HOW WE CREATE VALUE

Our key business objectives

— Building a sustainable business for the long-term benefit of our stakeholders

— Deliver profitability and a mid-teens return on equity across the cycle

Our investment proposition

Targeted underwriting

— Pure-play reinsurance treaty focus
— Balanced and diversified portfolio
— Dynamic cycle management across classes of business and geographies

Operational excellence

— Single location, highly efficient set-up with open and collaborative culture
— Management team with proven industry track record
— Targeted and effective use of data-driven pricing, analytics and exposure management thanks to efficient cloud-based ecosystem

Strong balance sheet

— Legacy-free balance sheet. Well capitalised for future growth
— AM Best (A-) Excellent financial strength rating with "very strong" balance sheet
— High-quality investment portfolio, with average credit quality of AA

Bermuda-based reinsurer

BMA supervised – Class 4 Licensed

Members of staff

59

AM Best financial strength rating

A-

(Excellent)

Final dividend for 2023

$0.18

per Common Share ($0.36 full year)

2023 Gross premiums written[1]

$931.4m

(2022: $622.5m)[2]

By class:
- Property 50.3%
- Casualty 29.7%
- Specialty 20.0%

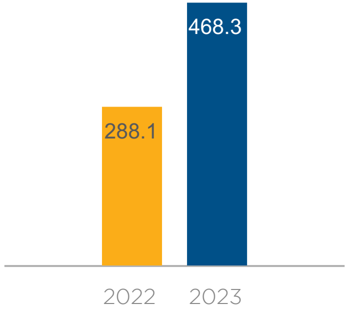
Underwriting

Conduit Re offers a broad range of traditional and tailored proportional and excess of loss reinsurance solutions to our clients on a worldwide or region-specific basis within our Property, Casualty and Specialty portfolios. Below is a list of sub-class examples of the solutions offered.

Property
Proportional and non-proportional

Catastrophe and non-catastrophe property business lines

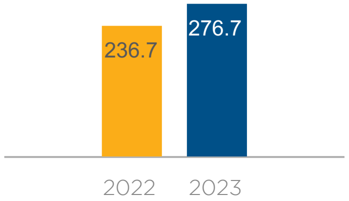
Gross premiums written ($m)[1]



Casualty
Proportional and non-proportional

Directors and officers liability, financial institutions liability, general liability, medical malpractice, professional liability and transactional liability

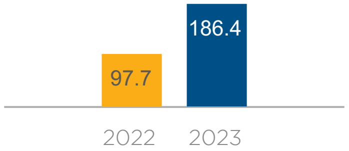
Gross premiums written ($m)[1]



Specialty
Proportional and non-proportional

Aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and whole account

Gross premiums written ($m)[1]



1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. Where appropriate throughout this report, comparatives for 2022 have been re-stated on an IFRS 17 basis

A MODEL WHICH HELPS US GROW

Our business model is designed around our strategy, and is fundamental to delivering long-term value to our stakeholders.

Inception to 31 December 2023 estimated ultimate premiums written

$2.1bn

OUR VISION

Our vision is to maintain Conduit Re as a leading reinsurance business with a global reach, delivering sustainable long-term returns through the market cycle.

WHAT WE DO

Conduit Re offers a broad range of traditional and tailored proportional and excess of loss reinsurance solutions to our clients on a worldwide or region-specific basis within our Property, Casualty and Specialty portfolios.

Property | **Casualty** | **Speciality**

OUR KEY RESOURCES

People and talent
Our people with their skills and expertise are critical to the success of the business.

Technology
We have invested in the latest technology to continuously improve the business.

Capital
We are a well capitalised business to help support our growth strategy.

WE ARE...

- A pure-play reinsurer in a single location in Bermuda.
- A business with no conflicts of interest with our cedants.
- Client, geography and product neutral.

We enable fast, flexible and informed decision-making.

WE USE...

- An open culture where knowledge transfer is facilitated and collaborative challenge is encouraged.
- Modern, modular technology to provide enhanced portfolio insight.

We create a diverse, inclusive and fun working environment.

WE EMBRACE...

- A broad view to exploring solutions in ever-changing market conditions, unhindered by legacy systems and issues.
- An integrated approach to ESG, building this into our operations, underwriting and investment activities.

We deliver long-term sustainable benefits for our stakeholders.

UNDERPINNED BY OUR CULTURE

Transparent | **Collaborative** | **Responsible** | **Enabled** | **Forward-thinking**

OUR STRATEGY IS ROBUST IN CHANGEABLE MARKET CONDITIONS

The ability to act decisively and make informed decisions while remaining disciplined in deploying our capital into the marketplace is fundamental to our strategy.

01. Heightened loss activity and global socio-economic pressures

The industry has experienced several significant events and challenges in a relatively short time span, such as the COVID pandemic, the rapid rise and ongoing impact of inflation on prior year reserves and on claims costs, a run of above average losses from natural catastrophes, and the ongoing conflicts in Ukraine and the Middle East.

Strategy alignment
We are well positioned in this new environment, as we can explore solutions in ever-changing market conditions, unhindered by legacy systems and issues.

02. Climate change

Climate change is increasingly impacting the market. The frequency and severity of natural peril losses are on the rise. The increasing use of 'named peril' coverage should enable a more realistic assessment of natural peril risk. In 2023, across the board, we saw a move towards greater transparency and clearer definitions in the reinsurance treaty market.

Strategy alignment
Greater clarity around natural peril risk pricing and definitions helps us identify the relative value in the reinsurance product chain and technically underwrite a balanced and diversified portfolio: our core underwriting philosophy.

03. Inflation

Inflation and rapidly increasing interest rates, following a prolonged low interest rate period, has caused significant volatility in the investment markets and increased liquidity and credit risks. Resulting mark-to-market movements have been a notable feature in the (re)insurance industry, and wider financial markets, in recent years.

Strategy alignment
Our strategy is to assume risk in our underwriting and to seek to protect our asset base to maximise solvency capital and, consequently, we will continue to invest conservatively, maintaining a lower-risk profile with high average credit ratings and relatively low duration.

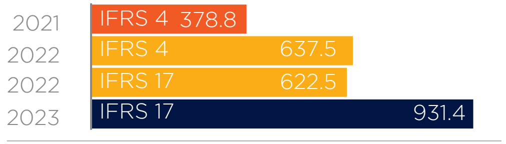
04. Supply versus demand imbalance

A fundamental shift in the pricing and underwriting of risk is generating a supply versus demand imbalance, particularly in the shorter-tail risks, driving the market to embrace both a significant increase in premium rates and, crucially, an improvement in the terms and conditions being offered.

Strategy alignment
As a pure-play reinsurer who is client, geography and product-neutral, with no conflicts of interest with our cedants, we are perfectly positioned to address this imbalance to generate long-term sustainable benefits for our stakeholders, thanks to the strength of our diversified portfolio.

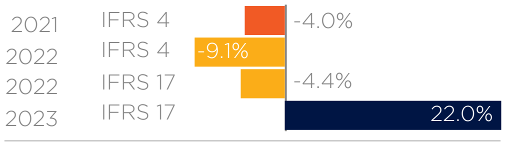
OUR KEY PERFORMANCE INDICATORS

Gross premiums written[1] ($m)



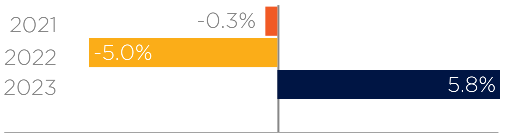
In its third year of underwriting, Conduit has continued its growth across all segments, benefiting from new business, high retention and underlying growth of renewal business, coupled with improving rates. Client count and submission flow have increased as we expand our footprint.

RoE



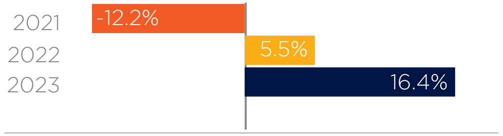
Conduit reached a level of scale and maturity in its third year of underwriting, and with a higher yielding investment portfolio, it was better able to withstand above average industry loss levels and ongoing volatility in the investment markets and generate a very healthy RoE.

Total net investment return



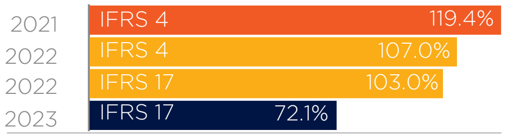
After the significant increases in US interest rates in 2022 – which drove the negative performance for that year – Conduit now has a generally higher yielding investment portfolio to drive positive performance. The Company also benefited from the rate rally in the fourth quarter of 2023.

Total shareholder return



Despite general malaise in the UK stock market, Conduit was able to generate a positive TSR given its strong results and supported by its interim and final dividends. As a comparison, over the same period the FTSE100 and FTSE250 delivered +3.8% and +4.4% respectively.

Combined ratio



The combined ratio reflects the Company completing its third year of underwriting and therefore relative maturity in earnings, strong underwriting performance due to superior risk selection, greater ability to cover operating expenses and the benefit of discounting from the introduction of IFRS 17.

Net tangible asset value per share (NTAVS) ($m)

The increase in NTAVS was due to strong comprehensive income generated for the year, less dividends paid by the Company during the year.

1. On transition to IFRS 17 the definitions of some additional performance measures have been updated as presented on page 154. Comparatives for 2022 have been re-stated on an IFRS 17 basis. Prior to IFRS 17 implementation the numbers were presented on an IFRS 4 basis.

DELIVERING MILESTONE RESULTS

"Our efficient underwriting platform and strong balance sheet put us in a wonderful position to continue our planned growth in exceptional market conditions."

Neil Eckert
Executive Chairman

Performance
I am particularly pleased to present Conduit's 2023 results as they denote a significant milestone in the development of the business. Conduit was only formed three years ago, yet, with comprehensive income of $190.8 million, 2023 is when we truly started to reap the benefits of the strategic decisions and the hard work done by Trevor and the rest of the Conduit team during those first three years. As earnings start to mature, we still have a very strong pipeline of unearned premium, and we have shown strong growth in gross premiums written while enjoying exceptional market pricing. We pride ourselves on being a pure-play, single location reinsurer that has built a platform for organic growth and has the capital base to support its business on an ongoing basis.

We are maintaining our dividend at $0.18 per share making it $0.36 per share for the full year (approximately 28 pence).

Market

Market conditions remain exceptionally strong. In some primary markets there are still acute shortages of capacity. For example, several of the large, regulated insurance providers are pulling back in some geographies and types of risks. This is often referred to as a structural shift in the way that insurance business is conducted especially in the US. The market is also grappling with the difficult issue of the 'Protection Gap', which is the difference between the insured versus economic loss on major catastrophic events. The market perception is that less than half of the economic value of major losses are insured. This gap will only worsen as the major insurance providers try to protect themselves through increased deductibles and new exclusions, which is serving to drive more business into the non-admitted market.

People

Over the course of 2023 we added talent and diversity across all areas of Conduit's business, increasing leadership, expertise and depth.

