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© 2022 Arch Capital Group Ltd. All rights reserved. This report may include forward-looking statements, which reflect our current views with respect to future events, risks and uncertainties. Actual events and results may differ materially from those expressed or implied in these statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For a complete description of the risks and factors that could cause actual results to differ from our current expectations, please see our annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the SEC.

Our ESG Reporting

We believe in the value of transparency around our sustainability initiatives, and we are excited to share our 2021 progress in the following annual reports:

- **2021 Sustainability Report:** Intended for all stakeholders and the general public. Covers our comprehensive ESG strategy and priority disclosure areas.
- **2021 SASB Report (Sustainability Accounting Standards Board):** Intended for investors. Find our disclosures around the financial impacts of sustainability. [Click here to view the report>>](#)
- **2021 TCFD Report (Task Force on Climate-related Financial Disclosures):** Intended for investors and sustainability specialists. Find our climate-related financial disclosures and climate change scenario analyses. [Click here to view the report>>](#)

Enabling Possibility and Integrating ESG

In this report, we map out our ESG strategy and efforts to integrate material environmental and social risks and opportunities across five key impact areas that support and drive our ESG initiative. By organizing our strategy around these pillars, we seek to encompass Arch's collaborative ESG successes and sustainability progress across our operations.



ESG Priorities Matrix

E	S	G	
	<i>Social Capital</i>	<i>Human Capital</i>	
Carbon Emissions (Operations)	Access to Finance & Social Product Development	Employee Health & Safety	Business Ethics & Standards
Climate Risk & Climate Change Management	Community Relations/ Engagement	Diversity & Inclusion	Corporate Governance
Financing Environmental Impact	Privacy & Data Security		Systemic Risk Management
	Responsible Investment		
	Supply Chain Labor Standards		

By focusing our 2021 ESG story on our work to integrate sustainability-driven thinking and decision-making into these core areas of our Company, we seek to encompass Arch's collaborative ESG successes and sustainability progress across our worldwide operations, underwriting segments and investments. To better account for current and emerging ESG trends, in 2021, we undertook a high-level review of our sustainability priorities. While reaffirming the importance of the priority topics outlined in our first Sustainability Report in 2019, the exercise also led us to implement changes to simplify and reprioritize key ESG topics as illustrated in this new ESG priorities matrix.

The conclusions from this assessment highlight how our corporate values are central to everything we do, reinforce the importance of stakeholder feedback, and help prioritize our ESG strategy and disclosures going forward. We value ongoing feedback from our stakeholders and will review our ESG priorities annually.

ESG WORKFLOW AND INTEGRATION

Our Approach

Sustainability at Arch is not a stand-alone initiative. Instead, it is an element of our business ethos and strategy that weaves throughout our day-to-day operations, decision-making and consistent efforts to support and build resilience in the communities where we live and work.

Our sustainability work requires ongoing collaboration with other Arch departments and business segments to drive the development, integration and disclosure of sustainability best practices. The ESG team is part of our legal department and reports to Arch's General Counsel (GC). This chart is a visual overview of Arch's sustainability workflow.

Board committees — including Audit, Compensation, Finance, Investment and Risk, Underwriting Oversight, and Nominating and Governance (N&G) — focus on key sustainability topics based on their respective expertise. The N&G Committee has oversight of our ESG program and receives quarterly reports on ESG topics and activities.

Board of Directors

ESG Steering Committee

Provides oversight and guidance to the ESG team. Made up of leaders from across the business and meets on a regular basis throughout the year.

Investments

ESG Department

Corporate/Operations

Investment Management

Enterprise Risk Management

ESG Investments Steering Committee

Corporate Communications

Underwriting

Human Resources Management

Insurance

Mortgage

Reinsurance

IT

Environmentally Sensitive Underwriting

Real Estate/Facilities

Dedicated to managing and monitoring our ESG strategy in our investment portfolio. The committee meets quarterly and members include our Chief Risk Officer (CRO), Chief ESG Officer and key members of our investment team.

Considers environmentally sensitive underwriting risks associated with the thermal coal industry. Made up of senior underwriting officers, risk professionals and the ESG team. Meets as needed throughout the year.

ESG Integration Area

Segment/Department Involved with ESG Integration



Awards and Recognition



Arch RoamRight – winner of two bronze Stevie® Awards in the 19th Annual American Business Awards®, with recognition for Customer Service Department of the Year – Exceptional Customer Service in the Time of COVID, as well as for the 2021 Travel Insurance Playbook™ — Exemplary Customer Support Service and Responsiveness. These awards reflect a critical part of the overall value we provide to customers and partners. Stevie® awards recognize outstanding performances in the workplace worldwide.

The American Business Awards® is the premier business awards program in the U.S. All organizations operating in the U.S. are eligible to submit nominations — public and private, for-profit and nonprofit, large and small.



Arch Mortgage was recognized in the *Triad Business Journal's* inaugural class of Leaders in Diversity award winners. The recognition aims to “celebrate individuals and companies who have worked to establish and advance diversity and inclusion efforts in their workplaces and communities.”



Arch Capital's Investor Relations Group was recognized in a survey conducted by Institutional Investor, a leading international business publisher focused primarily on international finance. The survey asks analysts and portfolio managers in the investment community their perceptions of corporate investor relations functions. The survey results are published as the All-America Executive Team, which recognizes the best investor relations (IR) programs, chief executive officers, chief financial officers and other IR professionals.

The 2021 All-America Executive Team rankings cited **Arch Capital** as one of the Most Honored Companies (top 10%) in the U.S. Within the narrower insurance industry, Arch placed in the top three in every category including, Best Investor Relations, Best CEO, Best CFO, Best IR Professionals, Best IR Team, Best Investor/Analyst Event, Best ESG and Best Communication of Strategy and Risk Management Amid COVID-19.

A MESSAGE FROM OUR CEO



Last year marked a milestone in Arch’s history as we celebrated Arch’s 20th anniversary. Although Arch has grown in many ways — in the locations we serve, the size of our workforce and the lines of business we write — what hasn’t changed is our purpose: “We Enable Possibility.” Our business is focused on protecting our clients’ assets and safeguarding their futures. And, in a world where uncertainty touches every aspect of our lives, we are dedicated to fostering stability for our clients, our employees and the communities where we live and work while helping them plan, build and grow a sustainable future.

As we enter our third year of environmental, social and governance (ESG) reporting, we continue to more fully integrate ESG considerations in our underwriting, investment decisions and in how we attract and retain top talent. We know that by embedding corporate responsibility, high ethical standards and sustainable practices into our operations, we are driving our long-term success.

For example, we recognize the insurance industry is uniquely positioned to play a role in energy transition and to help insureds adapt and build resilience against the impacts of global climate change. As a result, we continue to take steps to address the climate challenge in our underwriting process. In early 2021, we implemented an approach to underwriting risks in the thermal coal industry that reduces our underwriting footprint in this sector while allowing us to thoughtfully provide coverage to these entities that are aiming to support the transition to lower carbon energy sources. At this time, we believe a pragmatic approach to underwriting this complicated process, rather than an all-or-nothing approach, is necessary.

As careful stewards of the capital entrusted to us, we continue to actively integrate ESG factors in our investment analysis; we believe this approach will contribute to improved investment returns and reduced risk over the long term. To further enhance the investment team’s governance regarding ESG integration, we recently adopted a Responsible Investing Policy to formalize our approach to sustainable value creation. Our investment team opportunistically seeks ESG-positive “impact” investments and aims to create positive and measurable effects on society while delivering competitive financial returns. We invest with asset managers who are United Nations Principles of Responsible Investment (UN PRI) signatories and who support our commitment to meaningful environmental and social change.

Our people will always be our most valued resource and the embodiment of our purpose; they are the innovators who develop the solutions that “Enable Possibility” for our clients and communities. We understand that this relationship needs to reflect a high level of trust and partnership between both parties, and we strive to listen to our employees and create a collaborative, inclusive culture. In 2021, we embarked on a detailed, multiyear diversity and inclusion (D&I) strategy. In this report, you’ll read about our dynamic Employee Networks, our evolving approaches to prioritize D&I within our workforce and the steps we’ve taken toward creating an environment where our people can continue to be their authentic selves.

Over the years, our Global Facilities team, together with our employee-led environmental sustainability committee, Blue Goes Green, has identified targeted ways to reduce our corporate emissions and drive greater energy efficiency

across our organization. This year, we measured the actual emissions of our global offices so we can actively set goals for meaningful reduction. We are excited to share our action plan for improvement in this report.

We have a proud history of generosity and service, so to celebrate our 20th anniversary, we wanted to give back to the global community. We introduced our first worldwide volunteer event: The Arch Global Giveback, which provided every Arch employee with an extra day of volunteer time off (VTO). It was a powerful celebration and our people embraced it as an opportunity to engage with their colleagues and to make a positive impact.

We are committed to continually improving our ESG reporting, to ensure stakeholders understand the ways our business intersects with, and is shaped by, the evolving ESG landscape. During 2022, we will continue to advance and integrate ESG considerations in our business strategy and decision-making, and plan to share updated sustainability priorities in the coming years.

MARC GRANDISSON
Chief Executive Officer
Arch Capital Group Ltd.



Our Business

Our Operations

Our Investing

Our People

Our Communities

ENABLING POSSIBILITY THROUGH OUR BUSINESS

We offer specialty risk solutions, property and casualty (re)insurance, and housing sector products in communities across the globe. We provide services and insurance coverages that protect and allow our clients to rebuild after a major loss and help families build wealth through homeownership. Helping our clients manage uncertainty begins with assessing and addressing risks and collaborating to build resilience in a changing world, ranging from heightened climate risks to evolving societal demands.

