



This document, which is available on the Arch Capital Group website, sets out the s172 UK Companies Act 2006 disclosures published in the 2019 Annual Report and Financial Statements of Arch Capital's UK in-scope subsidiaries. This document will be updated regularly to include further s172 Companies Act 2006 disclosures of Arch Capital's UK in-scope subsidiaries as the 2019 Annual Report and Accounts for these entities are published. For copies of full sets of Annual Reports and Financial Statements please refer to Companies House.

Arch Insurance (UK) Limited (formerly Arch Insurance Company (Europe) Limited)

Section 172 Disclosure

Directors' Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:

Decision Making

The Company's ultimate mission is to generate a positive contribution to the growth in the Tangible Book Value of our ultimate parent company. The Directors support the CEO in this mission by considering any growth opportunities, changes in the business written and changes in the Company's strategic direction carefully against the Company's risk appetite and mitigate any associated risks through the risk management strategy set out in the "risk management strategy and risk appetite" section below.

In addition, details on our principal risks and uncertainties, and how the Company's risk environment is managed are set out in Note 4 of the financial statements.

Employees

The Company does not have any direct employees. Arch Europe Insurance Service Ltd.'s employees provide services to the Company under the secondment and service agreement.

Regardless, the Company is committed to ensuring that all staff providing services under the secondment and service agreement adhere to the Arch Capital Group Limited ("AGCL") Code of Business Conduct and have the ability to continue their professional development as described in the corporate and social responsibility section above.

The group remains committed to keeping all staff providing services under the secondment and service agreement fully informed about matters relating to the business. The executive team provides regular updates on business development, financial performance and operational changes. The group intranet is continually maintained and provides access to a library of company policies and procedures.



Business Relationships

Our strategy focuses on growth by maximising our return on equity through adherence to uniform underwriting standards, focusing on generating underwriting profit through prudent risk selection and proper pricing across the underwriting cycle. To do this, we need to develop and maintain strong relationships with our brokers, assureds, coverholders claims management service providers and reinsurers.

The Company has implemented a “Customer Conduct Standards Framework”, which has been developed to enforce the win-win concept of a culture aimed at supporting fair customer outcomes. Monitoring of the customer conduct standards is steered by the Conduct Risk Taskforce and any pertinent issues are passed to the Product Group and escalated to the Risk Committee and to the Board as appropriate.

By adhering to the Customer Conduct Standards Framework the Company has created a strong brand in the market, leading not only to a continuous stream of new business being generated but also to strong relationships with our reinsurance counterparties.

Relationships with coverholders and claims management service providers are governed by the Company’s Outsourcing Policy. Prior to entering into any third party business relationships, a detailed due diligence process is undertaken to ensure that the services provided comply with the Company’s existing business strategy and overall risk profile. Ongoing management of these relationships is based on monitoring and reporting guidelines as set out in the Company’s Outsourcing Policy, as well as on open conversations with the service providers.

By following the Outsourcing Policy, the Company ensures that robust relationships are built with its service providers, which contribute to the overall strategy and risk profile.

Community and Environment

Over the year, there has been continued focus on the impact of the company’s operations on the community and the environment. Environmental, Social and Governance (ESG) has entered the mainstream in recent years as stakeholders evaluate organisations not only to gauge their money-making ability, but also their commitment to making positive change in the world.

Arch has always put value in making a difference in the communities where we live and work, and there is an ever-growing importance of ESG initiatives. Marcy Rathman was named as ACGL Chief ESG Officer in July 2019, with responsibility for coordinating and managing the oversight of our growing ESG program, which has included the creation of an ESG Steering Committee.

The ESG program will continue to develop over the future and look at a number of areas including social issues and climate change. The Board of Directors will review the output and recommendations of the ESG and will oversee the implementation of any resulting action at the local level. In addition, Stav Tsielepis, All Chief Risk Officer, was nominated in October 2019 as being responsible for identification and management of financial risks arising from climate change, and a plan has been agreed to continue to monitor this going forwards.

