ClimateWise Report

Conduit Holdings Limited | 31 December 2023

CONDUIT RE

Timeline

Period ended 2020
Staff members:
11

Year-end 2021
Staff members:
41
Gross premiums written:
$378.8m

Year-end 2022
Staff members:
54
Gross premiums written*:
$622.5m

Year-end 2023
Staff members:
59
Gross premiums written*:
$931.4m

2020

- Pre-revenue IPO on the London Stock Exchange

2021

- Commenced underwriting
- Established the ESG Committee
- Joined Sustainable Markets Initiative
- Established the Conduit Foundation
- Hired our first intern
- Made our first charitable contribution
- Submitted first ClimateWise report
- Sponsored Bermuda's first Youth Climate Summit
- Established our Climate Working Group

2022

- Disclosed our estimated carbon emissions for the first time
- Purchased carbon credits for our first five years of estimated operations
- Expanded Chief Risk Officer's role to encompass sustainability. Supporting team member hired
- Platinum Sponsor of the Bermuda Climate Summit
- Became a Beyond Plastics Champion
- Became an inaugural signatory to the SMI: Global Pledge for Sustainable Supply Chain
- Became a member of the UNEP FI Principles for Sustainable Insurance
- Completed our first ESG materiality assessment
- Established our Charity Action Group

2023

- Published our inaugural ESG Report and ClimateWise reports
- Enhanced Conduit Parental Leave Policy
- Started weekly volunteering with Meals on Wheels
- Launched volunteer days
- Organised our first park clean up
- Initiated an interest free green loans scheme for our Bermuda based staff
- Diamond sponsor of the Bermuda Climate Summit
- Participated in Plastic free July
- Completed an enhanced ESG materiality assessment
- Supported the Gala of Giving

*Gross premiums written for 2022 and 2023 now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue

IN THIS REPORT

1

Introduction

Conduit Re's core philosophy is that sound ESG principles are embedded in the day-to-day activities of our business. With that in mind, we are pleased to present this, our fourth, ClimateWise report since the Group's inception in late 2020.

Our ClimateWise report is referenced from our Annual Report and Accounts, as it is the cornerstone of our TCFD[1] reporting. Recognising the structured format ClimateWise requires, we have also published an ESG Report which provides wider coverage and additional context.

Conduit Re has remained true to its philosophy since we embarked on underwriting in 2021. We stated that Conduit Re intended to have carbon neutral[2] operations from day one, and we have delivered that. Carbon neutrality has been achieved through a combination of sound business practices and strategically chosen, socially responsible, offsets. As a young, nimble business, we are in the fortuitous position that we do not have a historic or existing 'footprint' and we can establish forward-looking business practices to minimise our future 'footprint'.

We aim to lead by example in supporting the transition to a sustainable economy and will always focus on the long-term benefit of all our stakeholders. We believe that Conduit Re and its employees benefit from the engagement and perspective provided by deliberate community engagement on environmental and social issues.

Conduit Re believes in strong and transparent governance. Our independent ESG Committee is chaired by a highly reputable independent chairman, who is neither a director nor officer of any Conduit Re entities, and comprised of director and non-director staff of Conduit Re. This Committee provides a diverse and independent perspective that we believe provides insightful challenge as we build a business which is regarded as great to work for and with, great to be invested in and great to have as a community partner. We fundamentally believe that sound ESG principles promote better business, culture, risk management, innovation, and sustainable outperformance.

[1] TCFD - The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the G20 established Financial Stability Board in December 2015 to improve the quality, quantity and consistency of climate-related disclosures. To achieve this, it developed a reporting framework which consists of a number of recommendations structured into four pillars: governance, strategy, risk, and metrics and targets.
2 See section 4.2 for details on the calculation basis.

Key achievements in 2023

Green loans

When our landlord advised installing solar panels on our leased offices was not feasible, we rolled out interest free green loans for our staff. Introduced during 2023, the scheme has seen a good level of interest, with more than 10% of staff[3] having already been approved for a loan towards either an electric vehicle or solar panels.

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 in Bermuda.

Employee engagement:

This year we launched several employee engagement initiatives. Our impact on our local environment starts with the actions of our employees and we took steps this year to empower our staff to make a difference. This included organising our first local clean up, in partnership with Keep Bermuda Beautiful ("KBB"), following which KBB reported our staff removed around 1,050lb of litter, in addition to a large fridge. We also encouraged and incentivised staff to participate in Plastic Free July by providing prizes to those with the greatest impact. We anticipate that these will become annual events for our staff.

Volunteering

In 2023, our staff donated more than 630 hours of their time to charitable causes. Every Friday, beginning in January 2023, two staff members have volunteered with Meals on Wheels to deliver hot meals to the homes of those less mobile in our community. This is organised with a rota and each employee is encouraged to register.

Conduit has also partnered with Big Brothers Big Sisters of Bermuda, to provide quality mentoring relationships to young people in need. Conduit staff meet with these young people monthly, helping them to reach their full potential.

In addition to this, since the start of 2023, staff are each allocated one day of paid time off each year to participate in a volunteer programme or fundraising initiative of their choice. This is in addition to other ad-hoc volunteering opportunities Conduit participates in, such as Relay for Life and the Bermuda Youth Climate Summit.

Materiality assessment

Our ambition is to be a responsible company that focuses on the long-term benefit of all our stakeholders. In 2022, we completed our first ESG materiality assessment which included a limited set of stakeholder interviews. We expanded on this in 2023, with a more in-depth double materiality assessment completed. This was again conducted by H/Advisors Sustain, who are independent sustainability specialists. The outputs of this will guide our ESG strategy in the coming years.

Independent review of greenhouse gas emissions

This year, for the first time, we have requested KPMG, our external auditors, to provide limited assurance over certain greenhouse gas emissions we disclose. We believe engaging with third party reviewers enhances the credibility of our disclosures and demonstrates our commitment to transparency.

Key ongoing contributions

- Active on the Sustainable Markets Initiative and the Climate Risk Committee of the Association of Bermuda Insurers and Reinsurers
- Signatory to the United Nations Financial Initiative Principles of Sustainable Insurance
- Signatory to the Sustainable Markets Initiative: Global Pledge for Sustainable Supply Chains
- We are members of Bermuda Development Agency's Climate Risk Finance Working Group
- We are a Beyond Plastics (Bermuda) Champion
- Sponsors of Bermuda Climate Summit and Bermuda Youth Climate Summit
- Through our Conduit Foundation, a private registered charity, we support a variety of environmental causes including those associated with education, conservation, and research
- Seek to minimise our carbon footprint and have offset our estimated emissions for the first five years of operation

[3] Qualifying staff are all Bermuda-based, have completed a minimum term of employment and are achieving an expected level of performance.

Scope of this report

This report is Conduit Re's annual submission to ClimateWise for the period ended 31 December 2023 and provides an insight to Conduit Re's response to the risks and opportunities related to climate change.

We note that this report is based on the 2022 ClimateWise criteria as the 2023 guidance has not been released at the time of publishing. ClimateWise are currently refreshing their 'principles' to ensure they reflect the latest areas of stakeholders' interests, of which the change includes incorporating nature and biodiversity. We anticipate that our future ClimateWise submissions will reflect the updated principles and guidance, which is due to be published later this year. We will produce an updated report for the 2023 year-end in line with the new principles and related guidance for formal submission to ClimateWise, the deadline of which is expected to be in August 2024.

Representing a growing global network of leading insurance industry organisations, ClimateWise helps to align its members' expertise to directly support society as it responds to the risks and opportunities of climate change. Their areas of focus include disclosures, research and convening best practice. For more information, please visit their website here.

As a supporter and member of ClimateWise, we have structured the report to reflect the 2022 ClimateWise reporting criteria that provide a framework for our industry.

The sections of this report reflect the ClimateWise Principles:
- Be accountable
- Incorporate climate-related issues into our strategies and investments
- Lead in the identification, understanding and management of climate risk
- Reduce the environmental impact of our business
- Inform public policy making
- Support climate awareness amongst our customers/clients
- Enhance reporting

Each section is broken into sub-sections and within these, ClimateWise specifies criteria for 'levels' of scoring. Where our activities naturally split between these levels, we have separated them and in other sections we have answered across the levels in aggregate.

For context, Conduit Re's operational activities commenced in December 2020, with our first underwriting year commencing 1 January 2021. This report therefore covers the Group's third full operating year. As might be expected, building out our team, processes and business was our focus for 2021. In 2022 and 2023, we continued to develop these fundamental areas, incorporating additional ESG considerations where applicable.

Key memberships

Throughout this document we reference certain organisations, in addition to ClimateWise, which are important to our response to climate risks and opportunities. For context and ease of reference, a brief description of these, and links to further information, is provided below.

Sustainable Markets Initiative Insurance Taskforce (“SMI”):
At the invitation of His Majesty, King Charles III, while he was Prince of Wales, leaders from a number of the global insurance firms were invited to form an insurance task force as part of the Sustainable Markets Initiative, to drive progress as a group and accelerate the pace of industry transitions towards a more resilient and sustainable future, putting Nature, People and Planet at the heart of global value creation. For more information, please visit their website here.

