

AXIS Capital Holdings Limited
Statement and Policy on Climate Risk and the Environment

AXIS Capital Holdings Limited and its global subsidiaries (“AXIS” or the “Company”) strive to maintain high standards of environmental management. The Company is also committed to adopting a long-term sustainable approach to caring for and safeguarding the environment and managing climate-related and other environmental risks.

This Statement and Policy on Climate Risk and the Environment (this “Policy”):

- sets forth a summary of AXIS’ management of climate risk and selected other environmental exposures; and
- reinforces AXIS’ goal of continuing to reduce the carbon footprint and other environmental impacts of our business operations.

In developing this Policy, AXIS has considered, among other things, its commitment to the Ten Principles of the United Nations Global Compact and the Principles for Sustainable Insurance.

Management of Climate Risk and Selected Other Environmental Exposures

Since its inception, AXIS has been offering protection against weather-related risks such as hurricanes, storms, wildfires and floods, helping businesses and individuals proactively manage their exposure to such risks, and, when the need arises, recover from their aftermath. We therefore have a long history of considering environmental risks. AXIS monitors and manages its climate risk and other environmental exposures by considering short-, medium- and long-term horizons when assessing environmental risks at both the policy (underwriting) and firm level (management of firm-level risks and capital adequacy).

AXIS monitors and manages its climate risk and other environmental exposures through the following initiatives:

NatCat Centre of Excellence and Local Modeling Teams

Through its NatCat Centre of Excellence and its local modeling teams, AXIS continues to advance research and monitor the newest science on climate change. The work of these teams ensures that AXIS remains at the cutting edge of modeling and analysis to understand the potential impact of climate change on insured weather perils across the world. In particular, the NatCat Centre of Excellence devised a set of end-of-century climate change scenarios to understand and assess the Company’s climate risk exposure. These internally developed scenarios are compared against scenarios developed in collaboration with a third-party firm to facilitate a deeper understanding of risk exposure.

AXIS Research Center and Research Activities

AXIS partners with leading researchers and students at the University of Illinois' Office of Risk Management and Insurance Research to create new natural catastrophe risk conceptualization models that leverage data analytics and computer programming. This partnership is part of AXIS' longstanding commitment to promote research and education in areas relevant to the insurance industry and provide a platform to address areas like climate risk.

In addition, AXIS partnered with AIR Worldwide and scholars from The Brookings Institution to publish climate change research that has informed our climate scenario testing. This partnership resulted in the 2021 publication of two research studies that respectively address how climate change may affect U.S. corn yields and hurricane risk in the United States by 2050, specifically related to residential and commercial properties. The research papers also included information from University of Illinois research fellows funded by AXIS.

Climate Change Working Group

The AXIS Climate Change Working Group is a cross-functional group tasked with coordinating AXIS' response to climate change by:

- assessing climate-related risks and opportunities identified across AXIS, focused on product development;
- promoting knowledge-sharing on the topic of climate change;
- leading research into climate change and providing information to enterprise management and other senior decision makers involved with CAT and underwriting decisions;
- considering emerging risks associated with climate change and liaising with other internal working groups and committees for their consideration of these risks in, among other areas, of, product development and risk management and
- recommending model evaluations motivated by possible climate change impacts.

The climate change working group coordinates with other internal working groups concerning climate-related risks. These include, for example, (1) the environmental group which focuses on environmental policy and (2) our emerging risk working group, which facilitates and coordinates the identification and management of emerging risks .

Underwriting and Investment in Thermal Coal, Oil Sands and the Arctic National Wildlife Refuge

AXIS adopted a [fossil fuels policy](#) that limits the provision of insurance and facultative reinsurance to, or investment in, thermal coal, oil sands or oil and gas in the Arctic National Wildlife Refuge or the companies that build, own or operate such enterprises. The policy aims to encourage environmentally responsible business practices among AXIS' current and prospective insureds by, among other things, encouraging them to commit to transition plans away from carbon-intensive industries, and is part of AXIS' broader strategy to invest in growth areas such as renewable energy insurance.