Standards of Business Conduct

To ensure the Company maintains a high standard of business conduct, the Directors of the Company have reviewed and adopted the Code of Business Conduct as set by ACGL. To ensure staff act in accordance with the Code of Business Conduct, Arch UK provides regular training courses to staff providing services to the Company under the secondment and service agreement.

In addition the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services to the Company under the secondment and service agreement are and continue to be competent, capable and of good repute.

The Company Chairman is responsible for overseeing the assessment of fitness and propriety of all Non-Executive Directors in conjunction with leading the development and monitoring effective implementation of



policies and procedures for the induction, training and professional development of all members of the firm's governing body. The assessment of these matters is facilitated by the Human Resources and Compliance. The Company Chairman is responsible for overseeing the assessment of fitness and propriety of all Non-Executive Directors in conjunction with leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body. The assessment of these matters is facilitated by the Human Resources and Compliance Functions and considered by the Nominations Committee of the Board in conjunction with Non-Executive Director performance and the appropriate balance of experience and skill sets in the Board as a whole.

The Company's Risk Management and Compliance Framework has been designed to meet its business management and regulatory obligations to comply with the PRA, FCA and EIOPA requirements. Management has formulated relevant risk policies for the Company's key risks and these support the risk philosophy and corresponding controls.

The Board has delegated the responsibility relating to controls to the Arch UK Risk Committee. This committee is responsible for assessing all risks facing the Company and for installing appropriate controls to manage and or mitigate each risk. The Risk Committee assesses the level of each risk classification and identifies where additional controls or changes to the systems, processes and or controls may be required. Qualitative and quantitative risk assessments are performed, both before and after allowance for existing controls.

Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, our parent Arch Reinsurance Europe Underwriting Designated Activity Company, as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

To achieve effective communication with our shareholder, we have quarterly review meetings in place, where the Company's quarterly performance is discussed in detail. These meetings are led by the CFO and attended by the management of our shareholder.

Any decisions materially impacting the ultimate parent company's financial results are discussed with our shareholder and ultimate parent prior to execution. John Mentz joined the Board on 18th March 2019 as a representative of AGCL, our ultimate parent, further strengthening the link between the Company and AGCL and enabling real-time dialogue between the entities' management.

Arch Underwriting at Lloyd's Ltd

Section 172 Disclosure

Directors' Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,

- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:

Decision Making

The Company's ultimate mission is to generate a positive contribution to the growth in the Tangible Book Value of our ultimate parent company. The Directors support the CEO in this mission by considering any growth opportunity carefully against the Company's risk appetite and mitigate any associated risks through the risk management strategy set out in the "risk management strategy and risk appetite" section below.

In addition, details on our principal risks and uncertainties, and how the Company's risk environment is managed are set out in Note 4 of the financial statements.

Employees

The Company does not have any direct employees. Arch Europe Insurance Service Ltd.'s employees provide services to the Company under the secondment and service agreement.

Regardless, the Company is committed to ensuring that all staff providing services under the secondment and service agreement adhere to the Arch Capital Group Limited ("AGCL") Code of Business Conduct and have the ability to continue their professional development as described in the corporate and social responsibility section above.

The group remains committed to keeping all staff providing services under the secondment and service agreement fully informed about matters relating to the business. The executive team provides regular updates on business development, financial performance and operational changes. The group intranet is continually maintained and provides access to a library of company policies and procedures.

Business Relationships

Our strategy focuses on growth by maximising our return on equity through adherence to uniform underwriting standards, focusing on generating underwriting profit through prudent risk selection and proper pricing across the underwriting cycle. To do this, we need to develop and maintain strong relationships with our brokers, assureds, coverholders claims management service providers and reinsurers.

The Company has implemented a "Customer Conduct Standards Framework", which has been developed to enforce the win-win concept of a culture aimed at supporting fair customer outcomes. Monitoring of the customer conduct standards is steered by the Conduct Risk Taskforce and any pertinent issues are passed to the Product Group and escalated to the Risk Committee and to the Board as appropriate.

By adhering to the Customer Conduct Standards Framework the Company has created a strong brand in the market, leading not only to a continuous stream of new business being generated but also to strong relationships with our reinsurance counterparties.

