

## IMPORTANT LEGAL INFORMATION

Arch Insurance Canada Ltd. (Arch Insurance Canada, or the Company) is a Canadian insurance company and a wholly owned subsidiary of Arch Capital Group Ltd. (ACGL). ACGL (together with its subsidiaries, Arch or ACGL) is a publicly listed Bermuda exempted company with approximately \$26.9 billion in capital at Dec. 31, 2025, and is part of the S&P 500 index. Arch provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly-owned subsidiaries. While ACGL is positioned to provide a full range of property, casualty and mortgage insurance and reinsurance lines, Arch focuses on writing specialty lines of insurance and reinsurance. In addition to providing comprehensive disclosure on ACGL's website regarding its approach to value creation, which integrates sustainability topics, we provide the following disclosures aligned with the Office of the Superintendent of Financial Institutions Canada (OSFI) Guideline B-15, *Climate Risk Management* (March 2023) (Guideline 15). The inclusion of information contained in this report should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to Arch, please see our 2025 Form 10-K for the fiscal year ended Dec. 31, 2025, filed with the Securities and Exchange Commission (SEC) on Feb. 26, 2026 (2025 Annual Report). Moreover, Arch Insurance Canada's approach to disclosures in this report may differ from the approach to disclosures in other reports, including regulatory filings with the SEC and disclosures made under other regulatory frameworks. This report may use certain terms, including those that this report or others may refer to as "material," to reflect the issues or priorities of ACGL, its subsidiaries including Arch Insurance Canada and its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities, or other laws or as used in the context of financial statements and reporting. This report is intended to present information from a different perspective and, in some cases, in more detail than may be required in other ACGL reports, including filings with the SEC or other regulatory disclosures. This report may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA) which reflect our current views with respect to future events, risks and uncertainties. All statements other than statements of historical fact included, or incorporated by reference, in this report are forward-looking statements. Forward-looking statements, for purposes of the PSLRA or otherwise, can generally be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" and similar statements of a future or forward-looking nature or their negative or variations or similar terminology. Actual events and results may differ materially from those expressed or implied in these statements. Important factors that could cause actual events or results to differ materially from those indicated in such statements include, among other things, our ability to meet our sustainability goals and targets such as our greenhouse gas reduction targets and those other factors discussed in Item 1A, pages 46-64 of our 2025 Annual Report, and our quarterly reports on Form 10-Q filed with the SEC.

These forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. This report may contain links to, or information from, other internet sites. Such links and information are not endorsements of any products or services in such sites, and no information in such sites has been endorsed or approved by ACGL.

## OVERVIEW

Arch Insurance Canada offers specialty property and casualty insurance products to insureds across Canada.

Our approach to property and casualty underwriting integrates a comprehensive assessment of risks to provide solutions that protect our clients, employees, assets, property and business. Our risk management process monitors and manages climate risk and catastrophic events and is applied across our underwriting operations.

Canada is particularly exposed to the physical impacts of climate change, including increased frequency and severity of wildfires, flooding, severe convective and winter storms. Climate change presents potentially far-reaching implications for our business, our Canadian clients and the broader economy. We are committed to improving our understanding of the short-, medium- and long-term implications of climate change and providing products and services that appropriately address evolving climate-related risks and opportunities.

We continue to focus on improving our energy efficiency and reducing our operational carbon footprint, in alignment with ACGL's commitment to reduce absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions by at least 42% by 2030 (from the 2020 base year) and achieve net zero operations by the same year by purchasing carbon removal offsets for our remaining Scope 1 and Scope 2 emissions<sup>1</sup>.

This report, in conjunction with the climate-related disclosures in ACGL's 2025 Sustainability Accounting Standards Board Report and 2025 Sustainability Report (together, the Sustainability Reports), discuss our approach to managing the risks and opportunities associated with a changing climate. View ACGL's Sustainability Reports [here](#).

This report is developed in part to meet the requirements outlined by OSFI in Guideline B-15. Arch Re Canada's climate risk management aligns with ACGL's approach as outlined in ACGL's [2025 Task Force on Climate-Related Financial Disclosures](#).

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<sup>1</sup> Note that our definition of operational net zero does not include Scope 3 greenhouse gas emissions as defined in the GHG Protocol. The term "operational net zero" does not carry the same meaning as "net zero emissions" as defined in the Science Based Targets initiative (SBTi) Glossary or any other framework, methodology, or other applicable publication. Additionally, our global goal is not a "net zero science-based target" as defined by the SBTi Glossary and is not aligned with the SBTi Corporate Net Zero Standard.

## ARCH INSURANCE CANADA’S CLIMATE RISK MANAGEMENT FRAMEWORK

Arch Insurance Canada has adopted a climate risk management approach consistent with the enterprise-wide framework established by ACGL, as described in ACGL’s [2025 Task Force on Climate-Related Financial Disclosures](#).

