AXIS Capital Holdings Limited

Task Force on Climate-Related Financial Disclosures Report

For the year-ended December 31, 2023

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About AXIS

AXIS, through its operating subsidiaries, is a global specialty underwriter and provider of insurance and reinsurance solutions. AXIS has locations in Bermuda, the United States, Europe, Singapore, and Canada. Our underwriting operations are organized around our global underwriting platforms, AXIS Insurance and AXIS Re. We provide our customers and distribution partners with a broad range of risk transfer products and services, and strong capacity, backed by excellent financial strength.

About This Report

This is AXIS' third report aligned with the Financial Stability Board's Task Force on Climate-Related Financial Disclosures ("TCFD") reporting framework. This report discusses (i) governance, (ii) climate strategy, (iii) risk management, and (iv) metrics and targets. For additional information about our environmental, social, and governance ("ESG") practices, please refer to our 2023 report aligned with the standards of the Sustainability Accounting Standards Board ("SASB Disclosure Report") and our other disclosures on our corporate citizenship website found at www.axiscapital.com.

This report contains information about AXIS as of, or for the year ended December 31, 2023 unless otherwise noted. 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 may be material to AXIS Capital, please see our 2023 Annual Report on Form 10-K for the fiscal year ended December 31, 2023 ("2023 Form 10-K") filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2024 and our periodic and other filings with the SEC, which are accessible on the SEC's website at www.sec.gov and our website at www.axiscapital.com. These sources may contain information which is more current than that contained in this report. This report should be read in conjunction with our filings with the SEC and the other information we publish. In this report, references to "AXIS Capital" refer to AXIS Capital Holdings Limited and references to "AXIS" "we", "us", "our", the "Group" or the "Company" refer to AXIS Capital Holdings Limited and its direct and indirect subsidiaries and branches. Climate-related disclosures are generally handled at the Group level, except where such disclosures are in response to regulatory requests covering a particular regulated entity.

Introduction

At AXIS, we strive to help people and organizations navigate and manage risk in an increasingly complex and uncertain world. Climate is a core focus of our Corporate Citizenship program. We believe that climate-related risks are among the most serious issues facing the world today and that the (re)insurance industry has an important role to play in enabling the transition to a low-carbon economy. AXIS continues to support the development of renewable energies and the transition to a low-carbon economy by offering comprehensive coverage and protection for renewable energy projects worldwide.

We continually monitor, assess, and respond to the opportunities and risks posed by changing climate conditions to manage our long-term business objectives and to offer our customers relevant products catered to their needs. In addition, we assess our own operations, including our greenhouse gas ("GHG") emissions, to mitigate our environmental footprint and to minimize our operational impact. This report discusses our approach to managing risk and opportunities related to climate change consistent with the recommendations of the TCFD.

Our Progress

UPDATES AND ACTIONS SINCE 2023

We advanced our climate initiatives in several important ways in 2023. Below is a summary of key actions taken in fiscal year 2023 to address climate risk and the corresponding opportunities:

Governance

- Continued to execute climate program in accordance with governance outlined on page 6.
- Replaced the Climate Change Working Group with the Environmental Working Group in 2024, broadening its remit and membership to include underwriters. The working group continues to be chaired by our Chief Risk Officer.
- Created a new Exposure Management Committee to consider both natural catastrophe and non-natural catastrophe risks.

Strategy

- Launched AXIS Energy Transition Syndicate 2050 ("S.2050") which is dedicated to providing capacity for new energy projects with a critical role in supporting the transition to net zero. Lloyd's granted S.2050 permission to underwrite on February 15, 2024 and on April 1, 2024, S.2050 commenced underwriting.
- Continued to review our portfolio to ensure our climate exposure was within risk appetite and took action or repositioned the portfolio based on our assessments.
- Progressed a global sustainable supply chain approach for the Company. As an initial step to inform our approach, we collected high-level input from select AXIS suppliers on their environmental initiatives.
- Used our voice to advocate on climate issues, including participation in 2023 in organizations such as The Geneva Association, the Insurance Development Forum and the Sustainable Markets Initiative Task Force, as well as initiatives with the National African American Insurance Association and the University of Illinois' Office of Risk Management and Insurance Research.

Risk Management

- Continued to analyze transition risk across our product lines and use the results to inform our go-forward business strategy.
- Launched Climate Risk Dashboard in 2024 with both quantitative and qualitative metrics to help track our progress against our goals.
- Continued to work with third parties to help understand our transition and liability risk exposures across the business.

Metrics and Targets

- Decreased our emissions in line with our 2023-announced commitment of a 50% science-based, absolute reduction in Scope 1 and 2 emissions by 2030 across global operations.
- Disclosed assessments of our Scope 1, 2, and partial Scope 3 GHG emissions for 2023 (see page 33).
- Continued annual disclosures aligned with TCFD as well as SASB, the United Nations Global Compact, and the Principles for Sustainable Insurance.
- Received the Inside P&C Honors award for "ESG Initiative of the Year" for our Greenhouse Gas emission reduction goals.

Governance

We address climate-related risks through our risk oversight process. Our governance includes Board of Director oversight, extensive involvement of senior executives, and collaboration across the enterprise with staff-driven teams and committees. A summary of our governance structure is below and more detailed information follows.

Board Committees | Management Functions/Committees | Sub-Committees and Working Groups | Functional Teams

Board of Directors
(CEO is ultimately responsible for the Company's ESG strategy, including climate)

Corporate Governance, Nominating and Social Responsibility Committee
Formulates and oversees the Company's corporate citizenship and ESG strategy, objectives and formal ESG reporting.

Risk Committee
Oversees risks and opportunities related to the Company's climate change exposure and reviews and approves the Company's Enterprise Risk Management (ERM) framework.

Executive Committee and Senior Leadership

Chief Administrative and Legal Officer
is Corporate Citizenship program sponsor and has executive responsibility for ESG initiatives.

ESG Director
is responsible for the implementation of our ESG initiatives, including climate.

Chief Risk Officer
leads our Group risk function, oversight, and implementation of the Group's ERM framework, and climate-focused committees including leadership of the climate pillar of Corporate Citizenship Committee.

Chief Underwriting Officer
leads our underwriting office, which includes consideration of climate exposure management.

Chief Investment Officer
is responsible for developing the Company's investment policies and guidelines and overseeing investment risks, including in relation to climate change.

Corporate Citizenship Committee
Committee Chair serves as dedicated lead, pillar leads oversee priority areas.

Risk Management Committee
Chief Risk Officer chairs the Risk Management Committee and leads the ERM framework.

Exposure Management Center of Excellence (EMCE)
owns, manages, and embeds the Company's view of risk.

Investment and Finance Committee
oversees the Group's investment activities, including receiving quarterly reports on the portfolio's compliance with ESG restrictions and the fixed income portfolio's aggregate ESG rating.

Emerging Risk Working Group

Exposure Management Committee

Environmental Working Group

Functional Teams								
Financial Reporting	Vendor Management	Facilities	Investment	Underwriting	Legal & Compliance	Marketing & Communications	Risk Management	

Board Oversight

At AXIS, the Board of Directors oversees sustainability matters, including climate change strategy and climate-related risks and opportunities, and receives an annual update on climate risks as part of its standing agenda. In addition, our Board's committees (the Corporate Governance, Nominating, and Social Responsibility Committee and the Risk Committee) assist the Board in overseeing AXIS' response to climate change.

Our Corporate Governance, Nominating, and Social Responsibility Committee reviews AXIS' sustainability strategy and objectives, including those relating to the impact of climate change. In particular, the Committee oversees:

- Overall ESG strategy;
- Company programs;
- Formal reporting on ESG and sustainability matters; and
- Policies in specific areas such as environmental management.

The Corporate Governance, Nominating, and Social Responsibility Committee receives quarterly updates from the Company's management responsible for ESG and sustainability matters and provides recommendations on ESG and sustainability strategy to the Board.

Our Risk Committee oversees risks and opportunities related to the Company's climate change exposures and initiatives and receives regular reports relating to climate change as part of its standing agenda. The Risk Committee also reviews and approves the Company's Enterprise Risk Management ("ERM") framework, including policies and limits to address risks – such as climate risk – facing the Company.

Executive Committee and Senior Leadership Oversight

Our Executive Committee and senior leaders are responsible for ensuring that our climate and other sustainability activities, including management of climate-related risks and opportunities, are consistent with our culture, values, and business objectives.