Improving Risk Resilience

Our Enterprise Risk Management Strategy

Strategic risk management enables us to optimize risk-adjusted returns, resulting in strong financial performance. We selectively pursue diverse, specialty markets where our experts can share their deep knowledge to drive long-term profitability. We take the risks of climate change seriously and believe incorporating climate change into our business strategy drives positive outcomes.

Responsibilities are delegated across our organization through a “Three Lines of Defense” approach to risk governance. This embedded risk management framework, supported by key controls, enables us to limit risk. [See page 3 of our 2021 Task Force for Climate-related Financial Disclosures \(TCFD\) Report](#) for a detailed description of our “Three Lines of Defense” framework.

Our integrated approach to risk management and its relationship with other Arch functions, including ESG, results in risk policies and inputs to our Risk Register, which is part of a regular review process. The Risk Register defines all risks, both qualitatively and quantitatively, for probability and potential impact on our Company.

Our Enterprise Risk Management (ERM) team formally identifies and integrates ESG performance, including climate change and climate-related risks, into our Risk Register and extends that analysis to specific climate-related business risk evaluations in line with the recommendations of TCFD. [See page 5 of our 2021 TCFD Report](#). At least annually, we review these evaluations and validate the underlying data.

Modeling and Assessing Natural Catastrophe Risk

We understand that a continued rise in average global temperatures will have a significant effect on weather-related natural catastrophes and will account for an increasingly large share of natural catastrophe losses.

For natural catastrophe modeling, we use multiple methods, including proprietary models and leading third-party computer models, to inform our underwriting and reinsurance decisions. We actively manage our aggregate exposure to climate change, climate-related risk and catastrophic events as we evaluate natural catastrophe risk at the location and portfolio levels in both the near- and long-term.

Our modeling teams work across the first and second lines of defense to challenge and vet modeling output. They evaluate climate trends by zone, peril and region to enable our underwriters to make efficient risk selections. Specific areas of research and focus in 2021 included U.S. flood, large property exposures and wildfire. We continue to focus on the quality of our data and the accuracy of our tools.

The ERM team keeps our management informed of peak high-risk zones and exposure to risk for a substantial loss from a catastrophic event. Natural catastrophe risks in our portfolio are geographically diversified and do not have material concentrations. We report our natural catastrophe aggregate exposures quarterly in our external financial reporting. For additional information regarding our natural catastrophe exposures, [see Item 7, pages 73-104, of our Annual Report on Form 10-K](#) for the fiscal year ended December 31, 2021, filed with the SEC on February 25, 2022.

The impact of climate change and climate-related risk also extends to capital through our Own Risk and Solvency

Assessments (ORSA), which include current and forward-looking evaluations of risk to capital.

Governance

Our Board of Directors (Board) as a whole is responsible for organization oversight. We have identified ESG-related risks and controls within each of our key risk categories. These risks are captured in our well-documented risk policies, which identify key roles and responsibilities for all risks.

On a quarterly basis, our Board reviews information from senior management, including our Chief Risk Officer (CRO), on material risks, including those related to natural catastrophes and the potential implications of climate change, investments/market risk, and general economic factors that may impact our mortgage segment results. These reviews and discussions are mostly focused on our ability to withstand adverse events given our current capital position.

RISK CATEGORY	RISK DESCRIPTION	LEAD BOARD OVERSIGHT COMMITTEE
Strategic	Strategy development	Board
Insurance/Underwriting	Product line performance	Underwriting Oversight
	Risk aggregation	Finance, Investment and Risk
	Reserving	Audit
Credit	Reinsurance/Investment counterparty risk	Audit
Investment/Market	Portfolio guidelines	Finance, Investment and Risk
	Portfolio management	Finance, Investment and Risk
Liquidity	Liquidity	Audit
Group	Governance	Nominating and Governance
	Capital management	Finance, Investment and Risk
Operational	Rating agency	Finance, Investment and Risk
	Reputational	Board
	Legal/Legislative/Political	Audit
	Reporting and Process management	Audit
	Talent management	Compensation
	Business disruption and System failures	Audit
	Outsource service providers	Audit

We are taking steps to address the climate challenge and facilitate the transition toward decarbonization.

As emphasized at COP26, the 2021 United Nations Climate Change Conference in Glasgow, the insurance industry is uniquely poised to play a role in the energy transition and to help insureds adapt and build resilience.

Early 2021
Thermal Coal Policy in global insurance underwriting implemented.



30% or more of an account's revenues derived from coal power production.

2021 SUBMISSIONS

Since implementation of our Thermal Coal Policy, and even earlier in some cases, we have decreased our thermal coal accounts for various reasons including:

- Submission had no climate-related transition plan.
- Insured was benefiting from deforestation.

2021 TOTAL ESCALATIONS

Total Abstain/Non-renewed: 42

Total Proceed/Bound: 56

These escalations represent our 2021 worldwide coal escalations, excluding the U.S. Our U.S. underwriting groups phased out of the majority of coal accounts by the end of 2021.

Providing Environmentally Sustainable Insurance Solutions

Enabling the Transition to a Lower Carbon Economy



Climate Transition Pathways

We play a critical role in helping insureds transition toward a low-carbon economy. In November 2021, our U.K. Insurance operations joined "Climate Transition Pathways," an initiative currently incubated by Willis Towers Watson which helps high carbon industries find insurance capacity when their transition plans are aligned with the Paris Agreement¹ and are accredited by an external third party. This partnership provides these industries access to insurance while they take steps to transition. We are proud to support this innovative solution.

¹ Paris Agreement to the United Nations Framework Convention on Climate Change, Dec 12, 2015, T.I.A.S. No. 16-1104.

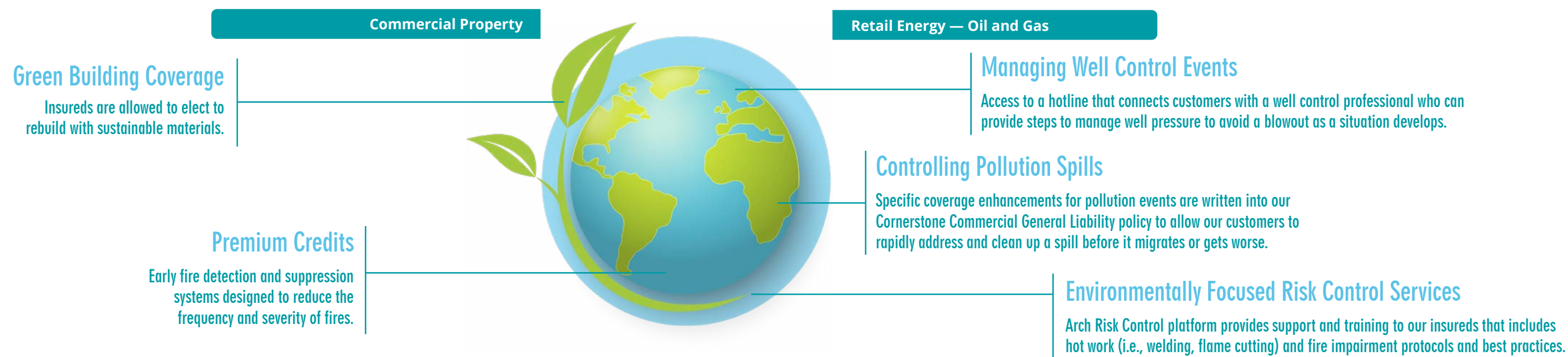
Solar Surety Bonds to Accelerate the Climate Transition

We leverage our surety bond practice to accelerate the climate transition. The demand for renewable energy, including solar energy, drives an increase in solar development projects. In early 2021, our surety team formally created "Project Flywheel," a dedicated team of surety underwriters targeting and specializing in the renewable energy industry. The team focuses on solar, wind, battery/energy storage, biomass and hydro opportunities for financial assurance requirements. These requirements include surety bonds that guarantee EPC contracts, power purchase agreements, interconnection agreements with utilities, decommissioning agreements of installed solar and wind assets and procurement contracts. We are positioned to be a leading market provider of surety credit in the renewable space for our targeted agents and brokers. We've seen meaningful growth in renewable energy projects over the last 18 months.



Enabling Environmentally Responsible Behaviors and Optimal Outcomes for Our Insureds

We are committed to identifying business opportunities associated with environmentally friendly trends and which also incentivize responsible environmental behaviors.



Enabling Health, Safety and Optimal Outcomes for Our Customers

Through our risk and loss control service platform, we offer health and safety support and best practices. This support includes:

- **COVID-19 Resource Communication:** provide customers with COVID-19 resource communications including approaches for employee reentry.
- **Consulting on Work Site Safety and Employee Onboarding Programs:** help customers develop/ implement consistent workplace safety orientation and training programs and encourage them to hold their supervisors accountable for these critical activities.
- **Consulting to Protect the Public:** focus on public exposures such as driver improvement, assistance with slip/fall exposures in retail environments and helping our clients develop plans and best practices to eliminate or minimize exposure to injuries.

- **Safe Driving:** help customers properly screen and manage employee drivers for all types of vehicles to improve their on-the-road safety performance, for example, combating distracted driving, reinforcing defensive driving skills and providing access to continuous employee driver record monitoring so that our customers can better assess their drivers' risk profiles.
- **Responsible Pain Management:** as a workers' compensation carrier, we seek to coordinate drug therapies among multiple prescriptions to avoid adverse interactions, consider alternative therapies and identify and recommend weaning programs for over-prescribed narcotics and other medications.

To provide our policyholders with additional resources, we form business alliances focused on preferential pricing, with Arch providing contributory funding arrangements, for targeted safety and loss prevention tools such as:

- Crisis counseling and mental health consulting, including post-traumatic event counseling through a global leader in behavioral health and workplace violence solutions.
- Mobile device blocking apps to address distracted driving.
- Vehicle camera and telematics systems for driver monitoring and improvement.
- Cloud-based safety management system software.
- Online safety and health training.

