



Arch LMI Whistleblower Policy

Issue Date October 2019

Purpose

Arch LMI (the “Company”) seeks to conduct its business honestly and with integrity at all times. This Policy is intended to promote accountability regarding the assets and resources of the Company by allowing employees and others to safely report serious concerns and information that may constitute a violation. The Company encourages all individuals who identify or suspect misconduct or an improper state of affairs to speak up and report their concerns. The Company will seek to protect such individuals from adverse consequences.

The purpose of the Arch LMI Whistleblower Policy (the “Policy”) is to define the whistleblower program at Arch LMI while addressing the requirements of the enhanced whistleblowing protection laws by the Australian parliament, the *Corporations Act 2001 (Cth)* and the *Taxation Administration Act 1953 (Cth)* (together, the “Whistleblower Laws”). The Whistleblower Laws provide whistleblower protection to a broader scope of individuals, allows for anonymous disclosures, enables protection of the identity of whistleblowers, broadens the scope of persons eligible to receive a whistleblower disclosure, and improves access to compensation or other remedies as a result of victimization following a whistleblower disclosure.

Employees of the Company must also comply with the Arch Capital Group Ltd. Code of Business Conduct (the “Code”). The Company is part of the Arch Group, and the Code contains information and requirements that are expected of employees for reporting concerns or violations to the Arch Compliance Hotline or to their local Compliance Officer. All employees are required to review and attest to the Code at the time of hire and annually thereafter.

Scope

This policy applies to the following individuals (“Eligible Whistleblowers”) who may be subject to protection under the Whistleblower Laws:

- current or former officers or employees of the Company;
- current or former suppliers, or employees of suppliers to the Company;
- current or former associates of the Company (including the directors and secretary of the Company, and those of related bodies corporate); and
- a relative or dependent of any of the above, or an individual’s spouse, or a dependent of an individual’s spouse,

Requirements

The Company encourages you to report any concerns that you have about any misconduct, anything that gives rise to an improper state of affairs (including tax affairs), anything that you think may be illegal or otherwise unethical and any breach of the Arch Code of Business Conduct or conduct that falls short of our standards.

While the Company will do its best to protect all individuals who report concerns of this kind, a whistleblower’s disclosure may qualify for specific protections under the Whistleblower Laws if there are reasonable grounds to suspect that the reported concern relates to:

- violations of law, including securities laws or federal laws related to fraud against the company’s shareholders;
- violations of any corporate policy or statutory requirements concerning corporate governance;

- improper accounting entries, violations of internal accounting controls or improper auditing matters;
- any other suspected wrongdoing, which the reporting party has a good faith¹ belief could cause harm to the business or reputation of the company.
- any attempt to conceal a potential violation or evidence of same; or
- any retaliation for any report, complaint, allegation or other notice made according to this Policy.

Accessibility of this Policy

This Policy will be distributed and communicated annually to all Company employees and at the onset of employment for new employees. Additionally, a copy of the Policy will be made available in the Arch corporate internet site under the Mortgage Segment tab.

Filing a Report and Corporate Response

Concerns, including those related to the Company's tax affairs, can be reported in person, by phone, by email or to otherwise in writing to any of the following:

- Arch Compliance Helpline 813-774-5028 (independent third party confidential service)
- Arch LMI Pty Ltd Compliance Officer:
Joseph Valenti
61-421-307-259
jvalenti@archlmi.com
Arch LMI Pty Ltd
Level 11, 175 Pitt Street
Sydney NSW 2000, Australia

If the report is being made by email or in writing, to help the Company identify and handle the report efficiently and effectively, it is recommended that the individual making the report identify him or herself with the word "Whistleblower report" and mark it as Confidential. However, failing to mark the report in this way will not stop it from qualifying for protection under the Whistleblower Laws.

Whistleblowers may also raise concerns with other "Eligible Recipients" of the Company, as defined in the *Corporations Act 2001* (Cth) and receive the protections offered under the Act, if eligible. Further Information related to "Eligible Recipients" and the protections offered under the Act is available on the Australian Securities and Investment Commission website. The company will also provide training to employee's regarding their rights and Whistleblowers and obligations as "Eligible Recipients."

In certain circumstances, a whistleblower report will also be protected if it is made to a journalist or a member of Parliament. The limited circumstances are where the matter being reported qualifies as an emergency disclosure and disclosure would be in the public's interest (for example, because of some imminent harm or danger to the financial system).

¹ "Good faith" means the reporting party has a reasonably held belief that the information reported is true and the report has not been made for personal gain or any other ulterior motive.

Confidentiality and Anonymity

The identity and any other information which could identify an individual and the details of the whistleblower report will be handled confidentially. The Company will not disclose the identity of the whistleblower to any person unless:

- the whistleblower provides consent;
- the concern is reported to an authority (e.g., ASIC, APRA or the Australian Federal Police); or
- the concern is raised with a lawyer for the purpose of obtaining legal advice or representation.

