



As of April 26, 2017

ASPEN INSURANCE HOLDINGS LIMITED

CHARTER OF THE RISK COMMITTEE

This Charter of the Risk Committee (this “Charter”) has been adopted by the Board of Directors (the “Board”) of Aspen Insurance Holdings Limited (the “Company”). The Risk Committee (the “Committee”) shall review and reassess the Charter annually and recommend any proposed changes to the Board for approval. Words in **bold italics** are to be interpreted as set out in the Glossary.

A. Purpose

The purpose of the Committee is to assist the Board in its oversight duties in respect of the identification and control by Aspen management of material risks to the objectives of the Company and its subsidiary Entities (“Entities”)(collectively, the “Group”).

B. Duties and Responsibilities

The Committee shall have the following duties, authorities and responsibilities:

1. To review management’s proposals for the **Group Internal Control and Risk Management Framework** and to make recommendations to the Board as to its adoption by the Company or otherwise. To review reports from management as to the implementation of the **Group Internal Control and Risk Management Framework** at such intervals as the Committee shall determine appropriate, but not less than once annually.
2. To provide oversight on behalf of the Board over the processes undertaken by management to identify, evaluate and mitigate the material risks to the **Group Objectives** including, but not limited to, insurance risk, investment risk, credit risk, liquidity risk, operational risk and regulatory risk. In carrying out this role, the Committee will take into account the relevant work of the Investment and Audit committees of the Board.
3. To review on behalf of the Board, at least once annually, management’s proposals for the **Group Risk Appetite Statement** and to make recommendations to the Board as to its approval.
4. To review on behalf of the Board, at least once annually, management’s proposals for **Key Group Risk Limits** and to make recommendations to the Board as to their appropriateness.



5. To review on behalf of the Board the risk and solvency positions represented by the annual Business Plan and multi-year **Group Strategic Plan** and to make recommendations to the Board on the appropriateness of these aspects of the plans. The Committee shall also review and monitor compliance with relevant regulatory capital requirements by the Group and its operating subsidiaries.
6. To receive reports from management of any material breaches of the **Group Risk Appetite Statement** or **Group Risk Limits** and to require management to take appropriate action, or recommend to the Board particular action, as the Committee thinks fit as a result of such reports.
7. To review at least annually the **Group Internal Model** and its **Uses** and to make a recommendation to the Board as to the approval of the **Group Internal Model** for the purpose of those **Uses**. For the purposes of this paragraph, the Committee may rely on a review of the **Layer 1 documentation** prepared by management.
8. To review on behalf of the Board: (i) any application to insurance regulators to use the **Group Internal Model** to calculate the **Solvency Capital Requirement** of the Group; and (ii) any material changes to the **Group Internal Model**, and to make recommendations to the Board as to the approval or otherwise of any such applications or material changes.
9. To review annually (or as required) the **Group Solvency Self-Assessment** (“GSSA”) submission to the BMA and make recommendations to the Board on its adoption by the Company or otherwise.
10. To oversee management’s proposals for the establishment and operation of a process of **Stress and Scenario Testing** and review the output of that process at least annually on behalf of the Board.
11. To oversee management’s proposals for the identification and assessment of **Emerging Risks** and review the output of that process at least annually on behalf of the Board.
12. To delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

C. Annual Performance Evaluation

The Committee shall conduct an annual self-performance evaluation, including an evaluation of its compliance with this Charter. The Committee shall report on its annual self-performance evaluation to the Board.



D. Membership and Voting

The Committee shall consist of no fewer than three (3) directors. The Committee shall meet any requirements set forth in applicable laws, rules and regulations, subject to any applicable exceptions, exemptions or phase-in periods. Members shall be selected with regard to the relevance of their experience to matters falling within the remit of the Committee. In nominating Committee members, the Corporate Governance and Nominating Committee shall give precedence to directors who shall have knowledge or experience in at least one of the areas relating to risk management, monitoring or control systems, insurance or reinsurance underwriting or other risk related matters.

Committee members shall be appointed annually by a majority vote of the Board, taking into account any recommendations from the Corporate Governance and Nominating Committee. Changes to Committee membership throughout the year will be subject to approval by a majority vote of the Board, taking into account any recommendations from the Corporate Governance and Nominating Committee. Each prospective Committee member shall carefully evaluate existing time demands before accepting Committee membership. Committee members may be removed, with or without cause, by a majority vote of the Board. Each Committee member shall serve until his or her successor is duly appointed by the Board or until such member's resignation or removal from the Board or the Committee.