At Board level, we welcomed Rebecca Shelley as a Non-Executive Director. Rebecca brings a wealth of public company experience. Along with extensive knowledge of financial services, she has a strong background in investor and public relations and in sustainability. She is the senior independent director of one other UK public company.

Brian Williamson will step down from the Senior Independent Director role in February 2024, and will be replaced by Rebecca Shelley. He will however continue to serve on the Board as a Non-Executive Director and Chair of the Remuneration Committee until CHL's AGM on 15 May 2024, when he will step down from the Board having served a three-year term.

Brian joined the Board at Conduit's formation in 2020 and I am deeply grateful to him for his wise counsel as Senior Independent Director and for his contribution to Conduit's establishment.

Dr. Richard Sandor stepped down from the Board in November 2023. Richard joined the Board of CHL at the time of the Company's IPO in December 2020, shortly after Conduit's formation and I would also like to thank him for his contribution during our formative first three years.

Four out of nine Board members and over half of our staff are female; only one way in which we evidence our diversity. We also maintain an open and collaborative culture, led by a demonstrably accessible executive team. With only 59 staff we can maintain a flat structure that makes decision taking and execution simpler than in large multinational organisations.

Our corporate values and work ethic, in my opinion, make Conduit a great place to be. The hard work that has been required to get the business to where it is today cannot be underestimated and, while there has been a huge amount of work in underwriting, the work then must flow right through the organisation ably supported by operations, finance, modelling, actuarial, risk, HR and legal and compliance. Simply put, the team have delivered on all fronts.

We aspire to the values expected by our investors, especially as they relate to ESG. But it is not about words, and one of the outstanding achievements for the year has been our charitable activity exclusively in Bermuda, which we highlight in the ESG section of this Annual Report. My thanks go to the ESG Committee and the Board for their oversight and for ensuring that these values are deeply embedded across all areas of our business.

Conclusion

These results are a significant step forward for Conduit and our top-line growth is well ahead of original projections at the time of the IPO.

It only remains for me to thank Trevor, the entire Conduit team, our brokers, customers and shareholders. Conduit is now established as a business that is well placed to generate strong investor returns and we are excited about our prospects.

Neil Eckert
Executive Chairman
27 February 2024

"Over the year we saw the benefits of the long-term strategic calls we have made which were designed to deliver a robust and scalable platform."

Trevor Carvey
CEO

Introduction

In last year's report, I said that the industry developments we had seen since 2020 presented a 2023 landscape that was well beyond the original expectations we had when Conduit was formed. I also said that our team, pulling together from one location, was ideally positioned to respond to the favourable market conditions, and so it has proved. We were quietly confident that we were experiencing a broad reinsurance market correction in our favour, and what we witnessed in 2023 was a fundamental shift in risk versus return metrics, which presented opportunities for us to accelerate our growth plans.

A significant aspect of our strategy is proactive cycle management which we believe will drive superior returns over time. Over the last three years the industry has experienced a number of major events and challenges, such as the COVID pandemic, the rapid rise and ongoing impact of inflation, a run of above average losses from natural catastrophes and then the ongoing conflicts in Ukraine and the Middle East. Not exactly an unprecedented series of consecutive events, but nonetheless a considerable change in the landscape for insurers and reinsurers alike to contend with.

In our view, being able to adapt readily to such a changing landscape is what a successful reinsurance business should do, and I am proud that the Company was swiftly able to align our risk appetite through this period to protect and improve our position. This was achieved through a series of both pre-emptive actions, and, at other times, defensive actions, in a relatively short space of time. As we moved through 2023, we took comfort also from the underlying performance and underwriting contribution from the 2021 and 2022 underwriting years. 2023 was indeed a good year at Conduit and the continued optimisation of the portfolio, along with the strength of our diversified platform, was very evident as we produced a very profitable result.

2023 performance

In 2023, our gross premiums written grew by 49.6% to $931.4 million and on an estimated ultimate premiums written basis by 49.9% to $966.6 million. Our overall result was comprehensive income of $190.8 million or $1.19 per share. We achieved a combined ratio of 72.1% and reinsurance service result of $183.6 million. This was an excellent performance by the team in only our third year of underwriting, particularly in another year of above average industry losses, where natural peril losses were estimated to be more than $100 billion. This marks the sixth year since 2017 where this annual threshold has been exceeded.

Our performance in 2023 stems from our commitment to being wholly focused on smart, disciplined underwriting and is evidence that we are delivering a growing business respected for its risk selection, partnerships and underwriting integrity.

The growth in premiums in 2023 was spread right across our three divisions of property, casualty and specialty and was broadly in line with our previously communicated commitment earlier in the year to skew our resources and capacity towards growing more in the property and specialty sectors where higher returns are more readily present. Our casualty division also had a solid year by building on the renewals and core contract base we have had in place since 2021 and we saw opportunities to continue to grow and build that book with our existing clients plus some new opportunities.

We were able to capitalise on favourable conditions in the ILS space and successfully sponsored the Stabilitas Re catastrophe bond structure. The resulting attractively priced three-year collateralised reinsurance cover complements Conduit Re's existing outwards reinsurance protection.

We ended 2023 by delivering an RoE of 22.0% for the year, compared with (4.4)% in 2022. The Company's net tangible asset value per share increased from $5.41 to $6.25 in 2023.

Investments

Beyond underwriting, in contrast to 2022, our 2023 results were favourably impacted by the performance of our investment portfolio, with an investment return of 5.8% mostly driven by a higher yielding portfolio as we took advantage of some of the higher rates available on reinvestment. The 2022 results were affected by the impact of the increased interest rates on our invested assets, with an investment return of (5.0)% mostly driven by a mark-to-market effect over the 12 months of $(67.8) million. By comparison, the mark-to-market effect over the 12 months of 2023 was $30.6 million. Our invested assets at the end of 2023 were $1.2 billion versus $1.0 billion at the end of 2022. In 2023, within our normal portfolio monitoring and duration positioning activities, we accumulated cash and reinvested when opportunities presented themselves, and we avoided realising losses unnecessarily.

We have always said that our strategy is to assume risk in our underwriting and to seek to protect our asset base to maximise our solvency capital. Consequently, we will continue to deploy our investments conservatively, maintaining a lower-risk profile with high average credit ratings (AA at the end of both 2023 and 2022) and duration (2.4 years at the end of 2023 and 2.2 years at the end of 2022) positioned within a reasonable range of our liabilities.

Reinsurance market conditions

In 2023, while the industry remained largely unscathed from a large US land-falling hurricane, it was the secondary perils events that dominated the year's catastrophe loss reporting. In the US, the severe convective storm total losses passed the $50 billion insured level, significantly above historical levels. Not only have these events apparently become more frequent, but they are also becoming more severe, with higher exposure values and inflation all contributing to the losses. The latest commentary from cedants and the broader industry press suggests that the primary insurers have felt, and are continuing to feel, squeezed by events probably more than the reinsurers. With attachment points on catastrophe excess of loss programmes moving higher through the year, coupled with changes to terms and conditions and generally more limited reinsurance capacity, primary insurance writers are absorbing more of the losses this time around.

When I am asked to summarise our perspective on the general market fundamentals in 2023, I turn back to the comments we made in our quarterly updates on the way in which we view the relative attractiveness of the different business classes. When prioritising the opportunity value, we used the phraseology of property being the most attractive, then specialty followed by casualty. Although somewhat simplistic, this is a good way to think about how the market overall has presented itself to Conduit in 2023, and indeed we think will probably continue to do so for some time to come.

In the alternative asset space, macro influences drove some major shifts in allocations with investors rebalancing after falls in the valuation of bond and equity portfolios. One consequence, relevant to the property catastrophe market, was inflows to catastrophe bond funds, where price increases were evident following Hurricane Ian, which made land-fall in September 2022, with some subsequent catastrophe bond price softening evolving though the second quarter of 2023.

Our approach has been, and continues to be, to back those insurers with track records of sensible risk selection and exposure management, and we firmly continue to hold the view that the margins available, especially in the specialty non-catastrophe area, remain attractive to a diversified strategy portfolio. Similar to the approach we have taken on our property business, we seek to not over-extend the portfolio to a specialty risk loss event. Therefore, our growth in the specialty lines has been measured and we have maintained consistency in the overall portfolio balance through 2023.

We see continuing access to and growth of this accretive/non-catastrophe specialty book as important to our success over time.

Turning to casualty, economic and social inflation have been been doing their job, reminding the industry of the need to price adequately and reserve for ongoing inflationary loss trends. This feature significantly underpinned the casualty market's discipline through 2023. Still dealing with inadequate reserving for 2019 and prior years, the casualty market saw well-funded litigation and significant settlements in 2023, all of which is pointing to another rebound in pricing and potentially a return to casualty rate increases in 2024.

Capital management

In 2023 we continued to deploy our capital to support growth. Our portfolio mix is less capital intensive than we initially planned for, supporting accelerated growth. Absent unexpected events we expect Conduit Re to reach its normal operating target BSCR solvency ratio range of 200% to 300% within a three to five year planning horizon.

Further growth is supported within that target range. Any retained earnings, after dividends, would serve to add further support, with sufficient buffers maintained to withstand modelled catastrophe losses or mark-to-market investment volatility. As at 31 December 2023 Conduit Re's estimated BSCR coverage ratio is 381% compared with 404% at the end of 2022. Total capital and tangible capital available to Conduit was $0.99 billion at 31 December 2023 versus $0.87 billion at the end of 2022.

ESG

Conduit Re remains committed to being a responsible business and we engage proactively with key stakeholders to understand what is important to them from an ESG perspective. As well as consulting with our investors, consulting with our employees and with local community organisations forms part of our engagement process. Our 2022 ESG materiality assessment and details of our engagement activities were set out in our first standalone ESG report published on our website in 2023. Details of our 2023 ESG engagement process is included in this Annual Report and Accounts and in the standalone 2023 ESG report which is available on our website. Our reporting on ESG seeks to be transparent in setting out our considered approach as to what we do and why we do it.

Being responsible and engaged with our people and our wider community is important as we seek to attract and retain the very best talent and to be an employer of choice. Beyond Conduit's support of social and environmental causes through our Foundation, I was proud and delighted of the support our team gave Stuart Quinlan, my deputy CEO and our Chief Operations Officer, as he delivered on his ambition to bring a Gala of Giving to Bermuda. Under his leadership, and supported by Conduit and many other Bermuda businesses, a very successful charitable event was organised, raising much needed additional funds for many of the Bermuda charities that our own Foundation has also supported.

People & operations

I admire the strides we have made across the operational and people aspects of our business in 2023 and there are many successes that contribute in that regard, for example: the successful implementation of additional systems; the building of new models for pricing or capital management; and supporting new cedants or growing an existing business relationship.

Our finance team successfully implemented the accounting changes arising from IFRS 17 and, to a lesser extent, IFRS 9. While the implementation of these new standards has impacted the look of our financial statements and disclosures, it did not, and will not, impact Conduit's underwriting strategy or underlying economics.