The Association of Bermuda Insurers and Reinsurers (“ABIR”):
ABIR is a member led organisation that represents the public policy interests of Bermuda’s international insurers and reinsurers that protect consumers around the world. Notably, the ABIR Climate and Sustainability Committee is very active on climate matters. For more information, please visit their website here.

The Reinsurance Association of America (“RAA”):
The RAA is a member led organisation for property and casualty reinsurers doing business with insurers based in the United States. The RAA is committed to promoting a regulatory environment that ensures the industry remains globally competitive and financially robust. For more information, please visit their website here.

UNEP Finance Initiative (“FI”) Principles for Sustainable Insurance (“PSI”):
The UNEP FI Principles for Sustainable Insurance serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. The purpose of the PSI initiative is to better understand, prevent and reduce environmental, social and governance risks, and better manage opportunities to provide quality and reliable risk protection. For more information, please visit their website here.

Business Development Agency (Bermuda) Climate Risk Finance Working Group
The purpose of this group is to bring together industry professionals, regulatory officials, and key Bermuda contacts to leverage expertise and bring forward solutions to some of the world’s most pressing climate-related problems. For more information, please visit their website here.

1. Be accountable

CONDUIT RE

1.1 Ensure that the organisation's Board is working to incorporate the Principles into business strategy and has oversight of climate risks and opportunities

As a reinsurer, Conduit Re deploys its capital to provide protection to policyholders (other (re)insurance companies) from a range of natural and man-made risks to generate a financial return for its shareholders. By its nature, the underwriting industry is inherently exposed to climate and nature related risk through the potential for increased frequency and severity of climate-related claims. Underwriting risk is our core business and climate-related risk has an impact across all our underwriting lines of business: property; casualty; specialty; and on our investment portfolio, our people and our operations.

Level 1: Evidence engagement and oversight at the board level through discussion of climate- related issues (risks and opportunities) at regular committee meetings, including the processes and frequency by which the board and/or board committees are informed.

Our Board's role is to establish our strategy and to set the parameters within which management can operate. The Board typically holds a number of strategy sessions at least once a year. In 2023 these sessions were held at the second quarter meetings with a further update on emerging risks just ahead of the fourth quarter meetings. The strategy sessions included discussions on emerging risks and these included climate specific risks. Overall, the sessions affirmed our current strategy.

The affirmed strategy, together with management's projections and stress and scenario tests, provided the basis for business plan review and approval at the third quarter meetings and the update at the fourth quarter meetings. The stress and scenario tests included specific stresses relating to climate change, as detailed in section 2.2.

Since 2022, risk appetite and tolerance statements, approved by the Board, include ESG specific considerations.

The Board receives a quarterly report from the Chief Risk and Sustainability Officer on compliance with these risk appetite and tolerance statements. These reports cover a range of areas which cover specific topics included in the Board's strategy, and objectives set for the company. This includes KPIs related to diversity and climate (e.g. details on our probable maximum loss modelled results are shared with the Board against their tolerance and appetite). Specific to ESG, the Board established an independent ESG Committee in 2021, which is not a Board committee but provides reports and advice to both the CHL and CRL Boards and the Executive Committee.

The ESG Committee's focus relates to the selection and implementation of ESG initiatives. The Committee is chaired by Lord Soames, who is neither a director nor officer of Conduit Re. Other members of the ESG Committee include our Executive Chairman, Deputy Chief Executive Officer, Head of Human Resources, Chief Risk and Sustainability Officer, and the General Counsel. The Committee typically meets quarterly to discuss environmental, social and governance matters. The ESG Committee receives quarterly updates from Conduit Re's Chief Risk and Sustainability Officer on climate (among other ESG) related issues. The areas discussed range from employee engagement initiatives to considering ESG in our underwriting and investment strategies. In addition, updates from other relevant areas of the business are provided to the Committee, such as achievements made by The Conduit Foundation.

The ESG Committee includes both Board members and members of staff, ensuring a cross section of the company are represented for coordination of efforts across the business. Members from management include the Chief Executive Officer, Executive Chairman, Chief Operating Officer, General Counsel and Corporate Secretary, Head of Human Resources and the Chief Risk and Sustainability Officer. The Head of Human Resources and the Chief Risk and Sustainability officer respectively chair staff committees associated with community and environmental initiatives. Inclusion of employees from various departments ensures ESG activities are coordinated in a seamless cohesive effort across the company. Each member is able to feedback to their teams those areas that are discussed, as appropriate, and mobilise progress towards their ESG objectives.

In 2024, the ESG Committee's composition will be revisited to ensure it is reflective of best practice.

A report from the ESG Committee is a standing agenda item at the Board and typically includes details of support/sponsorship and our participation reports from climate-related events we are engaged in.

In the first quarter of 2024, the Board reviewed and approved the Annual Report and Accounts for 2023. The 2023 Annual Report and Accounts includes the 2023 TCFD disclosures which cross reference the ClimateWise and ESG Reports, available on our website. The Board has also approved continued membership of ClimateWise, support for the SMI, the UN Principles for Sustainable Insurance, the ESG materiality assessment (available in our 2023 ESG Report). The Company holds a strategic investment in Incubex which seeks to build markets and develop products for environmental commodities. The Board requires that all investment managers are signatory to the UN Principles for Responsible Investment.

Level 2: Evidence of how the board monitors and oversees progress against and the strategic plans, goals and targets for addressing climate-related issues.

In our first year of operating, we established board approved ESG related risk appetite statements. These appetites have target thresholds for the Company which are in line with the business plan. Any deviation greater than 10%, must be reported to the Board. These cover a range of business areas including, but not limited to, the ESG ratings of our investment portfolio and Conduit Re's carbon neutrality. Reporting against the risk appetite is completed quarterly, by the Chief Risk and Sustainability Officer, to the Risk, Capital and Compliance Committee of the CRL Board.

During 2022 the role of the Chief Risk Officer was expanded to include climate matters, as Chief Sustainability Officer. This role (commonly referred to as Chief Risk and Sustainability Officer ("CRSO")) supports alignment between risk management and taking actions on climate-related matters by making this the responsibility of one individual. The individual reports to the CEO and attends, and provides updates to, relevant Board meetings.

During 2023 the Board received quarterly ESG reports as well as reports from the Chief Operating Officer; together containing aspects of reporting across each element of ESG. Additionally, the Board received reports on climate relevant matters such as outputs from stress and scenario tests, investment reporting and on the implementation of our carbon offset programme. A report from the ESG Committee is a standing agenda item at the Board and typically includes details of support/sponsorship and participation reports from climate-related events we are engaged in.

Level 3: Evidence for incorporation of climate change into business strategy and planning and the development of related key metrics and targets, at a board and / or board committee level.

Our overall environmental goal is to support the transition to net zero while supporting the (re)insurance market to provide protection to those exposed to the effects of climate change. One of Conduit Re's key environmental metrics is to be carbon neutral. Conduit Re set out to be carbon neutral from day one. As a result, we purchased sufficient carbon offsets to match our emissions for the first five years of operation. The Board monitors our emissions and use of carbon offsets to ensure this goal continues to be met through reports provided by the CRSO.

We continue to follow developments in the Partnership for Carbon Accounting Financials ("PCAF") guidance, whose standard on how to calculate insurance associated emissions was released in November 2022. Treaty reinsurance, Conduit Re's only underwriting product, is currently out of scope of the current version of the Standard[4]. Once PCAF's guidance is clear on how to account for

[4] https://carbonaccountingfinancials.com/files/downloads/pcaf-standard-part-c-insurance-associated-emissions-nov-2022.pdf

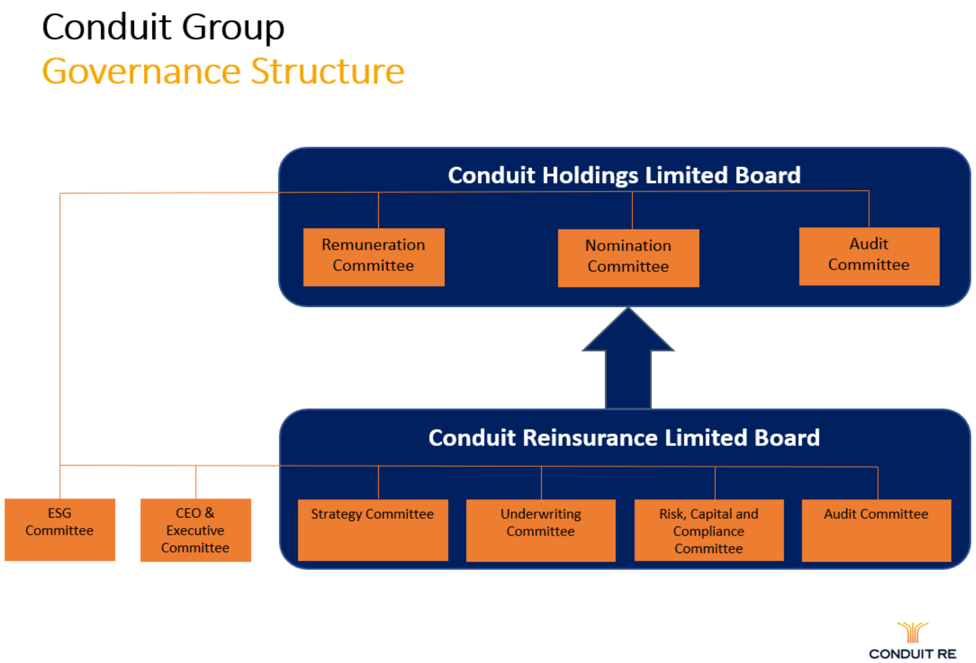
scope 3 emissions related to treaty reinsurance, we will determine any revisions to our plan and associated actions and targets.