- Our Chief Administrative and Legal Officer (formerly, the General Counsel, until his appointment to the position in January 2024) serves as the sponsor of our Corporate Citizenship program and is responsible for oversight and implementation of the program and the Company's ESG activities. Our Chief Administrative and Legal Officer oversees the progress on our ESG priorities and reports to the Company's Corporate Governance, Nominating, and Social Responsibility Committee, the President and CEO, and the Executive Committee on these initiatives.
- Our ESG Director chairs the Corporate Citizenship Committee, which focuses on climate and DEI as key pillars. Responsibilities also include implementation of the Committee's activities such as overall strategy, goal-setting, and program execution.

- Our Chief Risk Officer leads our Group Risk function and is responsible for oversight and implementation of the Group's ERM framework, including risks relating to climate change. Our Chief Risk Officer chairs the Risk Management Committee and reports to the Board and Risk Committee on climate risk. The Chief Risk Officer leads the Environmental Working Group and the Emerging Risk Working Group.
- Our Chief Underwriting Officer has management responsibility for executing the Group's global underwriting strategy in line with the enterprise portfolio goals, including oversight of exposure management and consideration of climate risk within the portfolio.
- Our Chief Investment Officer is responsible for developing the Company's investment policies and guidelines, monitoring compliance with those guidelines, and overseeing the Company's investment risks, including in relation to climate change. In addition, along with our Risk and Investment team, our Chief Investment Officer oversees compliance with our Environmental, Social, and Governance Investment Policy Statement.

Our senior leaders are supported by the following committees, management working groups, and teams that are actively involved in identifying and assessing climate-related risks relating to underwriting and investments:

Corporate Citizenship Committee:

Day-to-day management of our Corporate Citizenship program is handled by our Corporate Citizenship Committee, a cross-functional and global committee tasked with overall strategy, policies, and governance. Our ESG Director chairs the committee and dedicated pillar leads for climate, DEI, and philanthropy, and oversee staff working groups, including those climate-relevant groups listed below.

Risk Management Committee:

The Executive Committee has delegated some authority to the executive level Risk Management Committee ("RMC,") which consists of the President and CEO, Chief Financial Officer, Chief Underwriting Officer, Chief Risk Officer (Chair,) Chief Information Officer, Chief People Officer, Group Chief Actuary, and Chief Administrative and Legal Officer. The RMC convenes quarterly and oversees the integrity and effectiveness of the Company's ERM framework and ensures that the firm's risk assumption and risk mitigation activities are consistent with that framework.

Investment and Finance Committee:

The Investment and Finance Committee, chaired by our Chief Investment Officer, receives quarterly reports on the investment grade fixed income portfolio's aggregate ESG rating and compliance with ESG restrictions from the Investment team which oversees ESG monitoring and reporting. The committee also receives an annual report on relevant asset manager scorecards with ESG specific scores.

Emerging Risk Working Group:

The Emerging Risk Working Group is responsible for tracking emerging risks according to their potential impact and time horizon and coordinating the Company’s response to emerging risks and opportunities, including those related to climate change. The Emerging Risk Working Group is comprised of senior representatives from across the business, including the Chief Risk Officer, Chief Investment Officer, Chief Underwriting Officer, Chief Claims Officer, Chief Actuary, Chief Administrative and Legal Officer, and Chief Data & Analytics Officer.

Exposure Management Committee:

The Exposure Management Committee (“EMC”) (formed to consider both natural catastrophe and non-natural catastrophe risks) is a subcommittee of the RMC that oversees the firm’s natural catastrophe, cyber, and casualty risk management framework. This includes the validation of modeling and accumulation practices. The EMC consists of the Chief Underwriting Officer, Chief Actuary, Chief Risk Officer, Chief Pricing Actuary, and Global Head of Exposure Management.

Environmental Working Group:

The Environmental Working Group (“EWG”) replaced the Climate Change Working Group. Its responsibilities include:

- Assessing all environmental related risks and opportunities, including considerations of any emerging risks;
- Promoting knowledge-sharing across the business on the topics related to the environment;
- Leading research for the environmental pillar and providing information to senior decision makers involved with exposure management and underwriting decisions; and
- Collaborating and informing the Emerging Risk Working Group of environmental related risks and opportunities.

Enterprise Functional Teams

At AXIS, the following teams work across the enterprise to execute on our climate strategy and report progress to senior management through the Corporate Citizenship Committee, Risk Management Committee, Investment and Finance Committee, and Exposure Management Committee:

1. **Financial Reporting Team**
   The Financial Reporting team assists with reviewing the Company's GHG emissions calculations.
2. **Vendor Management Team**
   The Vendor Management team assists with implementing the Company's sustainable supply chain pledge.
3. **Facilities Team**
   The Facilities team assists with initiatives to achieve AXIS' Scope 1 and 2 GHG reduction goals.
4. **Investments Risk Team**
   Along with our Risk Management team, the Investments Risk team is responsible for ensuring compliance with our ESG Investment Policy Statement, as well as compliance with the investment elements of the Company's Fossil Fuel Policy.
5. **Underwriting Team**
   The Underwriting team is responsible for pursuing new climate opportunities and adhering to ESG underwriting policies. The team's input is also taken into account in several of our management committees and working groups.
6. **Legal and Compliance Team**
   The Legal and Compliance team is responsible for the Company's ESG reporting and policies, as well as ensuring compliance with our policies and applicable regulatory requirements.
7. **Marketing & Communications Team**
   The Marketing and Communications team ensures clear internal and external communication of climate-focused policies and programs.
8. **Risk Management Team**
   The Risk Management team is responsible for our Group risk function, oversight, and implementation of the Group's ERM framework and climate-focused initiatives.

Climate Strategy

Our Approach

Our climate approach addresses climate-related risks, exposure management, underwriting, policies and guidelines for underwriting and investment, the sustainability of our business operations, and our advocacy on climate-related matters. We are proud of the progress we have made thus far in our climate initiatives, and we are committed to taking further actions.

Climate-Related Risks

As an insurance provider, AXIS has a long history of considering environmental risks at both the policy and firm levels. We take short-, medium-, and long-term horizons into account when assessing environmental risks at both the policy (underwriting) and firm level (management of firm-level risks and capital adequacy.) Our strategy for limiting risk is discussed in this report under "Risk Management."

Risk Category	Risk Type	Definition	Time Horizon	Potential Impact
Physical risks	**Acute**	Increased frequency and severity of natural catastrophe and weather-related events such as heatwaves, wildfires, extreme rainfall, flooding, and droughts.	Short-term: Material impacts already seen	High
	Chronic	Long term shifts in weather patterns, including increasing global average temperatures, reduced rainfall, shifting seasons, and rising sea levels.	Long-term: First material impacts expected within 5-10 years	High
Transition risks	**Policy and Regulatory**	Increased regulatory requirements, including reporting obligations, carbon pricing, and mandates on and regulation of existing products.	Medium-term: First material impacts expected 1-5 years	High
	Technology	Technological developments may disrupt the characteristics of insured assets and require new risk assessments which do not have a pre-existing record of damage and loss.	Medium-term: First material impacts expected 1-5 years	High
	Market	Shifts in supply and demand from changes in market dynamics related to climate change could affect the valuation of AXIS' assets and liabilities. Shifts in customer preferences due to climate change.	Medium-term: First material impacts expected 1-5 years	High
	Reputational	Company reputation may be influenced by our climate change response, service and investment in carbon intensive sectors.	Medium-term: First material impacts expected 1-5 years	High

Liability risks	**Claims**	Increased insurance claims liability due to the effects of climate change, including increased D&O claims liability resulting from greenwashing litigation.	Medium-term: First material impacts expected 1-5 years	Medium
	Litigation	Increased litigation relating to GHG emissions or climate-related disclosure.	Medium-term: First material impacts expected 1-5 years	Medium

Physical risks

Physical risks describe extreme weather-related events (acute) and longer-term shifts in climate patterns (chronic.) These risks emanate primarily from underwriting of property insurance. Climate change may expose us to an increased frequency and/or severity of weather-related losses which we might not have sufficiently captured in our catastrophe models, resulting in inadequate pricing, excess risk aggregation, and capital depletion. Over the longer term, climate change may impact the economic viability of certain lines of business if suitable adjustments in price and coverage cannot be achieved.

Physical risks may affect our investment portfolio as a result of direct damage to assets or due to valuation changes from shifts in supply and demand for certain products and services. Physical risks are most likely to affect equity investments or real estate over the longer term.