Relationships with coverholders and claims management service providers are governed by the Company's Outsourcing Policy. Prior to entering into any third party business relationships, a detailed due diligence process is undertaken to ensure that the services provided comply with the Company's existing business strategy and overall risk profile. Ongoing management of these relationships is based on monitoring and reporting guidelines as set out in the Company's Outsourcing Policy, as well as on open conversations with the service providers.

By following the Outsourcing Policy, the Company ensures that robust relationships are built with its service providers, which contribute to the overall strategy and risk profile.



Community and Environment

Over the year, there has been continued focus on the impact of the company's operations on the community and the environment. Environmental, Social and Governance (ESG) has entered the mainstream in recent years as stakeholders evaluate organisations not only to gauge their money-making ability, but also their commitment to making positive change in the world.

Arch has always put value in making a difference in the communities where we live and work, and there is an ever-growing importance of ESG initiatives. Marcy Rathman was named as ACGL Chief ESG Officer in July 2019, with responsibility for coordinating and managing the oversight of our growing ESG program, which has included the creation of an ESG Steering Committee.

The ESG program will continue to develop over the future and look at a number of areas including social issues and climate change. The Board of Directors will review the output and recommendations of the ESG and will oversee the implementation of any resulting action at the local level. In addition, Stav Tsielepis, All Chief Risk Officer, was nominated in October 2019 as being responsible for identification and management of financial risks arising from climate change, and a plan has been agreed to continue to monitor this going forwards.

Standards of Business Conduct

To ensure the Company maintains a high standard of business conduct, the Directors of the Company have reviewed and adopted the Code of Business Conduct as set by ACGL. To ensure staff act in accordance with the Code of Business Conduct, Arch UK provides regular training courses to staff providing services to the Company under the secondment and service agreement.

In addition the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services to the Company under the secondment and service agreement are and continue to be competent, capable and of good repute.

The Company Chairman is responsible for overseeing the assessment of fitness and propriety of all Non-Executive Directors in conjunction with leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body. The assessment of these matters is facilitated by the Human Resources and Compliance Functions and considered by the Nominations Committee of the Board in conjunction with Non-Executive Director performance and the appropriate balance of experience and skill sets in the Board as a whole.

The Company's Risk Management and Compliance Framework has been designed to meet its business management and regulatory obligations to comply with the PRA, FCA and EIOPA requirements. Management has formulated relevant risk policies for the Company's key risks and these support the risk philosophy and corresponding controls.

The Board has delegated the responsibility relating to controls to the Arch UK Risk Committee. This committee is responsible for assessing all risks facing the Company and for installing appropriate controls to manage and or mitigate each risk. The Risk Committee assesses the level of each risk classification and identifies where additional controls or changes to the systems, processes and or controls may be required. Qualitative and quantitative risk assessments are performed, both before and after allowance for existing controls.

Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, our parent Arch Reinsurance Europe Underwriting Designated Activity Company, as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.



To achieve effective communication with our shareholder, we have quarterly review meetings in place, where the Company's quarterly performance is discussed in detail. These meetings are led by the CFO and attended by the management of our shareholder.

Any decisions materially impacting the ultimate parent company's financial results are discussed with our shareholder and ultimate parent prior to execution. John Mentz joined the Board on 18th March 2019 as a representative of AGCL, our ultimate parent, further strengthening the link between the Company and AGCL and enabling real-time dialogue between the entities' management.

Arch Syndicate Investments Ltd

Section 172 Disclosure

Directors' Duties

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:

Decision Making

The Company's ultimate mission is to generate a positive contribution to the growth in the Tangible Book Value of our ultimate parent company. The Directors support the CEO in this mission by considering any growth opportunity carefully against the Company's risk appetite and mitigate any associated risks through the risk management strategy set out in the "risk management strategy and risk appetite" section below.

In addition, details on our principal risks and uncertainties, and how the Company's risk environment is managed are set out in Note 4 of the financial statements.

Employees

The Company does not have any direct employees. Arch Europe Insurance Service Ltd.'s employees provide services to the Company under the secondment and service agreement.

