept the lights on. We fundamentally changed the business.”

Argo is a specialty company writing the difficult things, he said. Bringing our expertise into the segments where we’re needed helps us grow the business and bring value to our shareholders.

“The talent is what makes us who we are, and I see tremendous success ahead,” Carter said.

TRANSFORMING THE ARGO EXPERIENCE

As our partners demand more options and channels to do business, Argo is developing efficiency and productivity improvements, said Toby Jackson, Head of Digital.

“We’re focusing on the customer and broker experience, wanting to empower them to leverage platforms and capabilities,” he said.



But rather than leading with a set of a technology tools, Jackson’s team wants to first know the business objective and then identify changes and support to help achieve those outcomes.

“Digital distribution is the epitome of Argo’s operations philosophy – we don’t want to simply automate or codify bad processes; we want to streamline and simplify all of our operations,” Jackson said.

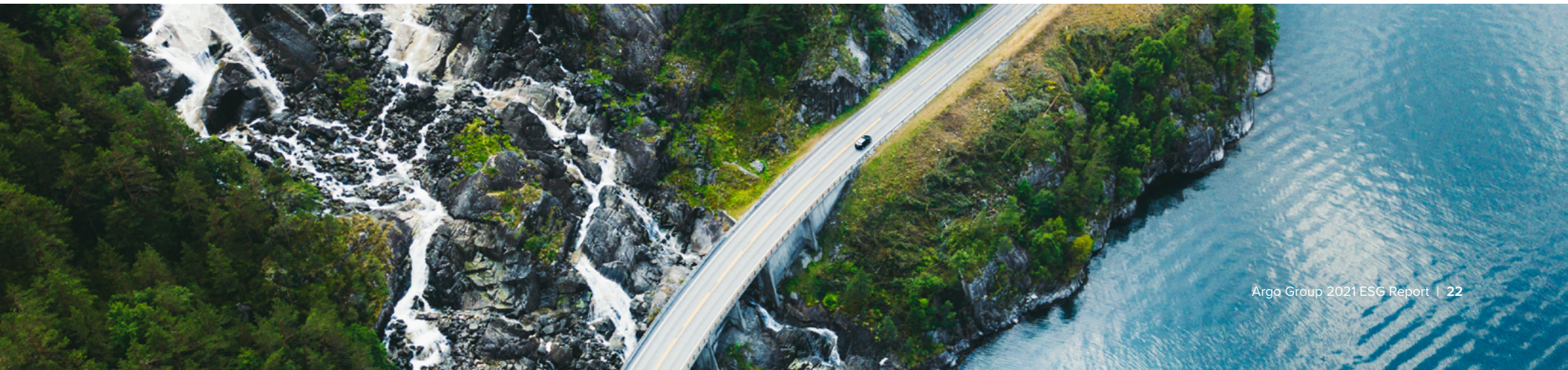
Similarly, Argo’s claims team embraces workflows that balance efficiency with effectiveness in order to quickly address customer needs, says U.S. Chief Claims Officer Steve Laudermilch.

“Our operations strategy and culture reinforce the need to be innovative in how we solve problems,” Laudermilch said. “The best ideas seem to come from the people on the front lines handling the claims and serving the customers. If we actively listen to them, value their diverse perspectives and execute on their ideas, it fosters an inclusive, can-do culture that improves results.”



The pace of change in the world demands all businesses, including Argo, evaluate and improve how they provide customer service, he said.

“Our thinking, our products and our services must reflect the needs of customers, the diversity that they bring to our environment, and how they prefer to do business,” Laudermilch said. “Anything less limits our opportunity to excel.”



A YEAR TO REMEMBER

AWARDS AND RECOGNITION

Corporate Social Responsibility Initiative of the Year: [InsuranceERM Annual Awards 2021](#)

Bill Wharton – [2021 Top 25 D&I Re/insurance Champion: Intelligent Insurer](#)

2021 Training Top 100: [Training Magazine](#)

Best Advance in Learning Technology Implementation – Bronze: [2020 Brandon Hall Group Excellence in Learning Awards](#)

Risk Innovation of the Year by a Re/insurer: [InsuranceERM Annual Awards 2020](#)

Bermuda: Re + ILS

- Women in Hamilton – [Helen Campbell, Kimberly Lewis](#)
- Unsung Heroes – [Kristine Cornish](#)
- Rising Stars – [Donita Stevens](#)

Jennifer Edwards – 2020 IMCA Rising Star: [Insurance Marketing & Communications Association](#)

Five-Star Excellence Award for Professional Liability: [Insurance Business America](#)

Ian Macartney – 2020 InsurTech Leader, Collaboration: [ACORD \(Association for Cooperative Operations Research and Development\)](#)

Disruptor of the Year – Loadsure: [Insurance Insider Honours \(Highly Commended\)](#)

MESSAGE FROM THE BOARD

Environmental, social and governance issues are a priority for Argo Group at every level – from the board of directors to broker partners. The further embedding of ESG into Argo will be greatly enhanced by our diversity and inclusion initiatives and a grassroots approach through the formation and passionate work of the employee resource groups. We are proud of the goals and recognition the company achieved in 2020.