Transition risks

Transition risks to a lower-carbon economy include changes in technology, governments, and regulators putting in place measures to encourage and support efforts to prevent climate change, society as a whole adapting to a lower-carbon economy, and losses in our investment portfolio as a result of the impacts of climate change. Our principal transition risks are discussed below.

AXIS could be exposed to transition risks if it fails to manage increased demand for low-carbon products and services. Over the short- and medium-term, a change in customer needs may result from repricing of carbon-intensive assets, increased interest in the low-carbon industry due to reputational concerns or new regulatory constraints. A failure to appropriately respond to increased demand may adversely affect our business. AXIS must also manage risk that certain products may cease to be viable as a result of society’s transition to a lower-carbon economy.

New laws and regulations may limit our ability to engage in capital or liability management, require us to raise additional capital, and impose extensive regulatory/compliance requirements and additional costs. Changes in regulatory requirements could include net-zero policies, carbon taxes, or laws prohibiting insurers from reducing exposures or withdrawing from catastrophe-prone areas.

The primary objectives of our investment strategy are income, preservation of capital, liquidity management, and growth of surplus. We may be exposed to losses in the value of our investments arising from the impacts of climate change on the companies and securities in which we invest, including impacts resulting from transition risks. Transition risks are most likely to affect equity investments.

Liability risks

Liability risks relate to losses or damages suffered by our insureds from physical or transition risks, such as losses stemming from climate-related litigation in liability lines. These risks could arise from companies not fully considering or responding to the impacts of climate change, or not appropriately disclosing current and future risks. In addition, new regulatory developments, increased litigation activity, and subsequent liability issues associated with climate change or greenhouse gas emissions may lead to losses under environmental liability, product liability, and directors and officers or professional liability, particularly where the emitter is deemed to have misled investors. In addition, there is a link between liability risk and transition risk (described above,) as the failure of companies to shift towards a low-carbon future and mitigate the impacts of climate change may lead to losses incurred by insureds.

In recent years, our industry has experienced an overall increase in various climate-related litigation claims. These include a perceived contribution to climate change or insufficient disclosure around material financial risks. As the value of loss and damage arising from climate change grows, it is plausible that litigation risk of this kind may increase. For example, there have been shareholder securities suits brought against companies and their directors and officers, as well as derivative actions brought against directors, for various allegations of failing to disclose and/or manage climate change risks. Although to our knowledge litigation to date has not resulted in any material amounts of loss, this may change in the future, and an increase in such litigation could lead to higher defense costs. Litigation seeking to compel companies to remedy their perceived impact on climate change may, if successful, also lead to an increase in claims. Based on our monitoring, while the overall volume of litigation activity has increased, past litigation seems to have largely been unsuccessful on numerous grounds.

Exposure Management

We review our portfolio to ensure our climate exposure is within appetite and adjust our business strategy based on our assessments.

For information on how we use scenario testing to mitigate climate-related risk, refer to "Risk Management – Identifying and Assessing Climate-Related Risks – Physical risks – Scenario analysis" and "Risk Management – Approach to Managing Climate-Related Risks Within Overall Risk Management Framework – How we manage climate-related risk – Stress and scenario testing" in this report.

Underwriting

We consider climate in how we underwrite, what we underwrite, and incentives we provide. Throughout, we strive to engage with distribution partners and customers on climate issues and actively seek to identify and act on climate-related opportunities. Key initiatives in support of the energy transition relate to (i) the launch of the AXIS Energy Transition Syndicate 2050, (ii) climate-focused products, and (iii) customer incentives.

AXIS Energy Transition Syndicate 2050

In late 2023, AXIS received in-principle approval from Lloyd's to establish a new syndicate dedicated to providing capacity for new energy projects that have a critical role in supporting the transition to net zero and building a more resilient, economically sustainable world. AXIS Energy Transition Syndicate 2050 ("S.2050") began underwriting on April 1, 2024.

Through S.2050, AXIS provides a single access point to specialist insurance solutions for cross-class risks over the lifecycle of projects and activities associated with replacing or displacing fossil fuels through lower-carbon alternatives and supporting energy resilience during the transition phase.

S.2050 brings together existing underwriting expertise in key classes, including areas in which AXIS already holds a lead position. This is the first Lloyd's syndicate to specifically focus on insuring organizations' energy transition journeys, in line with their actions to achieve net zero by 2050, which is crucial for meeting the goals of the Paris Agreement, according to the United Nations. Broad in scope, S.2050 will underwrite the construction and operation of technologies and projects that support energy transition. In addition, S.2050 will insure activities such as transit, storage, and financing that support and enable cleaner energy projects. S.2050 will also provide insurance protection for personnel involved in the projects and activities, through professional indemnity and accident & health coverages. S.2050 offers the risk protection that businesses, governments, and public entities need during every stage of their energy transition lifecycle.

S.2050 has been developed by AXIS in support of Lloyd's recognition of the opportunity that protecting the long-term journey to net zero represents for underwriters and Lloyd's goal to be the insurer of the transition, as stated in Lloyd's "Insuring the transition" roadmap.

Climate-focused products

We offer a range of climate-focused products. AXIS is committed to providing insurance products and ancillary risk control services that support the market transition to a low-carbon economy. Climate-related regulations and changing consumer interests may lead to increased demand for our renewable energy products, environmental insurance, design professional liability insurance, credit risk insurance, and reinsurance solutions. Descriptions of these potential areas for growth are below:

Renewable energy products

As a leading carrier in renewable energy insurance with extensive experience and an in-depth understanding of the risks faced by the industry, we believe AXIS is well positioned to provide value and service to this growing market. We provide specialized property and casualty coverage for every stage of wind, solar, and battery storage projects, from development through operation, on risks ranging from stand-alone projects to utility-scale portfolios. Our gross premiums written for renewable energy have grown each year for the last six years, making us a leader in the renewable energy space. As U.S. domestic and international renewable energy industries continue to expand, our renewable energy practice analyzes industry trends, market data, and loss trends to design and develop insurance products tailored to the specific needs of renewable energy businesses. Our coverage provides insurance solutions for all aspects of a renewable energy business and the entire lifecycle of a renewable energy project, including site preparation, delivery of technology to site, and decommissioning.

Spotlight:

Thought Leadership

AXIS periodically publishes thought leadership on renewable energy topics through our social media accounts and on our website. In 2023, topics included the changing global risk landscape faced by the renewable energy sector, offshore wind, technological advancements, and wind turbine service agreements.

Learn more about AXIS Renewable Energy thought leadership here.

In connection with its renewable energy products, AXIS may provide its customers with a risk mitigation assessment based on a survey of the insured's risk. These risk assessments are intended to educate customers on their renewable energy projects' risk landscape and how to reduce their projects' technical, environmental, and operational risk exposure. Recommendations may include improvements to the customer's maintenance practices or investments in additional safety features. In connection with its risk assessments, AXIS has a dedicated Renewables Risk Engineering team which supports and advises brokers, renewables asset developers, and renewables investors in their risk mitigation efforts and thus encourages and supports environmentally friendly behaviors. In addition, AXIS proactively engages with its distribution partners to help support their customers' achievement of ESG credentials and development of energy transition plans. AXIS has participated in pilot projects with several of its distribution partners to assess insureds' ESG data and to incorporate such data into the overall underwriting risk assessment of that insured.

Credit risk insurance

We provide credit risk insurance on project finance loans used to build renewable projects which are critical to the global renewable buildout. We are focusing on initiatives that directly support the transition from carbon energy to renewable resources. We work with commercial and investment banks, export credit agencies, and multilateral and development organizations to finance energy transition projects through their multiple stages of execution across the world.

This includes existing technology such as energy efficient combined-cycle gas turbine (CCGT) power plants and large-scale LNG liquefaction facilities (both of which adhere to strict ESG practices,) hydropower plants, geothermal power plants to solar power plants, onshore, and offshore windfarms. Importantly, it also encompasses rapidly evolving solutions, such as battery energy storage systems, carbon capture and storage, and EV battery plants, in what is the fastest growing sector of the global economy.

Clean energy

Our underwriting teams regularly collaborate and partner to provide insurance coverage to support the development of clean energy assets. Previously, AXIS' Construction and Upstream Energy teams partnered to develop a London market insurance line slip that will support the construction and operation of:

- Onshore Erection All Risks (EAR) for carbon capture and storage facilities,
- Onshore operational coverage for carbon capture and storage facilities, including transmission and distribution, and
- Carbon capture and storage within onshore wells.