We have also considered our strategic exposure to natural catastrophe perils. Our environmental priority is to provide protection against the impact of climate change, both directly and indirectly. As a company we must do this in a way that is sustainable and compatible with the interests of our investors and in accordance with our risk appetite. Our strategy remains to write a balanced and diversified portfolio and at a time when some peers are reducing or exiting catastrophe exposed reinsurance business, we increased our appetite, broadly in line with initial plans, from the 2022 business plan to the 2023 plan. Included in our business plan each year is a target level of property catastrophe exposure. In 2023, we classified $281m (2022: $170m)[5] of our gross premiums written as property catastrophe, providing protection to people, businesses, and communities through our cedents from natural disasters.

From an investment standpoint, our Board approved appetite includes a bias of the portfolio at least as good as the MSCI ESG benchmark, which contemplates each aspect of ESG. During 2022 our Board approved specific ESG driven criteria for investments. This includes new restrictions on investing in companies which generate revenue above certain thresholds from coal, Arctic drilling and oil sands, as well as tobacco, gambling, weapons, for-profit prisons, and investments in specific countries with poor human rights records. Compliance with investment related appetites are monitored by the Investment Committee and the Risk, Capital and Compliance Committee through reports and updates provided to them by the Chief Financial Officer and/or the Chief Risk Officer.

As detailed in level 1.2, each Executive has ESG responsibilities included in their role, who each report into one of the Board Committees, which is detailed in the graphic on this page.

Figure 1: Governance structure: Boards



5 Gross premiums written for 2023 and 2022 now exclude reinstatement premiums to ensure consistency with the IFRS17 view of revenue

1.2 Describe management's (below board-level responsibility) role in assessing and managing climate risks and opportunities

Level 1: Evidence of assigned climate-related responsibilities to management-level positions or committees; and, a description of the associated organisational structure and how management reports to the board and /or board committees.

Authority is delegated to the executive management team by the Board to operate within specified parameters. The parameters are set in the context of the overall strategy set by the Board. This delegation is both collective, to the Executive Committee, and individual. Each member of the Executive Committee has aspects of their role linked to ESG; these are detailed in the table below. Each executive provides reports to the Board (and/or committees thereof) on a quarterly basis and attainment of their ESG related objectives and responsibilities are considered in their annual appraisal and remuneration review.

The Board has also set expectations in relation to the Executive Chairman's role for Conduit Re with specific emphasis on promoting climate-aware action for our industry, achieved through engagement with peers, suppliers (for example brokers) and the wider industry. This takes the form of one-to-one meetings, contributing to thought leadership articles, speaking at events, and actively participating in the SMI.

Conduit Re operates a three lines of defence model with the second line of defence functions (Risk, Actuarial and Compliance) having direct reporting responsibilities to the Board, as do the third line of defence (Internal Audit, External Audit and the independent Loss Reserve Specialist).

The executive management team is responsible for proposing a business plan to the Board in the context of the Group's wider strategy and once approved, executing against it. This plan contemplates all aspects of the business: underwriting; investment management and operational matters, within the context of overall capital and risk management. All these activities are impacted, to some extent, by climate-related factors. This plan is supported by stress and scenario tests, including those that explicitly consider climate-related risks.

The company also has a Climate Working Group, chaired by the CRSO. The Climate Working Group meets quarterly and includes representatives from the following teams: Risk, Catastrophe Modelling, Actuarial, Operations/IT, Finance/Investments, and Underwriting. Its role is to engage a cross section of staff on climate matters related to their business areas and identify and propose priorities for initiatives, including employee engagement. The working group develop and consider materials that subsequently are used with the Executive Committee and/or ESG Committee.

Conduit Re's management committees also work to address specific topics. Notably in this context the Underwriting Oversight Committee, the Investment Committee and the Outsourcing Oversight Committee.

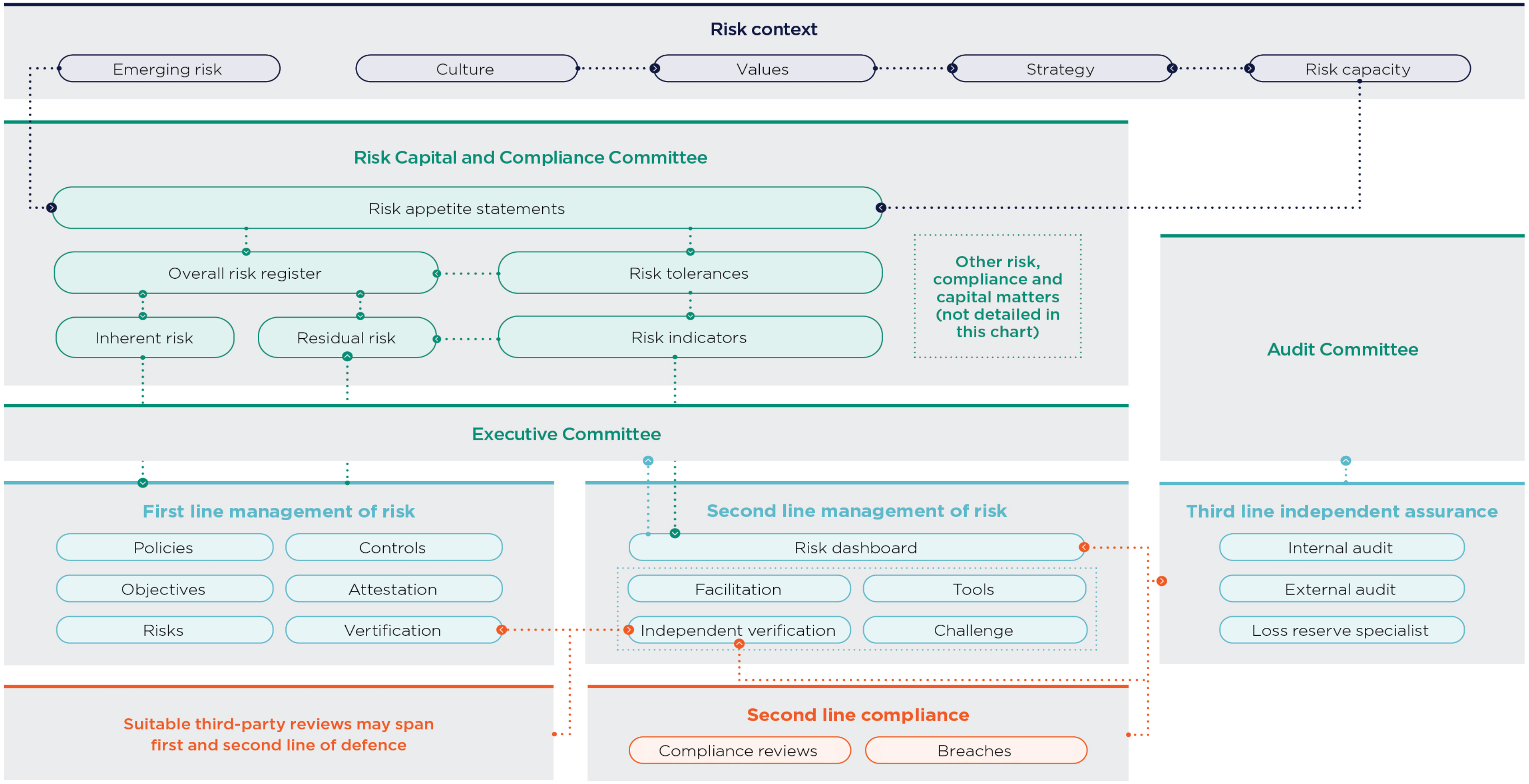
The Board's independent ESG Committee is not a Board committee but provides reports and advice to both the CHL and CRL Boards and the Executive Committee. The ESG Committee includes both members of the Board and staff, ensuring a cross section of the company is represented for coordination of efforts across the business. Members from management include the Chief Executive Officer, Executive Chairman, an Independent Non-Executive Director, Chief Operating Officer, General Counsel and Corporate Secretary, Head of Human Resources and the Chief Risk and Sustainability Officer. The Head of Human Resources and the Chief Risk and Sustainability officer respectively chair staff committees associated with community and environmental initiatives. The inclusion of employees from various departments ensures ESG activities are coordinated in a seamless cohesive effort across the company.