Providing Socially Sustainable Insurance Products

As an insurance company in business for more than 20 years, we are committed to ensuring a sustainable future for our insureds. We offer a range of products and customer-oriented solutions that help to build safer, stronger and more inclusive communities.

Our Mortgage Products

Through our Mortgage Insurance (MI) products, we enable more families to purchase homes and accumulate wealth. The down payment required on a mortgage is often a significant hurdle to buying a home, particularly for lower-income families. MI enables borrowers to qualify for loans with low

down payments. Our MI business gives lenders the confidence and flexibility to approve mortgage loans with a modest down payment, expanding opportunities for homebuyers, which in turn strengthens communities and promotes a healthy economy.

We are proud of our role in expanding homeownership opportunities responsibly and in helping homebuyers build economic security and realize the long-term benefits of owning a home.

Clearing the Path to Homeownership

54%

of renters cite the perception of the down payment as the largest barrier to homeownership.

Recent home price appreciation is making the down payment barrier even more difficult.

8 years

Time it takes to save a 20% down payment on the median home. Up from 7 years in 2020.



342,000

families in the U.S. able to afford a home with Arch MI in 2021.

~28% of which were low-income buyers.¹

Homeownership benefits extend to net worth.

A home is the largest driver of household wealth, especially for minority borrowers.

85%

Reduction in time to save a 3% down payment vs. a 20% down payment for a qualified loan with MI.

59%

of buyers using Arch MI are first-time homebuyers.

¹ Loans where the qualifying income was less than 80% of the area median income in their census tract; includes both purchase and refinance.

² Area median income is determined by the U.S. Department of Housing and Urban Development (HUD).

Sources: FRED Economic Data; Lending Tree; National Association of Home Builders – Eye on Housing; Money.

Specialized Programs for Lower Income Borrowers (Modest Down Payment)

We offer an innovative mortgage insurance product for essential workers, like teachers, emergency responders, law enforcement, former military personnel and medical care workers, who may be unable to afford to live in the communities they support. This program enables eligible borrowers to obtain mortgages with modest down payments.

In June of 2021, with an increased focus on the racial inequity in homeownership, and in alignment with our [D&I strategy](#), we introduced a new affordable housing program to assist low-income buyers. The program, called EqualAccess, enables lenders to originate loans with very low down payments from eligible borrowers whose incomes are less than 100% of the area median income.² The program is currently available to credit unions and commercial banks; if successful, could help address the racial inequity that is prevalent across homeownership statistics.

Creating an Informed Mortgage Industry Workforce

Arch MI educates policymakers about the environmental, regulatory and socioeconomic barriers to increasing affordable housing in the U.S. through *Capital Commentary* newsletter and *PolicyCast* podcasts.



[View Arch MI's PolicyCast & Newsletters >>](#)

Other Insurance Products Generating Positive Social Impact

Sovereign Credit and Political Risk Underwriting Programs

Our sovereign credit and political risk underwriting programs enable the governments of developing countries and emerging economies to drive improved economic and social growth. These governments turn to lending institutions for capital to fund trade and development initiatives, improve debt sustainability (i.e., long duration and/or lower cost debt portfolios) and/or build infrastructure such as roadways, hospitals and railways. We facilitate this lending by insuring the lenders against the risk of a sovereign default. We are proud of our relationships with multilateral organizations, including the Multilateral Investment Guarantee Agency

(MIGA), a branch of the World Bank. MIGA provides guarantees to a broad range of projects in developing member countries and helps investors obtain access to funding sources with improved financial terms.

Marine Cargo Underwriting

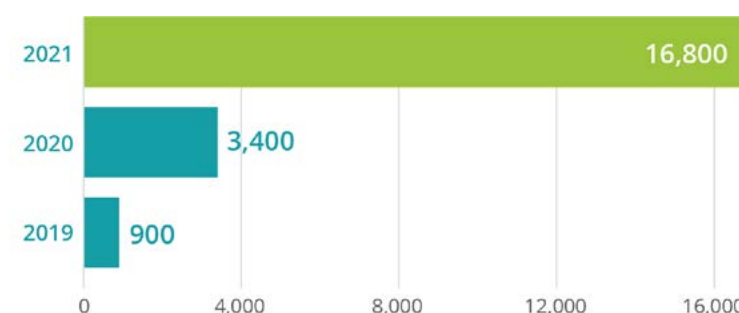
Through our agency with the London Lloyd's market, effective in March 2022, we participate in an initiative to **help relieve the humanitarian crisis in Yemen**. Due to the prohibitively high cost of war insurance premiums for vessels trading into Yemen, and especially Aden, we joined a consortium, led by Ascot Group, to offer a flat rate premium that is lower than what is currently available in the market. Arch is one of 20 insurance companies participating, each writing a 5% line. The consortium is backed by a United Nations Development Program that reimburses insurers in the event of a war risk casualty.

Surety Group Apartment Rentals Program

Our **lease rental bond program** issues bonds to provide rent payment protection for apartment leases throughout the U.S. This program helps people obtain needed housing in neighborhoods with better opportunities and safer environments while building their personal credit history.

Number of Apartment Leases Protected

Since the program's inception in 2019, we have benefited over **21,000 individuals or families.**



California Lawyers Economic Justice Program

In September 2021, we introduced affordable **Lawyers' Professional Liability coverage** to the growing number of California low bono attorneys who typically represent clients in lower socio-economic sectors. The majority of these attorneys do not carry malpractice insurance, mostly because they cannot afford the products that are currently available in the marketplace. The California Economic Justice Program is designed for California, claims free, solo attorneys practicing two years or more. These attorneys are currently uninsured and average less than \$100,000 of revenue in two of the last three years.

Since the program's inception, **50% of applicants for the CA Lawyer's Economic Justice Initiative were accepted and provided coverage.**



McNeil Emergency Services Programs

Arch's subsidiary, McNeil & Company, Inc., builds on more than 25 years of success insuring firefighters and emergency responders, primarily through our leading ambulance and emergency services insurance programs, as well as our risk management webinar series.

Webinar Courses

140 webinar courses offered since inception in 2020; **viewers from 46 states and 3 countries.**

17,000+ viewers from over 1,700 organizations.

E-learning Platform for Education

+500 course offerings.

110,000+ users from nearly 5,000 organizations.

1.8 million courses taken since inception in 2009.

Cocobod (Ghana)



In 2021, we renewed support of our core bank clients' lending to Ghana's Cocoa Board. This financing aids local small-holder cocoa farms.

Most of these producers live in extreme poverty with few alternative income generating activities.

Ghana Cocoa Board has collaborated to establish a pricing mechanism to increase the farmgate price and aid producers to earn a living wage. For more information on the Living Income Benchmark and this project, please [click here](#).

The Living Income Benchmark is applied to all cocoa sales.

By applying a floor price of **US\$400/tonne**

ENABLING POSSIBILITY THROUGH OUR OPERATIONS

We support our employees, stakeholders and customers by embedding sustainability and responsible, ethical practices in our operations. By actively managing ESG risks and ingraining compliance, transparency, data protection and resilience across all areas of our Company, we are well positioned to protect those who entrust us with their personal information and business.

Instilling Strong Data Privacy, Ethics and Governance

Ensuring Data Privacy and Business Continuity

Maintaining robust business continuity and data privacy plans, processes, technologies and controls is fundamental to our business. More than ever, protecting the information of our people and customers and ensuring we can run our business smoothly through potentially disruptive events is a top

priority. In 2021, our business continuity and privacy strategies enabled us to continue operating and delivering to our global customers in a safe, efficient and reliable manner.

Our Privacy and Data Program Strategy and Highlights

Strategy Element	Privacy and Data Security Program Highlights
Governance & Oversight	<ul style="list-style-type: none"> Arch's Privacy & Security Committee is comprised of senior representatives from our legal, compliance and security groups. One or more members of the Committee report to the Chief Operations Officer (COO), Chief Information Officer (CIO) and GC. Our COO reports updates to the Finance, Investment and Risk (FI&R) Committee of our Board. The FI&R Committee reviews the strategies and controls pertaining to the management of our information technology operations, including cyber-risks.
Policies	<ul style="list-style-type: none"> Our privacy and security policies govern all business lines and subsidiaries; we monitor and adhere to the various privacy and security regulations across the regions where we do business.
Training	<ul style="list-style-type: none"> Annual employee training includes Privacy and Information Security, Records and Information Management, the EU's General Data Protection Regulation (for all EU, U.K. and designated employees) and Social Media. We conduct regular phishing tests and group training sessions as well as publishing regular awareness communications on key security topics.
Vendor Risk Management and Third-Party Relationships	<ul style="list-style-type: none"> Arch's Vendor Management group performs a risk/rating assessment to determine whether a third party has access to our data and for meeting regulatory requirements. Vendors are included in our data security controls and policies. Reassessments occur regularly based on a risk exposure and rating process.
Evaluation	<ul style="list-style-type: none"> We annually undergo external evaluation including penetration testing. Our infrastructure team undergoes annual SSAE 18 SOC 2 exercises.

“ The goals of our crisis management plan are to minimize disruption and to restore business operations as quickly as possible. At the end of the cybersecurity incident response exercise, the executives on our crisis management team better understood Arch’s incident response plan and how they can work together to protect our employees and our clients. ”

–Patrick Downes
Vice President, Real Estate and Business Resiliency

Training Scope

All of our system users, whether they are employees, consultants or contractors (collectively referred to as Users), are covered in our ongoing privacy and security training. In addition, all Users with Arch email accounts are included in our ongoing phishing training, with anyone failing a phishing test enrolled in additional training. All Users receive numerous security awareness communications throughout the year on current or refreshed topics, such as a specific security events happening across the globe or best practices on timely security trends.