Environmental insurance

Our environmental insurance helps property owners, industrial and commercial facility operators, and specialty and general contractors address the uncertainties that come with environmental projects, including solar projects. Our environmental insurance offers innovative coverage against environmental risk exposures and provides versatile solutions to safeguard against pollution- and hazardous waste-related risks. In addition, our environmental insurance policies may cover the clean-up of hazardous waste and the restoration of sites that present a hazard to health and the environment. Insurance solutions include contractor's pollution liability and pollution legal liability.

Design professional liability insurance

Our design professional liability insurance protects architectural and engineering professionals from potential liability relating to contractual requirements, including contractual requirements relating to sustainability. In addition, we offer access to risk management services to reduce the likelihood of claims.

Property insurance climate-related discounts

On the property side, AXIS uses vendor models that are sensitive to building characteristics. These models result in discounted pricing for building codes that are more resilient to climate-related risks.

Reinsurance solutions

A sub-set of our reinsurance business focuses on energy transition. AXIS extends coverage to cedants who target customers that can demonstrate a credible pathway to low carbon production. AXIS provides excess of loss reinsurance coverage to a client whose intended customers must be able to evidence the ability and desire to deploy capital to improve the carbon efficiency of their current operations, reduce emissions through operational improvements, invest in new technology to lower carbon emissions, or compensate for hard to abate emissions by offsetting.

This client uses a third-party emissions monitoring tool in its underwriting procedures to measure and track the above, which enables them to evidence their customers' improved carbon efficiency over time using quantifiable metrics. The insured's ESG-favorable business model was a factor in AXIS' underwriting decision and continues to be a consideration in our reinsurance business. We also provide reinsurance solutions for cedant that issue performance bonds for the build and installation of solar farms, wind turbines, and the clean-up of mining and solid waste landfills, to help restore the earth back to a clean state.

In addition, we provide reinsurance solutions for the increasingly complex world of crop perils. Crop insurance allows farmers to collect insurance when crop yields or market prices are lower than expected, an increasingly common occurrence due to rising global temperatures, weather volatility and more frequent and severe extreme weather events resulting from climate change. In doing so, crop insurance helps protect farmers from the effects of climate change and consumers from a shortage of food supply and extreme prices.

Incentivizing sustainable behavior through customer initiatives

In addition, AXIS has identified opportunities to incentivize customers to engage in environmentally friendly behaviors and to make smarter decisions regarding environmental responsibility. Some of these incentives are discussed below:

Commercial construction, manufacturing, transportation, hospitality, and real estate customers

Through our U.S. Primary Casualty and Excess Casualty business, we insure specialty businesses in the commercial construction, manufacturing, transportation, hospitality, and real estate industries. Our policies involve individual account rating and pricing, which are adjusted annually to reflect an insured's successful implementation of risk management, safety practices and loss prevention measures. Our underwriting and pricing methodologies offer insureds the ability to proactively manage and affect their premium costs, as they are largely in control of their own loss experiences.

Chemical, petrochemical, oil and gas, and energy customers

Our U.S. Excess Casualty customers include specialty businesses in the chemical, petrochemical, oil & gas, and energy industries. These types of insureds typically experience significant exposures to environmental hazards and accidental chemical and petrochemical spills and releases. Subject to our Fossil Fuel Policy (discussed in "Fossil Fuel Policy" below,) we provide cover for third party bodily injury and property damage arising from pollution events caused by risks and operators within these industries. We also provide environmental insurance and specialty cover related to pollution and hazardous waste, as described in "Environmental insurance" above, and a limited pollution coverage on an excess basis that supplements excess coverage provided for general liability, automobile liability, and employers liability. Our underwriting and pricing practices are designed to benefit and reward those insureds who are best able to manage their environmental and pollution exposures through sound risk management, safety practices, loss prevention, and ultimately the prevention of spills and releases of pollutants.

Risk control services

Alongside our underwriting operations, AXIS utilizes risk control services that carefully identify exposures in our property and casualty business through both loss-control inspections and reviews. Identifying the hazards and providing solutions that mitigate or eliminate such hazards ultimately makes the policyholder's business safer. AXIS periodically meets with policyholders and provides detailed guidance to help policyholders identify potential areas of loss before an event or circumstance giving rise to a loss can materialize. Examples include the following:

- Property business: In our property line of business, losses can result from the release of contaminates from fire (smoke and heat,) water damage, destruction of property, and other environmental exposures. Our risk control service works with policyholders in this area to make recommendations that, if implemented, may greatly limit the likelihood of devastating damage to property and the surrounding environment.
- Green endorsements: AXIS offers green endorsements or add-on components to commercial property policies. These green endorsements may include coverage for "green" construction, materials, and equipment and may potentially cover the higher cost of environmentally certified materials, equipment, design, and engineering.
- Casualty business: On the casualty side of the business, inspections identify injury hazards or exposures in the commercial space, and we recommend solutions and improvements aimed at eliminating the potential for injury. These efforts provide employees with safer workplaces and in some cases may improve the public environment.
- Premium credits: AXIS may offer premium credits for behaviors such as management cooperation in matters of safeguarding and proper handling of covered property and particular care being given to insured premises, to insureds with "green" buildings, or to those conducting energy efficiency upgrades on their current buildings. We offer premium credits for properties for which state-approved fortification improvements have been made and for qualifying structures built, rebuilt, or retrofitted to better resist hurricanes and other catastrophic windstorm events. Premium credits are also given to customers that maintain smart devices that monitor temperature, fire, and water leakage. Additionally, AXIS offers premium credits to landscape industry customers in almost all states who have obtained nationally recognized safety designations.

Policies and Guidelines

We are committed to supporting the energy transition through our underwriting and investment policies and guidelines.

Fossil Fuel Policy

As thermal coal and oil sands are among the most carbon-intensive fossil fuels, AXIS developed and implemented a Fossil Fuel Policy limiting our exposure to these industries. In particular, the policy places limits on our provision of insurance and facultative reinsurance to new or existing thermal coal plants or oil sands infrastructure and, subject to limited exceptions (including an exception for companies with climate transition plans in place,) our provision of new insurance or facultative reinsurance to, and investment in, the companies that build, own, or operate such enterprises. Through the policy, we also aim to encourage environmentally responsible business practices among our current and prospective insureds by, among other things, encouraging them to commit to mid- to long-term transition plans away from thermal coal or oil sands business. This is part of AXIS' broader strategy to invest in growth areas such as renewable energy insurance.

In addition, through our Fossil Fuel Policy, AXIS has committed to fully phasing out thermal coal from its insurance, facultative reinsurance, and investment portfolios no later than 2030 in OECD countries and 2040 globally. Additionally, by the end of 2025, AXIS has committed to phase out any existing investments in companies in the thermal coal or oil sands industries that exceed its policy thresholds.

ESG Investment Policy

In addition to AXIS' Fossil Fuel Policy discussed above, which restricts AXIS' investments in certain industries, AXIS continued to apply its Environmental, Social, and Governance Investment Policy Statement (the "ESG Investment Policy") to incorporate ESG considerations into investment decisions to better manage risk and achieve long-term profits.

The ESG Investment Policy sets forth the principles governing AXIS' responsible investment strategy, asset manager selection and oversight, stewardship, and engagement as well as ESG investment governance and responsibilities.

With respect to asset management selection and oversight, the ESG Investment Policy details how AXIS evaluates its investment managers and its ESG performance through an annual scorecard process. Each year, AXIS asks its relevant investment managers to complete a due diligence questionnaire which covers, among other things, ESG policy updates, resources, investment practices, affiliations, and reporting. Based on their responses to our questions, managers receive a summary ESG score which is factored into its broader manager assessment score and is used when considering whether to redeem or sell all or a portion of the investments managed by a particular investment manager. AXIS' Investment Risk team is responsible for monitoring and reporting compliance with the ESG Investment Policy to the management Investment and Finance Committee and Board Finance Committee.

AXIS is also focused on providing capital in order to promote a sustainable future. While financial considerations are paramount, AXIS seeks to support building a more sustainable future by providing capital for eco-friendly programs. More specifically, AXIS has committed $45 million to investments primarily focused on clean energy, infrastructure, and the energy transition.

