

**AXIS CAPITAL HOLDINGS LIMITED**  
**ENVIRONMENTAL, SOCIAL AND GOVERNANCE**  
**INVESTMENT POLICY STATEMENT**

**Adopted as of May 15, 2024**

**I. PURPOSE AND SCOPE**

This Statement is the Environmental, Social and Governance (ESG) Investment Policy for the aggregate AXIS Capital Holdings Limited (“AXIS” or the “Company”) portfolio. The Company’s Chief Investment Officer establishes guidelines and processes that carry out the intent of this Statement.

**II. APPROVAL AND ADOPTION OF THE STATEMENT**

The ESG Investment Policy Statement was approved by the Investment and Finance Committee of AXIS Capital Holdings Limited on August 3, 2022, and subsequently amended on May 15 2024. This Statement was adopted as of the date set forth above and shall be amended only upon the consent of the Investment and Finance Committee.

**III. OVERVIEW OF THE INVESTMENT PORTFOLIO**

AXIS’ investment portfolio consists primarily of investment grade, liquid, fixed income investments, as disclosed in annual filings with the SEC. Insurers such as AXIS are subject to various regulatory requirements that restrict the types, and risk concentrations, of permitted investments to ensure that the insurers have sufficient liquidity to pay claims in a timely fashion.

AXIS’ internal investment team is responsible for policy decisions, asset allocation decisions, benchmark construction and guidelines, quantitative / qualitative exposures limits, and external manager selection. Security selection is generally managed by external investment management firms within defined limits.

Public equity securities are, generally, less than 10% of the AXIS investment portfolio and primarily held in the form of passive indexed funds where AXIS cannot tailor its holdings nor can it vote on shareholder proposals.

**IV. RESPONSIBLE INVESTMENT STRATEGY**

AXIS is committed to incorporating ESG concerns into investment decisions to better manage risk and achieve long-term profits. AXIS has adopted the following principles for responsible investing:

- Integrating ESG metrics into the investment evaluation (both manager and security selection) phase.
- Promoting responsible business practices by prohibiting investing in the most eco-unfriendly activities.

- Providing capital to support a sustainable future: While financial considerations are paramount, AXIS seeks to support building a more sustainable future by providing capital for eco-friendly programs.
- Protecting investment assets: Due to its outsourced investment management model, AXIS' primary engagement with ESG factors relates to its selection and oversight of its investment managers. Specific restrictions apply to separately managed account portfolios (if possible, also to pooled investment vehicles). AXIS does not rely solely on its investment managers' evaluations of ESG issues to protect its assets. AXIS evaluates large aggregation risks and imposes appropriate limits.

## **V. ASSET MANAGER SELECTION AND OVERSIGHT**

AXIS conducts thorough due diligence of relevant investment managers as part of its manager selection process. The manager evaluation includes an assessment of the manager's incorporation of ESG factors in its investment process and its ability to comply with AXIS' responsible investing principles / policies.

AXIS seeks investment managers that:

- Incorporate ESG metrics into their investment analysis process.
- Adjust (based on an analytical framework) the importance of E, S, G ratings depending on the relevant industry.
- Have investment professionals dedicated to improving / implementing its ESG analyses.

AXIS annually evaluates for relevant managers the firm's ESG performance using a scorecard process. Each year, AXIS asks its fixed income investment managers and its open-ended risk assets fund managers to complete a due diligence questionnaire which covers ESG policy updates, ESG resources, ESG investment practices, ESG affiliations and ESG reporting. Managers receive several ESG scores based on their responses to the due diligence questionnaire. AXIS monitors the annual scores of its investment managers and takes the ESG scores into account when considering whether to add or sell all or a portion of the investments managed by a particular investment manager.

## **VI. GOVERNANCE**

AXIS has a three lines of defense model (Investment / Investment Risk Team; Group Risk; Internal Audit) governance model.

AXIS Investments / Investment Risk teams are responsible for the following:

- Compiling and reporting on an annual basis to the IFC manager scorecards<sup>1</sup> with ESG-specific scores.
- Applying portfolio restrictions to limit stranded assets and other related ESG risks.
- Monitoring and reporting to the IFC compliance with ESG restrictions on a quarterly basis.
- Monitoring the investment grade fixed income portfolio's aggregate ESG rating on a quarterly basis.
- Conducting extreme climate risk stress testing of the investment portfolio at least on an annual basis.
- Monitoring exposures to the lowest rated companies (B or lower) and discuss with relevant asset managers on an as-needed basis (future intention).
- Monitoring Type I and Type II Green House emission coverage.

## **VII. STEWARDSHIP AND ENGAGEMENT**

AXIS' intention (future) is to discuss with investment managers how they currently / intend to engage with companies to improve their ESG scores.

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<sup>1</sup> Open ended fund managers are included in this process, but other drawdown fund managers are excluded (since the capital is locked up for an agreed upon time horizon), unless the manager offers at least annual liquidity options to withdraw capital.

## **APPENDIX - APPLICATIONS**

AXIS is committed to:

- Promoting responsible business practices by eliminating the most eco-unfriendly activities
  - AXIS has adopted a thermal coal and oil sands related exclusion policies, effective January 1, 2020. Pursuant to that policy, AXIS committed to not make new investments in companies that generate 30% or more of their revenues from thermal coal mining, generate 30% or more of their power from thermal coal, or hold more than 20% of their reserves in oil sands.
  - Effective January 1, 2021, AXIS amended the policy to prohibit any direct investment in support of the exploration, production or transportation of oil and gas in the Arctic National Wildlife Refuge.
  - In October 2021, AXIS announced revisions to the policy that lower the revenue and power generation threshold from 30% to 20%.
- Providing capital to support a sustainable future
  - Building on its commitment to renewable energy, the Company has invested \$20 million in BlackRock's Climate Finance Partnership (CFP), a fund focused on climate-infrastructure investments in emerging markets, and \$25m in Blackstone's Green Private Credit Fund (BGREEN) III , a private credit strategy dedicated to secured debt and secured debt/equity hybrid investments in the renewable energy and sustainability space.
- Protecting investment assets
  - To limit stranded assets risk, AXIS imposes a 12% limit to energy companies in high yield portfolios.