Where Committee members are not in unanimous agreement in relation to any matter, that matter may be referred to a vote in which each member present has a single vote. In the event of a tied vote, if less than the entire Committee has voted on such matter, then such matter shall be voted on by the entire Committee. If a tie persists after the entire Committee has voted on the matter, then the Chair (provided that he or she satisfies the relevant tests of independence determined in accordance with applicable laws and regulations) shall have the authority to either (i) settle the matter by exercising an additional casting vote, or (ii) to request that such matter shall be voted on by the independent members of the Board of Directors, with independence being determined in accordance with applicable laws, rules and regulations.

E. Chair

The Committee shall include a Committee Chair, who shall be appointed by a majority vote of the Board. If the Chair is unable to take part in a meeting the remaining members of the Committee shall elect a Chair for that meeting from amongst their number. The Chair of the Committee shall be responsible for presiding over Committee meetings and preparing Committee agendas.

F. Meetings

The Committee shall meet four times per year, or more frequently as circumstances dictate, and all Committee members shall strive to be present at all Committee meetings. The Committee shall meet in person at least once per year. The Committee may request any other



director, officer or employee of the Company or its Entities or any of the Company's or its Entities' outside advisors to attend any meeting of the Committee.

The Chair may call a Committee meeting upon due notice of each other Committee member at least forty-eight (48) hours prior to the meeting. Agendas for all meetings will be settled in advance by the Chair, acting in consultation with other members and management where relevant.

A majority of the Committee members, acting in person or by proxy, shall constitute a quorum. All meetings of the Committee shall take place in Bermuda or at an alternative location approved by the Chair of the Committee. Subject to the Chair's discretion, directors may participate in Committee meetings telephonically. The Committee may take action by unanimous written consent.

The Committee shall be responsible for maintaining minutes and other applicable records of each Committee meeting. The Committee shall appoint a secretary who shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance. Minutes and action points arising from the Committee meetings shall be circulated promptly to the Chair and provided to all members of the Board as part of subsequent meeting pack.

The Committee shall report its actions and recommendations to the Board after each Committee meeting. The Committee's report to the Board may take the form of an oral report by the Chair or by another member of the Committee designated by the Committee to make such report.

The Committee may meet separately in executive sessions with relevant management on a periodic basis to discuss any matter that the Committee or any of these groups believes may warrant Committee attention.

G. Outside Advisors

The Committee, acting by majority vote, shall have the authority to retain, at the Company's expense, such independent advisers as it deems necessary to perform its duties. The Committee shall have the ability to retain these advisors without seeking Board approval and shall have sole authority to approve related fees and retention terms and to oversee such advisors' work.



Glossary

Emerging Risks: Risks considered of potential significance to the Group when identified for the first time, or risks for which the Company has relatively little prior information.

Group Internal Model: The Group Internal Model is comprised of the following:

1. the Economic Capital Model (“ECM”);
2. the Economic Scenario Generator;
3. Catastrophe Risk Management processes (including third party vendor catastrophe models) that are material to the calculation of the Solvency Capital Requirement;
4. all spreadsheets which carry assumptions, parameters or standing data into the ECM and all other data sources which feed such spreadsheets.

The Group Internal Model is supplemented by policies and processes in relation to data, model validation, model governance, model use and documentation.

Group Objectives: The commercial objectives of the Group as set out in documents such as the Group Strategic Plan and annual business plans.

Group Risk Appetite Statement: A formal written statement of the risk preferences and risk appetite of the Group.

Group Internal Control and Risk Management Framework: The overall arrangements put in place by the Group for the management of risk.

Group Strategic Plan: A plan approved by the Board which sets out the agreed commercial strategy of the Group.

Key Group Risk Limits: The upper limits on the risk metrics used by the Group to quantify its exposure to the most significant risks identified in our Risk Management Framework including, but not limited, to natural catastrophe risk, reserving risk, market risk and credit risk.

Layer 1 documentation: Layer 1 documentation of the Group Internal Model is a high-level description including, inter alia, definition and scope, uses of the model in the business, an overall view of the modelling approach, component structure of the model, key risks modelled, approach to aggregation and dependencies, integration with stress / scenario testing, limitations of the model and reliability of model outputs, model governance and controls.

Solvency Capital Requirement: The amount determined from time to time by insurance supervisors as being the minimum or required amount of capital to be held for the purpose of satisfying statutory solvency requirements.



Group Solvency Self-Assessment: A process and report which summarises the Group's own assessment of its current and likely future solvency position given the risk it is exposed to and the amount of capital it needs to meet its operational and regulatory requirements.

Stress and Scenario Testing: A process in which the impact of one or more sets of future events on the Company's business is systematically studied by the use of financial modelling techniques.

Uses of the Group Internal Model: Applications of the Group Internal Model to assist in business decision making or for regulatory purposes.