Sustainable Operations

In addition to the above climate risk management, underwriting, and investment initiatives, AXIS acknowledges that doing our part means being environmentally friendly at the office and within our teams. Key priorities in the reporting year included:

- GHG measurement and goal-setting: We continued to track Scope 1, Scope 2, and select Scope 3 GHG emissions in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. In 2023, we published our Scope 1, Scope 2, and partial Scope 3 greenhouse gas emissions for 2022, and we announced science-based aligned greenhouse gas reduction targets in line with the goals of the Paris Agreement. We are using the data to identify opportunities to mitigate our carbon footprint and meet our stated goals. See GHG data, including our emissions for 2023, in the "Metrics and Targets" section of this report.
- Office space: We continue to focus on our real estate portfolio strategy and have decreased global office square footage overall relative to 2019. We optimized existing square footage by continuing to transition to open office configurations in some locations.
- Supply chain: AXIS continues to be a signatory of the Global Supply Chain Pledge launched by the Insurance Task Force of the Sustainable Markets Initiative to advance sustainable action in our supply chain. Our working group tasked with developing and implementing a global sustainable supply chain approach met in 2023 to determine initial steps. As a first step, the working group developed a supplier questionnaire to ask our top spend material suppliers to baseline their ESG commitments and practices as a reference point to measure progress in several ESG areas.
- Employee benefits: AXIS continues to incentivize employees by providing electric vehicle benefits for AXIS staff in the United Kingdom through a government-backed salary sacrifice scheme with an aim to reduce emissions. As part of the program, AXIS provides

Spotlight:

ESG Initiative of the Year

In 2023, AXIS was proud to receive the Inside P&C Honors, ESG Initiative of the Year award for setting greenhouse gas reduction goals.

Read more about AXIS Awards and Recognitions here.

colleagues in the United Kingdom with access to discounted lease options for electric and hybrid vehicles. In addition, AXIS allows these colleagues to purchase at-home charging equipment using either a flexible benefits allowance or through a pre-tax payroll deduction.

Partnership and Engagement

During 2023, AXIS was a signatory or member, as applicable, of the following frameworks and organizations. We leverage the work of these organizations and initiatives to support our climate risk governance:

- The Principles for Sustainable Insurance, a global sustainability framework and initiative of the U.N. Environment Programme Finance Initiative.
- The U.N. Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support U.N. goals.

During 2023, we were are also participants in a variety of climate-focused organizations:

- Member of the Insurance Development Fund (IDF,) a partnership among the United Nations, the World Bank, and members of the insurance industry.
- Member of the Sustainable Products and Services Workstream of the Sustainable Markets Initiative Insurance Task Force chaired by Lloyd's, and a signatory to the Global Supply Chain Pledge
- Member of The Geneva Association, the international think tank of the insurance industry.

In addition, our partnership with the University of Illinois' Office of Risk Management and Insurance Research continued in 2023. The 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.

Spotlight:

Ocean Conservancy

In 2023, AXIS held its first all-AXIS global clean-up day which saw 14 clean-ups worldwide with over 400 volunteers and almost 3,000 lbs of garbage collected to support one of our Global Giving Partners, Ocean Conservancy.

Learn more about AXIS Philanthropy here.

Impact of Climate-Related Risks and Opportunities on Businesses, Strategy, and Financial Planning

Since its inception, AXIS has been offering protection against weather-related risks such as hurricanes, windstorms, wildfires, and floods, helping businesses and individuals to proactively manage their exposure to such risks, and, when the need arises, recover from their aftermath. We therefore have a long history of considering physical environmental risks.

AXIS has taken measures to incorporate climate-related factors across our business and to consider climate within the strategic planning process. Our approach considers climate in underwriting and pricing to manage climate-related risks and uses product offerings to respond to climate-related opportunities. Climate considerations are also incorporated into our investment process. Our climate strategy also includes advocacy on relevant matters within the industry and understanding the environmental impact of our own business operations. For information on climate-related risks and opportunities, refer to "Climate Strategy – Climate – Related Risks."

For information on how we use scenario testing to mitigate climate-related risk, refer to "Risk Management – Identifying and Assessing Climate-Related Risks – Physical risks – Scenario analysis" and "Risk Management – Approach to Managing Climate-Related Risks Within Overall Risk Management Framework – How we manage climate-related risk – Stress and scenario testing" in this report.

Risk Management

Identifying and Assessing Climate-Related Risks

As part of our consideration of environmental risks, we specifically seek to identify and assess climate-related risks relating to our portfolios by geography and line of business. These risks include physical, transition, and liability risks. Aspects of our process for identifying and assessing these risks are discussed below. We are continuously working to enhance our climate risk assessment framework. In 2023, we progressed our work on further understanding the climate liability exposure and potential of climate litigation of our insureds.

Physical risks

Catastrophe models

Catastrophe modeling is critical to our climate risk strategy and is the primary tool that we use to assess the potential financial impact of natural catastrophe risk. Catastrophe models help assess our exposure to specific catastrophe events in peril regions, and we use our catastrophe model results, together with hazard map based risk assessment for non-modeled peril regions, to calculate our net Probable Maximum Loss ("PML") for defined regional zones, such as the U.S. Southeast, Gulf of Mexico, and California.

Our PML estimates are based on assumptions that are inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies can affect actual losses and could cause actual losses to differ materially from PML estimates. We aim to reduce the potential for model error in a number of ways, most importantly, the models are continuously validated at the line of business level and coordinated through the EMC at a group level. These validation procedures include verifying the use of state-of-the art science and methodology in the models, sensitivity testing to understand the models' key variables, and back testing the model outputs to actual loss experience. Loss experience is continuously monitored on a weekly and quarterly basis.

For examples of our PML calculations, please refer to "Metrics and Targets." Our validation procedures also take climate change into account and in some cases, we adjust the model to represent current climate conditions. Catastrophe models results and PMLs are then used to mitigate and manage physical risks through portfolio management, product pricing, capital allocation, estimation of losses, strategic planning, and reinsurance purchasing decisions.

Scenario analysis

We perform scenario analysis to understand how climate-related risks and opportunities may evolve over time and to ensure compliance with solvency and liquidity requirements in stressed conditions.

Through our Exposure Management Centre of Excellence ("EMCE"), AXIS has devised a set of 2°C global warming climate change scenarios to inform our business strategy. The applied methodology allows conducting experiments using different global warming scenarios. Scenarios have been devised for U.S. Hurricane, European Windstorm, U.S. Wildfire, U.K. flood, and Japan Typhoon. These climate change scenarios are based on relevant reports by the Intergovernmental Panel on Climate Change ("IPCC,") which sets out potential future climate scenarios and other scientific literature and are compared against scenarios developed in collaboration with a third-party firm to facilitate a deeper understanding of risk exposure. The scenarios have been reflected in our catastrophe modeling by modifying the frequency and severity of events in the event sets. In some scenarios the location of events is also considered to adjust the event sets. These modifications are implemented using Monte Carlo simulations providing a tool to probabilistically assess the stressed scenarios including their sampling uncertainty.

The results illustrate that, across all return periods, climate change is modeled to predominantly increase losses at varying degrees, depending on the return period and peril region. Peril regions not listed above are adjusted in a simplified manner based on scientific literature and expert judgement. This allows AXIS to estimate the global impact of climate change which shows an overall increase of losses.

The framework is built so that it easily allows changes to the scenarios to consider different time frames and/or different climate change scenarios (e.g., a 3°C warming scenario.) This helps AXIS to run sensitivity tests and conduct enhanced climate change stress testing to understand how climate-related risks and opportunities may evolve over time and to assess the impact of long-term climate trends on the Company's current portfolio. In 2023, we continued to evolve our climate change stress testing by integrating climate scenarios into broader stress tests and further embedding climate change in our risk framework (for example Major Natural Catastrophe, with additional 2°C climate warming scenario for Southeast Windstorm.)

The EMCE also review our modeling approach and identifies and conducts reviews of peril regions most likely to be affected by climate change. If a peril region is affected by climate trends, we check if the model vendor calibrated their model to a shorter period, if and how they incorporate emerging trends arising from climate change, and if the model losses are in line with our recent loss experience. If this is not the case, we may adjust our view of risk by applying additional loadings to adjust the severity of events or by adjusting return periods of benchmarking events to reflect an increased frequency of catastrophe events. The changes in the view of risk recommended by the EMCE are presented to stakeholders (e.g., underwriters, risk managers, actuaries) to formally discuss and sign off these changes. The EMCE also summarized the scientific findings in an interactive Climate Change Atlas that serves to inform other stakeholders within the company about the potential impact of climate change on a certain peril region.