Regardless, the Company is committed to ensuring that all staff providing services under the secondment and service agreement adhere to the Arch Capital Group Limited ("AGCL") Code of Business Conduct and have the ability to continue their professional development as described in the corporate and social responsibility section above.

The group remains committed to keeping all staff providing services under the secondment and service agreement fully informed about matters relating to the business. The executive team provides regular updates on business development, financial performance and operational changes. The group intranet is continually maintained and provides access to a library of company policies and procedures.



Business Relationships

Our strategy focuses on growth by maximising our return on equity through adherence to uniform underwriting standards, focusing on generating underwriting profit through prudent risk selection and proper pricing across the underwriting cycle. To do this, we need to develop and maintain strong relationships with our customers.

The Company has implemented a “Customer Conduct Standards Framework”, which has been developed to enforce the win-win concept of a culture aimed at supporting fair customer outcomes. Monitoring of the customer conduct standards is steered by the Conduct Risk Taskforce and any pertinent issues are passed to the Product Group and escalated to the Risk Committee and to the Board as appropriate.

By adhering to the Customer Conduct Standards Framework the Company has created a strong brand in the market, leading to a continuous stream of new business being generated.

Community and Environment

The Company recognises the importance of managing the impact of Arch UK’s activities and takes care to maintain ethical standards and integrity in the conduct of our business. The Board is committed to implementing policies, processes and practices which seek to prevent any of the following, identify if they have occurred and that appropriate remedial or mitigating steps are taken:

- unlawful activity or breaches in applicable financial crime legislation, notably those relating to sanctions, anti-bribery and corruption, fraud or anti-money laundering; and
- breaches in applicable legislation and regulation relating to the collation, use and protection of personal data.

Standards of Business Conduct

To ensure the Company maintains a high standard of business conduct, the Code of Business Conduct is set by ACGI with Arch UK providing annual training courses to all staff providing services to the Company under the secondment and service agreement.

In addition the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services to the Company under the secondment and service agreement are and continue to be competent, capable and of good repute.

The Board is responsible for overseeing the assessment of fitness and propriety of all management personnel in conjunction with leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm’s governing body. The assessment of these matters is facilitated by the Human Resources and Compliance Functions and considered by the Nominations Committee of the Board in conjunction with Non Executive Director performance and the appropriate balance of experience and skill sets in the Board as a whole.

Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, our parent Arch Reinsurance Ltd., as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

To achieve effective communication with our shareholder, we have quarterly review meetings in place, where the Company’s quarterly performance is discussed in detail. Any decisions materially impacting the ultimate parent company’s financial results are discussed with our shareholder and ultimate parent prior to execution.

Arch Europe Insurance Services Ltd

Section 172 Disclosure

Directors' Duties

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:

Decision Making

The Company's ultimate mission is to generate a positive contribution to the growth in the Tangible Book Value of our ultimate parent company. It does so by supporting the underwriting entities of the Group by providing staffing and facility services. The Directors support the CEO in this mission by considering any growth opportunities, process efficiencies and changes in the Company's strategic direction carefully against the Company's risk appetite. Any risks associated with achieving the Company's mission are mitigated through the risk management strategy set out in the "Principal Risks and Uncertainties" section below.

Employees

The Company provides staffing services to AIUK and AUAL and is therefore responsible for ensuring that all staff adhere to the Arch Capital Group Limited ("AGCL") Code of Business Conduct and have the ability to continue their professional development as described in the corporate and social responsibility section above.

The group remains committed to keeping all staff fully informed about matters relating to the business. The executive team provides regular updates on business development, financial performance and operational changes. The group intranet is continually maintained and provides access to a library of company policies and procedures.

Business Relationships

The Company's principle activity is to provide services in the form of staff and facilities to AIUK and AUAL, who form the Company's customers. Whilst the customers are internal to the Arch Group, the Company still adheres to the "Customer Conduct Standards Framework", which has been developed to enforce the win-win concept of a culture aimed at supporting fair customer outcomes. Monitoring of the customer conduct standards is steered by the Conduct Risk Taskforce and any pertinent issues are passed to the Product Group and escalated to the Risk Committee and to the Board as appropriate.