One key foundation of these successes has been our drive to ensure that we employ and embed within our respective teams individuals with integrity and who bring high-quality technical knowledge. In 2023 we welcomed Peter Kiernan to head our property team, Mario Binetti to head our casualty team and Paige Gell as Assistant General Counsel to name a few, and there were a number of promotions, such as Alex Bateman to Chief Accounting Officer. We continued to add further talent to increase the resources and expertise across all functional areas of our business. At the end of 2023 we had 59 employees, up from 54 at the end of 2022.

Additionally, our commitment to diversity and inclusion aligns with our core values and is reflected in our Diversity and Inclusion Policy. Diversity and inclusion are not limited to any one of our practices and policies singularly but are reflected in all that we do within our business. We strive to create an environment which embraces differences and fosters collaboration and inclusion, where everyone's voice is heard. We encourage our people to be inquisitive in the execution of their roles and always seek to improve and challenge the status quo. We believe this will support us to achieve our vision to create value for our cedants, colleagues, business partners and shareholders. The results of our annual employee engagement survey in 2023 were positive, and I am pleased with the quality of feedback from our employees. We continue to listen to feedback from our staff and take action where needed on policies, technology, training or staffing to ensure we continue to create and maintain a great business.

Outlook

Our ability to react quickly, to offer proactive, disciplined solutions and to adapt to the rapidly changing environment is how we engage in the reinsurance marketplace. It is also key to us actively managing our exposure footprint and in that regard we are seeing greater transparency in the sharing of data from insurer to reinsurer as we move forward. Systems are now able to 'talk' more readily to each other and this improved data exchange certainly gives us encouragement as we move forward enabling clearer longer-term research and analysis around the risk transfer transaction.

On the topic of new capital, we see elements re-entering at the more remote, pure catastrophe-modelled end of the property reinsurance chain and while we do not play as heavily in this space, it will likely dampen high-end catastrophe rate increases slightly. Despite this, the current broader property landscape remains a very good place to be operating in as a reinsurer in our view.

Geopolitical factors always need to be considered when underwriting and a prudent approach is to remain watchful of current conflict events and also remain alert to other potential conflicts across the globe. We in turn track such events and it informs our decisions on deploying capacity in certain regions as we move forward.

In August 2023, the Bermuda Government announced a consultation on the implementation of a corporate income tax in Bermuda, aligned with the OECD's global minimum tax initiative model rules. This initiative has moved on rapidly and enabling legislation was passed in December 2023. The new tax is scheduled to apply to qualifying entities from 1 January 2025. Given Conduit's limited international presence, we have initially concluded that Conduit will likely be exempt from any associated taxation for at least five years after it would otherwise apply.

To our employees, I wish to thank you for delivering on our goals and for your drive to always seek to improve on what we do and how we deliver products to our customers. We have an efficient structure operating decisively from our Bermuda location with a very motivated and highly-engaged workforce.

To our clients and brokers with whom we engage daily, thank you for your support and the team look forward to developing these relationships further for our mutual benefit as we head in to 2024.

Finally to our shareholders, we thank you for the continued investment and support as we build the business and for providing your valuable feedback along the way. The business is in a great shape as we enter 2024 and I have every confidence that we are in a strong position to deliver the value expected of us by our stakeholders.

Trevor Carvey
CEO
27 February 2024

"The team continues to apply themselves to researching, identifying and responding to opportunities across each of our divisions and the base knowledge of their underlying insurance risk was key to this at every stage of the process."

Greg Roberts
CUO

Underwriting approach

We adhere to the principle that reinsurance underwriting at Conduit was founded on, which is a solid technical understanding of the underlying insurance risk.

Throughout 2023 we continuously improved both our use of technology and its interconnectivity across underwriting, pricing and exposure management.

This relationship with data is achievable due to the cedant partnerships we have formed. In fact, it is a major requirement for us to engage in any business proposal. The sharing of the most granular of insurance exposure information is paramount to understanding with confidence the risks which we are reinsuring.

As an example of our digital data collection, we hold information on over six billion individually identified property locations. This volume of data continues to grow over time. It enables us to allocate and refine the deployment of our capital and make the best underwriting decisions to deliver on our strategy.

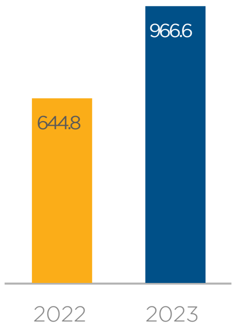
Broker engagement and distribution

In 2023, we continued expanding on our broker and client relationships. As a result, the overall business volumes and policy count increased across all three of our divisions of property, casualty and specialty. The ability to access both renewal and new business from a wide range of sources, regions and classes, all from our one location in Bermuda, has been key to the delivery of our results.

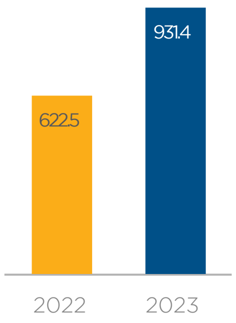
Underwriting performance

Our estimated ultimate premiums written in 2023 were $966.6 million compared with $644.8 million in 2022 – an increase of 49.9% over the same period. Gross premiums written for the year ended 31 December 2023 were $931.4 million (31 December 2022: $622.5 million).

Estimated ultimate premiums written ($m)



Gross premiums written ($m)



Throughout 2023 we saw a healthy reinsurance marketplace, with rate adequacy remaining generally strong across all three divisions. We observed positive risk-adjusted rate change in property and specialty. Casualty risk-adjusted rate change moved from flat to marginally negative towards the end of the year.

The market has remained generally favourable for us to grow into and our strategy of technical ground up underwriting has served us well in understanding where the better margins lie in the value chain.

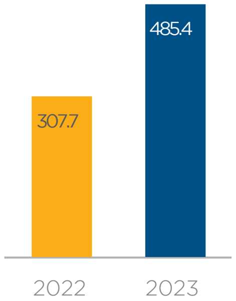
Turning to the broader accumulation management around the business, we continued to purchase outwards reinsurance protection on our portfolio. We grew our panel of reinsurers and increased the limits purchased in line with the growth of the overall portfolio and in line with our plan.

During the year there were a number of industry loss events including a series of severe convective storm losses in the US, floods in New Zealand, the Turkey earthquake and the Maui wildfire losses. None of these events either individually or in the aggregate had a material impact on our business and fell within our broad pricing parameter assumptions. The portfolio was in a strong position to handle these claims through the year.

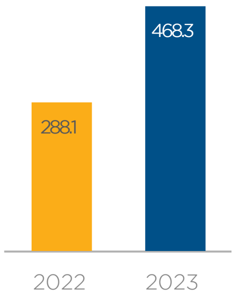
Property

In property, estimated ultimate premiums written in 2023 were $485.4 million compared with $307.7 million in 2022, representing an increase of 57.8% over 2022. Our risk-adjusted rate change in 2023 in our property division, net of claims inflation, was 30% (2022: 7%). Gross premiums written for the year ended 31 December 2023 were $468.3 million (31 December 2022: $288.1 million).

Estimated ultimate premiums written ($m)



Gross premiums written ($m)



Property estimated ultimate premium split (2023)
(All property)

(All property)

We saw greater opportunities in proportional reinsurance in the US non-admitted (or 'excess & surplus') area of the market, where the rate adequacy was again very strong in 2023. We were able to build on our renewing 2022 book of non-admitted business, which had itself been the beneficiary of rate rises and improvements in policy terms and conditions.

Early in the year, market pressures led to reinsurance treaties within the same programmes being offered for placement with different terms and conditions. As the year progressed, a more orderly approach to acceptable concurrent exclusionary language was applied for all parties.

At the same time, we continued to underwrite other property classes in the US, such as admitted lines and pure catastrophe excess of loss, where our focus was on underwriting business with regionally restricted exposures ahead of the more broad nationwide or multi-country exposed programmes.

This approach results in a portfolio balance with more manageable peak zone accumulations.

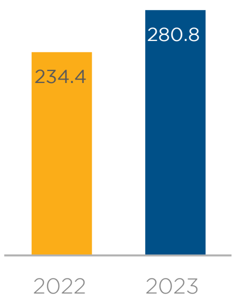
Away from the US, we have deliberately been underweight in our allocation of capacity to Europe since we began underwriting in 2021. However, a number of loss events in Europe, such as storms in Belgium and France, storms and flooding in Italy and the UK, and the earthquake in Turkey all served to stabilise the market making it more attractive to us.

On the excess of loss side, increases in property values continue to drive demand for increased catastrophe limits and, with continued growth in population and urban expansion, it required us as a reinsurer to adapt on a continuing basis our modelling systems to account for the changing trends and shifts in the exposure base. Our cloud-based exposure management software is integral to this endeavour and we believe is a key differentiator of Conduit Re's management of property accumulations across the globe.

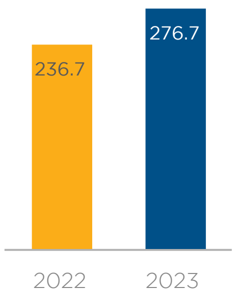
Casualty

In casualty, estimated ultimate premiums written in 2023 were $280.8 million compared with $234.4 million in 2022, representing an increase of 19.8% over 2022. Our risk-adjusted rate change in 2023 in our casualty division, net of claims inflation, was 0% (2022: 1%). Gross premiums written for the year ended 31 December 2023 were $276.7 million (31 December 2022: $236.7 million).

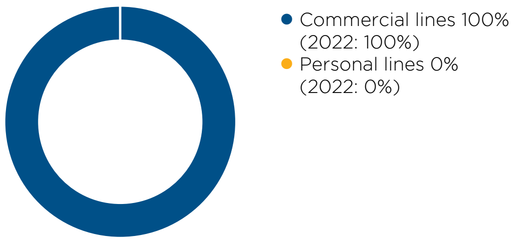
Estimated ultimate premiums written ($m)



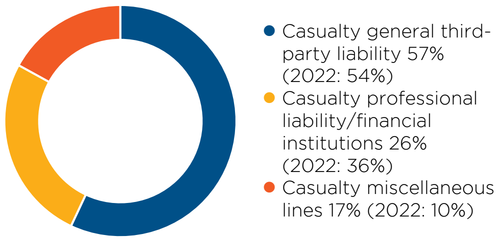
Gross premiums written ($m)



Casualty estimated ultimate premium split (2023)
(All casualty)



(All casualty)



The casualty market in 2023 was driven by the continuing effects of the increased economic and social inflationary pressures that emerged in 2022, exacerbated for those insurers with historical portfolios. There were a number of companies that announced significant increases in reserving as they continued to grapple with prior year reserving deterioration, particularly for 2019 and earlier. Consequently, underlying casualty pricing has remained relatively strong overall, although we did see a drop off in underlying risk-adjusted rate in the second half of 2023.

Casualty sub-classes, such as public directors & officers insurance and some professional lines, are examples of where rates have weakened.