Incident Response Planning and Preparedness

We embed data protection throughout our operations and technology programs to safeguard personal data and digital assets. These controls focus on our ability to prevent, detect and respond quickly to security events affecting our environment.

Arch maintains and tests our cyber incident response plan regularly. Cyber incidents, natural disasters and other business outages within stated thresholds are escalated to our Crisis Incident Management Team (CIMT), which includes senior executives across the Company.

In 2021, the CIMT completed a cybersecurity incident response exercise. The exercise had two main objectives:

- Increase understanding of how the response plan would be implemented if there were a crisis.
- Identify potential gaps in our existing incident response plans that we need to address.

During the exercise, the group immersed themselves in a scenario in which Arch's networks were compromised and Arch was facing significant financial exposure and reputational risk. During the exercise, the CIMT put into practice Arch's incident management and cybersecurity plans and discussed what steps they would take if facing this potential threat.

Additionally, in 2021 Arch created the Operational Risk Committee (ORC), a management committee comprised of corporate and operating segment representatives. The ORC oversees risks that arise primarily from matters related to business continuity and third-party oversight. The objective of the ORC is to protect Arch from undesirable outcomes arising out of interruptions to business operations. The committee meets quarterly and reviews information security, third-party risk, vendor management, facilities, unplanned downtime and business disruption, and business continuity and disaster recovery plans reports.

Conducting Business Ethically

Honesty, integrity and trustworthiness are core values that define our culture and drive our relationships with our customers, employees and business partners. We commit to and reinforce these values through our Company policies including our Code of Business Conduct (Code), which is reviewed and required to be signed by all of our employees and Board (including outside directors), and our Supplier Code of Conduct for our vendors.

Key areas covered by our Code:

- Commitment to deal honestly, ethically and fairly with customers, suppliers, competitors and other employees.
- Discrimination- and harassment-free workspace and treating all people equally.
- Potential conflicts of interest.
- Entertainment and gifts.
- Protection of proprietary and confidential information and privacy.
- Keeping accurate business records and reporting.
- Communications.
- Political contributions and activities.
- Following global antitrust and competition laws.
- Trading our securities and avoiding insider trading.
- Abiding by anti-bribery and anti-corruption laws.
- Obeying copyright laws.
- Healthy and safe work environment.
- Observing laws that prohibit transactions with designated countries, entities and people.
- Programs to combat attempts to facilitate money laundering.

We have a series of separate but related governance and policy statements that, together with our Code, set forth decision-making standards consistent with our regulatory and ethical frameworks. These frameworks include policies on:

- Insider trading and confidential information.
- Use of our computer network and electronic communications.
- Privacy and Data Handling.
- Records and Information Management.
- Social Media.
- Sanctions Awareness.

Policy Against Discrimination and Harassment

We are committed to fostering a welcoming, inclusive culture where employees feel safe and empowered. Our anti-harassment policy specifically addresses our commitment to protecting our employees. All Arch employees (including part-time, seasonal or temporary workers) and independent contractors are required to take intensive training on sexual harassment prevention.

Reporting Concerns and Suspected Violations

We encourage our employees and vendors to report questions or concerns to their group compliance officers or to take advantage of our 24-hour Compliance Hotline (Hotline). At Arch, open, honest communications are the expectation, not the exception. We encourage employees to approach their manager or compliance officer in instances where they believe policy violations have occurred. When someone prefers to place an anonymous report, they may use the Hotline or online portal, hosted by a third party. The Hotline offers local telephone numbers for Arch's global locations and multilingual staff at its 24-7 call centers.

[View our Code of Business Conduct >>](#)

Governance/Reporting Structure

Reviews and approves any changes to the Code/ Compliance Program; oversees implementation and effectiveness of the Compliance Program; meets at least annually with CFO, GC and our Chief Audit Executive.

Audit Committee Oversight

CFO/Director of Compliance

Group Compliance Officers (13)

Appointed by our Board; has overall responsibility for the program; monitors, audits and evaluates the program; together with our GC, conducts annual reviews of the Code and reports to the Audit Committee regarding the effectiveness of the Compliance Program.

Representing each of our operating groups, the 13 Group Compliance Officers report to the Director of Compliance; managers are held to high standards and must demonstrate strong ethical conduct.

Compliance Hotline

Audit Committee oversight includes quarterly reports, or more frequently as needed, on the Compliance Program.

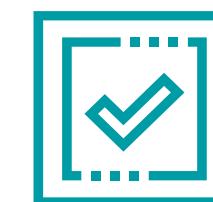
95%

of our employees **believe that Arch conducts business in an ethical manner.***



100%

of our worldwide employees and directors are expected to **certify that they have received, understand and will follow the policies and standards** in our Code.



Mandatory Compliance Training

for all worldwide employees includes our Code, **Privacy and Information Security Awareness, Anti-Harassment, Sanctions Awareness, Records Management and Social Media.**



* 2021 Employee Engagement Survey.

Evaluating ESG in Our Supply Chain

In the interest of working with suppliers that adhere to the same ethical and ESG standards as Arch, in 2020 we launched a Supplier Code of Conduct (Supplier Code) that sets forth our expectations for suppliers providing goods or services. In 2021, we began to roll out the Supplier Code to both new and legacy vendors and established a process for evaluating and monitoring our global suppliers' ESG performance.

Supplier Code of Conduct

acknowledged by

238

vendors in 2021.



Our Supplier Code is available on our website and asks suppliers to:

- **Review** our Company Code of Business Conduct and adhere to its principles/values.
- **Comply with all applicable laws** in the services they provide.
- **Report violations** if they see any.
- **Comply with the standards** set forth in our [Human Rights Policy](#).
- **Incorporate principles** of supplier diversity when making their own contracting decisions.
- **Comply with environmental laws** and minimize negative environmental impact from operations.

Early in 2021, we engaged a third-party ESG data provider to assist us in analyzing our suppliers against key sustainability measures. We used the data to develop a performance dashboard that enables us to evaluate and track our suppliers' ESG risk management over time. The data also provides a basis for engaging with Arch contract owners and informs the outreach with our suppliers on areas of improvement for their sustainability scores and strategies.

Our Approach to Evaluating Supplier ESG Performance

As we look ahead to 2022, we remain committed to engaging with contractors, consultants, suppliers and vendors with the highest level of integrity to support our long-term growth and add value to our Company. We also plan to integrate D&I data into our existing approach, to ensure that we are prioritizing relationships with a diverse range of vendors.



[View our Supplier Code >>](#)

Improving the Environmental Impact of Our Operations

We are proud of our efforts in 2021 to continue reducing the environmental impact of our operations. This includes accounting for and addressing our own carbon footprint and emissions, taking strategic steps to set goals to reduce or negate our impact on the environment over time and engaging our employees in events to raise awareness and encourage sustainability action and thinking.

Steps to Improve Our Footprint in 2021

We engaged a third-party greenhouse gas (GHG) and sustainability consulting firm to measure our 2020 and 2021 emissions data across Scopes 1, 2 and 3 (limited categories as reflected in the table). The data builds on our 2019 calculations, marking this as our third year of GHG computations.

- To offset a significant portion of our estimated 2019 operational emissions, we identified two certified offset projects in Africa to support.
- In 2022, we analyzed our prior two years of emissions data and committed to a formal emissions reduction strategy, setting an emissions target for our operational carbon footprint across Scopes 1 and 2, and choosing a range of verified projects to support through the purchase of offsets and renewable energy certificates. We will continue to adjust this strategy over time to meet our targets, which are outlined in this report.
- Our employee-led environmental sustainability committee, Blue Goes Green, led a range of initiatives throughout the year to improve environmental awareness and encourage behavioral changes in our global employees.
- Our Global Facilities team formalized a central sustainability database to measure and track our progress in transitioning our offices to more sustainable practices over time.

Measuring and Managing Our Carbon Emissions

The following GHG data is representative of 2020 and 2021 emissions across our worldwide operations, including our Scope 3 emissions due to activities from assets not owned by Arch, but which indirectly impact our value chain. These figures were calculated using a methodology in line with the Greenhouse Gas Protocol's¹ reporting standards.

Arch Capital 2020 & 2021 GHG Inventory Results ²		2020 Emissions (metric tonnes CO2e)	2021 Emissions (metric tonnes CO2e)
Scope 1	Natural Gas	253	213
	Diesel	3	3
	Jet Fuel	176	352
	Gasoline	6	6
	Refrigerant Leakages	591	591
Total Scope 1 Emissions		1029	1165
Scope 2	Electricity	4,757	4,628
	Natural Gas	280	188
	Diesel	18	23
	Steam	23	34
	Chilled Water	145	128
	District Energy	0	0
Total Scope 2 Emissions (Market-based)		5,223	5,001
Total Scopes 1+2 Emissions (Market-based)		6,252	6,166
Scope 3	Cat 1: Purchased Goods and Services	95,602	88,617
	Cat 2: Capital Goods	5,480	6,576
	Cat 3: Fuel- and Energy-Related Activities	1,181	1,821
	Cat 4: Upstream Transportation (Courier Services)	1,582	2,097
	Cat 5: Waste	194	191
	Cat 6: Business Travel	3,825	1,604
	Cat 7: Employee Commuting	4,004	3,565
	Cat 13: Downstream Leased Assets	724	1,523
Total Scopes 1, 2 and 3 Emissions (Market-based)		118,844	112,160

Highlights of Our Emissions Data

- Even as our operations grew in size by office area and headcount, our operational emissions fell in both absolute and intensity terms between 2020 and 2021. These improvements were tied to ongoing efforts led by the Global Facilities team to drive efficiencies across our offices, as well as to the changed nature of our office space utilization and travel habits due to the global pandemic.
- For our Scope 3, Category 6, Business Travel, Arch had a 58% reduction in travel emissions from 2020 to 2021, primarily due to the pandemic and a companywide shift to working from home.
- Our 2021 data shows that the top 35 suppliers by spend for known vendors contributes to nearly 51% of our Scope 3, Category 1 emissions. A key goal for 2022 is determining the best engagement approach to drive improvements for this figure.