The Company has built good working relationships with its suppliers, the majority of which are long-standing. All new suppliers are required to go through a due diligence process before any transactions occur.

Relationships with service providers, to which processes have been outsourced, are governed by the Company's Outsourcing Policy. Prior to entering into any third party business relationships, a detailed due diligence process is undertaken to ensure that the services provided comply with the Company's existing business strategy and overall risk profile. Ongoing management of these relationships is based on monitoring



and reporting guidelines as set out in the Company's Outsourcing Policy, as well as on open conversations with the service providers. By following the Outsourcing Policy, the Company ensures that robust relationships are built with its service providers, which contribute to the overall strategy and risk profile.

Community and Environment

Over the year, there has been continued focus on the impact of the company's operations on the community and the environment. Environmental, Social and Governance (ESG) has entered the mainstream in recent years as stakeholders evaluate organisations not only to gauge their money-making ability, but also their commitment to making positive change in the world.

Arch has always put value in making a difference in the communities where we live and work, and there is an ever-growing importance of ESG initiatives. Marcy Rathman was named as ACGL Chief ESG Officer in July 2019, with responsibility for coordinating and managing the oversight of our growing ESG program, which has included the creation of an ESG Steering Committee.

The ESG program will continue to develop over the future and look at a number of areas including social issues and climate change. The Board of Directors will review the output and recommendations of the ESG and will oversee the implementation of any resulting action at the local level. In addition, Stav Tsielepis, All Chief Risk Officer, was nominated in October 2019 as being responsible for identification and management of financial risks arising from climate change, and a plan has been agreed to continue to monitor this going forwards.

Standards of Business Conduct

To ensure the Company maintains a high standard of business conduct, the Directors of the Company have reviewed and adopted the Code of Business Conduct as set by ACGL. To ensure staff act in accordance with the Code of Business Conduct, Arch UK provides regular training courses to staff.

In addition the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services to the Company under the secondment and service agreement are and continue to be competent, capable and of good repute.

The Company Chairman is responsible for overseeing the assessment of fitness and propriety of all Non-Executive Directors in conjunction with leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body. The assessment of these matters is facilitated by the Human Resources and Compliance Functions and considered by the Nominations Committee of the Board in conjunction with Non-Executive Director performance and the appropriate balance of experience and skill sets in the Board as a whole.

The Company's Risk Management and Compliance Framework has been designed to meet its business management and regulatory obligations. Management has formulated relevant risk policies for the Company's key risks and these support the risk philosophy and corresponding controls.

The Board has delegated the responsibility relating to controls to the Arch UK Risk Committee. This committee is responsible for assessing all risks facing the Company and for installing appropriate controls to manage and or mitigate each risk. The Risk Committee assesses the level of each risk classification and identifies where additional controls or changes to the systems, processes and or controls may be required. Qualitative and quantitative risk assessments are performed, both before and after allowance for existing controls.

Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, our parent Arch Insurance (UK) Limited, as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.



To achieve effective communication with our shareholder, we have quarterly review meetings in place, where the Company's quarterly performance is discussed in detail. These meetings are led by the CFO and attended by the management of our shareholder.

Any decisions materially impacting the ultimate parent company's financial results are discussed with our shareholder and ultimate parent prior to execution.

Barbican Holdings (UK) Limited

Section 172 Disclosure

Directors' Duties

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:

Decision Making

The Company's ultimate mission is to provide services to Barbican entities. The Directors support the CEO in this mission by considering any new services provided and changes in the Company's strategic direction.

Employees

The Company has direct employees. Our people are our most valuable asset. They make a critical difference to our success, and our investment in them protects and strengthens our culture. We want to take care of their interests by providing the correct level of training and professional development; health and safety and fair pay. We engage employees through a number of ways such as the intranet; staff emails, newsletter style updates; whistleblowing services; well-being forums and rewarding teams.

Business Relationships

Our customers are internal facing and are central to our Company. We provide services to various business entities and providing functional level management information. We deliver the service they need by dealing with them in a transparent and responsive manner, our customers trust us to deliver services of value to them. We engage our customers by meeting with business heads and discussing their requirements and then executing those. We regularly ask for feedback and when needed to improve we incorporate where possible.