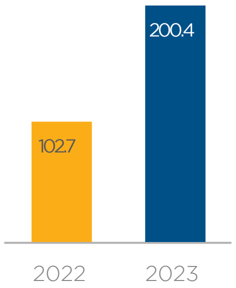
In casualty we see many submissions through the year and continue to have a relatively low ratio of policies bound versus total submissions received, continuing our highly selective approach to supporting the best-in-class cedants. With this approach, we have established a strong group of core casualty cedants that we support and we work closely with to understand how they are responding to the challenges of both increased inflation and litigation. We track closely how they are adapting their risk selection, line size management, limit deployment and pricing approach to mitigate these impacts.

We were pleased to welcome Mario Binetti to our team as Head of Casualty, responsible for both our US and international casualty business.

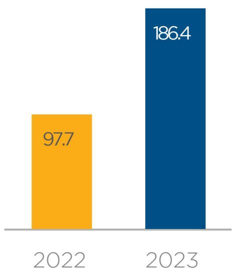
Specialty

In Specialty, estimated ultimate premiums written in 2023 were $200.4 million compared with $102.7 million in 2022, representing an increase of 95.1% over 2022. Our risk-adjusted rate change in 2023 in our specialty division, net of claims inflation, was 9% (2022: 2%). Gross premiums written for the year ended 31 December 2023 were $186.4 million (31 December 2022: $97.7 million).

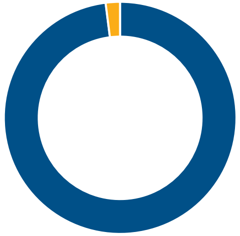
Estimated ultimate premiums written ($m)



Gross premiums written ($m)



Specialty estimated ultimate premium split (2023)
(All specialty)



(All specialty)

The political violence and terror sub-classes remain challenging and we continued to be careful on how we deployed capacity into those spaces through 2023. Globally there were a number of political and socio-economic circumstances and as such the political violence space remained one we watched with a cautious interest.

We secured an increase in cedants in the marine and energy sub-classes, although we saw a range of pricing levels. Marine hull and marine liability remained subdued from a rating perspective and so we allocated less capacity into those lines.

Renewable energy is a growing class generally as investment in the renewable energy industry increases globally. We deployed capacity into the sub-class where the exposure met our risk appetite and margin expectations.

In the aviation classes we had limited involvement, although we did see some positive market movements in rate and a tightening in terms and conditions. The aviation war contracts have shown material rate uplift since Russia's invasion of Ukraine, However, our view was that the base dollar premiums paid for aviation war coverage, while increasing substantially through 2023, were not significant enough for us to allocate our capacity in any meaningful way.

Looking ahead

As we look forward to 2024, we remain resolute in our underwriting discipline and active cycle management. In 2023 we have shown that discipline in the evolving profile of our portfolio. This is against a complex set of drivers across supply and demand, and a backdrop of elevated inflation. The data we collect supports our analysis whilst our working style and internal metrics allow us to respond efficiently to dynamic conditions, supported by our valued partners from the broking community.

Our successes in 2023, evidenced by the programmes we have greater participation in, the new business we are on and the further strengthening of our team, all support our continuing and unrelenting focus on making data-driven decisions. This positions us well to write our target business which is designed to deliver strong profitability over time. I look forward to 2024.

Greg Roberts
CUO
27 February 2024

"Our third year of underwriting saw us accelerate against our original 2020 IPO plan."

Elaine Whelan
CFO

Our third year of underwriting saw us accelerate against our original 2020 IPO plan. With estimated ultimate premiums written for 2023 of $966.6 million, bringing us to $2,063.5 million from inception, we are now $208.5 million ahead of that original plan. While market conditions have been more favourable than we had anticipated, our third year is when we expected to reach a level of scale and maturity in our earnings and that has very much proved to be the case.

Our earnings base now has much more ability to absorb losses and cover our expenses. 2023 has been described in the industry press as (yet) another above-average industry loss year. However, 2023 was a year of accumulation of smaller loss events, which made it distinct from the last few years. There was a lack of any individually significant loss events and an increase in impact from secondary peril events, such as tornadoes in the US. While Conduit as a writer of quota share agreements has picked up some losses from those events, we did not have any losses that were material to Conduit either individually or in the aggregate and we are protected from more significant losses by the inclusion of event caps and limitations in our terms. Our loss ratio for 2023, on an undiscounted basis, was 68.0% and our combined ratio, also on an undiscounted basis, was 81.9%. Our pure underwriting profit was $183.6 million. That compares to the prior year undiscounted loss and combined ratios of 94.7% and 109.3% respectively, which reflected the stage of development of Conduit plus the impact of Hurricane Ian and the conflict in Ukraine. Hurricane Ian was the second-largest industry catastrophe loss event ever. It is worth noting that Conduit's undiscounted net losses, after reinsurance and reinstatement premiums, for these two events of $40.9 million and $24.6 million respectively, as at 31 December 2022 remained broadly stable.

While 2022 saw unrealised losses on our fixed maturity investment portfolio due to the rising interest rate environment, in 2023 we saw the benefits of a higher-yielding investment portfolio and a strong rate rally in the fourth quarter of the year. Our net investment return was 5.8% versus negative 5.0% in 2022. Although there has been some minor re-balancing of our portfolio, we have largely allowed securities to mature and so some of the unrealised loss generated in 2022 has unwound over the course of the year. We have maintained a short-duration, highly liquid, high-quality portfolio with no risk assets, such as equities, high-yield or alternative investments. While our primary investment aim is capital preservation and liquidity to support our underwriting activities, we are well placed to take advantage of the higher interest rates currently available.

While we have continued to investigate funds or other investments that meet our risk appetite and which also generate a positive impact from an ESG perspective, we have not yet found opportunities that have the right fit. We have, however, appointed one additional investment manager with additional ESG criteria in their mandate.

IFRS 17 implementation finally happened in 2023. Conduit is a straightforward business, without any legacy, so implementation of IFRS 17 for us was not overly complex relative to others. Other than presentational differences, the biggest impact to Conduit was from discounting reinsurance liabilities. That discounting also brought greater matching with the asset side of the business although, while we have not fully deployed our capital and our asset duration is shorter than our liability duration in the current environment, a degree of mismatch remains. We noted in our 2023 interim results that the opening equity impact of IFRS 17 implementation was $7.0 million. Discounting amounted to $22.0 million in 2023, versus $42.7 million in 2022, made up of $54.8 million on incurred losses and loss related amounts offset in part by $(6.8) million of re-measurement to current rates plus the unwind of prior discount of $(26.0) million. For 2022 the amounts were $21.9 million, $26.9 million and $(6.1) million respectively.

Lastly, as we continue to grow our book with balance in mind, we have more than enough capital to execute our plans. We continue to see an excellent market ahead of us and we are exceptionally well placed to build on our existing relationships plus market-driven new business opportunities.

Elaine Whelan
CFO
27 February 2024

Premiums

Estimated ultimate premiums written

For the year ended 31 December:

Segment	2023 $m	2022 $m (re-stated)	Change $m	Change %
Property	485.4	307.7	177.7	57.8%
Casualty	280.8	234.4	46.4	19.8%
Specialty	200.4	102.7	97.7	95.1%
Total	**966.6**	**644.8**	**321.8**	**49.9%**

Gross premiums written

For the year ended 31 December:

Segment	2023 $m	2022 $m (re-stated)	Change $m	Change %
Property	468.3	288.1	180.2	62.5%
Casualty	276.7	236.7	40.0	16.9%
Specialty	186.4	97.7	88.7	90.8%
Total	**931.4**	**622.5**	**308.9**	**49.6%**

Pricing

Pricing levels and terms and conditions continued to improve in 2023 and we were presented with an increasing number of opportunities to deploy our capital into the areas and products that we target. The non-catastrophe elements of both Property and Specialty in particular provided opportunities for selective growth.

Conduit Re's overall risk-adjusted rate change for the year end 31 December 2023, net of claims inflation, was 16%, and by segment was:

Property	Casualty	Specialty
30%	0%	9%

Net reinsurance revenue

Year ended 31 December 2023	Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance revenue	345.2	171.8	116.0	633.0
Ceded reinsurance expenses	(66.9)	(1.3)	(8.5)	(76.7)
Net reinsurance revenue	**278.3**	**170.5**	**107.5**	**556.3**

Year ended 31 December 2022	Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance revenue	192.8	136.7	62.9	392.4
Ceded reinsurance expenses	(40.5)	(1.2)	(6.9)	(48.6)
Net reinsurance revenue	**152.3**	**135.5**	**56.0**	**343.8**

Reinsurance revenue for the year ended 31 December 2023 was $633.0 million compared with $392.4 million for 2022. The increase in reinsurance revenue relative to the prior year is due to continued growth in the business plus the earn-out of premiums from prior underwriting years.

Ceded reinsurance expenses for the year ended 31 December 2023 were $76.7 million compared to $48.6 million for 2022. The increase in cost relative to the prior year reflects additional limits purchased due to the growth of the inwards portfolio exposures plus price increases on renewals. During the second quarter of 2023, Conduit Re sponsored the first issuance of a $100 million catastrophe bond by Stabilitas Re Limited, which was placed successfully with strong investor demand. The resulting three-year collateralised reinsurance cover complements Conduit Re's traditional retrocession programme.

Net reinsurance service expenses

Year ended 31 December 2023	**Property $m**	**Casualty $m**	**Specialty $m**	**Total $m**
Reinsurance losses and loss related amounts	(136.5)	(120.7)	(70.8)	(328.0)
Reinsurance operating expenses	(30.4)	(11.9)	(6.7)	(49.0)
Ceded reinsurance recoveries	4.6	0.2	(0.5)	4.3
Net reinsurance service expenses	**(162.3)**	**(132.4)**	**(78.0)**	**(372.7)**

Year ended 31 December 2022	Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance losses and loss related amounts	(142.9)	(116.1)	(73.5)	(332.5)
Reinsurance operating expenses	(16.7)	(8.5)	(4.4)	(29.6)
Ceded reinsurance recoveries	21.4	0.2	7.1	28.7
Net reinsurance service expenses	**(138.2)**	**(124.4)**	**(70.8)**	**(333.4)**

Net reinsurance losses and loss-related amounts

In an active natural catastrophe year for the industry, no major event loss, individually or in aggregate, had an outsized or material impact on Conduit Re during the 2023 year.

Our discounted net loss ratio for the year ended 31 December 2023 was 58.2% compared with 88.4% for the 2022 year, while our undiscounted net loss ratio was 68.0% and 94.7% respectively.

The loss ratio for the prior year was impacted by our estimated ultimate net impact, on an undiscounted basis, from Hurricane Ian of $40.9 million and the Ukraine conflict of $24.6 million.

Our undiscounted ultimate loss estimates, net of ceded reinsurance and reinstatement premiums, for previously reported loss events remain stable. Our loss and reserve estimates have been derived from a combination of reports and statements from brokers and cedants, modelled loss projections, pricing loss ratio expectations and reporting patterns, all supplemented with market data and assumptions. We will continue to review these estimates as more information becomes available.