¹ World Resources Institute, and the World Business Council for Sustainable Development. 2015. "The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard, Revised Edition." WRI and WBCSD. Click here to view [online](#).
² Emissions calculations are based on a combination of actual, estimated and extrapolated data. We are committed to the continual improvement of our data collection, management and calculation processes. As our calculation methodology is refined in future years, our emissions numbers are subject to change.

GHG Reduction Targets

Aligning with the [Science-Based Targets](#) initiative, we recently defined the activities, boundaries, timeline and scope of ambition for our GHG reduction targets. Going forward, we have set the following targets:

- 1.** Commit to **reducing absolute Scope 1 and Scope 2 GHG emissions by 42% by 2030**, from a 2020 base year.
- 2.** Commit to **achieving net zero operations by 2030** by purchasing carbon removal offsets for our remaining Scope 1 and Scope 2 emissions.

We are excited to take on these ambitious commitments to decarbonizing and offsetting Arch's direct climate impacts from our operations so that we can achieve net zero operations (Scopes 1 and 2) by no later than 2030.

Embedding Sustainability into our Global Facilities Program

Our Global Facilities team and Blue Goes Green are continuing to take a range of steps across our leased properties to improve sustainability efficiency and reduce our Scope 1 and Scope 2 emissions over time.

“The absolute highlight of 2021 was the work we did to identify two incredibly worthy investments for our first carbon offsets. Arch’s commitment to supporting these two projects — Chyulu Hills in Kenya, and a clean cooking stove project in Malawi — shows our willingness to not only invest in projects to help remove CO2 from the atmosphere, but also our dedication to social upliftment. It’s a ‘feel good’ story that I will celebrate for years to come.”

—Nadia De Lange
Underwriter and Pricing Actuary, Blue Goes Green, Chairperson 2019-2021

Blue Goes Green

Blue Goes Green made notable progress against its yearly goal of helping Arch reduce its environmental footprint, promote sustainable practices and improve awareness on environmental topics.

- As part of this commitment, the committee coordinated Arch participation in a **global Ecochallenge** during the month of April. Through daily or one-time actions set forth through the [Ecochallenge.org](https://www.ecochallenge.org) platform, employees received points, which contributed to Arch’s overall points total, representing our employees’ collective impact on the environment.
- 409 employees participated across 11 countries, totaling **64,944 points for Team Arch** in April. Arch placed third out of over 280 organizations, and our former Blue Goes Green Chairperson won first in overall points earned.
- **23,673 pounds of CO2** were saved as a result of our employee Ecochallenge actions.
- In July, the committee led the Company in a **“Plastic-Free July.”** This awareness campaign built on the committee’s actions to eliminate single-use plastics from our offices and highlighted the importance of reducing our reliance on plastic and switching to reusable alternatives in order to save the oceans and fight climate change.

Our Year-Over-Year Facilities Sustainability Progress by the Numbers

Between 2020 and 2021, our Global Facilities team made significant improvements to our office spaces to improve sustainable practices.



Blue Goes Green led 409 employee participants in a month-long Ecochallenge and coordinated a “Plastic-Free July” for Arch.

ENABLING POSSIBILITY THROUGH OUR INVESTING

We believe the integration of ESG factors into investment analysis contributes to improved returns and reduced risks over the long term and aligns with our stakeholders' best interests. We consider ESG factors for assets managed both internally and those managed by third parties. We recognize the importance, relevance and significance of ESG factors in assessing the sustainability performance of the entities in which we invest.

Carefully Stewarding Entrusted Capital

We are responsible for investing and managing assets totaling over \$26 billion for our policy holders and shareholders (as of December 31, 2021). As careful stewards of the capital entrusted to us, we manage the portfolio conservatively, ensuring our ongoing ability to pay claims when due.

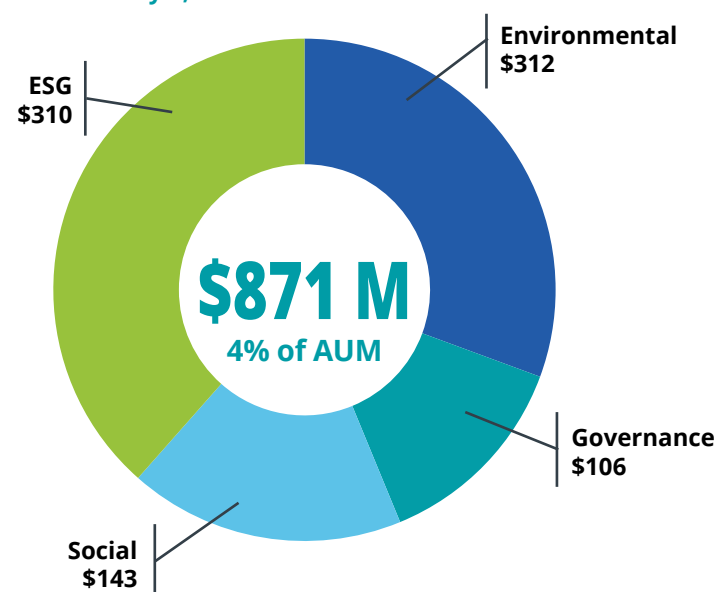
As a long-term asset manager and owner, we integrate ESG factors into investment analysis and decision-making. Through our rigorous fundamental analysis, we review investee companies' standards for corporate governance, including climate risk exposure and carbon reduction and transition efforts. We believe this integration contributes to improved investment returns and reduced risk over the long term and aligns with our policyholders', shareholders' and other stakeholders' best interests. We aim to deliver total return and income for Arch while creating a positive and sustainable impact on communities.

The analysis of these factors across all asset classes leads to a more complete evaluation of an investment's sustainability and risk profile. See also our [2021 TCFD](#) and [SASB Report](#) for additional information on the financial impacts of climate change on our investment portfolio.

Making Investments with Impact

Impact investments, or investments with a specific ESG mission, continue to be a focus of our responsible investing practices. This year, we added investments in green bonds valued at approximately US\$30 million issued by the U.K. and German governments. These bonds were issued to fund projects that support the energy transition in these countries and drive progress toward net zero emissions by 2050.

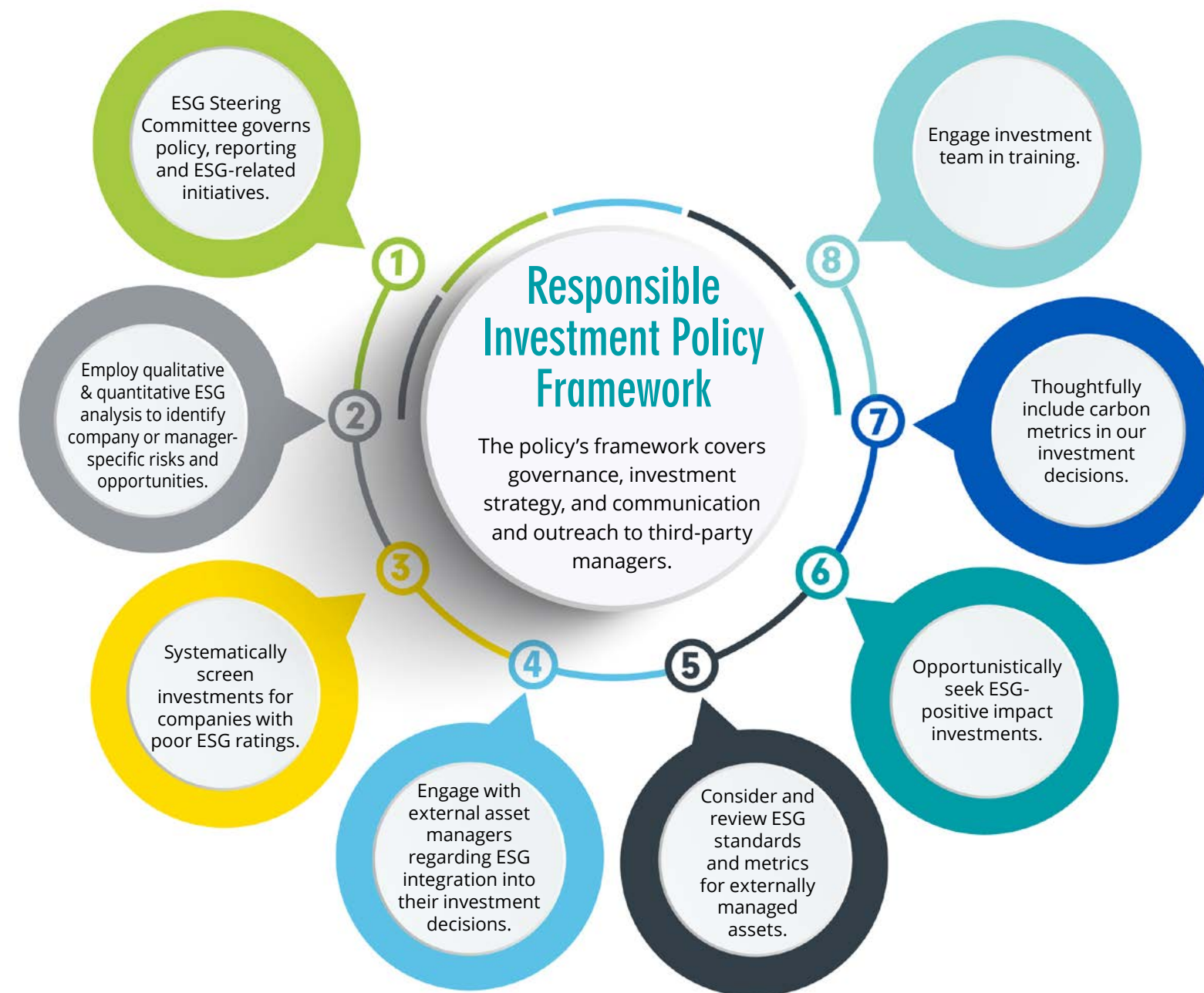
Impact Investments (\$M)
as of February 2, 2022