Community and Environment

There has been continued focus on the impact of the company's operations on the community and the environment. Environmental, Social and Governance (ESG) has entered the mainstream in recent years as stakeholders evaluate organisations not only to gauge their money-making ability, but also their commitment to making positive change in the world. The Company has always put value in making a difference in the communities where we live and work, and there is an ever-growing importance of ESG initiatives.

Standards of Business Conduct

To ensure the Company maintains a high standard of business conduct, the Directors of the Company have reviewed and adopted the Code of Business Conduct. To ensure staff act in accordance with the Code of Business Conduct, the Company provides regular training courses. In addition, the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services continue to be competent, capable and of good repute.

The Company Chairman is responsible for overseeing the assessment of fitness and propriety of all Non-Executive Directors in conjunction with leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body. The assessment of these matters is facilitated by the Human Resources and Compliance Functions and considered by the Nominations Committee of the Board in conjunction with Non-Executive Director performance and the appropriate balance of experience and skill sets in the Board as a whole.

The Board has delegated the responsibility relating to controls to the Risk Committee. This committee is responsible for assessing all risks facing the Company and for installing appropriate controls to manage and or mitigate each risk. The Risk Committee assesses the level of each risk classification and identifies where additional controls or changes to the systems, processes and or controls may be required.

Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, our immediate parent Barbican Reinsurance Company Limited, as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered. To achieve effective communication with our shareholder, we have quarterly review meetings in place, where the Company's quarterly performance is discussed in detail.

Barbican Corporate Member Limited

Section 172 Disclosure

Directors' Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:



Decision Making

The Company's ultimate mission is to generate a positive contribution to the growth in the Tangible Book Value of our ultimate parent company. The Directors support the CEO in this mission by considering any growth opportunities, changes in the business written and changes in the Company's strategic direction carefully against the Company's risk appetite and mitigate any associated risks through the risk management strategy set out in the "risk management strategy and risk appetite" section below.

In addition, details on our principal risks and uncertainties, and how the Company's risk environment is managed are set out on page 9 of the Strategic Report.

Employees

The Company does not have any direct employees. All staff are employed by Barbican Holdings (UK) Limited ("BHUK"), the immediate parent company of the Company, which recharges staff costs to entities in the Group on a time apportionment basis.

Regardless, the Company is committed to ensuring that all staff providing services to the Company adhere to the Code of Business Conduct and have the ability to continue their professional development. The Company is committed to providing equal opportunities to potential and actual staff, in all aspects of the services provided. Our policies are not unfairly discriminatory on any grounds relating to selection, training, career development or any other employment matters.

Our success depends upon having highly capable people who fit well with the Company's culture of performance, accountability, teamwork and ethical conduct. Staff providing services to the Company are encouraged to continue professional education and each individual is encouraged to execute a personal development plan with their managers.

The group remains committed to keeping all staff providing services under the secondment and service agreement fully informed about matters relating to the business. The executive team provides regular updates on business development, financial performance and operational changes. The group intranet is continually maintained and provides access to a library of company policies and procedures.

Business Relationships

Our strategy focuses on growth by maximising our return on equity through adherence to uniform underwriting standards, focusing on generating underwriting profit through prudent risk selection and proper pricing across the underwriting cycle. To do this, we need to develop and maintain strong relationships with our brokers, assureds, coverholders claims management service providers and reinsurers.

By developing and maintaining strong relationships across our networks, the Company has created a strong brand in the market, leading not only to a continuous stream of new business being generated but also to strong relationships with our reinsurance counterparties.

Relationships with coverholders and claims management service providers are monitored strictly. Prior to entering into any third party business relationships, a detailed due diligence process is undertaken to ensure that the services provided comply with the Company's existing business strategy and overall risk profile. Ongoing management of these relationships is based on monitoring and reporting guidelines well as on open conversations with the service providers.

By following the Outsourcing Policy, the Company ensures that robust relationships are built with its service providers, which contribute to the overall strategy and risk profile.