In 2024, the ESG Committee's composition will be revisited to ensure it is reflective of best practice.

The ESG Committee's focus relates to the selection and implementation of ESG initiatives. The Committee is chaired by Lord Soames, who is neither a director nor officer of Conduit Re, with the remainder of the Committee comprising director representation from CHL and CRL, and non-director employees. The Committee typically meets quarterly and discusses environmental, social and governance matters. The ESG Committee receives quarterly updates from Conduit Re's CRSO on climate issues. The topics discussed in meetings range from employee engagement initiatives to considering ESG in our underwriting and investment strategies. In addition, updates from other relevant areas of the business are provided to the Committee, such as achievements made by The Conduit Foundation.

Executive Management (members of our Executive Committee)	ESG responsibilities
Trevor Carvey, Chief Executive Officer	Oversees our entire operation and guides the executive team, emphasising the importance of ESG.
Elaine Whelan, Chief Financial Officer	Leads our external reporting and transparency initiatives; oversees our ESG-conscious investment portfolio; and engages with our external portfolio managers.
Stuart Quinlan, Deputy Chief Executive Officer and Chief Operating Officer	Oversees our operational activities and does so with a consideration of managing Conduit's, and our service providers', environmental impact. Stuart also provides senior executive input to the Conduit Foundation and represents Conduit in the community, supported by Heather Mello, Head of Human Resources.
Greg Roberts, Chief Underwriting Officer	Oversees our entire underwriting business, ensuring new business is in line with our ESG underwriting policies. As CUO, he also leads our engagement with clients and brokers.
Andrew Smith, Chief Risk Officer and Chief Sustainability Officer	Ensures that environmental and climate risks are embedded into our risk management framework and that appropriate reporting frameworks are in place for our regulators, rating agencies and investors. Andrew is responsible for reporting against ESG related disclosures and chairs our Climate Working Group. He is a member of, and provides updates to, the ESG Committee. Andrew represents Conduit on external forums such as the ABIR Climate Risk Committee and ABIR Policy Committee.
Andrew Couper, Chief Actuary	Ensures that environmental and climate matters are suitably considered in our pricing, reserving, and assessment of capital needs. Andrew is a member of the Climate Working Group.
Greg Lunn, General Counsel	Supports our independent ESG Committee and the Board ensuring that management is held to account in delivering our ESG objectives. Greg also serves on the Protector Committee of the Conduit Foundation.

Figure 2: Governance structure for risk, including climate risk



Level 2: Evidence of the processes by which management is routinely informed about, reviews and manages climate-related issues

Executive management receives regular climate related reports which are role and responsibility specific, as highlighted in the table above. The reports they receive include those which are typically provided to the Board. Executive management typically provide feedback on these materials ahead of Board packs being circulated.

Prior to sessions such as the Board strategy sessions, executive management meet to consider the most relevant matters for discussion, including, for example, which of the climate-related emerging risks were most appropriate to discuss at the Board level.

ESG related matters have been a standing agenda item at the Executive Committee, with the establishment of the Climate Working Group leading to a greater focus. Management has responsibilities which are explicit to managing climate related issues, as detailed in the table above. To meet those objectives, management exercise their initiative in what they believe is the most appropriate way to ensure they are routinely informed of, review and manage climate-related issues:

For our Chief Underwriting Officer, this is evidenced through daily meetings with his underwriting team to ensure he understands underlying risks assumed and ceded.

For our Chief Financial Officer, this is evidenced through monthly reports and at least quarterly meetings with investment managers to understand the portfolio.

Our Chief Risk and Sustainability Officer maintains up to date knowledge and awareness of emerging risks, and seeks to understand their impact on the company, as well as new regulatory and disclosure requirements, through meetings with local regulators and other relevant stakeholders and market players. This is also supported through participation in climate related membership organisations' meetings, including ClimateWise and the Sustainable Markets Initiatives. Our CRSO provides updates to each of the other executive managers to ensure they also have the latest information on climate related matters at the company, market and regulator level.

Level 3: Evidence of how management (through specific positions and/or management committees) monitors and assesses the implementation of strategic plans, goals and targets agreed by the board/ and or board committees to address climate-related issues.

Annually, the Board approves a business plan. Embedded within the plan are ESG related policies and objectives. As noted above, each member of executive management has ESG related responsibilities in order to execute these goals. Over time, the focus of climate-related matters has increasingly progressed from internal operations to supplier engagement and embedding of ESG principles into our underwriting and investment activities.

Each executive reports on progress their business area has made against the business plan, including the ESG related elements of the plan, no less than quarterly to the Board. Progress against the plan and climate related objectives is also reviewed and discussed at executive management level throughout the year.

As noted already, specific responsibility for drawing together climate-related matters was assigned, in early 2022, to the Chief Risk Officer and he now has an additional team member supporting him on these matters. The CRSO chairs the Climate Working Group which provides an additional, cross functional, forum dedicated to climate matters.

Included in the CRSO's formal quarterly reporting to the Executive Committee are updates on tolerance statements against current related performances. This involves providing an overall update on progress against the targets agreed by the Board, including those related to addressing climate-related issues. The tolerances reported against include elements of underwriting (for example, considering geographic location or peril), investments (ESG rating benchmark related), and operations (for example, considering carbon neutrality or diversity and inclusion). In the event that tolerances breach a certain level, the Board must be informed.

The CRSO provides monthly reporting to the Executive Committee, which is less comprehensive but addresses both risk and ESG related matters.

In relation to functional areas monitoring how expectations set by the Board are monitored and assessed, the paragraphs below specify how our operations, investments and underwriting teams implement targets agreed with executive management (and the Board where relevant) and provide updates on their respective progress. Executive management and the Board, in turn, review and consider the update received to ensure it is in line with their approved strategy, and actions are being implemented as expected. If the Board were not satisfied with progress made against plans, it would require remedial steps be taken.

Operations and local impact

The Chief Operating Officer reports to the Executive Committee and the Board on matters such as our impact aware office and on the appointment of service providers for operational activities. ESG considerations form part of our vendor selection and management guidelines. The steps we have taken to minimise our operational impact on the environment are included in our ESG Report (available on our website) and later in this report.

The Chief Operating Officer is the executive most closely aligned to the Conduit Foundation and provides reporting to wider management and Board on the causes we have supported. To date the causes supported have included those relating to climate, supporting the disadvantaged and education.

Investments

The Chief Financial Officer reports to the Executive Committee and the Board on investment matters. While the primary focus has been on implementing a low-risk investment strategy that protects our capital base, ESG considerations have been part of our investment strategy since inception.

ESG featured during the selection of asset managers and in their portfolio reporting to us. We have also implemented internal aggregated reporting on the portfolio, including reporting on ESG metrics.

ESG has increasingly been a focus for the Investment Committee. During 2023, the Investment Committee (a management committee) reviewed (typically quarterly) the portfolio. The reporting allowed transparency as to the impact of individual investments on the portfolio's average ESG score and informed decisions on whether and how to adjust the portfolio to meet our objectives.

In November 2022 the Board approved specific ESG driven criteria as part of their business plan approval. This included restrictions on investing in companies who generate revenue above certain thresholds from tobacco, gambling, weapons, coal, Arctic drilling and oil sands, for-profit prisons, civilian firearms, and investments in specific countries with poor human rights records. More details can be found in our ESG Report.

Underwriting

Underwriting is the assumption of risk from clients in return for payment of a premium and is our core activity as a reinsurer. Risks associated with climate are significant to our portfolio and we deploy modelling and risk aggregation tools to support our underwriting as well as report on exposures and aggregations. In this regard we operate within strictly defined limits.

During 2022, revised underwriting guidelines were approved. Explicit referral to the Chief Underwriting Officer is now required for any reinsurance treaties which may include 'new energy' related risks. More details on this can be found in our ESG Report.

From a governance perspective, the Underwriting Oversight Committee (a management group) reviews matters including underwriting performance and portfolio and exposure management. This includes reviewing our exposure to natural disasters to ensure they remain within the Board approved tolerances. Underwriting for all lines of business, and for the protection of all covered perils, takes place in the context of parameters set by the CRL Underwriting Committee (a Board committee) and the Board approved risk appetite and tolerance statements. Reporting against these occurs quarterly and details are shared with both management and the Board.

2. Incorporate climate-related issues into our strategies and investments

CONDUIT RE

2.1 Evaluate the implications of climate change for business performance (including investments) and key stakeholders

Level 1: Describe priority climate-related risks and opportunities across the business and its investments (considering relevance to the nature of the business by sector, geography, business segment) over the short, medium, and long term, defining these time horizons.

We recognise that climate change has potentially far-reaching implications for (re)insurance companies. We are supporting ClimateWise and the SMI, specifically to support collaboration across the industry to facilitate the incorporation of ESG factors as an integral part of the industry's activities, both in the actions we take and in the transparent reporting that we provide. We cannot achieve this alone; we must engage as part of a wider industry collaboration. Similarly, we recognise the progress already made by peer companies and engage with industry efforts in Bermuda under the umbrella of ABIR through participation in their relevant committees and working groups.

