

Audit Committee Charter

PURPOSE

The Audit Committee (“the Committee”) assists the Board in its oversight of the quality and integrity of the accounting, auditing, and financial reporting processes of the Company. Its primary responsibilities include (a) review of quarterly and annual financial results and other financial information of the Company, (b) the appointment, replacement, compensation and oversight of independent, outside auditors (“outside auditor”), (c) review of all recommendations by the auditors with respect to accounting methods and internal controls of the Company, (d) review and advance approval of audit and non-audit services provided by outside auditors and the scope of such audits and services, (e) oversight of the performance of the Company’s internal audit function and (f) otherwise overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee’s role further includes discussing with Senior Management, Internal Audit and the independent, outside auditors the Company’s processes to manage its business and financial risk, and processes for compliance with significant applicable legal and regulatory requirements. In addition, the Committee shall establish 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.

COMPOSITION

The Audit Committee shall consist of at least three members of the Board of Directors. The Board’s Nominating and Corporate Governance Committee will recommend to the Board for appointment members to serve on and chair the Committee. Committee members may be replaced in accordance with the Company’s bye-laws.

Each Committee member will be independent, as defined under applicable United States Securities and Exchange Commission (“SEC”) rules and regulations and New York Stock Exchange (“NYSE”) listing rules for audit committee members. Each Committee member shall be financially literate in accordance with NYSE standards (as determined by the Board), including having the ability to read and understand fundamental financial statements. At least one member having accounting or related financial management

expertise shall qualify and be designated as the “financial expert,” as determined by the Board in accordance with applicable SEC legislation and regulation.

MEETINGS

The Audit Committee shall meet at least four times a year. Additional meetings may occur as the Committee or its chairperson deems advisable. The Chairperson of the Committee shall be responsible for establishing the agenda for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. Committee members will be furnished with copies of the minutes of each Committee meeting. The Committee shall make regular reports to the Board.

The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

AUTHORITY

The Audit Committee has authority to conduct or authorize inquiries into any matters within its scope of responsibility. It is authorized to:

- Appoint, compensate, and oversee the work of the outside audit firm employed by the Company to conduct the annual audit of the Company’s consolidated financial statements. This firm will report directly to the Audit Committee. When appropriate, the Committee is responsible for replacing the outside audit firm, subject to shareholder approval;
- Resolve any disagreements between management and the outside audit firm regarding financial reporting;
- Approve the appointment, replacement, or dismissal of the Head of Internal Audit. Review and approve the compensation of the Head of Internal Audit acting in concert with the compensation committee;
- Seek any information it requires from employees (all of whom are directed to cooperate with the Committee’s requests) or external parties;
- Meet with Company officers, outside audit firms, internal auditors, or outside counsel, as necessary;

- Pre-approve all auditing and each permitted non-audit service (including the fees and terms thereof) performed by the Company's outside audit firm;
- Delegate authority to subcommittees or an individual committee member, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full committee at its next scheduled meeting; and
- Retain independent counsel, accountants, or others to advise the Committee. Any communications between the Committee and legal counsel in the course of obtaining legal advice on Committee matters will be considered privileged communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of such communications.

The Company will provide for appropriate funding, as determined by the Audit Committee, for payment of i) compensation to the outside audit firm for the preparation and issuance of an audit report or performing other audit, review or attest services for the Company, ii) compensation to any advisers employed by the Committee and iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities:

➤ **Financial Statements and Information**

- Review and discuss with management and the outside audit firm the annual audited financial statements and other financial information, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K ("Form 10-K").
- Review and discuss with management and the outside audit firm the Company's quarterly financial statements and other financial information, prior to the filing of its Quarterly Report on Form 10-Q ("Form 10-Q"), including disclosures made in management's discussion and analysis as well as the results of the outside audit firm's review of the quarterly financial statements.
- Discuss with management and the outside audit firm significant financial reporting issues, estimates and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting

principles, any significant issues as to the adequacy of the Company's internal controls and any special audit procedures applied in light of material control deficiencies.