Reinsurance operating expenses and other operating expenses

Year ended 31 December	**2023 $m**	2022 $m	Change $m	Change %
Reinsurance operating expenses	49.0	29.6	19.4	65.5%
Other operating expenses	28.3	20.7	7.6	36.7%
Total expenses	**77.3**	**50.3**	**27.0**	**53.7%**

Year ended 31 December	**2023 %**	2022 %	Change (pps)
Reinsurance operating expense ratio	8.8	8.6	0.2
Other operating expense ratio	5.1	6.0	(0.9)
Total reinsurance and other operating expense ratio	**13.9**	**14.6**	**(0.7)**

Reinsurance operating expenses includes brokerage and operating expenses deemed attributable to reinsurance contracts.

Total reinsurance and other operating expenses were $77.3 million for the year ended 31 December 2023 compared with $50.3 million for the prior year. The increase is due to the continued growth of the business and increased headcount.

The marginal increase in the reinsurance operating expense ratio was due to a larger proportion of Conduit's operating expenses being deemed attributable to reinsurance operating expenses as the business matures. The decrease in the other operating expense ratio was due to the additional costs attributable to reinsurance operating expenses increasing, while the majority of the decrease was due to the growth in net reinsurance revenue outpacing the increase in other operating expenses.

Net reinsurance finance income (expense)

Year ended 31 December	2023 $m	2022 $m	Change $m
Net interest accretion	(26.0)	(6.1)	(19.9)
Net change in discount rates	(6.8)	26.9	(33.7)
Net reinsurance finance income (expense)	**(32.8)**	**20.8**	**(53.6)**

The net reinsurance finance expense was $32.8 million for the year ended 31 December 2023 compared with income of $20.8 million for the prior year. The unwind of discount made up most of the expense in 2023, although there was some expense related to the reduction in discount rates in the latter part of 2023 as we re-measured at those lower rates. The opposite was true for the income in the prior year as discount rates increased significantly and we re-measured at the higher rates, but there was little discount to unwind.

Investments

We continue to maintain our conservative approach to managing our invested assets, with a strong emphasis on preserving capital and liquidity.

Our strategy remains maintaining a short duration, highly creditworthy portfolio, with due consideration of the duration of our liabilities. Our portfolio mix shows our conservative philosophy (more information on the portfolio mix is set out in the charts on page 21 and in the risk disclosures on page 110). Our asset allocation is dictated by our approved investment guidelines. There are currently no risk assets held in the portfolio. Risk assets will generally only be considered to diversify and protect the portfolio, and where the risk return profiles are appropriate.

We currently have two portfolio categories – short-tail and long-tail – to match our underwriting categories and the differing obligations associated with different classes of business across our property, casualty and specialty divisions. Liquidity preferences are monitored for each.

Conduit's cash inflows are primarily derived from receipts for fulfilling coverage of reinsurance contracts, ceded reinsurance recovered from reinsurers and net investment income, plus the sale and redemption of investments. Cash outflows are primarily the settlement of losses and loss related amounts, payments for ceded reinsurance contracts held, payment of other operating expenses, the purchase of investments and the distribution of dividends or other forms of capital returns. Excess funds are invested in the investment portfolio.

As part of our investment strategy, we seek to maintain a level of liquidity that we believe to be adequate to meet our foreseeable payment obligations. We believe that our liquid investments and cash flow will provide us with sufficient liquidity to meet our obligations to settle losses. However, the timing and amounts of actual claims payments vary based on many factors, including large individual losses, changes in the legal environment and general market conditions.

Investment performance

The investment return for the year ended 31 December 2023 was 5.8% driven by investment income given a generally higher yielding portfolio, and also a significant reduction in treasury yields and narrowing of credit spreads during the fourth quarter. For 2022 the portfolio returned (5.0)% mostly due to unrealised losses resulting from the significant increase in treasury yields.

Net investment income, excluding realised and unrealised losses, was $41.3 million for 2023, compared with $17.8 million for 2022. Total investment return, including net investment income, net realised gains and losses, and net change in unrealised gains and losses, was a gain of $70.6 million for 2023 compared with a loss of $52.8 million in 2022.

The breakdown of the managed investment portfolio as at 31 December is as follows:

	2023	2022
Fixed maturity securities	87.7%	91.3%
Cash and cash equivalents	12.3%	8.7%
Total	**100.0%**	**100.0%**

Key investment portfolio statistics for our fixed maturities and managed cash as at 31 December were:

	2023	2022
Duration	2.4 years	2.2 years
Credit quality	AA	AA
Book yield	3.7%	2.4%
Market yield	5.1%	5.2%

Cash and investments credit ratings for managed portfolio 2023

Cash and investments credit ratings for managed portfolio 2022

ESG considerations are incorporated into our individual portfolio investment guidelines. We believe that, all other things being equal, it is less risky to own securities with strong ESG ratings. More information about the ESG approach to our investments is contained in the CFO's report on page 17 and in the ESG summary on page 29.

Capital and dividends

Conduit remains well capitalised to achieve its objectives with a legacy-free balance sheet. Total capital and tangible capital available to Conduit was $0.99 billion at 31 December 2023 (31 December 2022: $0.87 billion). Further information on capital management is set out in the risk disclosures on page 127 and in the financing arrangements on page 146.

Tangible net assets per share as at 31 December 2023 were $6.25 (31 December 2022: $5.41).

Conduit continued on-market purchases of its shares under a share purchase programme where shares may be repurchased pursuant to authority obtained at Conduit's most recent Annual General Meeting. Shares purchased by Conduit's EBT during 2023 amounted to $13.7 million (2022: $19.9 million) and will be held in trust to meet future obligations under Conduit's variable incentive schemes.

Further details of the share repurchase scheme are set out in the Directors' report on page 87 and in note 17 to the consolidated financial statements on page 147.

On 20 February 2024 Conduit's Board of Directors declared a final dividend of $0.18 (approximately 14 pence) per Common Share, resulting in an aggregate payment of $29.7 million. The dividend will be paid in pounds sterling on 24 April 2024 to shareholders of record on 22 March 2024 (the Record Date) using the pound sterling/US dollar spot exchange rate at 12 noon BST on the Record Date.

Conduit previously declared and paid an interim dividend during 2023 of $0.18 (approximately 14 pence) per Common Share. Consequently, the full 2023 dividend is $0.36 (approximately 28 pence) per Common Share in line with our stated dividend policy. Conduit's dividend policy and information on the final dividend declared in respect of 2023 can be found on page 45.

There is no debt and there are no off-balance sheet forms of capital.

A measured and intentional approach to talent acquisition

As we have noted previously, a team is only as strong as its component parts and, in that respect, we have been deliberate, measured and focused when targeting talent to join the business.

We have sought to focus on talent with a broad range of knowledge and experience underpinned by technical skills and capabilities to deliver on our aspiration to be data and solution driven in all we do within the business.

Building a business that is scaleable and has the right blend of talent and experience is a key focus as we grow the business. Closing out our third underwriting year, the team has strengthened from 54 to 59 employees.

Our deliberate approach to sourcing talented individuals who add to the diversity of thought and knowledge within the team continues to strengthen our whole business, building our depth and operational resilience.

Our recruitment and selection strategy mirrors our measured and technical approach to assessing risk. Diversity of thought is actively encouraged throughout the interview and selection process; each candidate meets with at least four staff from the business before any hiring decision is made.

This approach has and will serve us well as we continue to grow our business.

"By design, we have focused on building a diversified team focusing on experience and technical skills to support the business through the cycle."

Stuart Quinlan
COO and Deputy CEO

"Our deliberate and proactive management of risk and exposure positions us to exceed our prior growth expectations."

Andrew Smith
CRO

Prudent risk management in a world of elevated risk

Long-standing emerging risk themes have remained largely consistent, but the imminence and expected magnitude make matters more immediate. The World's progress on limiting climate change lags the Paris Agreement; the risks and opportunities of artificial intelligence are better understood; while geopolitical risks are perhaps the highest in a generation.

Against that backdrop, the importance of the protection and risk-sharing our industry provides has never been greater. As a treaty reinsurer, Conduit Re is one step removed from some of the insurance product innovation we see. Where we innovate and differentiate ourselves is on the management of our underwriting portfolio and exposure aggregations.

Aggregations very much in proportion

While exposure and aggregation management is relevant to all our business lines, the one that supports comparative analysis versus peers is in relation to natural catastrophe exposures. In this regard, we have outperformed the plan set out at the time of the IPO in that we have written more business but with a lower level of modelled risk.

As we look ahead to 2024, based on our approach of setting tolerances (in this instance how much modelled catastrophe exposure management can write without needing to revert to the Board) as a percentage of tangible capital, our tolerances increase to $251 million gross ($95 million net) on a 1 in 100 basis and $391 million gross ($133 million net) on a 1 in 250 basis. I note that this is calibrated to a 1 July 2024 viewpoint, for a first occurrence, and may change.

However, our business plan anticipates writing less exposure than this, with the mean plan anticipating net exposure on a 1 in 100 and 1 in 250 basis of $83.1 million and $93.3 million respectively. In comparison to the 2023 plan this represents an increase of $18.1 million on the 1 in 100 and a decrease of $5.4 million on a 1 in 250 basis. These measures are also slightly lower than the revised 2023 targets communicated to the financial markets in July during the 2023 interim results presentation and represent 8.4% and 9.4% of opening tangible capital at the 1 in 100 and 1 in 250 return periods respectively.

Overall, our portfolio management techniques are intended to manage volatility, while our outwards reinsurance purchases are intended to reduce the risk of balance sheet shocks. Our decreased exposure at the more remote return periods reflects the benefit of the catastrophe bond which we sponsored during 2023 and provides committed capacity for a three-year period. This supplements our traditional reinsurance protections, which address natural perils, casualty clash and specialty accumulations. Outwards counterparties remain high quality and are individually approved by our Counterparty Security Committee.

Capital

While modelled catastrophe exposure is a factor in our capital requirements[1], it has a relatively low impact in comparison to premium risk and reserve risk. Our estimated BSCR coverage ratio at 31 December 2023 is 381%, down from 404% at 31 December 2022 as we continue to deploy our capital. The decrease is mainly driven by increased premium and reserve risk which are offset in part by retained earnings.

Capital requirements are a complex topic with many variables and alternate views. The current business plan anticipates that retained earnings will start to outpace increasing capital requirements within a three-to-five-year planning horizon, settling to a BSCR coverage ratio of between 200% and 300%, which is our target operating range.

At this level, our available capital would exceed required BSCR capital by more than twice our modelled target 1 in 250 net PML across the planning horizon. Our BSCR coverage ratio would, as intended, position us very much in the pack in comparison to other Class 4 Bermuda (re)insurers. It is important to note that the BSCR coverage ratio is one of many views of capital adequacy, with other

1. All references to capital requirements, both regulatory and rating agency, refer to CRL only as CHL is a pure holding company.

regulatory ratios, rating agency models and our developing internal capital model also being relevant.