Our strategy and risk appetite are such that our business performance will be dominated by underwriting results, with investment returns and the control of operating expenses being second order performance factors.

Underwriting

Within underwriting, the impact of climate change varies based on the risks being reinsured and the time horizons over which losses from those risks may occur. Below we have described our priority risks and opportunities across each of our primary business areas. Generally, we consider short-term to be within one-year, medium term to be within five-years and long-term to be within ten-years.

As mentioned above, the Board agrees with Management tolerance levels for underwriting exposure, considering peril and class of business for these tolerances. These tolerance levels, together with the business plan, inform our underwriting strategy and what business the underwriting team seek to assume from the market. It also informs and guides what retrocession coverage the company seeks from the market, to reduce its net exposure to risks, including climate related perils.

As a new company, free from legacy, our priority is to continue building a balanced and diversified portfolio. Our underwriting portfolio is split by class of business and climate change is relevant to each in slightly different ways:

Property

Risks: Property lines are, on the face of it, most directly exposed to climate change. Changing weather patterns, rising water levels and increased frequency and severity of extreme weather events can have immediate and observable impacts on exposures, which are catalysed by nature loss. That said, the time horizon for property coverage is typically annual, so the impact of long-term climate change is more easily measured and contained. Current weather patterns are included in the scenarios used by our catastrophe modellers. These, together with past weather-related losses, are factored into our considerations on pricing and terms and conditions by our underwriters and their teams when negotiating contracts. Thus, there is currently no impact expected from climate change on our ability to provide unique solutions to our clients, with a focus on underwriting profitability. More detail on our exposure to weather related perils can be found in our Financial Condition Report, which is published on our website each May.

Opportunities: From a longer-term strategic perspective, climate change is likely to exacerbate the protection gap and lead to potentially unsatisfied demand for coverage. This provides an opportunity for the industry and if we can manage our portfolio of exposures through careful risk selection and high-quality modelling, this otherwise unsatisfied demand could provide profitable growth for our business.

Casualty

Risks: Casualty lines have second order exposure to climate change and nature loss, with the insurance losses typically driven by liability for damage or harm stemming from our customers' business activities. These losses may involve compensating or remedying damage to the underlying insureds' customers, employees or other stakeholders including wider society and/or governmental bodies. Casualty exposure is more challenging to measure and contain and typically is longer in duration than property risks. This means horizon-scanning and monitoring and understanding global trends is crucial to enable our underwriters to make the most appropriated decisions.

Opportunities: As most economies strive to be more sustainable, there is an influx of new and increased ESG regulation, litigation, frameworks, investor demands and innovation pressures. Alongside these, an associated array of insurable transition risks have developed, creating a burgeoning casualty market. As this is unchartered territory, there are pricing risks associated, as there are for any new market. Currently, casualty lines are offering a reasonable return for the risks we assume, but care is needed to ensure we are containing losses from risks that are yet to fully emerge.

Specialty

Risks: Specialty lines include coverage for businesses exposed to classes such as marine, energy, political violence, and aviation risks. This also extends to renewable energy industries. These lines are typically exposed to some aspects of both the risks and opportunities set out for the property and casualty considerations.

Opportunities: Reinsurance has a role to play in providing protection to those in transitioning industries and a careful balance between each of the environmental and social concerns must be found, all within the context of delivering returns for shareholders and reducing the coverage gap.

Investments

Risks: Our investment portfolio is lower risk and highly liquid in nature and, over the planning horizon, aims to have relatively limited performance exposure to climate-related change and nature loss.

Our impact: Our investment guidelines restrict investments in companies generating a significant portion of their revenues from activities associated with a significant environmental impact, such as coal, arctic drilling, oil sands, and thermal coal generation.

From a social perspective we seek to avoid certain activities, locations and industries where our view is that, on balance, supporting the activities conflicts with our aim to act responsibly. While our criteria remain under constant review, examples include limitations on for-profit-prisons, tobacco, controversial weapons and approximately 50 countries with questionable human rights records.

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. In 2023 we have, however, appointed one additional investment manager with additional ESG criteria in their mandate.

More details on the environmental and social restrictions in place for our investments can be found in appendix 2.

For corporate issuers which have an ESG rating, our investment managers target our portfolio to meet a minimum weighted average ESG rating while also meeting our required credit quality and diversification objectives.

We have an equity investment in a unique product and business development firm, Incubex, who specialise in global environmental markets, climate risk, and related commodities.

All our investment managers are signatories to the Principles for Responsible Investment.

Operations

Risks: Over the longer-term, our operating expenses may increase as a result of climate change. Our primary office location is on an island where food supply is heavily import dependent, water supply is rain dependent and use of clean energy is currently limited, albeit increasing. Hurricanes can occur relatively frequently in Bermuda, the strength and frequency of which are forecast to increase as a result of climate change. Bermuda currently has robust infrastructure, providing resilience to, and protection from, hurricanes, thus we do not expect any significant damage to our office nor interruptions to our operations.

Our impact: We limit our climate-related impact by having our reinsurance operations based in a single location with short commutes and limited need for extensive business travel. Our outsourcing due diligence process incorporates questions on vendors' ESG practices. We held several employee engagement initiatives throughout the year, as detailed throughout this report, to encourage the adoption of sustainable practices by our colleagues. We also support sustainability initiatives locally through the Conduit Foundation. We actively encourage the use of recycling facilities in the office and encourage staff to only print what is necessary, minimising our waste. We limit our e-waste by only replacing IT equipment when required, following which, items are repurposed and donated.

Level 2: Evidence of the identified impact of climate-related risks and opportunities on members' business, strategy and financial planning.

Underwriting

One of the tempting levers that underwriters can use in the face of increased frequency and severity of climate-related events is to limit coverage and increase exclusions. When the (re)insurance industry fails to provide capacity, risks are left on the 'balance sheets' of individuals, businesses, captive groups and ultimately governments. These are symptoms of a poorly functioning market and both publicly and privately, we are advocating for unbundling and innovation that provides mechanisms by which premium can be matched to risk. This is particularly relevant to our property and speciality business lines.

For speciality business lines, we are keen to expand our portfolio in a planned and intentional way. One of the challenges to growth in our initial years was a trend to bundle coverages which made it difficult to match premium to risk. Last year we reported encouraging signs of a reversal to the bundling trend, and this continued through 2023, with our specialty business showing good growth.

For property business lines we see unbundling as a mechanism by which those with good portfolio management can manage a balanced portfolio. We also see potential benefits in reducing the protection gap and accelerating claims payments, using techniques seen with parametric covers. We see the increased demand that a more uncertain climate brings and unlike many peers we are, in absolute terms, increasing our exposure to weather related events while continuing to write a well-balanced portfolio.

Casualty reinsurance does not typically enjoy the good data quality that property business benefits from. One area of action for us is to improve and enrich our casualty data, with a pilot project that commenced in 2021, completed during the first half of 2022 and maintained since then, which allows us to better understand our portfolio aggregations. The realistic disaster scenarios that we consider for our casualty portfolio includes scenarios which are climate driven. We still plan to make further progress by expanding the extent of data enrichment.

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.

Investments

We invest our capital base with the primary objective of capital preservation. ESG considerations are factored in all our investment strategies through our investment guidelines and service agreements.

We recognise the importance of considering ESG across our investment portfolio and have accordingly included climate impacts in our stress and scenario testing that informs business plan approval.

All our asset managers are signatories to the UN Principles for Responsible Investment and ESG considerations are incorporated into our individual portfolio investment guidelines and our overall investment strategy. In November 2022 our Board approved specific ESG driven criteria. This included restrictions on investing in companies who generate revenue above certain thresholds from tobacco, gambling, weapons, coal, Arctic drilling and oil sands, for-profit prisons, civilian firearms, and investments in specific countries with poor human rights.

Operations

Conduit Re believes that it has a responsibility to our stakeholders including our community. Through the Conduit Foundation, we have supported a number of causes including some relating to climate and environmental matters and others that support the disadvantaged.

We take a long-term view and were proud to support the Bermuda Youth Climate Summit again in 2023 (see section 5.1 for more details on the summit). As a company, we also sponsored a summit to support Bermuda's work to further its ambitions to be the leading centre for climate risk finance.

We seek to minimise our consumption of single use plastics and minimise our carbon footprint, offsetting what we cannot contain. In 2022 we were recognised as Beyond Plastic Champions. We support Beyond Plastics (Bermuda), to reduce plastic pollution through collective and individual actions in Bermuda. This year we ran a Plastic Free July competition in our office to encourage staff to reduce their plastic consumption and find more sustainable alternatives long term. We sought to make the competition an educational programme, and throughout the month shared suggestions on how employees can reduce their plastic consumption in addition to the perils of plastic. More than half of our staff participated in this, and we plan to make it an annual event.

We also have well developed continuity plans for climate-related events including remote working flexibility. Our view is that management of impact and financial resources provides a strong base from which to develop a successful and resilient business.