Transition risks

We monitor and assess the potential future impacts that political and regulatory developments may have on our business. In particular, our compliance team performs ongoing monitoring and assessment of any planned or actual changes in legislation pertaining to the insurance sector, including those related to climate change, and engages with impacted business areas to ensure compliance. The regulatory focus on how businesses in the financial services industry, including insurance companies, manage climate risk in both their business operations and investment portfolios is increasing.

We monitor changes in technology and societal adaptation to a lower-carbon economy that may change demand for particular products and present new product opportunities. AXIS also closely monitors scientific literature on climate change, including reports by the IPCC, to identify transition risks to our business.

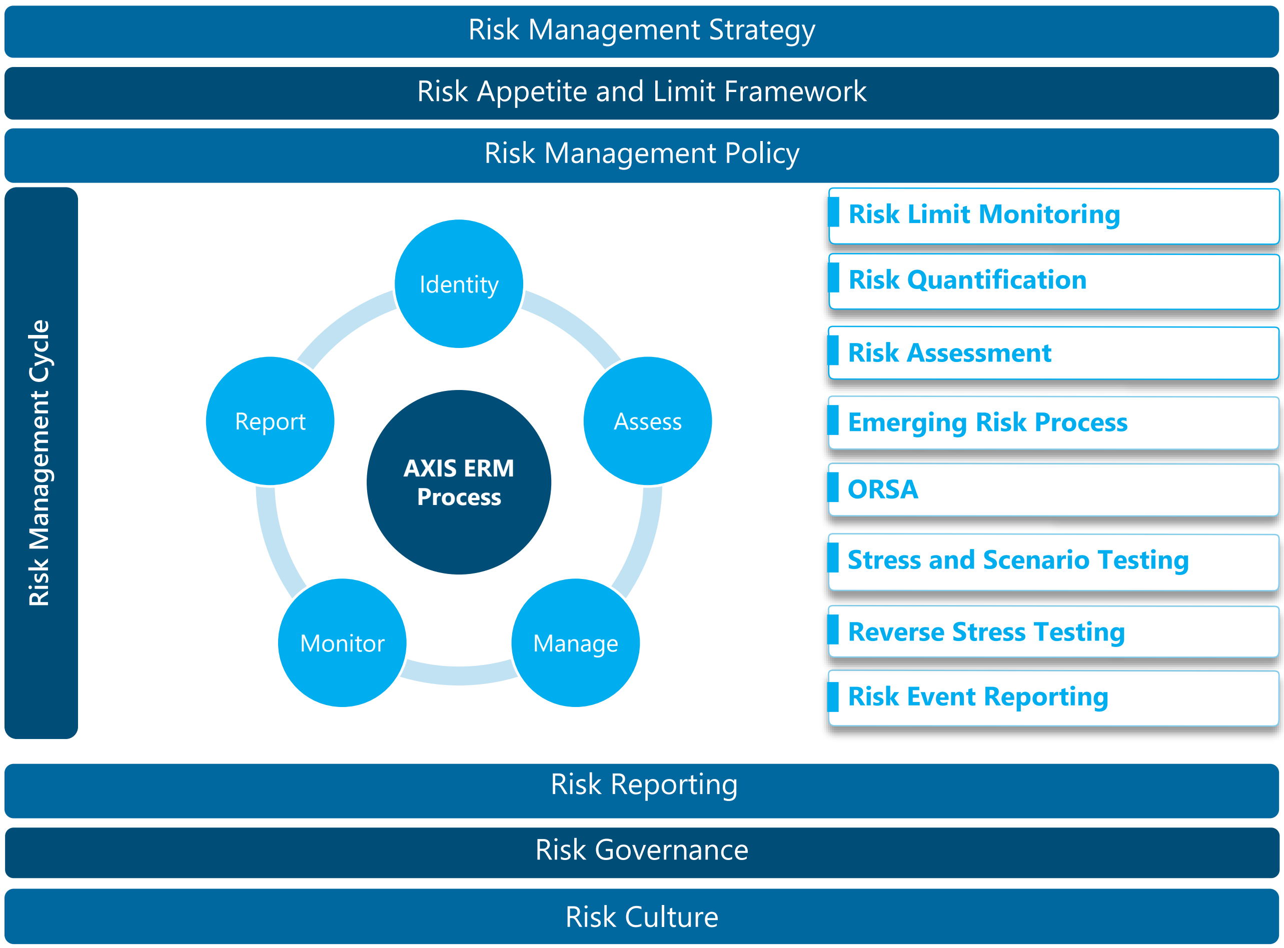
Liability risks

Liability risks relate to losses or damages suffered by our insureds from physical or transition risks, such as losses stemming from climate-related litigation in liability lines.

Although our liability exposure is considered limited at present, as the outlook for climate change litigation is highly uncertain, we monitor litigation trends to assess the potential impact of any developments on our businesses and overall risk mitigation strategies. In particular, we track ongoing litigation in the United States that seeks to compel companies to remedy their perceived contribution to climate change (e.g., mitigation costs or third-party property damage.)

Approach to Managing Climate-Related Risks Within Overall Risk Management Framework

Process for risk management



Our ERM framework is evolving and responds to changes in the Company's internal and external environment to enhance value creation and remain relevant to the business. The implementation and oversight of the framework is the responsibility of the Risk Management team, which is led by our Chief Risk Officer.

The key objectives of the framework are to:

- Protect our capital base and earnings by monitoring risks against our stated risk appetites and limits;
- Promote a sound risk management culture through disciplined and informed risk taking;
- Enhance value creation and contribute to an optimal risk-return profile by providing the basis for efficient capital deployment;

- Support the group-wide decision-making process by reliable and timely risk information; and
- Safeguard our reputation.

The above diagram shows all the components of the Company's ERM framework. Climate-related risks and opportunities are overseen and managed as part of our ERM framework, which considers material risks that could/ have arisen from operating our business. It is designed to assess (qualitative and quantitatively,) manage, mitigate, and report on the risks as identified in the ERM framework.

How we manage climate-related risk

Firm-level

Our ERM framework manages environmental risks at the firm level over short-, medium- and long-term horizons and provides the Chief Risk Officer and Executive Committee with a consolidated view of AXIS' key risks. Our ERM approach includes a distinct climate change risk management framework and a framework to create a holistic approach for managing climate-related risks. Environmental risks identified by the ERM framework are used to determine business lines and products, capital needs, and reinsurance decisions. In 2023, we developed a "Climate Dashboard" which is a tool for management to understand the risks and opportunities related to climate change in line with the Group's strategy and risk appetite. The first iteration was implemented in May 2024. The dashboard will continue to evolve, as new information, tools and analytics become available, and will be used as a means of informing management on climate related risks and opportunities

Catastrophe models, as described above, assist in managing our aggregate exposure to natural catastrophes and climate risk. These models assist us in monitoring our portfolio's exposure to risks for specific catastrophic events in peril regions.

Our catastrophe models also are taken into account in setting our long-term financial strategies and business objectives, including new product development. For example, AXIS is investing in growth areas such as renewable energy insurance, an area in which we have maintained our position as a leading global insurer, particularly for wind, solar, and battery storage facilities.

As mentioned previously in this report, AXIS may adjust or reposition its portfolio based on its assessments of climate-related risks.

Policy- and portfolio-level

At the policy level, environmental risks, along with other relevant perils, are taken into account in pricing, coverage limitations, duration, and other policy terms. Our catastrophe models inform our underwriting decisions, pricing and policy terms, and reinsurance purchasing decisions.

The underwriting process, along with the environmental risk assessment, is specific to the risks to be insured. Our underwriting process factors in natural catastrophe exposure, along with any relevant risks. If the drivers of a risk change, upon renewal, we may update pricing, add contract endorsements, or include exclusions to reflect the updated risk. As the majority of our insurance contracts are renewable annually, we are able to quickly respond to any such risk change. 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.

Reinsurance

AXIS buys reinsurance and retrocessional cover (insurance against losses experienced within our insurance or reinsurance portfolio) to mitigate the financial impact of any covered weather and catastrophe events. We cede catastrophe risk generally on a treaty basis (i.e., covering a portfolio of risks,) buying both proportional and non-proportional coverages.

Under proportional treaties, AXIS cedes an agreed percentage of related premiums and losses and loss expenses on the policies underwritten. This generally includes both traditional quota shares with rated carriers and third-party capital quota shares that are capped at an upfront collateral amount. Under non-proportional excess of loss treaties, AXIS is covered for losses that exceed a specified threshold. In addition, AXIS periodically uses catastrophe bonds to protect against certain weather-related losses in Europe and North America and enters into swap deals with third parties to diversify AXIS' catastrophe risk profile.