Enterprise Risk Management

AXIS' Enterprise Risk Management ("ERM") function performs scenario analysis to understand how AXIS' insurance and reinsurance portfolios could be impacted in the short, medium and long term by physical, transition and liability risks related to climate change. Climate change scenarios are also incorporated into AXIS' own risk and solvency assessment process, which feeds into longer term impact assessments on capital and solvency. In addition, ERM supports and reports on the work of the NatCat Centre of Excellence as it seeks to enhance our accumulation approach for non-modelled perils that may be impacted by climate change.

ERM also monitors climate risk through metrics such as probable maximum loss relating to weather-related natural catastrophes for key climate change impacted perils and regions and the total amount of monetary losses each year attributable to insurance payouts from natural catastrophes. These results are analysed to support our annual business plans.

Underwriting Process

At the policy level, environmental risks, along with other relevant perils, are taken into account in pricing, coverage limitations and policy duration. Our catastrophe models inform our underwriting decisions, pricing and policy terms and reinsurance decisions. The underwriting process, along with the environmental risk assessments performed, is specific to the risks to be insured. Our underwriting process factors in natural catastrophe exposure, along with any other relevant risks. If the drivers of a risk change, we may update pricing, add contract endorsements or include exclusions to reflect the updated risk. Return on capital is a key metric incorporated into our underwriting decisions. Policies with more risk require a higher return on capital, along with higher premium levels. Coverage limitations, including the fossil fuels underwriting restrictions discussed above, are also used to manage environmental risk in the underwriting process.

Insurance Products and Investment Activities

As a leading renewable energy insurer, AXIS offers a variety of renewable energy products that support a low carbon economy, including insurance cover for solar, wind and battery storage projects and technology. In addition, AXIS incorporates incentives into its property and casualty products that encourage environmentally responsible behavior. Examples include pricing incentives to benefit and reward energy clients that best manage their environmental and pollution exposures and premium credits offered to insureds with energy efficient buildings.

AXIS has also embedded environmental considerations into its fixed income and risk asset investments through ESG diligence of the investment manager prior to investing and through ESG performance assessments on an annual basis using a manager scorecard process.

Environmental Management in Business Operations

As a good corporate citizen, AXIS seeks to maintain excellent standards of environmental management, including by considering the impact that its business operations have on the environment. AXIS complies with all legal and regulatory requirements pertaining to

environmental management in all of the jurisdictions in which it operates and reviews its progress on a regular basis. Measures we have taken to manage the environmental impact of our business operations include:

- Encouraging recycling;
- Reducing and reusing waste in all of our offices worldwide because we believe that behaving sustainably in every location where we operate benefits not only local communities, but all of our stakeholders, including employees and shareholders;
- Reducing our carbon footprint by investing in videoconferencing and other communication technology to minimize air travel and encouraging video conferencing in lieu of internal office-to-office travel;
- Reducing the amount of paper used in our operations and the number of copiers in our U.S. offices and removing personal printers from individual office spaces;
- Reducing electricity usage through the introduction of light timers and light sensors in new facilities;
- Reducing global square footage by transitioning to open office configurations;
- In light of AXIS' successful transition to remote work during the COVID-19 pandemic, permitting more flexible work arrangements thereby reducing commuting emissions;
- Leasing a number of office spaces in buildings that are BREEAM or LEED certified; and
- Actively tracking our direct and indirect greenhouse gas emissions.

Governance

This policy has been reviewed by senior management, including the Chief Risk Officer, and will be shared publicly on the Company's website. The Corporate Governance, Nominating and Social Responsibility Committee of the Company's Board of Directors reviews the policy annually. The Corporate Governance, Nominating and Social Responsibility Committee is responsible for overseeing the Company's management of environmental, social and governance topics.. The Board, along with the Risk Committee of the Board, oversees the risks and opportunities related to the Company's climate change exposure and initiatives.