Level 3: Evidence that members are developing a business strategy and investment strategy (if relevant) to address the implications of climate-related issues on both the business and its key stakeholders and have determined a measurable progress plan for action, considering longer time-frames.

As set out in our Section 172 statement in our 2023 Annual Report and Accounts, we consider our stakeholders to include: brokers and clients, shareholders, employees, government and regulators, rating agencies, our community and the environment.

Our ambition is to be a responsible company that focuses on the long-term benefit of all our stakeholders. To achieve this, we engage with our stakeholders to better understand their interests and needs. Examples of our engagement are provided in the Section 172 Statement in our Annual Report and Accounts, available on our website.

More specifically to ESG, as part of our inaugural ESG Report in 2022, we completed an ESG materiality assessment, based on a limited set of stakeholder interviews.

This year we have undertaken a more in-depth ESG materiality assessment to include a wider group of stakeholders to better understand what is important to them and what they believe has the greatest impact on the company. These insights will help guide our sustainability strategy.

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 Global Reporting Initiative framework and ISSB. The results from our materiality assessment can be found in our 2023 ESG Report. It was reviewed and approved by the Board and Executive Directors. The outputs will be used to inform our strategy in 2024 and onwards and reviewed on a regular basis.

We also believe we have a role to play to support our suppliers and have undertaken work to ensure that the SMI's Global Pledge for Sustainable Supply Chains can be relevant to reinsurers. Conduit Re signed this pledge in 2022, see section 3.2 and 4.1 for more details.

We have also sought to support awareness of environmental initiatives and have continued to do so through several avenues throughout 2023. This is evidenced through our engagement with ClimateWise, the SMI and through our Executive Chairman and CRSO's participation on various relevant industry panels. They each participated in several conferences and round table discussions this year, including at the Bermuda Climate Risk Summit.

Level 4: Evidence of a leadership position or strong collaboration efforts for encouraging better climate disclosure and further research; demonstrating the use of this information and/or appropriate tools.

We are involved with various market initiatives. Our Executive Chairman engages with stakeholders through speaking and writing articles encouraging transition towards renewables and a universal approach to carbon scoring and on the effects of climate change on reinsurers and the market in which they operate.

Addressing both the management of our own exposure to climate risk and the greater impact we can have as part of a wider industry, both our Executive Chairman and our CRSO are regular participants in various industry groups that seek to progress a consistent and transparent approach for addressing and reporting on climate-related matters. Both also speak on the topic at industry events and with the (re)insurance press.

Conduit Re believes that material progress for our industry on climate matters requires collaboration. We were pleased this year to be the Diamond sponsor of the Bermuda Climate Summit 2023 which brought policymakers, leading scientists, NGO-heads, and business leaders, together to share their unique insights and solutions for one of the world's biggest challenges, climate change. The summit included a number of informative panel presentations, roundtables, solution showcases and networking opportunities, providing plentiful opportunities for education and collaboration on addressing climate change. As part of this, we sponsored a speakers' dinner on the eve of the event where our CRSO provided the address, explaining Conduit's dedication to sustainability and why we view it as so important. The dinner provided the sustainability leads additional time to network and discuss climate risk strategies and solutions.

Conduit Re also actively responds to data requests from the climate groups with which we participate and to voluntary disclosures to our regulator, the Bermuda Monetary Authority.

As an active member of the ABIR Climate and Sustainability Committee, Conduit Re's contribution to ABIR has included drafting feedback to various regulators on their climate reporting proposals.

Our Executive Chairman has been an active participant in, and outspoken advocate for, the establishment and work of the Sustainable Markets Initiative Insurance Taskforce ("SMI"). He has particularly focused on issues relating to supporting investment in the green economy and around carbon considerations in the underwriting portfolio. He also attended COP in Dubai as a representative of the SMI.

We have also been supportive of other workstreams and in 2022 became an inaugural signatory to the SMI's Global Pledge for Sustainable Supply Chains. By being a member of this taskforce, we work in collaboration with our peers towards a more sustainable future.

In 2023, the SMI engaged Aon STG to deliver a data-led project showcasing contributions of Insurance Taskforce members to resilience and renewable solutions. We participated in this project, the output of this is included in their report, 'Insuring a Sustainable Future Protecting Nature, People, and Planet'.

2.2 Measure and disclose the implications of climate-related issues for business performance (including investments) and key stakeholders

Disclose key quantitative and qualitative metrics used to measure and manage priority climate-related risks and opportunities on the business and on key stakeholders and outline how these have and are planning to change over time.

Last year we developed a suite of measures to quantify and report on climate-related issues and implications for our business performance. We also became members of the UN Principles for Sustainable Insurance initiative and aligned our objectives to their four principles.

Investments

In the immediate term we have included ESG objectives and measures in our investment criteria and investment agreements. The Chief Financial Officer monitors the performance of investments against the ESG ratings and reports these to the Investment Committee. We have looked at the ratings used by each of our asset managers and sought to understand what the key drivers are those with lower ESG ratings. In response to this, in 2022, we explored specific actions and guidelines in our ESG investment criteria. As a result of this, in November 2022 our Board approved specific ESG investment criteria. This included restrictions on investing in companies who generate revenue above certain thresholds from coal, Arctic drilling and oil sands, with additional industries facing similar restrictions in light of social considerations. These were revisited in 2023 with no changes required. The Board monitors compliance with these requirements through reporting from the Investment Committee and the Risk, Capital, and Compliance Committee. We also note that the company does not hold any equity investments (other than the strategic investment in Incubex).

Underwriting

Currently there is no guidance provided by PCAF[6] to calculate underwriting emissions attributable to treaty reinsurance. Accordingly, treaty reinsurers scope 3 underwriting emissions remain out of scope. Upon release of relevant guidelines, the company will seek to understand impact and consider appropriate targets. Until that time, Conduit Re focuses on selective underwriting lines and carbon neutral operations to help drive improved performance and proactive management of climate risk and associated opportunities.

The company's current underwriting guidelines include ESG considerations. As a treaty reinsurer we do not underwrite individual insurance policies, including those relating to the extraction, transportation, or supply of hydrocarbons. To the extent we write reinsurance portfolios that include or are expected to include new extraction of any hydrocarbon, this is subject to specific referral to the Chief Underwriting Officer. The referral considers the risks from multiple perspectives including considering the transition to net zero, while also seeking to avoid any significant exposure to Arctic drilling or extraction of oil from tar sands. Similar considerations and referral would apply to any significant exposure to activities such as deforestation.

Climate-related risk scenarios formed part of the stress and scenario tests that informed our 2023 business planning process, consistent with our CISSA[7] process as shown in figure 3. This is consistent with our 2022 approach and in 2024 we will follow this same approach to ensure climate-related risks are considered appropriately.

In order to manage Conduit Re's climate-related risks, included in the company's tolerance statements are specific exposure limits in relation to peril zones, types and modelled scenarios. Our modelled underwriting exposures, including those connected to climate risk is reported internally by the CRSO. The report includes current modelled exposure against set thresholds, across a number of scenarios.

[6] The Partnership for Carbon Accounting Financials (PCAF) provide guidance to calculate financed emissions
[7] The Commercial Insurer's Solvency Self-Assessment (or "CISSA") is Bermuda's equivalent to an Own Risk and Solvency Assessment ("ORSA")

The Company is cognisant of the protection gap and continues to grow absolute natural catastrophe income when many other reinsurers are choosing to reduce their participation. We advocate for unbundling of coverages, which we believe is important in disaggregating risk which supports the reduction of the protection gap and protects the relevance of the commercial insurance markets.

The business conducts annual stress and scenario tests as part of business planning and refreshes these more frequently as circumstances dictate. The stress testing includes the impact from climate change, amongst other risks, on our underwriting and operations, considered our key business areas.

The TCFD recommends that insurers consider the impact of a 2°C or lower scenario. A 2°C scenario lays out a pathway and an emissions trajectory consistent with holding the increase in the global average temperature to 2°C above industrial levels.

Our planning time horizon and the short-term nature of our business limits the impact of a 2°C scenario on our business plan and short-term capital management. Instead of considering the impact of a rise in temperature over a gradual 10-year period, we have considered a scenario with shock events that could happen within our planning time horizon and the potential response to those events. The shock event considers the impact of climate change on the global economy, investment performance, tax, the size of insurance markets and operational costs. The parameters considered in 2023's stress testing related to climate change also included exposure to windstorms, tornadoes, and flooding.

In our stress and scenario testing, we consider both the impact of the events and the impact on business volumes as a result of the events (such as increased premiums as a result of increased uncertainty. The quantitative metrics considered included probable maximum losses, premium volume variations and failure of a retrocessionaire owing to an unexpected (1 in 750 year) event.

We considered the performance and required capital implications of the above on insurance losses, premium volumes (increases and decreases) and the implications to changes in our modelled expected losses. This is based on estimates made at the time of 2024 business planning. Given our strong capital position, even the most significant scenarios considered would be manageable. Our Financial Condition Report, issued, typically, each May, and published on our website, provides more information about our approach to stress tests.