AXIS has a centralized risk funding department, which coordinates external treaty reinsurance purchasing (including retrocession) across the firm, and a separate AXIS Insurance-Linked Securities ("ILS") team, which coordinates the sourcing and structuring of third-party capital and ILS vehicles to support AXIS underwriting. Risk funding and AXIS ILS are overseen by our Reinsurance Purchasing Group ("RPG.") The RPG, which includes our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Underwriting Officer and representatives from the business leadership team, approves each large catastrophe treaty placement, and aims to ensure that our risk tolerance and appetite and counterparty credit metrics are met, and that appropriate diversification exists within our approved counterparty panels. From time to time, we make changes to our catastrophe reinsurance coverage as appropriate and in line with our risk appetite and reinsurance purchasing strategy.

Investment process

AXIS ensures that our investment portfolio, which provides us with sufficient liquidity to meet our claims, is diversified by end-market, issuer, asset class, and type and duration of security. Our Investment team oversees asset allocation decisions and provides a consistent approach to building our investment portfolio and selecting our external asset managers. While our portfolio is generally short-dated (our fixed income securities had an average duration of three years as of December 31, 2023,) we expect that the impact of climate change will be an increased factor in our investment decision-making over time, particularly with respect to longer-term asset classes.

As such, AXIS is committed to incorporating ESG considerations into investment decisions to better manage risk and achieve long-term profits. As set forth in our Environmental, Social, and Governance Investment Policy Statement (the "ESG Investment Policy,") AXIS has adopted the following principles for responsible investing:

- Integrating ESG metrics into the investment evaluation (both manager and security selection) phase (please refer to "Climate Strategy – Climate and Investment.")
- Promoting responsible business practices by prohibiting investing in the most eco-unfriendly activities.
- Providing capital to support a sustainable future.
- Protecting investment assets: AXIS' primary line of defense in protecting its investment assets is the specific restrictions outlined in its investment guidelines on separately managed account portfolios and, where possible, on pooled investment vehicles. AXIS independently evaluates large aggregation risks and imposes appropriate limits.

To date, AXIS has committed $45 million to investments primarily focused on clean energy, infrastructure, and energy transition.

Finally, AXIS has established strong ESG-related Investments oversight. The Company's Chief Investment Officer is responsible for establishing and implementing appropriate processes to ensure that the intent of the Company's ESG Investment Policy is carried out successfully. The Investment Risk team is responsible for monitoring and reporting compliance with the ESG Investment Policy to the management Investment and Finance Committee and Board Finance Committee.

The Finance Committee of the Board of Directors reviews and approves the Company's ESG Investment Policy annually following recommendation from the Investment and Finance Management Committee.

Stress and scenario testing

An important component of our ERM framework is our Own Risk and Solvency Assessment ("ORSA") process, which assesses our ability to meet solvency and liquidity requirements in stressed conditions, including climate change scenarios. The purpose of this process is to support short-term decision-making and longer-term strategic management and ensure that AXIS has sufficient capital in line with the Company's risk appetite and solvency targets. It provides additional assurance that the Company would be able to withstand an extreme, or combination of extreme events, with deficiencies and management actions highlighted as appropriate. A stress test aims to identify possible adverse events and quantify their financial impact on the Company on the current year and on a forward-looking basis. These tests are further complimented by reverse stress testing which is designed to help us understand what could cause the business model to become unviable in the short- to mid-term.

The selected tests are reviewed and approved annually by the Board Risk Committee. The Risk function coordinates the stress and scenario testing exercise in conjunction with other key functions.

Outside of the ORSA process, AXIS monitors non-modelled risks through the AXIS Threats Framework (“ATF,”) a suite of internally developed scenarios aimed at assessing low-frequency, high-severity threats. One of the Liability scenarios included in the ATF is an Environmental/ Climate Change Litigations scenario, which considers losses accumulating across Professional Lines and Primary/ Excess Casualty. The ATF scenario suite also includes a US Wildfire and a Canada Wildfire threat. Both scenarios include losses from Property, Marine & Aviation, A&H, and Casualty lines, and can reflect the effects of climate change through resulting loss estimates. We also stress test our investment portfolios to account for various scenarios related to climate change. We use historical and hypothetical scenarios to analyze the impact of unusual market conditions and to ensure potential investment losses remain within our risk appetite.

Metrics and Targets

AXIS is committed to accountability and transparency on ESG and climate-related matters. Since 2020, we have been proud signatories of the U.N. Global Compact and Principles for Sustainable Insurance, and we report annually on our program to those organizations. We also publish an annual SASB Disclosure Report.

Metrics Assessing Climate-Related Risks and Opportunities

We use a variety of metrics to assess climate-related risks and opportunities in line with our overall business strategy.

Probable maximum loss

As earlier described, we use our catastrophe models, combined with our judgment and experience, to calculate our net Probable Maximum Loss ("PML") for a single natural peril catastrophe event for certain defined regional zones. We have developed PML estimates for various natural peril catastrophe events to assess our catastrophe exposure and inform our underwriting strategies.

The table below shows our net PML to a single natural peril catastrophe event within defined single zones which correspond to peak industry catastrophe exposures at January 1, 2024 and 2023.

Estimated Net Exposures (millions of U.S. dollars)			**January 1, 2024**				**January 1, 2023**		
Territory	**Peril**		**50 Year Return Period**	**100 Year Return Period**	**250 Year Return Period**		**50 Year Return Period**	**100 Year Return Period**	**250 Year Return Period**
Single zone, single event									
Southeast	U.S. Hurricane	$	**114**	**131**	**149**	$	74	96	125
Northeast	U.S. Hurricane		**9**	**26**	**59**		11	35	72
Mid-Atlantic	U.S. Hurricane		**41**	**85**	**111**		26	59	99
Gulf of Mexico	U.S. Hurricane		**104**	**124**	**143**		67	86	121
Europe	Windstorm		**59**	**87**	**107**		39	57	77
Japan	Windstorm		**10**	**12**	**21**		39	106	146
Japan	Earthquake		**41**	**67**	**114**		50	115	195
California	Earthquake		**115**	**137**	**163**		65	98	144

The return period refers to the frequency with which losses of a given amount or greater are expected to occur. A zone is a geographic area in which the insurance risks are considered to be correlated to a single catastrophic event. Estimated losses from a modeled event are grouped into a single zone, as shown below, based on where the majority of the total estimated industry loss is expected to occur.

As indicated in the table above, at January 1, 2024, our modeled single occurrence 1-in-100 year return period PML for a Southeast U.S. hurricane, net of reinsurance, is approximately $131 million. According to our modeling, there is a 1% chance that on an annual basis losses incurred from a Southeast U.S. hurricane event could be in excess of $131 million. Conversely, there is a 99% chance that, on an annual basis, the loss from a Southeast U.S. hurricane will fall below $131 million.

PMLs are based on results of stochastic models that consider a wide range of possible events, their losses, and probabilities. It is important to consider that an actual event does not necessarily resemble one of the stochastic events and the specific characteristics of an actual event can lead to substantial differences between actual and modeled loss.

We have developed our PML estimates by combining judgment and experience with the outputs from the catastrophe model, commercially available from Verisk Analytics, Inc., which we also use for pricing catastrophe risk. This model covers the major peril regions where we face potential exposure. Additionally, we have included our estimate of non-modeled perils and other factors, which we believe provides us with a more complete view of catastrophe risk.

Our PML estimates are based on assumptions that are inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies can affect actual losses and could cause actual losses to differ materially from those expressed above. We aim to reduce the potential for model error in a number of ways, the most important of which is by ensuring that management's judgment supplements the model outputs. Models are continuously validated at the line of business and at a group level by our catastrophe model validation team. These validation procedures include sensitivity testing of models to understand their key variables and, where possible, back testing the model outputs to actual results.

Estimated net losses from peak zone catastrophes may change from period to period as a result of several factors, which include but are not limited to, updates to vendor catastrophe models, changes to internal modeling, underwriting portfolios, reinsurance purchasing strategy and foreign exchange rates.