Responsible Investing Strategy

Responsible Investing Policy

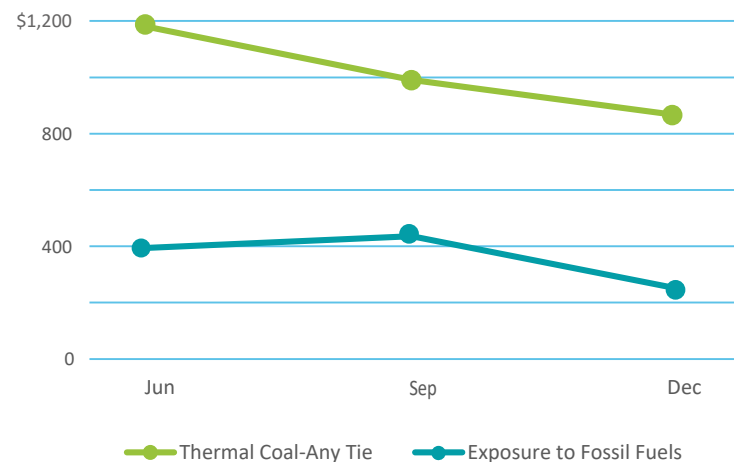
To deepen the integration of ESG factors into our investment process, we expanded our ESG Aware Policy into a formal [Responsible Investing \(RI\) Policy](#) in early 2022. In developing the RI Policy, we considered the six principles set forth by the UN PRI. The RI Policy reflects our approach to sustainable value creation and requires that we consider ESG factors, including climate change, in the investment process for all asset classes under our management.



Monitoring Exposure to Climate Impact and Carbon Intensive Industries

We understand that climate change necessitates that carbon-intensive industries be considered carefully. Carbon metrics are included in our investment decisions. We seek to reduce and minimize our exposure to thermal coal, oil and low-ESG scoring assets while investing in companies that are making positive progress towards energy transition, allowing us to capture the upside of these efforts while reducing our overall risk.

Portfolio exposures to fossil fuels and thermal coal both trended down in 2021.



UN PRI Gap Analysis

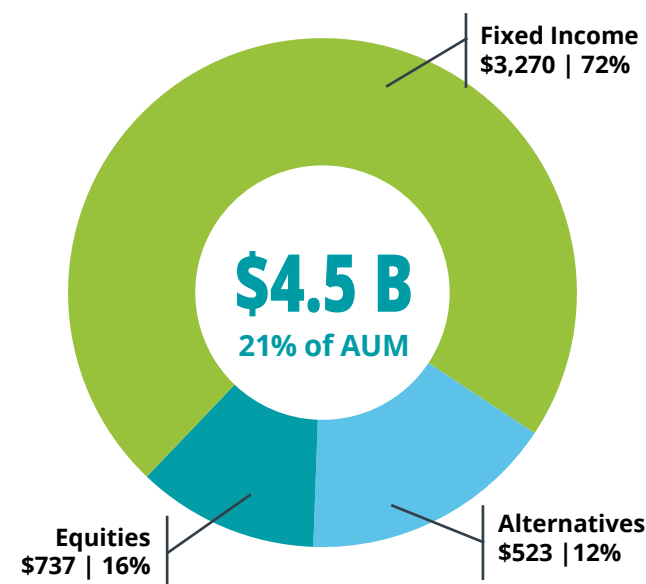
Recognizing the importance and relevance of the UN PRI to our industry, in 2021, we undertook a gap analysis to assess our capabilities with regard to the high standard of responsible investing principles. This analysis identified three key areas of focus, which we addressed in 2021:

- **Governance** – we established the ESG Steering Committee, which oversees our RI Policy, sets the strategy for the responsible investing program overall and makes recommendation for changes to investment strategy and asset allocation to manage ESG risks.
- **Policy** – our RI Policy was finalized and adopted in early 2022.
- **Reporting** – ESG factors are primarily sourced from MSCI, however additional sources were utilized this year to enhance TCFD reporting.

Assets with UN PRI Signatories

We recognize the material commitment that becoming a UN PRI signatory requires and highlight those asset owners or asset managers with whom we invest that are UN PRI signatories. Our assets invested with UN PRI signatories increased by 20% year-over-year.

Investments with Managers that are UN PRI Signatories as of December 31, 2021 (\$M)



ENABLING POSSIBILITY THROUGH OUR PEOPLE

At Arch, our people are at the center of everything we do. From building relationships with clients to providing the expertise that allows us to create innovative solutions, our people are the means by which we enable possibility. Arch is committed to building diverse teams, fostering an inclusive culture where everyone can thrive, and providing employees with the tools and opportunities to grow as individuals and as professionals.

Leading with an Inclusive Mindset

Creating a diverse workforce and a truly inclusive culture are critical to our Company's sustainability. Diversity in our population means we have a rich source of backgrounds, skills and experiences that allow us to draw out new ideas and encourage innovation. As such, it is important to all our stakeholders and critical to our long-term success. This is why

we have made our D&I efforts a top business priority.

While our approach to D&I continues to evolve, we have made great strides in our work to support diversity across the insurance industry and at Arch, and to build awareness of inclusive practices and incorporate them into our regular course of business.

The 'Fostering Inclusive Leadership' (FIL) program is not your average D&I experience. In addition to critical topics such as equity and unconscious bias, FIL covers a healthy dose of practical tips, leaving managers with a few new tools in their toolbox, enabling them to start implementing FIL not gradually, but immediately.

—Steven Loyens
SVP, Chief Actuary

We formalized our D&I strategy in 2020, and in 2021, we developed a roadmap to set out the key steps to making meaningful progress. Aligned with our D&I strategy, all of our objectives tie to colleagues, communities and culture.

Fostering Inclusive Leadership

In 2021, we saw strong participation in "Fostering Inclusive Leadership" (FIL), a leadership development program that we launched in 2020. Designed by Yale University School of Management and delivered through an online platform, this course equips Arch leaders with practical ways to model inclusivity in their interactions to maximize the contributions of all employees. In alignment with our goal of a more inclusive culture, the course fuels innovation from top to bottom.

Our Journey to D&I Success

COLLEAGUES

Arch will have a workforce that better reflects the communities in which we work and the markets we serve.



From hiring to employee development, we're committed to extending our outreach and drawing from the broadest pools of talent to find and retain stellar employees.

COMMUNITIES

Arch will be recognized as a leader in its commitment to D&I.



We aim not only to have a diverse and inclusive employee population, but also to pursue and promote diversity in our partnerships with customers, suppliers and stakeholders.

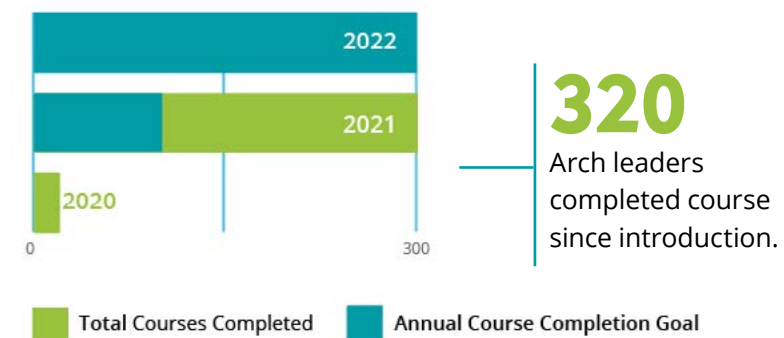
CULTURE

Arch will improve attraction, development, engagement and retention of top talent through our inclusion initiatives.



Our goal is to cultivate a workplace culture where all of our employees can thrive by building awareness of inclusive practices and incorporating them into our regular course of business.

Leaders Completing Coursework



Additionally, 100% of our Mortgage Group employees have signed up for or completed a 90-minute course on unconscious bias and how to mitigate the impact of bias on culture.

Colleagues and Communities

Arch invests in a number of strategic partnerships that aim to bring more diversity to the insurance industry and to our own Company. In 2021:

- Maamoun Rajeh, the leader of our Worldwide Reinsurance Group, continues to serve on the board of directors of **Women in Reinsurance (WiRE)** in Bermuda.
- Arch sponsored the **International Association of Black Actuaries Annual Meeting** for the second year. We hired an intern through this relationship and will continue building a talent pipeline through this partnership.
- Arch signed on as a global sponsor of **Dive In**, an international festival for D&I. All Arch employees were able to engage in festival programming, which included sessions on mental health, social responsibility, multigenerational workplaces, gender, LGBTQ+, multiculturalism, race and ethnicity, and disability.
- Arch joined the **Insurance Supper Club** in the U.K. in 2021 and will continue in 2022 to provide professional networking, development and mentoring for women.
- Arch joined **Stonewall**, a nonprofit research and advocacy organization based in the U.K., to promote LGBTQ+ inclusion in the workplace.