- Review and discuss quarterly reports from the outside audit firm on:
 - All critical accounting policies and practices used;
 - All alternative treatments within generally accepted accounting principles for policies and procedures related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the outside audit firm; and
 - Other material written communications between the outside audit firm and management, such as any management letter or schedule of unadjusted differences.
- Review with management and the outside audit firm the matters required to be discussed or communicated to the Committee by the outside audit firm under generally accepted auditing standards, applicable law or listing standards, including matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16 relating to the conduct of the audit, including any significant difficulties encountered. This review will include any restrictions on the scope of the outside audit firm's activities or on access to requested information, the auditor's assessment of the overall quality of financial reporting, and any significant disagreements with management.
- Review disclosures made by the CEO and CFO during the Forms 10-K and 10-Q certification process about significant deficiencies in the design or operation of internal controls or material weaknesses therein or any fraud that involves management or other employees who have a significant role in the Company's internal controls.
- Obtain reports from management regarding any proposed public disclosures of financial information, discuss generally the types of information to be disclosed and the types of presentations to be made in such disclosures, and if deemed necessary by the Committee, review and/or approve such disclosures prior to their public release.
- To review and discuss with management and the internal audit department the risks faced by the Company and the policies, guidelines and process by which management assesses and manages the Company's risks, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

➤ **Internal Control**

- Review with management, the outside audit firm and internal auditors the effectiveness of the Company's internal control system, including information technology security and control.
- Understand the scope of internal audit's and the outside audit firm's review of internal control over financial reporting, and review reports on significant findings and recommendations, together with

management's responses.

➤ **Internal Audit**

- Review and approve the internal audit function with management and the Head of Internal Audit including the authority, charter, organizational reporting lines, annual audit plan, budget, and staffing.
- Communicate with the Head of Internal Audit privately and with management to determine that there are no improper restrictions or limitations on the internal audit function. At least quarterly, meet separately with the Head of Internal Audit to discuss any matters that the Committee or internal audit believes should be discussed privately.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.

➤ **Outside Audit Firm**

- Review the outside audit firm's proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the outside audit firm, and exercise final approval on the appointment or discharge of the firm subject to shareholder approval. At least quarterly, meet separately with the outside audit firm to discuss any matters that the Committee or auditors believe should be discussed privately.
- In performing this review, the Committee will:
 - At least annually, obtain and review a report by the outside audit firm describing:
 - the firm's internal quality-control procedures;
 - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - all relationships between the outside audit firm and the Company.
 - Engage in dialogue with the outside auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take appropriate actions to oversee the independence of the outside auditor.
 - Take into account the opinions of management and internal audit.

- Review and evaluate the lead partner of the outside audit firm.
- Present its conclusions with respect to the outside audit firm to the Board.
- Ensure the rotation of the audit engagement personnel in accordance with applicable rules and regulations.
- Set clear hiring policies for employees or former employees of the outside audit firm that comply with the requirements of the SEC and NYSE.

➤ **Compliance Monitoring**

- Establish procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.
- Review material issues raised in regulatory authorities' examinations.
- Review the processes for communicating Argo's Code of Conduct & Business Ethics to Company key functionaries and employees and for monitoring compliance therewith as well as for providing continuing education and training programs.
- Obtain updates on a quarterly basis from management and Company legal counsel and/or Head of Compliance regarding compliance issues related to matters covered under this Charter, including the systems for monitoring compliance with laws and regulations and the results of management's investigations of any incidence of non-compliance.
- Oversee the implementation and maintenance of related party transaction procedures and ensure its periodic review and update.
- Review and approve all related party transactions as defined by the rules and regulations of the SEC and NYSE.

➤ **Reporting Responsibilities**

- Report to the Board about committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's outside audit firm, and the performance of the internal audit function.

- Prepare the report to be included in the Company's annual proxy statement describing the Committee's composition, responsibilities and how they were discharged, and any other legally required information, including approval of non-audit services.
- Report periodically on approval or ratifications of any related party transactions.

Other Responsibilities

- Perform other activities as requested by the Board of Directors.
- Annually review the performance of the Audit Committee and recommend any proposed changes to the Nominating and Corporate Governance Committee.

Charter Considerations

- Exceptions or Waiver

None

- Revision

The Audit Committee shall, with the assistance of designated legal counsel, review and assess the adequacy of this Charter annually and recommend all necessary major changes to the Board in due course for consideration and adoption.

- Adoption

This Charter and any change made during the reviews shall be adopted by resolution of the Board.