A description of the following elements of Arch’s climate risk management approach can be found on the indicated page in the ACGL’s [2025 Task Force on Climate-Related Financial Disclosures](#)

Section	Climate-related financial disclosure topics	2025 ACGL TCFD Report
<b>Governance</b>	Board / Steering Committee	Pg.3R- Approach Pg.4- Lines of Defense Pg.5L- Sustainability Oversight
	Management Oversight	Pg.5L- Sustainability Oversight Pg.5R- Risk Identification and Assessment Pg.5R- Risk Monitoring, Control and Reporting Pg.5R- Sustainability Investment Governance
<b>Strategy</b>	Strategic Planning	Pg.6L- II. Strategy
	Identified Risks	Pg.7- Identified Climate Related Business Risks
	Identified Opportunities	Pg.8- Identified Climate Opportunities for Our underwriting and Services Pg.9L- Climate Opportunities for Our Investing
	Time Horizons	Pg.7- Identified Climate Related Business Risks Pg.8- Identified Climate Opportunities for Our underwriting and Services
	Business Model and Value Chain	Pg.8- Identified Climate Opportunities for Our underwriting and Services
	Strategic and Decision Making	Pg.8- Identified Climate Opportunities for Our underwriting and Services
	Financial Position, Financial Performance, and Cash Flows	Pg.9L- Climate Opportunities for Our Investing
<b>Risk Management</b>	Climate Related Processes and Policies	Pg.9R- III. Risk Management
	Scenario Analysis	Pg.10L- Underwriting Resilience under Different Scenarios Pg.10R- Investments
	Integration into Overall Risk Management	Pg.9R- III. Risk Management
<b>Metrics and Targets</b>	Metrics	Pg.10L- Underwriting Resilience under Different Scenarios Pg.10R- Investments Pg.11L- Making Responsible Investments
	Setting Targets	Pg.12- Improving Efficiency and setting targets for GHG Reduction
	Reviewing and Monitoring Targets	Pg.11L- Environmentally Efficient Operations Pg.11L- Greenhouse Gas Emissions and Methodology Pg.11R- 2025 highlights of our emissions data

## ADDITIONAL CANADA-SPECIFIC CONSIDERATIONS

In addition to the climate risk-management approach adopted by the Company and outlined in the ACGL TCFD Report, Arch Insurance Canada has also adopted the following Canada-specific risk management approaches to governance, strategy, risk management, and metrics and targets.

## GOVERNANCE

### *Board of Directors*

The Board of Directors of Arch Insurance Canada oversees and monitors the enterprise risk function to support the Company's long-term financial strategies and objectives.

### *Senior Management*

The Chief Risk Officer (CRO) meets with the Board of Directors four times a year to provide updates on Arch Insurance Canada's enterprise risk management, including with respect to climate-related risks (Climate risk). In addition, members of the Board of Directors, together with Arch Insurance Canada's management team, have received climate risk-related training.

## STRATEGY

Arch Insurance Canada integrates the implications of physical climate risk in its business model. Perils affected by climate risk are captured within catastrophe risk and managed through the Company's underwriting risk framework. Arch Insurance Canada's exposure to transition risk is limited, particularly since the majority of its investment portfolio is composed of government bonds.

The physical impacts of climate change may result in increased frequency and intensity of weather patterns, severe weather and natural catastrophic events. Whilst these developments broaden the scope of underwriting risk, Arch Insurance Canada continues to provide tailored solutions to address the evolving needs of our clients.

## RISK MANAGEMENT

The Risk Register and the Own Risk and Solvency Assessment (ORSA) process are key elements of Arch Insurance Canada's risk management framework. Arch Insurance Canada's Risk Register includes an inventory of key risks facing the Company and associated controls and/or mitigations. The ORSA process contemplates all risks facing the Company as articulated in the Risk Register and is designed to assist the Board of Directors and management in understanding and managing the Company's key risks. Material changes in the underlying risks, such as changes in business mix, reinsurance strategy and investment strategy, are evaluated for potential impact on the Company's capital requirements. This process ensures material risks are included in the Risk Register and ORSA

report and feed into the analysis of capital requirements, sometimes triggering further investigation through stress testing.

Although climate risk has historically been embedded within other risks in Arch Insurance Canada’s Risk Register and ORSA process, Arch Insurance Canada is currently focused on identifying climate risk components in our risk universe and articulating these more specifically in our Risk Register and ORSA, in each case in collaboration with ACGL’s sustainability and risk management teams.

At its quarterly meetings, the Board of Directors reviews the enterprise risk management functions that underpin the Company’s development of its annual ORSA process. Annually, the CRO presents a formal ORSA report to the Board of Directors outlining the ORSA process, underlying principles, methodologies, key assumptions and sensitivity information, and overall results relative to the Company’s risk appetite, strategic and operational plans, and capital management framework. The ORSA report supports the Board and management in assessing the appropriateness of the ORSA process, including the overall results and the quality and composition of the Company’s capital, and confirming the Company’s internal and operating capital targets.

## METRICS & TARGETS

Arch Insurance Canada is aligned with ACGL’s strategy and goals in the management of its GHG emissions metrics and targets. The Company’s specific Scope 1 and Scope 2 GHG emissions are shown below

Arch Insurance Canada Ltd. 2025 GHG Inventory Results		2025 Emissions (metric tonnes CO <sub>2</sub> e) – using Comprehensive Environmental Data Archive (CEDA)
<b>Scope 1</b>	Natural Gas	-
	Diesel and Other Fuels	-
	Owned Aircraft Fuel and Fleet Vehicles	-
	Refrigerant Leakages	4
<b>Total Scope 1 Emissions</b>		<b>4</b>
<b>Scope 2</b>	Electricity	9
	Diesel	-
	District Heat and Energy Use	-
	Steam	20
	Chilled Water	23
<b>Total Scope 2 Emissions (Market based)</b>		<b>52</b>
<b>Total Scope 1+2 Emissions (Market based)</b>		<b>56</b>