Arch also contributes to nonprofit organizations that champion diversity, equity and inclusion causes. To see more about our community impact work around racial equity and social justice, see our section on [“Enabling Possibility through our Communities”](#).

In addition to our industry partnerships, we are actively working with human resources leaders to review our current hiring processes and ensure that inclusive practices are embedded into every stage of talent acquisition.

Culture

Our global **Employee Networks** were first established in 2020 and continued to take shape in 2021. These Networks are employee-led, business-focused groups that provide opportunities to connect with other people and allies in the community and support our D&I strategy and objectives. We have launched six networks, each with an executive sponsor, leadership team and mission statement. The networks have been hosting companywide initiatives and events. In 2021, we focused on developing objectives that tie to the strategy, highlighting key focus areas for each network.

These global Employee Networks build upon existing initiatives like our Mortgage Insurance Group’s Employee Resource Groups, the Arch Insurance Group’s Culture Team and our Global Service Operations Employee Clubs — each of which was designed to engage our employees in meaningful ways.

Employee Networks also drive many initiatives to support causes that connect to their missions. Find out how our Employee Networks and other groups support our community impact work in the [“Enabling Possibility through Our Communities”](#) section.

Arch Employee Networks

Activated in 2021



Black Professionals & Allies – hosted numerous career development and educational events, including a virtual panel on Juneteenth and a session on Black British History in honor of U.K. Black History Month. They also provided volunteer opportunities for members to mentor underserved students through Arch nonprofit partner the All Stars Project.



LGBTQ+ & Allies – coordinated several events and initiatives in 2021. They hosted a slate of events for Pride Month, including “Pride Bingo: Exploring LGBTQ+ Terminology” and a session on “Intersectionality and Allyship.” They also hosted several charity drives, with Arch matching employee donations during Pride Month to nonprofits championing LGBTQ+ causes in the communities where Arch employees live and work.



Women & Allies – focused on providing meaningful career development and networking opportunities. Events hosted in 2021 include a series of virtual sessions on International Women’s Day and throughout Women’s History Month.



Veterans & Allies – this network launched in November of 2021, and coordinated a charitable giving campaign with Marine Toys for Tots Foundation in time for the holidays.

Launching in 2022



Able Not Labeled & Allies – launched in January, 2022, the Network has a three-pronged focus: neurodiversity, mental health and wellness, and physical abilities.



Young Professionals & Allies – seeks to advance the industry by providing young professionals with opportunities for development and networking.

Employee Engagement Survey

Arch conducted our biennial employee engagement survey in 2021. With an 82% response rate*, an improvement from our 78% response rate in 2019, Arch outperformed the industry norm in all survey categories. Our engagement scores improved over 2019 in every category except work-life balance, where we saw a 2% drop. Although COVID-19 certainly blurred the line between work and home, we know

we can do better. Moving forward, we are exploring ways to enhance work-life balance for our people.

Arch saw an 89% favorable score in the D&I dimension, a positive sign that the work we are doing in this space is making an impact with our employees. While no external benchmarking is provided for this new survey dimension, we feel encouraged by our own results and empowered to continue our efforts to improve.

Other Key D&I Takeaways:

- **88%** of Arch employees believe that Arch values all elements of diversity.
- **93%** of employees agree that "I am treated with dignity and respect at Arch."
- **88%** of employees feel comfortable being their authentic selves at work.

Employee Engagement Survey Highlights



* Our 2021 anonymous employee survey was conducted by Workforce Science Associates (WSA). The industry average response rate is 81%. Survey results provided in this Report represent the percentages of those who responded.

We work to enhance our culture of inclusion and to provide the tools and opportunities for our employees to continue to grow as professionals at Arch. We invest in the success of our people throughout their careers.

Career Leveling Framework

We invest in the success of our people by optimizing the systems and processes we use to support their career growth. Our development of a comprehensive career leveling framework, which was completed in 2020, led to enhanced capabilities in overseeing employee promotion and retention efforts. In 2021, leveraging our new human capital management software, the leveling framework was successfully implemented by our HR team in partnership with hiring managers across the enterprise.

Early Career Development

We invest in the success of our employees by offering programs that give the next generation of insurance professionals opportunities to grow their careers at Arch, including our Summer Internship and Early Career Programs.

Our internship programs provide highly motivated students with meaningful work experience and professional development opportunities. In the U.S., U.K. and Bermuda, we hosted over 65 interns in various functions throughout our operations in 2021.

Our Early Career Program (ECP) is a 12-month apprenticeship aimed at college graduates with an interest in launching a career with a worldwide insurer. The class of 2021 graduated 19 colleagues with a focus on underwriting. The class of 2022 (who were onboarded in the fall of 2021) is made up of 22 employees who placed into either underwriting, actuarial or claims tracks. The ECP includes 12 training modules that participants must complete in order to graduate; the class of 2021 rated these modules at an average of 4.7 out of 5 in a survey.

* 2021 employee survey; benchmarks provided by Workforce Science Associates (WSA).

Leadership Development

Through a combination of on-the-job experiences, exposure and education, we enable our leaders to take on challenges with resilience and the inclusive mindset that is critical in an increasingly complex world. We offer a number of programs within our business segments that provide leadership development training for people managers to help them effectively lead diverse teams to achieve success.

Learning



Arch University: Through our learning platform, Arch U, we provide extensive education opportunities, including coursework and certification classes, available on multiple platforms.

13,677 Hours of Learning
264 Courses Accessed



LinkedIn Learning: All employees have access to the LinkedIn Learning platform, which offers relevant and timely on-demand training videos and e-books from industry experts.

10,150 Hours of Learning
12,862 Courses Accessed

88%

of employees say*
“Arch provides me with the opportunity for learning and career development.”

11% improvement

over 2019



Safeguarding Our Employees' Health

At Arch, we ensure that our people have access to comprehensive benefits to safeguard their mental, physical and financial health. We took a number of actions to address the added challenges presented by the COVID-19 pandemic, and their health and safety continues to be a top priority as the COVID-19 situation evolves.

Inclusive Benefits

As we continue our efforts to attract and retain diverse talent, we have added more inclusive benefits.

LGBTQ+ Medical Coverage Enhancements. We expanded our medical coverage benefits for our transgender community by covering services such as behavioral health, hormone therapy and medications and gender-affirming surgical services for our U.S.-based employees and their families.

Arch Cares Leave Share Program. Announced in late 2021, this program allows U.S.-based employees to voluntarily donate accrued paid time off (PTO) days to colleagues who need more time away from work due to medical reasons or major disasters after they have exhausted their available PTO benefits.



ARCHCARES

The Arch Cares Leave Share Program was created by a team of our employees, who proposed the idea in response to an Arch Mortgage Group Innovation Challenge.

This event invites teams of employees to identify a challenge facing the Company and propose a solution. Two years ago, one of the top ideas was the creation of shared PTO banks that employees could tap if they faced a dire need. Launched in 2022, that idea has become a reality.

Parental Leave Policy

- In the U.S., our plan provides up to 10 weeks of paid leave at 100% of an eligible employee's base salary for the birth, adoption or fostering of a child, on top of any birth-related medical leave taken by the mother (usually covering six weeks of an employee's full salary). The policy joins a host of benefits designed to support families, such as back-up childcare, adoption assistance and a flexible spending account for dependent care costs.
- In Bermuda, our plan provides employees up to four weeks of paid leave for the birth, adoption or fostering of a child. This leave is in addition to the 13 weeks mandated by law for new mothers.
- In the U.K., we reduced the eligibility requirement for enhanced pay for parental leave from two years to one year of service in order to make this benefit accessible to more employees.

Employee Assistance Program (EAP). Our EAP offers global employees 24/7 access to qualified psychologists who can assist with managing mental health, relationship challenges, parenting support and workload pressures or concerns.

To read more about our comprehensive benefits for Arch employees, click below to visit our website.

[Learn more about our employee benefits >>](#)

Support for Mental and Physical Health and Well-Being

We understand the enormous impact mental health has on our ability to thrive. With the pandemic highlighting the toll that stress can have on our mental health, Arch introduced several programs to support our employees during challenging times.

- **Wellness webinars.** Starting in 2020, Arch hosted a series of webinars to share practical techniques to help build resilience.
- **Mental Health First Aiders.** Originally consisting of five trained, U.K.-based Arch employees from different departments, the now-six-member team aims to raise awareness and promote better mental health and well-being. The team received training in mental health and first aid protocols, and now serves as the first point of contact for employees experiencing mental health issues.
- **Vitality Well-Being events.** In the U.K., our private medical health provider, Vitality, hosts monthly virtual well-being events for our U.K.-based employees.

Pandemic Precautions

When the COVID-19 pandemic hit in 2020, we immediately took precautions to ensure that our employees stayed protected and healthy. We have not wavered in this approach, and in 2021 took additional measures to ensure the safety and well-being of our employees and their families during this difficult time.

- Our medical plan covers all **COVID-19 testing** and **vaccination costs**.
- **Paid time-off for leave** related to a COVID-19 vaccination.

- **Office reentry.** From the very beginning, Arch erred on the side of caution when considering our office reentry timeline in order to prioritize the health and safety of employees and their families. We delayed our office reentry timelines in most of our major office locations when conditions caused uncertainty. Placing employee health and safety at the forefront of our strategy, we will reenter our offices in 2022 when we have more certainty about the safety of doing so, albeit with a more flexible, hybrid approach.
- We continued operating the **Arch Cares: COVID-19 Employee Assistance Fund for Financial Hardships** as a way to help ease the economic burden of any Arch employee whose family suffered due to the pandemic.

Arch Global Services COVID-19 Vaccination Program

6 Arch Global Services (GSO) partnered with the Philippine Red Cross Quezon City Chapter to coordinate **six vaccination drives** for Arch employees and their families.

