

RESPONSIBLE INVESTING AT ARCH

As a long-term asset manager and owner, we believe integrating Environmental, Social and Governance (“ESG”) factors into investment analysis and decision-making contributes to improved investment returns and reduced risk over the long term and aligns with our stakeholders’ best interests. Through our fundamental analysis, we incorporate investee companies’ ESG risk ratings, including factors such as corporate governance, climate risk exposure, carbon reduction and workforce policies. We aim to deliver total return and income for Arch while potentially realizing added benefits when investing to create a positive and sustainable impact on society. As a result, we have developed a Responsible Investing policy (“Policy”).

Within this Policy, we have developed and outlined three key areas:

1. Our Responsible Investing (“RI”) governance framework.
2. Our RI strategy, which is applicable to:
 - a. Internal asset management (approach to mitigating ESG risks and expanding ESG opportunities) and
 - b. External asset management (approach to engagement and monitoring of ESG strategies).
3. Our approach to engagement, reporting and communications regarding our RI practices.

This Policy aligns with Arch’s overall corporate ESG strategy and sets forth high-level principles for the organization and asset managers. This Policy has been drafted to take into consideration the United Nations-supported Principles for Responsible Investment.

GOVERNANCE

The Investment Group ESG Steering Committee (“Steering Committee”) was established to govern this Policy and oversee reporting metrics and ESG-related initiatives. The Steering Committee considers feedback from internal Arch entities and external stakeholders and incorporates this into regular discussions.

The Steering Committee includes the Arch Capital Group Ltd. (“ACGL”) Chief Investment Officer (“CIO”), the CIO of Fixed Income and Equities, the CIO of Alternatives, key representatives from Portfolio Management, and the ACGL Chief Risk Officer and Chief ESG Officer. The Steering Committee is chaired by our investment team’s ESG Officer. This Steering Committee meets at least quarterly and reports to the ACGL ESG Steering Committee.

The Policy is reviewed at least annually and updated as necessary to reflect business and market changes.

OUR RI STRATEGY

ESG Integration

We actively work to incorporate ESG factors into our investment process. Arch's investment professionals employ both qualitative and quantitative analysis to identify company- or manager-specific risks and opportunities. Our investment professionals use various resources to stay informed of developments in ESG ratings and evaluation methodologies to understand the potential implications of emerging ESG factors.

- **Internally Managed Assets**
 - We consider ESG factors and ratings when assessing new investment opportunities, where data is available.
 - We monitor our portfolio for issuers with poor or weaker trending ESG ratings and seek to emphasize those with more favorable ESG risk profiles, where attractive investment opportunities and ratings are available.
- **Externally Managed Assets**
 - We consider ESG standards when pursuing new strategies or products with our existing managers.
 - New investment managers to the portfolio have ESG policies and practices reviewed as part of our Investment and Operational Due Diligence process.
 - ESG metrics and factors are included in investment memos and written recommendations made to the Investment Committee¹.
 - We ask our external asset managers to consider ESG factors when voting on eligible shares.
 - We capture ESG and Task Force for Climate-related Financial Disclosures (TCFD)-aligned metrics for new externally managed investments.
- **Monitoring Exposure to Climate Impact and Carbon-Intensive Industries**
 - Climate change necessitates that carbon-intensive industries be considered carefully.
 - Carbon metrics are included in our investment decisions and reporting, where available.
- **Employee Training**
 - The investment team engages in periodic ESG training to maintain and grow their understanding of ESG risks and our RI policy and governance.

¹ The Investment Committee is composed of senior members of our investment team, our Chief Executive Officer and Chief Financial Officer.

ENGAGEMENT, REPORTING AND COMMUNICATIONS

- **Engagement**
 - Our RI strategy is supported by our engagement strategy; we engage on an ongoing basis with our external asset managers regarding ESG integration into their investment decisions. We also engage in healthy discussions about ESG risks and encourage adoption of strong RI practices.
 - We request external managers provide annual ESG reports and metrics on their organizations.
- **Reporting**
 - Industry-standard ESG factors are integrated into our portfolio management and risk systems for ongoing analysis.
 - We produce ESG metrics and report to executive management at Steering Committee meetings quarterly.
- **Communications**
 - Progress on our RI policy and its implementation is communicated externally in our annual Sustainability Report.
 - We communicate internally with our investment team regularly as meaningful changes and updates to this policy and our overall ESG program are made.
 - We respond to all ESG-related requests for information from investors and regulators on a timely basis.