Operations

Our first environmental goal is to be operationally carbon neutral. We have sought to minimise our carbon footprint through the choices we have made and by purchasing offsets for the emissions we could not reasonably avoid.

In early 2022 we purchased and retired 3,600 metric tonnes of carbon offsets to offset our estimated emission from our first five years of operations. Each project supported was carefully selected and with our support for The United Nations Global Compact and Sustainable Development Goals in mind. Details on each project can be found in appendix 10 of our 2022 ESG Report; they include:

- reforestation of degraded forest reserves in the Ashanti Region, Ghana
- Luangwa Community Forest Project, Zambia
- clean cooking programme, Nigeria
- Longuan wind power, South Africa

We have established a process for measuring our Scope 1, 2 and 3 emissions which will be further developed and refined (see Principle 4). We are closely following PCAF and once their guidance is clear on how to account for scope 3 emissions related to treaty reinsurance, we will determine any revisions to our plan and associated actions and targets. Emissions released by the company in 2023 are disclosed in principle 4, and we have offset in line with our targets. In our ESG Report we identified five metrics we measure. They are:

- Gross premiums written in relation to what we classify as being 'green revenue'
- Proportion of business ceded to us by cedants who are signatories to the UN Principles for Sustainable Insurance.
- Gross carbon emissions per employee
- Net carbon emissions
- Number of environmental organisations supported (financially and/or through volunteering)

Please refer to the Environment section of our 2023 ESG Report for more details.

Evidence of a narrative relating to the performance made against these metrics over the past year (including variance analysis relative to plans or forecasts – see Level 4, below). Metrics should be provided for historical periods to allow for trend analysis.

While exposure and aggregation management are 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 book value, 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. Note that this is calibrated to a 1 July 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 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% percent of opening tangible net asset value at the 1 in 100 and 1 in 250 return periods respectively.

Evidence how climate-related metrics are incorporated into remuneration policies and practice.

We include ESG related metrics in our balanced performance scorecard for employees which determines our bonuses. Staff are subject to an annual review process. All executives have ESG related objectives which contribute to their remuneration. Achievement is measured by line managers and subject to review by the Remuneration Committee as appropriate.

2.3 Incorporate the material outcomes of climate risk scenarios into business (and investment) decision making

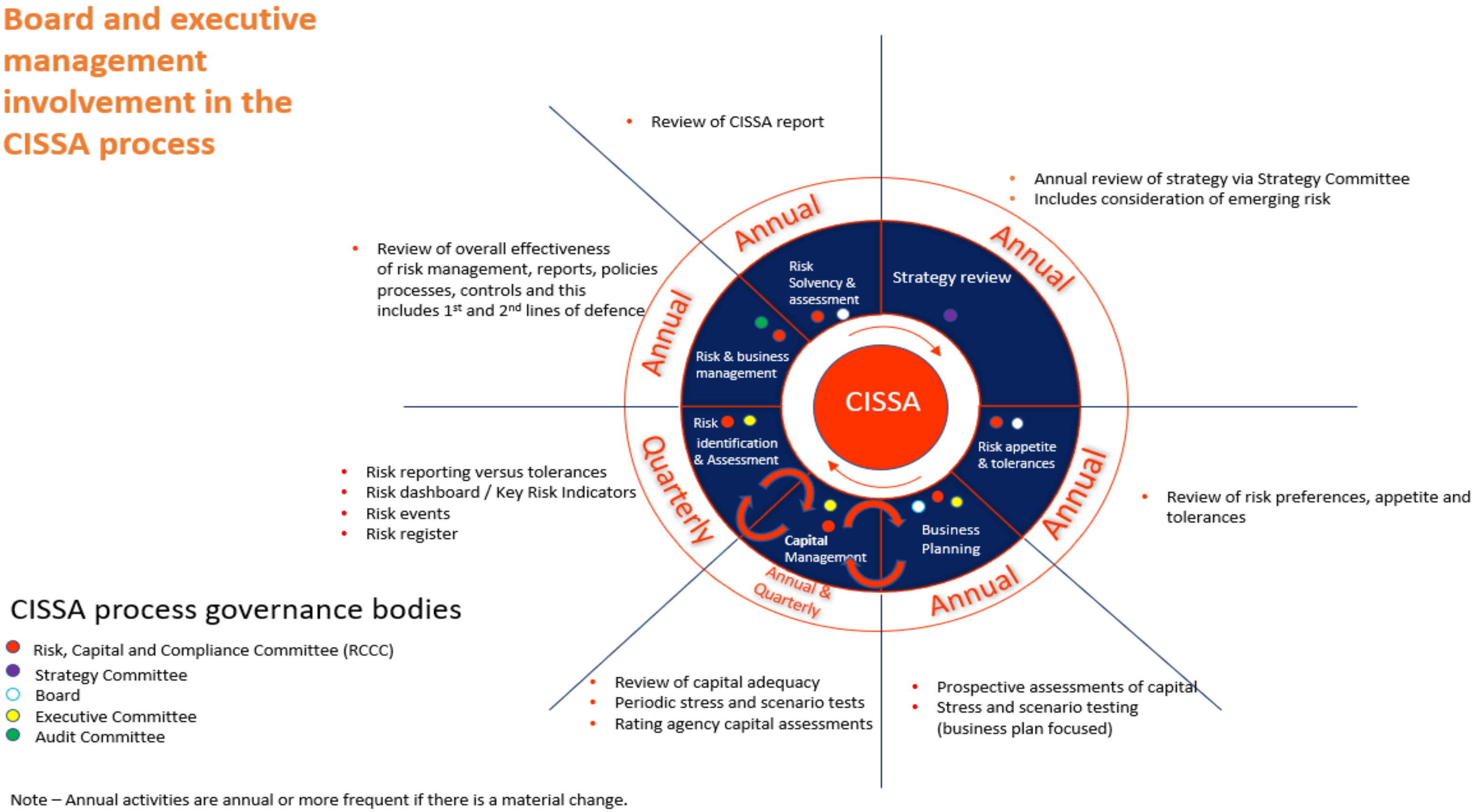
Level 1: Describe the process for undertaking scenario analysis, taking into consideration different climate-related scenarios, including physical, transition and liability risk scenarios. Include scenario analysis methodology timeframes, parameters and key assumptions used.

Climate-related risk scenarios formed part of the stress and scenario tests that informed our 2023 and 2024 business planning process, consistent with our CISSA process as shown in figure 3. Refer to section 2.2 for more details on the methodology, parameters and key assumptions used relating to climate change.

Our stress tests typically consider a relatively short time horizon for the event (one year) but consider the implications over a longer horizon (up to five years). Our work on emerging risks, which has included climate and transition risks, is more qualitative but considerers a time horizon longer than our one-to-five-year planning horizon.

For both internal and regulatory reporting, the business conducts annual stress and scenario tests, already mentioned, which address physical risks.

Figure 3: CISSA Process from our CISSA Policy



Level 2: Evidence of how scenario analysis is used to understand the resilience of the organisation's current business strategy against identified material climate risk and how it has been integrated within core risk assessment processes.

Stress testing results are reviewed by the Board annually to ensure the current business plan and portfolio are aligned to their risk appetite. This provides the Board with an insight to the company's current level of resilience against certain climate-related perils.

In May 2023, the Board held a number of strategy sessions. This included a session specifically considering emerging risks. The strategy sessions feed into the annual business planning cycle with the business plan approved at the third quarter 2023 Board meeting. As part of the business planning approval process, stress and scenario tests are considered which included specific scenarios relating to climate change. The company has ESG related risk appetite statements. These cover a range of business areas from our investment portfolio to our environmental footprint. Reporting against the risk appetite is completed quarterly, by the CRSO, to the Risk, Capital and Compliance Committee of the Board.

The Boards, or committees thereof, receive quarterly reports from the group's CRSO on compliance with risk appetite and tolerance statements, and periodic reports on emerging risks, including those associated with environmental and social factors.

Further, scenario analysis considered in our catastrophe modelling and stress testing is fundamental to the business when making decisions on whether we agree to underwrite a policy and at what premium. Where the risk is considered too high for the premium willing to be paid, a decision may be made to not underwrite a specific policy.

To assist with reviewing and understanding our underwriting exposures, various realistic disaster scenarios are performed. Some of these scenarios are prescribed and required by the BMA as part of our year end regulatory return. Others are performed for internal monitoring purposes. Each are performed at least annually, with some performed and reported to management and the Board quarterly. This stress and scenario testing is part of our annual CISSA process which informs our business decisions.

Level 3: Evidence of targets set (quantitative and qualitative over the short, medium and long term) to manage climate-related risks and opportunities on both the business and its key stakeholders, and a description around performance against targets.

One of the tempting levers that underwriters can use in the face of increased frequency and severity of climate-related events is to limit coverage and increase exclusions. When the insurance and reinsurance industry fail to provide capacity, risks are left on the 'balance sheets' of individuals, businesses, captive groups and ultimately governments. These are symptoms of a poorly functioning market and both publicly and privately, we continue to advocate for unbundling and innovation that provides mechanisms by which premium can be matched to risk. This is particularly relevant to our property and specialty lines.