4 **Four COVID-19 vaccine brands** offered to our GSO employees and their immediate family members during the vaccination drives.

99% These efforts contributed significantly to the current 99% vaccination rate for our **800 GSO employees**.

ENABLING POSSIBILITY THROUGH OUR COMMUNITIES

We strive to make a difference by investing in areas where we live and work. We demonstrate our ongoing commitment to building stronger, more resilient communities through our philanthropic and volunteer efforts.

In 2021, we supported and magnified the positive change generated by charitable organizations. As part of our wider community impact strategy, we focused on:

- Driving a high-impact global volunteer initiative in the fall of 2021.
- Amplifying the generosity of our employees through our volunteer time off (VTO) and matching gift programs.

- Making targeted donations at the corporate level to charitable organizations that align with our philanthropic goals supporting our four focus areas: health, housing, education and the environment.
- Formalizing our corporate giving efforts with the formation of the Arch Group Foundation in the fall of 2021.

Celebrating Our 20th Anniversary by Giving Back

In 2021, we celebrated our 20th anniversary by launching the Arch Global Giveback, an initiative to encourage our global employees to safely volunteer and support the communities where they live and work. This initiative had the dual benefit of creating meaningful employee connections during the pandemic and underscoring our corporate value of “Striving to Make a Difference” by giving back.

Highlights of the 20th Anniversary Global Giveback Initiative:

- As part of the initiative, Arch offered every employee an extra **day of VTO** starting in October 2021, in addition to the two VTO days employees already receive.
- We **increased our matching gift program** from a 1:1 ratio to a 2:1 ratio during October, effectively tripling the impact of dollars donated to charitable organizations during this time..
- Local champions, with support from the ESG team, planned volunteer events with organizations in their respective cities, representing nearly every one of Arch’s 80+ offices across the world.

- Employees — including remote workers — were encouraged to volunteer with organizations that matter to them.
- Through both Company sponsored and individual activities, **over 800 Arch volunteers** supported more than 200 charitable organizations aligned with one or more of our strategic giving focus areas.
- Arch Global Giveback events took place from September through December, during which time employees donated over 5,000 hours to these important causes.
- The initiative helped create positive impact in eight countries and over 100 cities across the globe.

At the conclusion to the Global Giveback initiative, Arch pledged an additional \$1.4 million to organizations across the globe that drive change across our giving focus areas. [Read more here.](#)



I loved the idea of giving back to our society, and especially the environment, with my Arch colleagues. In Zurich, we are in the office (or at home) all day, so we wanted to volunteer outside in nature. We chose to partner with WWF to organize a day in the Schwaldis and Säls Alps, helping to preserve the habitats of local wildlife — it was a great experience. Though the work was demanding, the terrain was steep, and you needed to walk cautiously, we had breathtaking views, met motivated people who work in this environment every day, and learned about the indigenous animals and plants. In the end we could really see a difference from our work.

–Katrin Werlen, Dr. sc. ETH
Senior Quantitative Analyst, Credit & Surety



- **More than 25 volunteer activities supported health-related causes**, from raising funds to cure specific diseases like ALS and breast cancer, to providing comfort and resources to families dealing with a critical illness.
- **Volunteers supported more than 35 charities addressing food insecurity** from the U.S. to the U.K. and Hong Kong, including 17 food banks and several organizations that redistribute surplus food to those in need of healthy meals.
- **Over 20 activities got employees outdoors to help our planet**, from removing invasive species and environmental cleanup to working with wildlife organizations to care for animals.
- **15 activities addressed housing issues**, from raising awareness around teenage homelessness and serving hot meals at homeless shelters, to building houses through Habitat for Humanity (six different home builds) and taking care of home repairs for low-income homeowners.
- **Over 20 activities helped improve access to quality education**, from (virtually) mentoring underserved students to helping teachers get the resources they need for their classrooms.

Matching Gift Program

\$1.7M

donated by employees
at Arch in 2021.

1:1 match

for up to **\$25k** of an employee's
donations to eligible organizations.



Linking our Employee Networks and Clubs to Community Impact

Arch Employee Networks and Clubs acted as powerful channels to drive impact in 2021:

- The **Black Professionals & Allies Network** coordinated volunteer opportunities helping students, partnering with the **All Stars Project (ASP)**, a national nonprofit that uses a performance-based approach to help inner-city youth and their families create success in their lives.
- The **LGBTQ+ & Allies Network** ran a fundraising campaign during Pride Month to encourage employees to donate to organizations including The **Trevor Project**, the **Lambda Legal Defense and Education Fund** and the **LGBTQ Center of Durham**.
- The **Philippines local LGBTQ+ & Allies Club** hosted an awareness and fundraising campaign called "Color Week." Proceeds from the campaign went to **LoveYourself Inc.**, a Philippines-based organization providing free HIV tests, counseling and treatments.
- The **GSO Employee Wellness Club** ran a campaign to encourage Philippines-based employees to be active by recording their exercise on an app and sharing a screenshot of their activity. They were also encouraged to donate to health-related causes as part of their participation in the campaign. Employee donations combined with Arch matching funds were used to purchase **Oxygen Concentrators** to help patients with severe COVID-19 symptoms keep oxygen at sufficient levels for two public hospitals (one in Manila and one in Cebu, where our Philippines offices are located).

Volunteer Time Off Program



14,153

hours of paid time
used by employees to
volunteer in 2021.



+1,400

charitable organizations
impacted by employee
donations.

Arch offers employees
2 days
per calendar year as
paid volunteer time off.

Contributing to Community Growth and Resilience through Corporate Giving

Arch generously supports the causes we believe have the most meaningful impact on our communities' ability to thrive. Overall, during 2021, Arch donated **\$6.3 million** to charitable organizations across the globe.

Arch Group Foundation Introduced

To create more targeted impact through our corporate giving efforts, we formed the Arch Group Foundation in the fall of 2021. Its creation formalizes our commitment to help build resilient communities on an ongoing basis.

Now operational in 2022, the Arch Group Foundation will direct funds to organizations that make a meaningful impact in one or more of these areas, as well as those that align with our commitment to D&I.

Accessible, Safe Housing



Through insurance and educational solutions provided by our Mortgage Group, we help create a more sustainable housing market. We also aim to help individuals and families achieve sustainable housing through our community impact work.

- **Partnership with MBA Opens Doors Foundation:** Arch's 2021 contribution of \$100,000 supports the MBA Opens Doors Foundation home grant program. This program provides mortgage or rental payment assistance to families caring for a critically ill or injured child, helping parents and guardians to focus on caring for their loved ones rather than on a home in jeopardy.
- **Habitat for Humanity Support:** Arch donated \$50,000 to support Habitat for Humanity in their mission to build strength and stability through shelter. Arch employees also volunteer with several Habitat for Humanity chapters throughout the U.S.

Academic and Career Success



Arch views education as the great equalizer, and through our corporate giving efforts we help students in underserved communities achieve their educational goals and work toward a brighter future.

- **Arch MI Scholars Program with NC A&T University:** We support two scholars per year at the nation's largest historically Black university, which is located a few miles from our Mortgage Group's headquarters in Greensboro, North Carolina.
- **Arch Insurance Scholars Program with the Spencer Foundation:** We provide funding and internship opportunities to undergraduates from diverse backgrounds pursuing careers in actuarial science, insurance, business or risk management.
- **James Asamoah Memorial Scholarship with St. Benedict's Preparatory School:** Arch created an endowment scholarship for students at St. Benedict's Prep, a school serving low-income students in Newark, New Jersey, in honor of James Asamoah, a long-time Arch employee lost to COVID-19 in 2020.
- Arch served as a national sponsor for the second year in a row for the **United Negro College Fund Virtual Walk for Education**, held in September 2021.
- **All Stars Project Commitment:** In 2021, our Black Professionals & Allies Network championed the All Stars Project (ASP), a national nonprofit that uses a performance-based approach to help inner-city youth and their families achieve success. In addition to employee volunteer events, Arch supported ASP as a Gold Sponsor for its Fall Benefit.

Environmental Resilience



As a global (re)insurer, we understand that climate change presents potentially far-reaching implications for communities not properly prepared for or mitigating the effects of natural disasters. Through our corporate giving, we are committed to doing our part to make a difference.

- **Support for World Wildlife Fund (WWF):** Our Zurich-based employees volunteered with WWF as part of the Arch Global Giveback, and Arch expanded our support for WWF's conservation efforts through an additional corporate donation of \$20,000.
- **ShelterBox:** Our U.K. operations support ShelterBox U.K., an organization that provides international disaster relief and emergency shelter to support families devastated by natural disaster and conflict. Arch donated more than US\$100,000 to ShelterBox U.K. in 2021.

Healthy, Thriving Societies



The health of our communities was seriously challenged by the COVID-19 pandemic. As healthcare continues to be one of the most critical issues facing our society, Arch partnered with and continued to support several organizations driving progress in this area, including:

- **Support for Insurance United Against Dementia and Age UK:** Our U.K. operations have focused particularly on health impacts faced by the elderly, including dementia. Arch joined the Alzheimer's Society industry-specific campaign, Insurance United Against Dementia.
- **COVID-19 Vaccination Support in the Philippines:** Arch donated \$24,000 to the Philippines Red Cross to support its free vaccination program. Arch also created the Global Services COVID-19 Vaccination Program in April 2021. Find more information on this program in the Our People section.
- **Commitment for COVID-19 Vaccines in India:** When COVID-19 cases spiked in India with the rise of the Delta variant in 2021, Arch provided assistance through one of our India-based investment partners in the form of a \$400,000 commitment directed toward vaccinations and treatment for those suffering from COVID-19 in the country.