Risk profile

Despite the wider turmoil in the World, our analysis of our own material risks generally shows improvement as reflected in the table on the next page, which articulates our appetite and our current view on the associated risks.

As ever, underwriting risk remains the risk that we seek and is our primary risk. Our toolset in this regard remains strong, with our freedom from legacy constraints and Conduit Re's relative organisational simplicity being our key differentiators.

Operationally, we are stronger. Staffing increased from 54 to 59 during 2023, and we see this in a further reduction in the number of risk events (of which none had a significant impact) featured in my quarterly reports to the Board. We have also taken the opportunity to upgrade our underwriting policy administration system, which has gone smoothly as did our IFRS 17 implementation, the other major project of the year.

Our investment risk philosophy remains unchanged and delivers lower volatility than we see reported by some peers.

Regulatory, rating agency and tax considerations, while generally a topic of interest for our industry have a largely muted potential impact on Conduit.

Risk governance

The Board is required under The UK Code to establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to accept in the context of achieving its long-term strategic objectives. To this end, the Board is supported by the CHL Audit Committee and the CRL Board and committees, most notably the CRL Risk, Capital and Compliance Committee.

The Board prescribes risk preferences that guide the CRL Board and committees as they establish risk appetite and tolerance statements. The Board also monitors the effectiveness of the overall enterprise risk management framework, leveraging the work undertaken by the CRL Board and committees.

CHL Directors are invited to attend CRL Board and committee meetings and are provided with the associated materials and minutes. In addition, four CHL Independent Non-Executive Directors also serve as Directors on the CRL Board.

CRL operates under a 'three lines of defence' risk management model, with the CRO reporting directly to the CRL Board's Risk, Capital and Compliance Committee. This reporting includes regular reporting of compliance with risk appetite and tolerance statements, emerging risks, risk event reports, key risk indicators and the solvency self-assessment. Membership of this committee includes Directors who also serve on the boards of both CHL and CRL.

The risk function provides independent challenge and oversight of the identification, measurement, management and monitoring of risk by the first line of defence, supporting the CRL Risk, Capital and Compliance Committee and the CHL Board.

Day-to-day oversight of the management of risk by the first line of defence and the independent challenge provided by the second line is supported by the CEO and the Executive Committee.

Outputs from other second line of defence functions (Compliance and Actuarial) and from the third line (Internal Audit, External Audit and the Independent Loss Reserve Specialist) are fed back into the overall risk assessment. Regular meetings between the second-line functions and Internal Audit commenced during 2022. Outputs from all such functions may be used, where appropriate, to support independent validation, alongside the risk function's own reports and those of other independent third parties.

Looking ahead, I am anticipating an increased overlap between my role as CRO and that of Chief Sustainability Officer as we work to expand our consideration of climate risk to also focus on nature and biodiversity explicitly, and as regulatory expectations in relation to disclosures on these specific aspects of risk increase.

Conclusion

Overall, I remain confident that the management of risk is progressing in line with the initial vision set out with first-line ownership of risks: a small, focused risk team working closely with actuarial, modelling and data resources.

Our risk culture remains strong and based on open dialogue and transparency and aligned to our corporate values. The benefits of a single underwriting location should not be underestimated and supports us bringing together groups to brainstorm on diverse topics and ensuring that risk management is very much part of everyday thinking.

Andrew Smith
CRO
27 February 2024

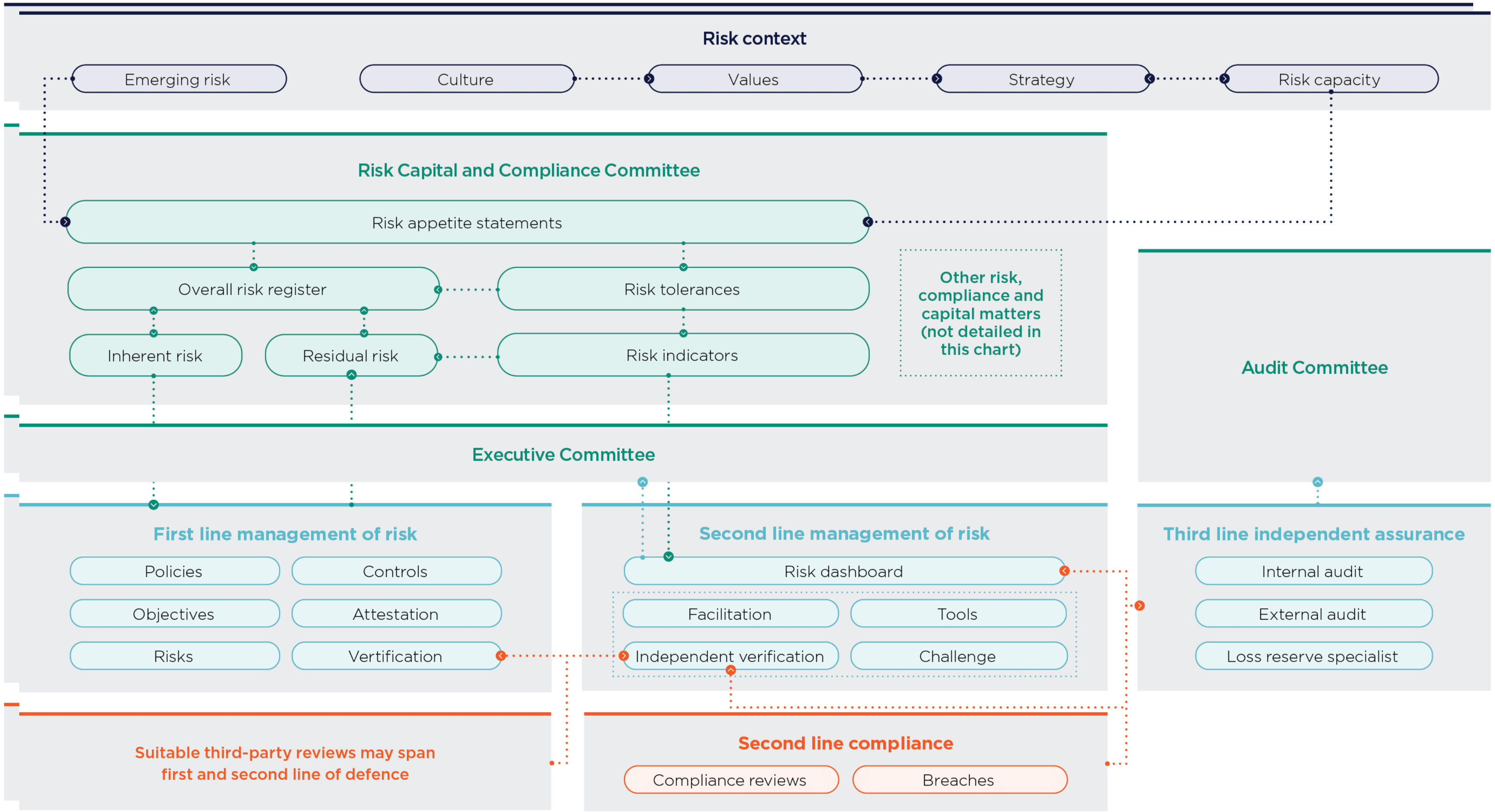
Increasing Decreasing No change

Risk category	Relative appetite/preference		Commentary
Overall – capital adequacy	Low We maintain capital to support a minimum rating of A– by AM Best and to provide a surplus over the regulatory enhanced capital requirement of twice that prescribed as an early warning buffer by the BMA.	No change	AM Best affirmed our A– financial strength rating and we continue to have substantial capital to deploy. In addition to regulatory and rating agency perspectives, we have now built an internal capital model. While it continues to undergo validation activities it has already been used to provide an additional perspective.
Underwriting – premium	High This is the risk we seek in order to generate return. The risk is managed by seeking a target portfolio based on our view of rate adequacy and target diversification, supported by event and/or aggregate retrocessional protections.	No change	After consecutive market-loss heavy years, we are expecting favourable underwriting conditions to prevail into 2024. This, together with an expanded underwriting team and increased familiarity with cedants, reduces the execution risk.
Underwriting – exposure and aggregations	Medium We underwrite catastrophe-exposed reinsurance through our property and specialty classes, and business exposed to other aggregations, notably across casualty lines. We seek to understand and manage our exposures generally to a lower level than our Bermuda peer group.	Increasing	As our portfolio has grown in scale, we have benefited from greater diversification and lower than initially anticipated exposure to natural perils per dollar of total premium. More broadly, increased scale includes an element of assuming greater accumulations and a period of continued macroeconomic uncertainty increases certain risks and potential for aggregation.
Underwriting – reserve	Medium We underwrite a mix of classes including those where reserves take time to develop. We seek to minimise reserve risk through rigorous data analytics using market data, and benefit from an external loss reserve specialist review.	No change	Portfolio growth reduces reserve risk, while continued uncertain macroeconomic factors offset this.
Investment – market and liquidity	Low Our primary aim is to protect capital and, consequently, we have a low appetite to expose our capital base to investment losses and a low appetite for volatility.	Decreasing	Our limited risk portfolio continues to remain highly liquid while current investment yields provide lower downside asset risk.

Increasing Decreasing No change

Risk category	Relative appetite/preference	Trend	Commentary
Credit	Low We use reinsurance to provide protection and therefore select reinsurers who provide limited credit risk.	No change	All retrocessionaires continue to be high quality and approved by the Counterparty Security Committee. Our collateralised reinsurers continue to be required to provide high-quality collateral, held in trust.
Operational and systems	Low We seek to minimise our operational risk within the context of operating as a reinsurer. We seek to attract and retain high-quality staff and gain competitive advantage by use of high-quality and integrated systems.	Decreasing	We have expanded our team, reducing key person dependencies, and continue to invest in our processes and technology.
Strategic	Low We seek to manage risk by keeping a clear and focused strategy as a single balance sheet reinsurer based in one location.	Decreasing	We have executed on strategy to date and favourable market conditions further reduce strategic risk.
Reputational	Low A focus on maintaining and enhancing brand and franchise value with support from the ESG Committee, established by the Holding Company Board.	No change	Public coverage is favourable to date and the quality and maturity of our external disclosures continue to improve. Conversely, as recognition of Conduit increases, this provides greater visibility.
Legal, regulatory and litigation	Very low We seek to minimise our legal, litigation and regulatory risk by investing in our systems and people. We have no appetite for censure by regulators and tax authorities.	Increasing	While legal, regulatory and litigation risks are generally low, we include tax risk in this grouping and, the rate of change on the global tax agenda presents increased uncertainty and risk - albeit recognising that Conduit underwrites on a single balance sheet from a single location.

