

As used in this policy document, references to “Arch” refer to Arch Capital Group Ltd. (“ACGL”) and its subsidiaries (but excluding variable interest entities and non-controlling interests). ACGL is a public limited liability company providing insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries.

Our approach to risk management and governance arrangements in relation to UK taxation Arch is a publicly listed group operating in a heavily regulated industry and we place significant importance on our brand, reputation and corporate responsibility. We take an active, considered and prudent approach to tax risk. The nature and relative size of our business in the UK denotes moderate risk features which we manage and mitigate through implementation of controls at appropriate points in our business and tax compliance processes. Regular reports in respect of UK tax matters are reviewed by each local Board of Directors as well as the group Board of Directors. The tax strategy is implemented in the UK by the UK tax function with oversight from Group Tax, the UK CFO and the Board of Directors of each local entity. The group and local tax functions have the required levels of expertise to identify, assess and manage tax risk. Where appropriate we seek advice from suitably qualified and experienced external advisors to ensure that our interpretation of tax law is consistent with market practice. To the extent that aspects of the local tax function are outsourced to specialist firms (e.g. payroll taxes) we maintain responsibility for and oversight of the provision of these services.

Our attitude towards tax planning (so far as affecting UK taxation) We seek to comply with all relevant tax laws and regulations in order to pay the right amount of tax at the right time both as a taxpayer and as a tax collector. We do not engage in artificial or aggressive tax planning or transactions that do not have a genuine commercial purpose. Transactions are carefully considered by senior stakeholders and Group Tax with reference to the letter of the law and the spirit of the law to ensure responsible tax outcomes. External advice is sought from experienced tax advisors in respect of significant or complex transactions and where there is doubt with regard to the correct interpretation of the law.

Arch maintains a Code of Business Conduct (the Code), which describes our ethical principles and includes policies designed to assist in preventing violations of the Code. Our approach to tax aligns with the Code.

Our risk appetite in relation to UK taxation We generally have a low appetite for tax risk whether technical, operational or reputational and we have no appetite for tax positions based on interpretations of tax law which are aggressive or subject to significant uncertainty. Significant or material transactions are reviewed by senior internal stakeholders, Group Tax and external advisors so that tax risks are identified and accepted only if they are in line with our stated risk appetite. The risk of tax disputes with HMRC is mitigated through ongoing and open dialogue with HMRC as well as our approach to tax planning and our prudent risk appetite.

Our approach towards dealings with HMRC We value our open and constructive relationship with HMRC and strive to maintain that relationship by working with HMRC in a collaborative, transparent, respectful and timely manner. We undertake an ongoing self-review process to identify tax risks and bring such matters to HMRC on a voluntary basis. We inform HMRC of relevant business developments and, where appropriate, we seek certainty with regard to the interpretation of tax law through dialogue with HMRC as well as participating in relevant consultations through industry bodies.

Arch regards the publication of this tax strategy as complying with its duty under Schedule 19 of Finance Act, 2016 to publish its UK tax strategy in the current financial year. This tax strategy applies to all Arch entities which are resident in the UK as well as UK branches of non-resident entities.