Community and Environment

Over the year, there has been continued focus on the impact of the company's operations on the community and the environment. Environmental, Social and Governance (ESG) has entered the mainstream in recent



years as stakeholders evaluate organisations not only to gauge their money-making ability, but also their commitment to making positive change in the world.

As the entity has become part of the AGCL group, it has become part of Arch's initiatives aimed at putting value in making a difference in the communities where we live and work, and there is an ever-growing importance of ESG initiatives. Marcy Rathman was named as ACGL Chief ESG Officer in July 2019, with responsibility Steering Committee.

The ESG program will continue to develop over the future and look at a number of areas including social issues and climate change. The Board of Directors will review the output and recommendations of the ESG and will oversee the implementation of any resulting action at the local level.

Standards of Business Conduct

To ensure the Company maintains a high standard of business conduct, the Directors of the Company have reviewed and adopted the Code of Business Conduct as set by the Group. To ensure staff act in accordance with the Code of Business Conduct, the Company provides regular training courses to staff providing services to the Company.

In addition the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services to the Company are and continue to be competent, capable and of good repute.

Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

To achieve effective communication with our shareholder, we have quarterly review meetings in place, where the Company's quarterly performance is discussed in detail. These meetings are led by the CFO and attended by the management of our shareholder.

Any decisions materially impacting the ultimate parent company's financial results are discussed with our shareholder and ultimate parent prior to execution.

Castel Underwriting Agencies Limited

Section 172 Disclosure

Directors' Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'



The following paragraphs summarise how the Directors have fulfilled their duties as detailed in section 172 of the UK Companies Act 2006:

Decision making

The Company's ultimate mission is to act as a coverholder for insurance capacity providers, whilst contemporaneously providing a platform for entrepreneurial underwriters. The Directors support the CEO in this mission by considering any new opportunities and changes in the Company's strategic direction.

Employees

The Company has direct employees. Our people are our most valuable asset. They make a critical difference to our success, and our investment in them protects and strengthens our culture. We want to take care of their interests by providing the correct level of training and professional development; health and safety and fair pay. We engage employees through a number of ways such as the team briefings; staff emails; whistleblowing services and rewarding teams.

Business relationships

Our customers are both internal and external facing and are central to our Company. We provide underwriting services to various insurers as well as operational services to our subsidiary companies and LLPs. We engage our stakeholders by meeting with business heads and discussing their requirements and then executing those. We regularly ask for feedback and when needed to improve we incorporate where possible.

Community and environment

There has been continued focus on the impact of the company's operations on the community and the environment. Environmental, Social and Governance (ESG) has entered the mainstream in recent years as stakeholders evaluate organisations not only to gauge their money-making ability, but also their commitment to making positive change in the world. The Company has always put value in making a difference in the communities where we live and work, and there is an ever-growing importance of ESG initiatives.

Standards of business conduct

To ensure the Company maintains a high standard of business conduct, the Directors of the Company have reviewed and adopted the Code of Business Conduct. To ensure staff act in accordance with the Code of Business Conduct, the Company provides regular training courses. In addition, the Company annually reviews and reissues internal whistleblowing and fit and proper policies, which ensure that all staff providing services continue to be competent, capable and of good repute.

The Company Chairman is responsible for overseeing the assessment of fitness and propriety of all Non-Executive Directors in conjunction with leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body. The assessment of these matters is facilitated by the Human Resources and Compliance Functions and considered by the Remuneration Committee of the Board and the appropriate balance of experience and skill sets in the Board as a whole.

The Board has delegated the responsibility relating to controls to the Risk, Audit and Compliance Committee. This committee is responsible for assessing all risks facing the Company and for installing appropriate controls to manage and or mitigate each risk. The Risk, Audit and Compliance Committee assesses the level of each risk classification and identifies where additional controls or changes to the systems, processes and or controls may be required.



Engaging with our Shareholder

The Board is committed to openly engaging with our shareholder, our immediate majority parent Barbican Holdings (UK) Limited, as we recognise the importance of a continuing effective dialogue. It is important to us that the shareholder understands our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised properly considered. To achieve effective communication with our shareholder, we have quarterly board meetings in place, where the Company's quarterly performance is discussed in detail.