Overall enterprise risk management framework and risk governance



2023 was the inaugural year for the Conduit Foundation ABIC education award

In partnership with the Association of Bermuda International Companies (ABIC), the Conduit Foundation selected the first-ever recipient of its education award. The award provides three years of university funding for a student embarking on their higher education journey. In 2023 the Conduit Foundation was pleased to announce Daniel MacPhee as the recipient of the award. Daniel is a Bermudian student who began his actuarial studies at university in Canada in September 2023. As part of the award, Conduit has also assigned its Chief Actuary, Andrew Couper, to be a mentor to Daniel to help guide him through his studies and provide advice on attaining his future career goals. In selecting its award recipient, the Conduit Foundation sought a candidate who not only met the Foundation's educational criteria but who was also engaged with the local community and understood the importance of ESG.

In addition to offering the Conduit Foundation education award, Conduit also employs multiple interns each summer. Conduit's internship programme is distinguished by the breadth of exposure and flexibility offered to the interns. All interns are taken on with the aim of ensuring that they each get experience of truly substantial work, with flexibility in terms of the departments, assignment length and timing of their time at Conduit. All of this means that the interns have an increased opportunity to gain real insight into the different strands of work done at Conduit and how those strands are woven together.

"Conduit places great importance on engaging with the local community. Supporting education and exposing Bermuda's young adults to the opportunities in our industry is vital to the long-term sustainability of our business and our Islands."

Heather Mello
Head of Human Resources

"Beyond establishing a successful reinsurance company, Trevor and the team have also established a strong reputation for community engagement."

The Rt Hon. Lord Soames of Fletching
Chair, ESG Committee

In just three years the Company has achieved a great deal, and it has been a privilege to watch the Company's ESG strategy come to life. Beyond establishing a successful reinsurance company, Trevor and the team have also established a strong reputation for community engagement, as was heard during the ESG materiality assessment interviews.

The foundational work I commented on last year has provided the platform from which the achievements of Conduit's employees multiplied inside and out of the office as the Company strove to support its community, both financially and from direct, proactive engagement.

Conduit's commitment to the industry's role on environmental topics continued, with ongoing engagement as a founder member of the Insurance Task Force of the Sustainable Market's Initiative, sponsorship of a successful Bermuda Climate Summit and continued improvements in the Company's ClimateWise reporting score.

Good governance remains a focus and I was delighted that Rebecca Shelley joined the ESG Committee following her Board appointment as an independent director, further advancing gender balance.

Some of the outstanding achievements were in the social sphere and in community engagement. In 2023, all staff were awarded a volunteering allowance for the first time and the Company took on a permanent volunteering position with Meals on Wheels: each week two members of staff deliver hot food to those less mobile. Staff have also taken on the role of mentors with Big Brothers and Big Sisters of Bermuda, to provide quality mentoring relationships to young people in need, helping them to reach their full potential.

The talent and passions of Conduit's staff extend beyond reinsurance, and Conduit was pleased to support two staff members as they represented Bermuda in international sports competitions. It is evident that staff engagement is a key part of Conduit's ESG strategy.

Another passion and ambition that Conduit was able to support was the idea to organise a Gala of Giving. The leadership shown by Stuart Quinlan, Deputy CEO of Conduit in this endeavour was admirable, as was the goodwill shown by many peer companies who supported the event alongside Conduit Re to generate proceeds of over $340,000 for local charities. This is over and above donations made by the Conduit Foundation during 2023.

Looking to the next generation of Bermuda's leaders, Conduit sponsored its first scholarship, a three-year award to a Bermudian university student. Conduit also welcomed a record number of paid interns to its office to help develop their skills and experience through the summer.

I congratulate the entire Conduit team on all their achievements during 2023 and look forward to seeing further accomplishments in the year ahead.

Lord Soames
ESG Committee Chair
21 February 2024

Our approach to ESG

Conduit Re seeks to be a responsible company. Our approach to ESG is focused on maximising the positive impact we can have, while minimising the negative impact. We do this recognising that we are a relatively small, treaty-focused reinsurer; hence, steps removed from the underlying business.

Last year we released our inaugural standalone 2022 ESG Report which set out our ESG strategy; it included what we seek to achieve, how and why. Details on our ambitions and commitments, our impact, and updates on our key ESG metrics can be found in our standalone 2023 ESG Report, which is available on our website.

In this Annual Report, we draw attention to specific matters of note and signpost our reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD).

Our ESG ambitions remain:
— positively impacting our stakeholders;
— supporting the transition to a sustainable world; and
— minimising our negative impact on the environment.

As a relatively small company, we enjoy the benefits of being legacy-free in all its forms. This means we can take deliberate, purposeful and impactful steps as we seek to deliver on those ambitions.

2023 highlights

Our key ESG achievements for 2023 include:
— the rollout of interest-free green loans to employees, to support the purchase of electric vehicles or solar panels;
— launching several employee engagement initiatives, including a Plastic Free July competition and organising a litter pick-up;
— providing staff with Company-organised volunteering opportunities and one day's volunteering allowance a year;
— expanding our ESG materiality assessment conducted by H/Advisors to include representation from our local and business sector community; and
— progressing our ESG reporting by engaging KPMG to provide limited assurance over certain greenhouse gas emissions we disclose.

Carbon emissions

In this Annual Report and Accounts we include disclosures associated with the carbon emissions we are responsible for.

Consistent with our approach in 2022 we seek to be, and are, carbon neutral in relation to our Scope 1 and Scope 2 emissions, and in relation to business travel, hotel nights and staff commuting. In 2023, KPMG, our external auditors, provided limited assurance over certain greenhouse gas emissions we disclose.

We achieve neutrality in relation to these emissions by a mix of restraining our own emissions and through the use of carefully selected offsets.

We are also capturing data on the emissions avoided because of our green-loans policy. Our initial ambition is that the avoided emissions through 2024 will be greater than the increase in our Scope 2 emissions expected from increased office space necessitated by our increasing headcount. Our longer-term ambition is that solar and electric vehicle initiatives provide emissions avoidance greater than our Scope 2 emissions.

We also report, but do not offset, our share of our suppliers' emissions.

TCFD reporting

We use the ClimateWise framework to support our TCFD reporting and publish a standalone ClimateWise report, also available on our website. ClimateWise also score the quality of reporting against their framework and we have seen year-on-year improvement in our score since we first produced a report for year-end 2020 and subsequently published our reports for the 2021 and 2022 year-end.

Recognising developments in ESG reporting, ClimateWise is undertaking a major review of their framework to address requirements including direct consideration of nature and biodiversity. We are using the current framework to report on year-end 2023 and expect to transition to the new framework for year-end 2024.

A summary of our TCFD reporting follows on the next page.

Below is a summary of our TCFD disclosures, which are intended to provide context alongside a reference to where each topic is explored in more depth. ClimateWise provides an industry-specific framework for TCFD reporting and is most meaningfully read as a standalone document, so has not been reproduced in full in the Annual Report and Accounts. Our ESG Report is a free-form disclosure in which we add additional context and commentary, notably in relation to our ESG metrics and the relevance of climate to each member of executive management. Both documents can be found on our website. Our 2023 ESG and ClimateWise reports are available to download on our website.

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Governance Disclose the organisation's governance around climate-related risks and opportunities.	A Describe the Board's oversight of climate-related risks and opportunities.	**See section 1.1 of our ClimateWise Report.** The Board has held strategy sessions that have considered climate-related risks and opportunities and have established parameters within which management can operate. It receives regular reports and is also supported by the ESG Committee.
	B Describe management's role in assessing and managing climate-related risks and opportunities.	**See section 1.2 of our ClimateWise Report and the governance section of our ESG Report.** Climate-related risk is integrated into various management policies. Each Executive Committee member has specific climate responsibilities as set out in our ESG Report which is available on our website.

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	A Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	**See sections 2.1 and 2.2 of our ClimateWise Report.** Climate-related risks and opportunities exist across our underwriting, investments and operations.
	B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	**See section 2 of our ClimateWise Report.** Climate-related risks and opportunities exist across our underwriting, investments and operations that are relevant for our business, strategy and financial planning.
	C Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**See section 2.3 of our ClimateWise Report and the environment section of our ESG Report.** Strategic discussion on climate scenarios are described in our standalone reports. Our current processes do not yet fully comply with the guidance for insurance companies and asset owners, given scale and availability of information relating to a 2°C or lower scenario.

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	A Describe the organisation's processes for identifying and assessing climate-related risks.	**See section 3.1 of our ClimateWise Report.** Our processes are integrated with our wider risk management framework described in the enterprise risk management report, as well as in in our Financial Condition Report which is available on our website.
	B Describe the organisation's processes for managing climate-related risks.	**See section 3.1 of our ClimateWise Report.** Our processes are integrated with our wider risk management framework described in the enterprise risk management report, as well as in our Financial Condition Report which is available on our website.
	C Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	**See section 3.1 of our ClimateWise Report.** Our processes are ntegrated with our wider risk management framework described in the enterprise risk management report, as well as in our Financial Condition Report which is available on our website.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	**See the environment section of our ESG Report.** Our metrics relate primarily to carbon neutrality and to our business partners' commitments to climate matters.
	B Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	**Disclosed in this section of the Annual Report and Accounts.** Further detail can also be found in our ESG Report which is available on our website.
	C Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**See the environment section of our ESG Report.** Our metrics relate primarily to carbon neutrality and to our business partners' commitments to climate matters.

Carbon emissions

We have included in the table below our Scope 1 to 3 emissions for 2023 and 2022. As we are a new company, we look to grow as sustainably as possible, with a focus on the average emissions per employee. For details on our methodology, to see our five-year emissions plan and details on our carbon offsets, please refer to section 4 of our ClimateWise Report which is available on our website.

			2023		2022	
Emission type	**Activity**	**Basis of measurement**	**Quantity**	**tCO_2e**	**Quantity**	**tCO_2e**
Scope 1						
Direct	None		-	0△	-	-
Scope 2						
Indirect energy	Electricity[1]	kWh	175,186.9		179,785.5	
	– location based			129.2△		132.6
	– market based			122.8△		126.0
Scope 3						
Indirect other	Business travel[2]	Kilometres	1,951,215.0	227.5△	1,545,335.0	188.4
	Hotels[3]	Nights	329.0	27.9△	256.0	16.8
	Staff commuting[4]	Kilometres	187,749.9	17.7△	163,866.7	17.8
Total gross emissions from our operations						
Gross emissions (location based)				402.3△		355.6
Gross emissions (market based)				395.9△		348.9
Carbon offset applied				(395.9)		(348.9)
Net carbon impact from operations				-		-
Gross emissions per average employee						
Average number of employees			57.6		47.0	
Location based				7.0△		7.5
Market based				6.9△		7.4
Gross emissions including our share of suppliers' emissions						
Total gross emissions as per above market-based approach				395.9△		348.9
Share of suppliers' emissions				1,042.6		746.8
Grand total				**1,438.4**		**1,095.8**

1. The 2022 electricity consumption has been restated to correct a prior period error. Previously reported consumption was 95,712 KWh with the associated tCO2e being 69.3 and 66.7 on a location and market basis respectively.
2. Business travel for 2023 includes flights and long distance travel by train. Business travel for 2022 includes flights only.
3. In 2023 we updated our hotel methodology to use emission factors based on location and class from the Cornell Hotel Sustainability Benchmarking Index 2023. Cornell's prior Index did not include data on locations our staff travelled to. Our estimated emissions from hotel stays in 2022 were calculated using Carbon Management for Tour Operators report. The result of applying our 2022 emission factors to hotel stays in 2023 would be $16tCO_2e$.
4. The commuting emission factor sources used in 2023 are consistent with those used in 2022: The UK Government's Greenhouse Gas Conversion Factors for Company Reporting and The UK Office for Rail and Road. The emission factors have reduced from 2022 to 2023.