Catastrophe losses

AXIS monitors and evaluates natural, man-made, and other catastrophe losses to identify changes in frequency and severity. Estimated pre-tax catastrophe and weather-related losses, net of reinsurance and reinstatement premiums, for our insurance and reinsurance segments for the last three years are set forth in the table below. These are loss estimates as of December 31 of each year for natural catastrophe and weather-related events occurring in that year, as well as losses primarily associated with the Russia-Ukraine war, the COVID-19 pandemic, the Israel-Hamas Conflict, and the Earthquake in Turkey. See details in our Investor Financial Supplement which is available on our Investor Relations website at www.investor.axiscapital.com.

(In millions)	Accident Year		
Segment	**2023**	**2022**	**2021**
Insurance	111	207	175
Reinsurance	27	196	268
Total	138	403	443

Climate scenarios

As discussed above, AXIS analyzes climate scenario tests covering various natural catastrophe perils (e.g., U.S. Hurricane, E.U. Windstorm, U.S. Wildfire, U.K. Flood, and Japan Typhoon.) The outputs from climate scenario testing are used by AXIS to understand and assess our climate risk exposure and the potential financial impact covered events would have on AXIS' results of operations. These climate scenarios are implemented using third-party models by modifying the frequency and severity of event sets.

Greenhouse gas assessments

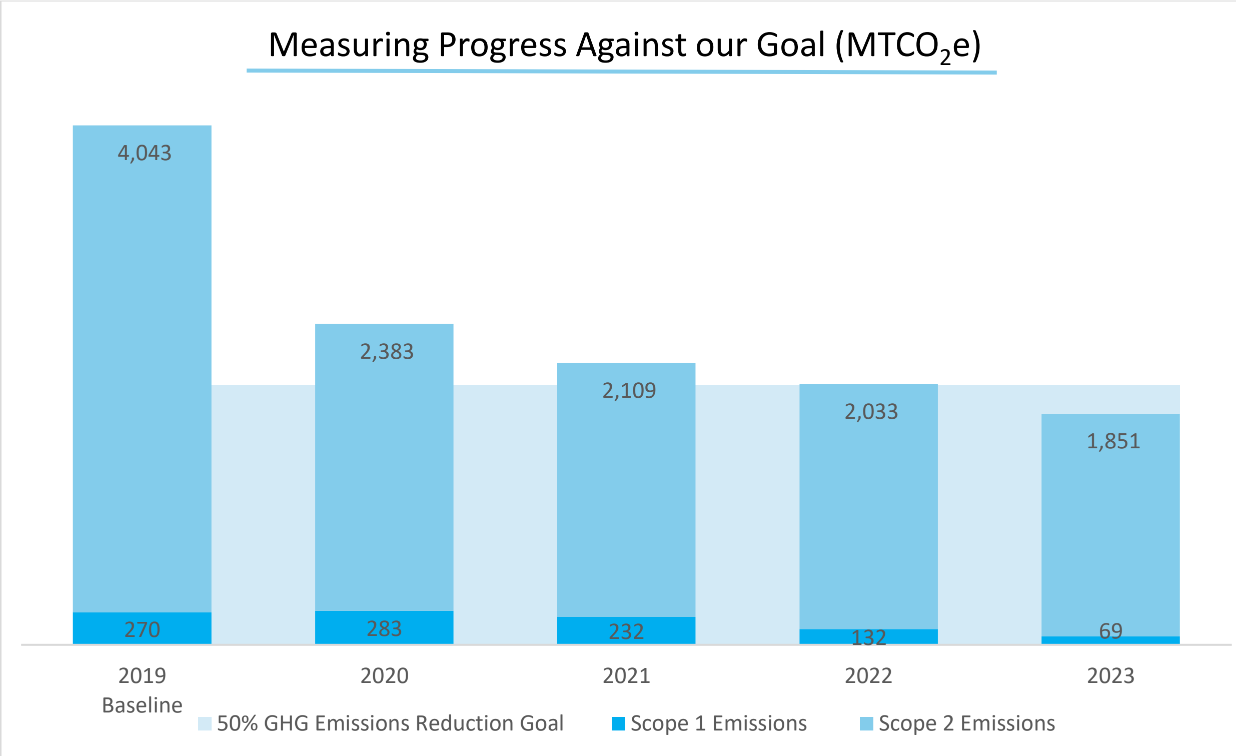
We track our Scope 1, Scope 2, and select Scope 3 GHG emissions in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Our measured GHG emissions for 2023 are set forth below, as well as historical comparisons. Previous year GHG assessments are set forth in full at www.axiscapital.com.

2023 AXIS Emissions

	2023 MTCO$_2$e
Scope 1 Emissions	**69**
Scope 2 Emissions	**1,851**
Scope 3 Emissions*	**3,210**
Air/Business Travel	3,012
Downstream Leased Assets	198
Total 2023 GHG Emissions	**5,130**

* Scope 3 emissions resulting from employee commuting and waste are no longer reported due to immateriality.



2023 Regional Breakdown

	United Kingdom	European Union	North America (U.S., Canada, Bermuda)	Asia Pacific
Scope 1 Emissions	19	10	40	0
Scope 2 Emissions	352	32	1,449	18
Scope 3 Emissions	708	182	2,293	27
Air/Business Travel	644	182	2,159	27
Downstream Leased Assets	64	0	134	0
Total 2023 GHG Emissions	1,079	224	3,782	45

Total carbon emissions decreased year over year, and cumulative Scope 1 and 2 emissions have declined year over year since we started tracking in 2019. Significant Scope 2 emissions reductions were primarily achieved in 2020 because of changes due to the COVID-19 pandemic. Our Scope 1 and Scope 2 emissions continue to decrease mainly as a result of office square footage reductions. We expect to continue to see opportunities for Scope 1 and 2 emissions reduction through optimization of the AXIS global real estate portfolio and identification of efficiencies in facilities management. The most significant change for 2023 was an increase in Scope 3 carbon emissions, primarily due to Air/Business Travel emissions.

Targets Addressing Climate-Related Risks and Opportunities

We are committed to the transition to a low-carbon economy. Our targets include:

- Overall goal-setting: AXIS is dedicated to reducing the environmental impact of our operations, including our global greenhouse gas footprint. In 2023, AXIS committed to a 50% absolute reduction of its Scope 1 and 2 emissions by 2030, using a 2019 base year.

- Thermal coal exit goal: In response to the identification of the thermal coal and oil sands industries as particularly carbon intensive and susceptible to transition risk, AXIS created its Fossil Fuel Policy. As previously noted in this report, pursuant to this policy, AXIS committed to fully phase out thermal coal from its insurance and facultative reinsurance portfolios no later than 2030 in OECD countries and 2040 globally. Additionally, AXIS has committed to phase out by the end of 2025 any existing investments in companies in the thermal coal or oil sands industries that exceed its policy thresholds.

Important Legal Information

This report contains information about AXIS as of, or for the year ended December 31, 2023, unless otherwise noted. The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial or other impact of that information. Please refer to our periodic and other filings with the SEC, which are accessible on the SEC's website at www.sec.gov and our website at www.axiscapital.com, for additional information concerning AXIS Capital, including information which is more current than that contained in this report. This report should be read in conjunction with our filings with the SEC and the other information we publish.

Certain of the metrics and other information contained in this report are derived from information provided by third parties. These metrics and other information include without limitation certain employee and climate metrics and information. Although we are not aware of any inaccuracies in the third-party provided information, that information has not been independently verified by us. Therefore, actual results may differ from the metrics and other information contained in this report that are derived from third-party information. AXIS Capital has not and does not intend to independently verify third-party data contained in this report.

Certain of the metrics and other information contained in this report, including third-party derived information, are based on estimates and assumptions. These metrics and other information include but are not limited to metrics and other information relating to greenhouse gas emissions. In some cases, the methodologies underlying such estimates and the assumptions may in the future be revised. That may in the future result in the modification of metrics and other information contained in this report. AXIS Capital undertakes no obligation to update or revise publicly any such metrics or other information.

In addition, this report contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts included in this report, including statements regarding our estimates, beliefs, expectations, intentions, strategies or projections are forward-looking statements. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the United States federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may", "should", "could", "anticipate", "estimate", "expect", "plan", "believe", "predict", "potential", "intend" or similar expressions. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond management's control. These statements include, among other things, statements about our product offerings, catastrophe losses, customer initiatives, modeling, the physical, transition and liability risks of climate change, and environmental sustainability targets and goals. Results may differ materially from those expressed or implied by forward-looking statements. Factors that can cause results to differ materially include those described under "Forward Looking Statements" in AXIS Capital's most recent Form 10-K and Form 10-Qs filed with the SEC and available on our website. AXIS Capital undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.