

CHARTER OF THE RISK COMMITTEE LIBERTY MUTUAL HOLDING COMPANY INC.

COMMITTEE CHARGE

The Risk Committee has oversight responsibilities to reasonably assure that the Company maintains adequate policies, controls, and practices within its Enterprise Risk Management framework to continuously identify, measure, manage, and mitigate critical risks that could have a material impact on the Company.

ORGANIZATION AND MEETINGS

The Committee will be composed of not fewer than three independent Directors who are not officers or employees of any company in the Liberty Mutual Insurance Group. Upon recommendation of the Nominating and Governance Committee, the Committee and its Chair will be elected by the Board of Directors. Written minutes of the Committee's proceedings will be kept. The Committee will schedule at least four meetings per year. The Chair or the Chair's designee will report to the Board of Directors following each Committee meeting.

AUTHORITY AND RESPONSIBILITIES

The Committee has oversight responsibilities for the following; however, the primary responsibility for these areas resides with management.

- Enterprise Risk Management Program - The Committee will review the implementation, execution, and performance of the Company's enterprise risk management program.
- Liquidity - The Committee will review the Company's process to determine liquidity needs and monitor the Company's access to liquidity, including stress testing results for scenarios that pose the greatest threat to the Company's liquidity position.
- Capital - The Committee will review the Company's capital position relative to rating agency and regulatory requirements, including stress testing results for scenarios that could adversely impact the Company's capital position.
- Underwriting Risk - The Committee will review the strategies, processes, and controls pertaining to the management of the Company's catastrophe exposure, risk retention, and reinsurance.
- Credit Risk - The Committee will review the strategies, processes, and controls pertaining to the management of the credit risks in the Company's investment portfolios and insurance operations, including but not limited to surety, reinsurance recoverables, letters of credit, and other types of collateral accepted. Such review will include aggregate issuer exposures and the establishment of aggregation limits.

Approved by Board April 8, 2020

- Market Risk – The Investment Committee of the Board of Directors provides primary oversight of the strategies, processes, and controls pertaining to the management of the market risks in the Company’s investment portfolios, including but not limited to interest rates, credit spreads, foreign exchange, inflation/deflation, and combined market stresses such as recession. The Risk Committee will also review risk assessments and dashboards related to market risk as part of its regular meeting agenda.
- Business Continuity - The Committee will review the strategies, processes and controls pertaining to business continuity for the Company and its business operations.
- Compliance - The Committee will review the compliance structure, policies, and processes of the Company. The Chief Compliance Officer (CCO) will report to the Committee on compliance policies and processes on a periodic basis, but not less than once a year. At least once a year, the Committee will meet in executive session with the CCO.
- Legislative/Regulatory Risk – The Committee will review and monitor legislative and regulatory trends and activities that may have a significant impact on the Company’s financials and/or operations. The Chief Public Affairs Officer will report to the Committee or to the full Board of Directors on legislative/regulatory risk on a periodic basis, but not less than once a year.
- Litigation - The Committee will review and monitor litigation trends and activities that may have a significant impact on the Company’s financials and/or operations. The Chief Legal Officer will report to the Committee or to the full Board of Directors on litigation risk on a periodic basis, but not less than once a year.
- Technology Risk - The Committee will review the strategies, processes, and controls pertaining to the management of the Company’s information technology risks, including redundancy of critical systems, data security, cyber-security, and the process to monitor risks to the organization arising from changing technology trends. The Chief Information Officer will report to the Committee or to the full Board of Directors on information technology and cybersecurity risks on a periodic basis, but not less than once a year.
- Talent - The Committee will review the Company’s talent management practices, including strategic workforce planning and programs related to talent acquisition and development. The Chief Talent and Enterprise Services Officer will report to the Committee or to the full Board of Directors on talent risk on a periodic basis, but not less than once a year.
- Emerging Risks – The Committee will review the Company’s emerging risks management practices, including how emerging risks are identified, categorized, evaluated, prioritized, monitored, and mitigated.
- Other - The Committee will review and monitor the Company’s process to analyze the implications of other systemic or operating risks identified by the Company or the Committee.

The Committee will review this charter on an annual basis.

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