Kate Nealon

2020 Board Member and ESG Sponsor

Year-Over-Year Financial Results

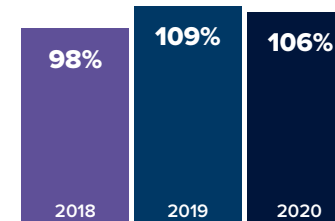
Gross Written Premium

(in billions)

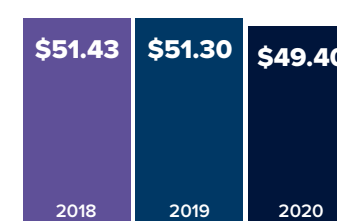
| U.S. | International | Total |
|---------------|---------------|---------------|
| \$1.99 | \$1.24 | \$3.23 |



Total Assets (in billions)



Combined Ratio



Book Value per Share

See the full [2020 Annual Report](#).

ARGO GROUP INTERNATIONAL HOLDINGS LTD. BOARD COMMITTEES

Audit Committee

The Audit Committee assists the Board in its oversight of (i) the integrity of the company's financial statements, (ii) the company's compliance with legal and regulatory requirements, (iii) the qualifications and independence of the independent registered public accounting firm, and (iv) the performance of the company's internal auditing department and the independent registered public accounting firm. Its primary responsibilities, among other items, include (a) reviewing and discussing with management and the outside audit firm the quarterly and annual financial results and other financial information of the company, (b) the appointment, replacement, compensation and oversight of independent auditors, (c) reviewing all recommendations by the auditors with respect to accounting methods and internal controls of the company, (d) the review and advance approval of audit and non-audit services provided by the auditors, (e) oversight of the effectiveness of the company's internal audit function, (f) otherwise providing oversight for the accounting and financial reporting processes of the company and the audits of the financial statements of the company, (g) providing oversight of the company's compliance with legal and regulatory requirements, and (h) the review, approval or ratification of all related party transactions. In addition, the Committee establishes procedures for complaints relating to accounting, internal accounting controls or auditing matters as well as procedures for confidential, anonymous submission by company employees of any concerns regarding questionable accounting or auditing matters.

Human Resources Committee

The Human Resources Committee's responsibilities include, among other items, (a) overseeing the compensation of the company's executive officers and directors, (b) reviewing and discussing with the company's management the Compensation Discussion and Analysis contained in this proxy statement, (c) producing an annual report on executive compensation for inclusion in the company's proxy statement, (d) overseeing and advising the Board on the adoption of plans and policies that govern the company's compensation programs, (e) reviewing management's succession plans for the company's Chief Executive Officer and other primary executive officers, and (f) determining and monitoring stock ownership guidelines.

Investment Committee

The Investment Committee assists the Board in the oversight of the company's key investment objectives, strategies and policies. The Committee's responsibilities include, among other items, (a) approval of the company's Investment Policy including the investment guidelines and asset allocation ranges set forth therein, (b) oversight of the company's investment transactions and its outside investment managers to determine whether such investment transactions are in accordance with the company's Investment Policy, (c) ensuring that appropriate selection criteria are developed to identify and select the company's outside investment managers and periodically reviewing the performance of the company's outside investment managers, (d) oversight of management's administration of the company's investment portfolio, including recommended strategic asset allocations and the performance of the portfolio under anticipated and stress test scenarios, and (e)

approval of any company derivative policy and review of management analysis and reports on potential hedging programs and derivative transactions.

Nominating and Corporate Governance Committee

The purpose of the Nominating and Corporate Governance Committee is to (a) establish criteria for Board member selection and retention, (b) identify individuals qualified to become Board members, (c) review and recommend to the Board individuals to be nominated or re-nominated for election as directors, including nominees submitted by shareholders in accordance with the requirements of our Bye-Laws as well as the shareholder recommendation procedure set forth in our Nominating and Corporate Governance Committee charter, or to fill vacancies on the Board, and (d) recommend directors for appointments to one or more of the Board's standing committees. The Committee is also charged with establishing evaluation criteria and an evaluation process applied by the Board and each Committee in its self-evaluation process.

Risk & Capital Committee

While the Board has the ultimate responsibility for overseeing and approving the company's risk strategy, risk appetite and risk tolerance levels, the Risk & Capital Committee provides oversight of the company's policies and procedures relating to compliance and risk management and also oversees the adequacy of the company's capital as measured using our own economic capital model and against various regulatory and other requirements taking into account all risks to which the company is exposed. Risk management is a collaborative effort of management, the Board and several functions within the company that are focused on risk.

A person is walking across a narrow suspension bridge that spans a deep, dense forest. The bridge is made of wooden planks and is supported by thick ropes. The forest is lush with green trees, and the lighting is soft, creating a serene atmosphere. The person is in the center of the bridge, moving away from the viewer.

KEY CONTACTS

CORPORATE RESPONSIBILITY
Alex Hindson, Chief Risk and
Sustainability Officer
alex.hindson@argolimited.com

INVESTOR RELATIONS
Brett Shirreffs, Head of Investor Relations
brett.shirreffs@argogroupus.com

GOVERNANCE
Allison Kiene, Senior Vice President,
General Counsel
allison.kiene@argogroupus.com

For more information, visit
argogroup.com.