

## ORGANIZATION

The Compensation and Human Capital Committee of the Board of Directors (the “Committee”) of Arch Capital Group Ltd. (the “Company”) shall consist of no fewer than three members. The members of the Committee shall meet the independence criteria of (i) The Nasdaq Stock Market LLC (“Nasdaq”) (except as otherwise permitted by the rules of Nasdaq) and (ii) the U.S. Securities and Exchange Commission (the “SEC”) (except as otherwise permitted by the rules of the SEC) and shall otherwise be independent of management and the Company and free of any relationship which, in the opinion of the Board of Directors, would interfere with the Director’s exercise of independent judgment as a Committee member.

Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the membership qualifications shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by law or determined appropriate by the Committee to satisfy regulatory standards.

The members of the Committee shall be appointed by and may be replaced by the Board of Directors, with or without cause, for any reason. Unless a chair of the Committee (the “Chair”) is selected by the Board of Directors, the members of the Committee shall designate a Chair by the majority vote of the full Committee membership. The Chair of the Committee, in consultation with the appropriate members of the Committee, the Chair of the Board of Directors and management, will develop the Committee’s agenda. The Chair of the Committee will chair all regular sessions of the Committee. In the absence of the Chair of the Committee, the Committee shall select another member to preside.

## PURPOSE

The Committee, in its capacity as a committee of the Board of Directors, has overall responsibility for approving and evaluating, and making recommendations to the Board of Directors regarding compensation plans, policies and programs of the Company for senior executives (as defined below), as well as compensation parameters for all other employees of the Company and its controlled subsidiaries.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

## MEETINGS

The Committee shall meet on a regular basis and is empowered to hold special meetings as circumstances require. The Chair, in consultation with the Committee members, will determine the frequency and length of meetings. The Committee shall report at least annually to the Board of Directors and whenever the Board of Directors may require. The

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

## COMMITTEE AUTHORITY AND RESPONSIBILITIES

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of business, legislative, regulatory, legal or other conditions or changes.

- The Committee shall develop the Company's compensation philosophy and shall annually review and approve corporate goals and objectives relevant to senior executive compensation, and evaluate senior executive performance in light of those goals and objectives (it being understood that senior executive includes the Company's Chief Executive Officer ("CEO"), all other executive officers, as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other members of senior management as designated by the Committee). In determining the long-term incentive component of senior executive compensation, the Committee may consider, among other factors permissible under the Company's equity plans in effect from time to time, the Company's performance and relative shareholder return, the value of similar incentive awards to senior executives at comparable companies and the awards given to senior executives in past years. The Company's CEO may not be present during any voting or deliberations regarding his or her compensation.
- The Committee shall review and approve, for the senior executives of the Company, (a) the annual base salary level, (b) the annual incentive compensation level, (c) the long-term incentive compensation level, (d) equity-based compensation awards, (e) employment agreements, severance arrangements, and change in control agreements/provisions and any amendments thereto, and (f) any special or supplemental benefits (it being understood that such compensation matters in respect of the Chair of the Company, the President and CEO of the Company, the Chief Financial Officer of the Company, the General Counsel of Arch Capital Services LLC, and other members of senior management as designated by the Board of Directors are subject to ratification by the Board of Directors).
- The Committee shall review and approve for all other employees of the Company and its controlled subsidiaries the applicable compensation parameters, which may in the discretion of the Committee be measured in relation to a set of peer organizations

designated by the Committee.

- The Committee may authorize the CEO or another senior executive to determine compensation, including awards, for non-senior executives within the parameters set by the Committee in paragraph 3.
- The Committee shall review, as needed, how and to what extent executive compensation structures are conducive to appropriate risk-taking and otherwise take into account enterprise risk management, and shall make appropriate recommendations to the Board of Directors as needed.
- The Committee shall discuss, as and when required for the Company by SEC rules, the results of the shareholder advisory vote on “say-on-pay,” with regard to the named executive officers (as defined in Item 402 of Regulation S-K).
- The Committee shall oversee the administration of the Company’s clawback policy, and review and approve or recommend to the Board of Directors for its approval any changes to the clawback policy as appropriate.
- The Committee shall oversee the administration of the Company’s share ownership guidelines, and review and approve or recommend to the Board of Directors for its approval any changes to these guidelines as appropriate.
- The Committee shall conduct a periodic review of director compensation and recommend the form and amount of director compensation for approval by the Board of Directors.
- The Committee shall oversee succession planning for the Company’s senior executive team, as appropriate and make recommendations to the Board of Directors regarding such planning.
- The Committee shall review periodic updates from management as appropriate on initiatives and progress in the area of human capital management, including strategies related to talent development and retention, and oversee as appropriate the preparation of human capital management disclosure in the annual report on Form 10-K and proxy statement.
- The Committee may form and delegate authority to subcommittees when appropriate; provided, however, that when appropriate to satisfy the requirements of Rule 16b-3 under the Exchange Act, any such subcommittee shall be composed solely of two or more members that have been determined to be “Non-Employee Directors” within the meaning of Rule 16b-3 under the Exchange Act.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.
- The Committee shall review and assess compliance with all applicable rules and

regulations of the SEC and Nasdaq specifically applicable to the composition and responsibilities of the Committee.

- The Committee shall perform such other activities as the Board of Directors may from time to time deem necessary or appropriate.

## APPOINTMENT OF EXTERNAL ADVISERS

- The Committee is authorized to engage outside counsel and other advisers as it determines to be necessary or appropriate to carry out its duties. The Committee shall have the sole authority to appoint, retain, engage, oversee, obtain the advice of, and terminate any independent or outside legal counsel, compensation consultants, accountants or other advisers and shall have sole authority to approve the consultant's fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- The Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent. However, the Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the independence factors under applicable Nasdaq listing rules and any other factors deemed relevant by the Committee.
- For the avoidance of doubt, the Committee is not required to implement or act consistently with the advice or recommendations of any compensation consultant, legal counsel or other adviser to the Committee. The retention of any outside advisers shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.