At the time that a whistleblower makes a report, the Company will discuss with the individual whether s/he gives consent to his/her identity being disclosed and, if so, how and to whom the Company may wish to disclose it. This is because, in some cases, the Company may be better able to support the whistleblower and/or investigate the matter if consent is given to disclosing the whistleblower's identity.

When investigating a report, the Company may need to disclose information other than the whistleblower's identity that could lead to the identification of the whistleblower to persons who are assisting with the investigation because it is necessary for the purpose of the investigation. The Company will take all reasonable steps to minimize the risk that the whistleblower will be identified in these circumstances.

A whistleblower may also choose to report concerns anonymously. However, if a whistleblower makes an anonymous report, it may limit the Company's ability to investigate the report. For example, the Company may not be able to clarify essential information about the report if the Company cannot contact the whistleblower.

Whistleblower Protection (non-Retaliation)

The Company understands that making a whistleblower report is often done at the risk of personal or professional reprisal. For this reason, it is important that the Company's employees feel that they can raise their concerns safely, and without fear of reprisal or detriment.

The Company does not tolerate any form of victimisation, punishment, disciplinary or retaliatory action against people who raise concern with the Company and provide a range of protections to whistleblowers. Any employee who engages in this kind of behavior will be subject to disciplinary action.

In certain circumstances, there are also protections available to the whistleblower under the Whistleblower Laws.

Protection from victimisation – A whistleblower has protection from victimisation. Victimisation is where a person (the victimiser) causes detriment to another person with the belief or suspicion that the other person made, may have made, proposes to make, or could make a whistleblower report and that belief or suspicion is or forms part of the reasons for the victimising conduct.

Victimising conduct also includes threats (express or implied, conditional or unconditional) to cause detriment.

‘Detriment’ may come in many forms and includes (but is not limited to):

- dismissal;
- ‘injury’ in a person’s employment;
- altering a person’s employment status to their disadvantage;
- discrimination between a person and other employees;
- harassment or intimidation;
- harm or injury (including psychological harm); or
- damage to a person’s property, reputation, business or financial position.

The Company considers victimisation to be misconduct and take any behaviour of this kind seriously. If a person feels that they have been victimised because of concerns that they have raised, or if a person becomes aware that someone else has been victimised because of concerns that they have raised, a report should be made immediately to the Company’s Human Resources department.

Penalties and prosecutions – There are steep penalties and the potential for criminal prosecution for those who engage in victimising conduct.

Immunity from lawsuit – Whistleblowers cannot be subject to any civil, criminal or administrative liability for making a whistleblower report and no contractual or other remedy may be enforced or right exercised against a whistleblower on the basis of the report.

If the report is made to ASIC, APRA, or the Commissioner of Taxation (or other prescribed regulators) or is an emergency disclosure, the information contained in the report cannot be admissible in evidence against the person in criminal proceedings or in proceedings of a penalty other than proceedings concerning the falsity of the information.

Investigation of Whistleblower Reports

The Company takes whistleblower reports seriously and will do all things reasonable and necessary to investigate whistleblower reports made under this Policy.

- The Company will acknowledge receiving the report, by notifying the whistleblower that we have received the report;
- If possible, with the information provided in the whistleblower report, the Company will make enquiries about the conduct raised in a way that does not jeopardise the confidentiality of the report or lead to the whistleblower’s identification;
- The Company will conduct an investigation into the matter. Whistleblower reports will be elevated to executive management and the Board Audit Committee, although steps will be taken to preserve the confidentiality of the whistleblower;
- If it is not possible to carry out an investigation based on the information provided in the whistleblower report, to the extent possible, the Company will initiate a conversation with the whistleblower about obtaining further information;
- To the extent appropriate, the Company will report back to the whistleblower on the outcome of the investigation. However, note that it may not be possible to provide the whistleblower with all details of the investigation in some circumstances. For example, where an investigation has resulted in disciplinary action for other employees.

Ensuring Fair Treatment

Any person related to the Company may be investigated as a result of a whistleblower report. Investigations may occur without the knowledge of the people identified in the report, either to keep the identity of the person making the whistleblower report confidential or to prevent people from suffering detriment as a result of the report.

If, as a result of the investigation, the Company identifies an issue which indicates that an individual has engaged in misconduct, the Company will give the individual(s) concerned an opportunity to be heard and for the Company to ask further questions about the matter before any further steps are taken, including disciplinary action.

Annual Review

This Policy will be reviewed annually by the Arch LMI Compliance Officer. Revisions may be made to improve the effectiveness of this Policy in promoting proper report filing while reducing reporting which may lead to improper investigations.

Contact Information

Questions relating to this Policy should be addressed to the Arch LMI Compliance Officer or the Arch Global Mortgage Group Chief Compliance Officer.

Arch LMI Compliance Officer

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