



## Introduction

This statement is made jointly by Arch Financial Holdings Australia Pty Ltd ABN 18 605 164 627, Arch LMI Pty Ltd, ABN 60 601 356 174 and Arch Lenders Mortgage Indemnity Limited ABN 60 074 042 934. This is our first Modern Slavery Statement for the financial year 1 January 2021 - 31 December 2021.

## Our Corporate Structure and Operations:

Arch Financial Holdings Australia Pty Ltd (“AFHA”) is an Australian Prudential Regulation Authority (“APRA”) regulated non-operating holding company with two subsidiaries, Arch LMI Pty Ltd and Arch Lenders Mortgage Indemnity Limited. Both subsidiaries are APRA authorised providers of wholesale Lenders Mortgage Insurance within Australia. We leverage the expertise of our parent company to develop and deliver products that are tailored to meet our customer’s need.

Arch Financial Holdings Australia Pty Ltd is a wholly owned subsidiary of Arch Capital Group Limited (ACGL), a publicly listed Bermuda exempted company that writes insurance, reinsurance and mortgage insurance on a worldwide basis.

During the financial year 1 January 2021 - 31 December 2021, our principal business activity was the provision of Lenders Mortgage Insurance solely to Westpac Banking Corporation. As an insurance provider, our suppliers are generally limited to other professional service providers, software vendors and suppliers of IT hardware and office supplies. We do not operate as a producer or retailer of physical goods and have no supply chains relating to such activities.

## Our Culture and Values

AFHA and its subsidiaries are committed to integrity in the conduct of our business in a way that is legally, ethically, and supports diversity and equal opportunity. We are guided by our parent company, ACGL, the principles expressed in the UN Universal Declaration of Human Rights, and we respect all internationally recognized human rights standards and modern slavery legislation.

## Our Policies

We have established the following policies to foster good business practice and behaviour, and mitigate the risk of Modern Slavery occurring within our business or suppliers:

- Arch Capital Group Code of Business Conduct
- Arch Capital Group Human Rights Policy
- Arch Capital Group Supplier Code of Conduct
- Arch LMI Outsourcing Policy
- Arch LMI Whistleblower Policy

We review our policies annually and conduct assessments regularly to ensure incidents / issues related to Modern Slavery or Human Rights if any are identified are addressed as soon as possible. We use ACG's Environmental Social and Governance (ESG) program which focuses on five main pillars; Our People, Our Operations, Our Business, Our Responsible Investing and Our Commitment to Communities, to communicate with our employee, customers, investors and communities.

## Our Actions

Risks	Actions
<b>As a financial Service Provider</b>	
As the provider of wholesale lender's mortgage insurance to Banks and non-Bank Lenders, the risk that our customers' activities that may involve modern slavery is considered relatively remote	We assess our customers corporate values and governance processes before entering into new arrangements. We rely on lenders conducting appropriate due diligence and risk assessments on their customers and will seek ongoing assurances from our customers that these processes are in place and operating effectively.
<b>As a purchaser of goods and services</b>	
There may be risk that the goods and services that we purchase have been created or provided with the use of modern slavery (Arch LMI and ALMI)	<p>We have an Outsourcing Policy in ensuring that due diligence is conducted before we select a service provider and monitor ongoing performance.</p> <p>We reserve the right to assess, audit, and investigate each supplier's processes to ensure they are in line with our Supplier Code of Conduct. Suppliers must be able to provide timely and accurate proof of compliance with the Code on our request.</p>
<b>As an employer</b>	
There is a risk that members within our workforce are involved in, or have been subject to, forced marriage, debt bondage or other modern slavery practices. (Arch LMI).	<p>The Company undertakes Due Diligence checks on new employees prior to them commencing their position. In addition, each employee must undertake mandatory Code of Conduct Training.</p> <p>For employees in need, Arch Capital Group provides a number of support mechanisms including a confidential Employee Assistance Program. This service is available 24/7 and provides confidential counselling to all employees</p>
<b>As an investor</b>	
There may be a risk that the businesses we invest in use, are involved in or benefit from modern slavery. (The level 2 Group).	Our Market and Investment Risk Policy requires us to provide oversight and monitoring of our investment portfolio. The AFHA's Investment Management Agreement with Arch Investment Management Pty. Ltd requires suitable due diligence and oversight in accordance with the Outsourcing Policy and Market and Investment Risk Policy.
<b>As a supporter of the Community.</b>	
There may be a risk that the charities and/or that we support are involved in or benefit from modern slavery. (All entities)	Arch Group provides training and has a Community Giving Policy only allows matching donations to tax exempt entities.

## Consultation

AFHA has consulted with both its subsidiaries in establishing this Modern Slavery Statement. Each entity has endorsed this statement and AFHA has a centralised Risk and Compliance Function to ensure proper identification, assessment and management of modern slavery risk are consistently practiced in all entities.

## Continuous Improvement

Our core value is to continually pursue innovation and improvement. We believe that every product or process can be improved and always strive for improvement. We seek new ideas sparked by a diverse workforce and challenge ourselves and each other in a thoughtful, respectful manner. We commit to continually and proactively:

- a. Identify, assess and address modern slavery risk.
- b. Conduct regular training of our existing employee / new hire in fostering high standards of business practice
- c. Conduct due diligence and risk assessment of our supply chain
- d. Review and assess on-going effectiveness of our risk management practice in modern slavery risk and improve.
- e. Engage and collaborate with our stakeholders both internally and externally in preserving an appropriate and effective risk and compliance management practice in modern slavery.

## Other information

During the Financial Year ended 31 December 2021, we did not have instances of exploitative practices that contravene Human Right Standards or Modern Slavery legislation in our business.

## Approval of This Statement

This statement was approved by the Board of Arch Financial Holdings Australia Pty Ltd (“AFHA”) and the Boards of its subsidiaries.



**Stephen Curley – Chairman**

Date: 27 June 2022



**Damian Smith – Chief Executive Officer**

Date: 23 June 2022