△ KPMG performed limited assurance procedures over these greenhouse gas disclosures. Their report is included in our 2023 ESG Report, available on our website.

Conduit helping employees choose solar power and electric cars

10%
of staff had a green loan approved in 2023

Conduit seeks to be carbon neutral in its operations by limiting emissions and the use of carefully selected offsets, while also providing education and awareness for staff around the choices they make. These two initiatives came together with an employee suggestion that the Company support the adoption of solar power and electric cars by providing interest-free green loans.

Introduced during 2023, the scheme has seen a good level of interest, with more than 10% of staff having a loan approved already. Too often, the cost of transition and available infrastructure gets in the way of real progress towards reducing carbon emissions.

By introducing the scheme, Conduit has lowered those barriers for our employees, while supporting the reduction of heavy oil use and vehicle emissions.

While environmental considerations are an important driver, reducing the cost of living is another important consideration with the return on such investments in Bermuda being greater than elsewhere. The hope is that more employees take advantage of the opportunity in the future.

Provision 5 of The UK Code notes that the Board should understand the views of the Company's key stakeholders and describe in the Annual Report and Accounts how their interests and the matters set out in Section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making. The Company is a Bermuda-incorporated issuer and the Board is obliged to follow director duties under Bermuda company law. Although the Company is not required by law to prepare a Section 172 statement it has chosen to do so as a matter of best corporate governance.

The Board confirms that during the year ended 31 December 2023 they have discharged their duties to act in a way that they believe promotes the long-term success of the Company for the benefit of its members as a whole, while having regard to the matters set out in Section 172 of the UK Companies Act 2006. Further information on how these duties have been discharged is provided in this statement.

Section 172 requires a director to have regard, among other practical matters, to the:

- likely consequences of any decision in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

Stakeholder engagement

In 2023, Conduit continued to focus on key stakeholder engagement, to understand their perspectives and the potential long-term consequences of decisions and matters of strategic importance to Conduit.

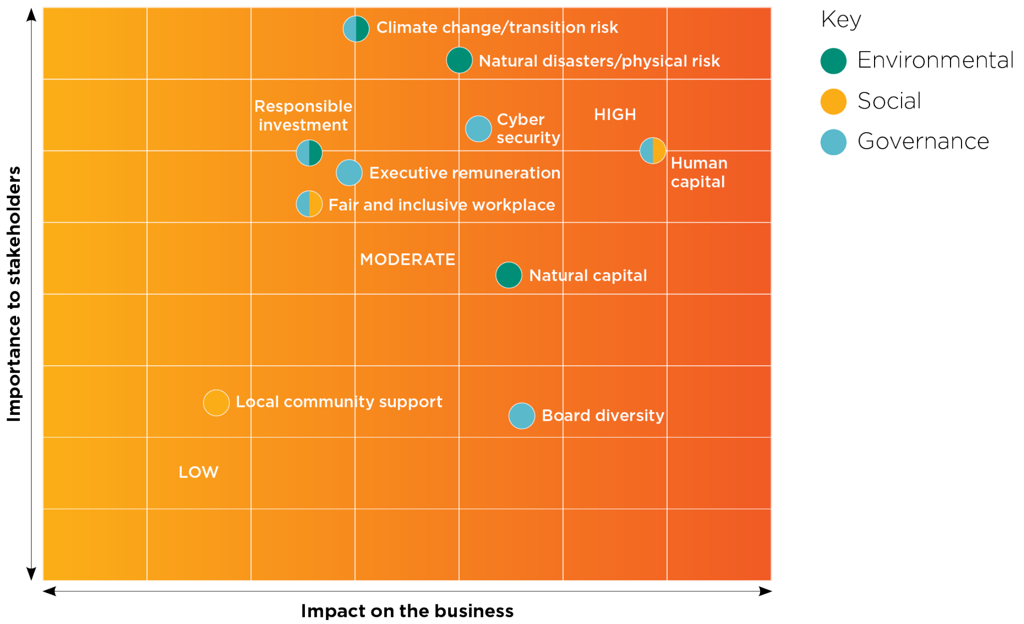
As key stakeholders, the Board discussed broker and client relationships, shareholder and employee engagement, government and regulator engagement, rating agency interaction, environmental matters and Conduit's impact on, and relationship with, the local community, and considered these matters in its decision-making.

In 2023 a more in-depth materiality assessment was undertaken to include a wider group of stakeholders to better understand what is/was important to them and what they believe has the greatest impact on the Company.

Our materiality assessment was conducted independently by the H/Advisors Sustain team, who are ESG and sustainability strategy development and communications specialists.

We selected representatives from our investor community, local organisations in Bermuda, Board members, Executives, and staff, to be interviewed by H/Advisors. Together, they assessed our most material topics under the banners of Environment, Social and Governance, guided by the GRI framework and ISSB. The outputs of the materiality assessment will be used to inform our strategy in 2024 and onwards and reviewed on a regular basis.

Materiality matrix



Brokers and clients

— Relationships with the reinsurance broking community and cedants are key to Conduit's success. In considering Conduit Re's strategy and business planning, the Board received reports on, and noted the extent of, the broker and cedant support received by Conduit Re.

Shareholders

— In 2023, representatives of Conduit held approximately 200 meetings one-on-one with investors and via group calls. The Executive Chairman, the CEO, the CFO and Conduit's Head of Investor Relations regularly met with shareholders throughout the year, both quarterly to review trading results and on an ad-hoc basis to discuss various matters. Shareholders were consulted regarding a proposed change to the Directors' Remuneration Policy. Feedback from these meetings was presented to the Board on a regular basis and informed Board debate and decision-making on strategy and business planning. Some of our larger shareholders were also consulted as part of the materiality assessment carried out as part of our ESG reporting.
— Our Directors and management recognise the benefits that come from dialogue with shareholders and we have embraced an active engagement strategy to discuss with our shareholders the issues that are important to them, hear their expectations of us and share our views.
— The Board strives to be proactive, transparent and interactive with shareholders, who are always welcome to ask questions. For further information, and contact details, visit the Investor Relations and Regulatory News Service section on the Conduit Re website (conduitreinsurance.com).

Employees

— Malcolm Furbert continued as the Company's Non-Executive Director responsible for engagement with Conduit's workforce.
— Malcolm met with our COO and our Head of Human Resources regularly to discuss employee engagement at Conduit. The Board received reports of Malcolm's and HR's activities, ensuring workforce views were obtained and considered in Board and management decision-making. Mr. Furbert met with employees of Conduit at various levels of the organisation, excluding executives. It was recognised that Conduit's growth and related increase in employee numbers would bring new challenges in ensuring that the culture and successes to date were not lost as growth continues.
— During 2023, the Head of Human Resources conducted a detailed review of Conduit's HR policies and procedures to ensure that they remain robust, current and competitive within the market.
— Having a supportive and inclusive culture is important to us and we regularly track how employees feel about working at Conduit. In 2023, we conducted our second annual employee engagement survey. The results were shared with Malcolm, who provided his own observations on employee engagement to the Board.
— The Board was kept apprised of Conduit's recruitment activities throughout 2023. Headcount grew from 54 to 59 as at 31 December 2023.
— In 2023 all staff participated in compliance training which covered key compliance topics including sanctions, information security and cyber risk, anti-money laundering, anti-terrorist financing, anti-bribery and corruption, conflicts of interest, and compliance with tax and regulatory operating guidelines. Training was also provided which covered Conduit's code of conduct and whistleblowing procedures.

Government and regulators

— The Board recognises the need to monitor changes in law and regulation, and to work closely and openly with all relevant regulatory and supervisory bodies. Conduit's main operating subsidiary, CRL, is licensed and supervised by the BMA. Representatives of management met with the BMA every quarter through the year. The Board received regular reports covering governmental, legal, regulatory and supervisory matters and was kept apprised of communications with and from relevant bodies, in particular the quarterly meetings with the BMA, and this information was factored into strategy and business planning.
— In 2023, we obtained and expanded our reciprocal jurisdiction reinsurer (RJR) status in various states within the US which reduces the need for CRL to post collateral to support cedants in those states.
— In 2023, the Bermuda Government announced the introduction in Bermuda of a corporate income tax (CIT). Legislation implementing the Bermuda CIT regime, which will largely follow the OECD's global minimum tax framework, was enacted in December 2023. The Board was kept apprised of developments and their potential impact on Conduit.

Rating agencies

— CRL having and maintaining an AM Best Financial Strength Rating of A– (Excellent), and a Long-Term Issuer Credit Rating of "a-" (Excellent) is critical to Conduit's success. Maintaining this rating is factored into Board decisions with respect to capital adequacy and risk management.
— Management regularly kept AM Best apprised of developments within CRL and fed back to the Board the results of meetings and interactions with AM Best.
— In December 2023, AM Best reaffirmed CRL's AM Best Financial Strength Rating of A– (Excellent) and Long-Term Issuer Credit Rating of "a-" (Excellent).

Our community and the environment

- As set out in the ESG summary on pages 29 to 34, environmental matters and the community are a key focus for Conduit.
- Board decision-making is influenced by a recognition that some economic activity has negative outcomes. As detailed in the ESG summary, we factor applicable criteria into our decisions. Resulting examples include Conduit's commitment to achieving and maintaining net-zero-carbon emissions and to giving back to the community via initiatives such as the Conduit Foundation, whose mission includes supporting organisations and outreach projects focused on the environment, diversity and inclusion initiatives, education and Bermuda's vulnerable populations.

Principal decisions

The principal decision made by the Board in 2023 was to affirm the current strategy, covering a three-to-five-year horizon. The Board determined that this approach continues to refine and build on the original strategy as set out in the IPO prospectus.

The Board participated in a two-day strategy session before making its decision to continue with the current strategy. Our strategic aim is to deliver sustainable long-term returns through the market cycle, based on the foundations built over the last three years. This aim would be reconsidered in the face of significant or unexpected losses or changes in the market or Conduit's operating environment.

In 2023, the Board, having taken advice from Conduit's independent remuneration advisers, decided to pursue an amendment of the Directors' Remuneration Policy previously approved by the shareholders at the 2022 Annual General Meeting. The details of the revised Remuneration Policy, which is intended to apply for the years 2024 through 2026, are set out on pages 62 to 67. As noted above, shareholders were consulted about the proposed change, which will be put to a shareholders' vote at the 2024 Annual General Meeting.

Trevor Carvey
CEO
27 February 2024

Elaine Whelan
CFO
27 February 2024