

OVERVIEW

As a global (re)insurer, understanding environmental issues allows us to reduce risks and take advantage of opportunities in our underwriting for the benefit of our shareholders, customers and other stakeholders. These sector-specific guidelines outline our approach to integrating environmental considerations into our underwriting of Thermal Coal (defined below) business accounts. Please also see our annual Sustainability Reports available on our website www.archcapgroup.com for additional information related to our overall environmental, social and governance (“ESG”) approach.

Thermal Coal Policy Scope:

This policy:

- Applies to our global insurance business and excludes reinsurance and lineslips¹.
- Encompasses both existing and new thermal coal mines and coal-fired power plants (together, “Thermal Coal”).
- Excludes insureds that are indirectly involved in the extraction, transportation or infrastructure of Thermal Coal.

Thermal Coal Policy Guidelines:

Screening for high risk Thermal Coal business accounts:

- We define high risk Thermal Coal insureds as those deriving 30% or more of their revenues from thermal coal power production.

Escalating high risk Thermal Coal business accounts:

- For flagged high risk accounts based on the aforementioned criteria, our Underwriting Authority Letters instruct our operating entity underwriters to either a) decline the transaction based on our defined risk threshold, or b) refer the transaction to the appropriate escalation committee (see Evaluation and Governance below).

Evaluation and Governance:

Once screened, if necessary, a flagged insured will be referred to the appropriate Environmental Risk Oversight Committee (EROC) for additional review. At this *escalation* point, a flagged Thermal Coal insured is further assessed by the EROC to determine the insured’s commitment, capacity and track record on social and environmentally responsible business practices. The assessment may also be informed by the risk criteria set forth on [Schedule I](#). Following escalation, authority to commit Arch to a flagged Thermal Coal insured remains with the local operating entity.

- There are two EROCs: one for U.S.-based transactions and one for transactions based outside the U.S. The two EROCs are responsible for oversight of environmental risks at Arch. The EROCs meet quarterly to review prior transactions and will report to the ESG Steering Committee each quarter. This evaluation process allows us to avoid blanket exclusions while enabling us to mitigate potential ESG risks associated with higher risk transactions.

¹ A lineslips is an agreement between a lead syndicate (insurance company) and follow syndicates and/or insurance companies that allows the leader to quote and bind risks on the followers' behalf.

ASSESSMENT RESULTS

To monitor implementation of this process, we will track the outcomes arising from our assessments based on these guidelines. This information will help us evaluate the effectiveness of our process and whether our criteria are appropriate. External reporting regarding the annual screening process will be published in our annual Sustainability Reports.

Schedule I

Risk Criteria. The assessment includes, but is not limited to, an analysis of information from sector and country-specific ESG risk databases and third party raters. In addition, the assessment may be informed by the following risk criteria:

Biodiversity risks:

- Absence of mitigation measures to reduce impacts on endangered species

Environmental risks:

- Absence of plans for decommissioning/end-of-life
- Environmental impact assessment not conducted or not conducted in line with national or international standards and the necessary public consultation (including all supporting infrastructure, *i.e.*, power lines, access roads)
- Improper storage and disposal of mine tailings
- Use of mountain and/or hill-top removal mining methods

Governance risks:

- Absence of anti-bribery and anti-corruption plans/systems/procedures

Risks to local communities:

- Free, prior and informed consent of impacted parties not obtained
- Health impacts have not been assessed and/or taken into consideration

Risks to protected areas:

- Project located 30km or less from a site of environmental, social and/or cultural significance (*for example*, UNESCO World Heritage Sites)

Reputational risks:

- Negative reputational impacts on Arch stakeholders (investors, customers, business partners, regulators, employees)

Resettlement risks:

- Incidents of physical harm in relation to resettlement
- Relocation of people and land/water/property rights (including native peoples)
- Resettled persons not duly consulted

Workforce risks:

- Disregard for labor rights including collective bargaining and unionization rights
- Involvement in child labor Involvement in forced labor or human trafficking
- Sub-standard working conditions (*e.g.*, health and safety standards, wages, etc.)