For speciality business lines, we plan to expand our portfolio in a planned and intentional way. One of the challenges to growth in our initial years was a trend to bundle coverages which made it difficult to match premium to risk. Last year we reported encouraging signs of a reversal to the bundling trend and this continued through 2023, with our specialty business showing good growth.

For property lines we see unbundling as a mechanism by which those with good portfolio management can have a balanced portfolio. We also see potential benefits in reducing the protection gap and accelerating claims payments, using techniques seen with parametric covers. We see the increased demand that a more uncertain climate brings and unlike many peers, we are, in absolute terms, increasing our exposure to weather related events while continuing to write a well-balanced portfolio.

Refer to level 2.2 for details on our business plan for catastrophe exposure in 2024.

Level 4: Evidence of strong collaboration efforts in the knowledge sharing of risk management and modelling expertise into business (and investment) decision making.

Our stress and scenario tests are conducted in collaboration with risk, finance, actuarial and underwriting. We have advocated for the unbundling of risk (as described in level 3 above) both publicly and privately.

3. Lead in the identification, understanding and management of climate risk

CONDUIT RE

3.1 Ensure processes for identifying, assessing and managing climate-related risks and opportunities are integrated within the organisation (including investments)

Level 1: Describe current business practices and processes for identifying, assessing and prioritising climate-related risks and opportunities (including investment processes) by sector, geography and business segment where possible. This should include the use of standard definitions or risk classification frameworks.

As described in Principle 2, at a business planning level climate-related matters are considered in relation to Underwriting, Investments and Operations, including expense management. For underwriting the risks and opportunities vary, as noted, between our business segments of property, casualty and speciality.

From an underwriting perspective, all deals are reviewed by our underwriting team. Throughout 2023 we continuously improved both our use of technology to aid this, and its interconnectivity across underwriting, pricing and exposure management.

This relationship with data is achievable due to the cedant partnerships we have formed. The sharing of the most granular of insurance exposure information is paramount to understanding with confidence the risks 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 identify and understand, together with our catastrophe modelling system, climate exposed business in the deals we are reviewing. Once the data has been analysed and reviewed, a decision as to whether we write the business or not can be made.

If during our underwriting process reinsurance treaties are flagged as potentially including 'new energy' related risks, they require explicit referral to the Chief Underwriting Officer. The referral will consider the risks from multiple perspectives including the consideration of the transition to net zero, while also seeking to avoid any significant exposure to Arctic drilling or extraction of oil from tar sands. Similar considerations and referral would apply to any significant known exposure to activities such as deforestation. An extract from our guidelines can be found in Appendix 2 our 2023 ESG Report.

Similar restrictions apply to our investment portfolio and ESG parameters are currently included in the investment mandates provided to our outsourced investment managers.

From an operations standpoint, we formally included ESG criteria in our supplier guidelines, policies and procedures. Our internal process to onboard any new vendor considers their ESG credentials to identify and assess and climate (and wider ESG) related risks and opportunities. This is to better aid the company in identifying and responding to climate-related risks.

Within our wider risk management framework (see figure 4, below) our philosophy for risk management recognises that our risk appetite is influenced by our core values and our views of emerging risk. Aspects of climate-related risk are still 'emerging' risks and our risk framework prescribes how we identify, measure and manage such risks.

Our processes around identifying, assessing and prioritising emerging climate-related risks are operated and managed by our risk function which has a direct reporting line to our Risk, Capital and Compliance Committee of the CRL Board. As described in our CISSA process, emerging risks are discussed at executive and Board level both on a periodic (quarterly) and ad-hoc basis. In May 2023, the Board held strategy sessions. The sessions included specific consideration of emerging risks. They feed into the annual business planning cycle with the business plan approved at the Q3 2023 Board meeting. Follow up discussions on emerging risks were also held ahead of the Q4 2023 Board meetings.

As part of the business planning approval process, stress and scenario tests were considered, including specific scenarios relating to climate change. Further, in 2020 we committed to establishing ESG related risk appetite statements in our first year of operations. For 2023, the Board-approved risk appetite statements, revised at the Q4 2022 Board meeting, including explicit statements relating to ESG topics. These cover a range of business areas from our investment portfolio to our environmental footprint. Reporting against these risk appetites is completed quarterly, by the

CRSO, to the Risk, Capital and Compliance Committee of the Board. It is expected that these appetites will remain in place for 2024.

Between our discussions on emerging risk and those related to other potential scenarios, we have covered topics such as ESG reporting and environmental liabilities. These fed into our decision-making process around validation of our strategy and approval of our business plan, as described in principle 1.1.

Level 2: Evidence current business practice and processes for managing and regularly reviewing climate-related risks and opportunities including how this informs key decision making (and investment decisions).

We have sought to embed ESG considerations as part of our day-to-day activities, as already described in relation to the responsibilities of each executive, the various management committees and alignment with Board reporting. To support cross-functional alignment the Climate Working Group was established in 2021 with cross departmental representation. This provides a secondary path by which climate-related matters are highlighted and brought to the Executive Committee and ESG Committee.

ESG principles are increasingly being embedded in our policies and procedures when they are updated. These were created to support our operation as a regulated and publicly traded company from day one. As noted elsewhere in this report, many that initially either did not mention or had scant mention of ESG are now having this focus increased as they come up for review as part of our standard governance regime.

Refer also to Principle 1 for more details.

Level 3: Evidence how these current business practice and processes are integrated into the organisation's overall risk management framework.

During 2021, our risk function was established with various policies and frameworks approved by the Board and management level activity to identify, measure, manage and mitigate risk. Within this are risks intricately tied to climate change. The policies include our Risk Policy, Stress and Scenario Testing Policy and Commercial Insurer's Solvency Self-Assessment ("CISSA") Policy. The management level activity includes risk and control assessment workshops and the identification of key risk indicators. Further details can be found in the CRL Financial Condition Report, which is published on our website.

Throughout 2023, the risk function has provided quarterly reporting to the Board and/or Board committees addressing our response to risk, compliance with risk appetite and tolerance statement and the response to any risk events or near-misses. During 2021, we developed a tool to manage our universe of risks and controls and in 2022 we developed our dashboard reporting to include internal and external risk indicators and drivers. These continued to be used and developed throughout 2023 to provide a robust and efficient process to identify and managed risks.

Emerging risks have also been a consideration during 2023, with an emerging risk register maintained and substantive discussions held on this topic as part of the strategy sessions of the Board. The Conduit Re risk team collaborates closely with the other 'second line' functions (actuarial and compliance) and with findings from 'third line' functions (internal audit, external audit, and the independent loss reserve specialist) to support the Board in their oversight of risks and controls.

Our risk profile reflects our freedom from legacy constraints and organisational complexity, with systems developed to ensure transparency and auditability in all our activities. This, together with our limited appetite for investment risk, allows a focus on underwriting, which is the core of our business.

Our CRSO is heavily involved with climate matters, as reflected by him chairing the Climate Working Group. This provides strong alignment between the risk management framework and the business practices supporting climate-related risks and opportunities.

Level 4: Evidence how the business assesses its compliance with current and emerging regulatory requirements

General compliance with regulatory requirements is supported by the Compliance Function which is led by the General Counsel and benefits from an experienced Assistant General Counsel and a Compliance Manager. The company leverages its membership of ABIR to support regulatory awareness and to remain engaged on regulatory requirements. The Chief Executive Officer, the General Counsel and the Chief Operating Officer are engaged with ABIR at the Board level, CRSO. General Counsel, and Compliance Manager are engaged at the Policy Committee level. Our CRSO is also an active member of the ABIR Climate and Sustainability Committee. Various other members of staff engage with additional ABIR committees.

More widely, Conduit Re is also a member of the Reinsurance Association of America and the International Underwriting Association. Beyond associations, many of our staff and Board members are subject to continuing education requirements with specialists in topics including law, accounting and actuarial.

The Compliance Function reports quarterly to the Board. On an annual basis the function reports comprehensively to support the declaration of compliance, which is a regulatory requirement in Bermuda. The Group has strict operating guidelines which contemplate both regulatory and tax considerations and these have been subject to internal audit as part of their current rotational cycle, with Internal Audit outsourced to a ‘Big 4’ accounting firm.

3.2 Support and undertake research and development to inform current business strategies (including investments) on adapting to and mitigating climate-related issues

Level 1: Evidence the member's role in developing insurance products and/ or new partnerships to support innovation for climate-related issues mitigation and adaptation. This should include an explanation around how the need for these climate-related products and innovation has been identified.

As both a relatively new company and as a pure-play reinsurer, Conduit Re has determined that it can have the most impact by having an appropriate role in actively supporting wider industry activity, rather than by establishing an in-house research and development team. Conduit Re's acknowledgement of climate-related issues has been evident since before the Group's launch and has been reinforced inter alia by strategy sessions as referenced elsewhere in this report.

Our activities in development of partnerships and solutions can be summarised into six groups:

Our Executive Chairman has been tasked with advocating on behalf of Conduit Re on climate matters. He is an active speaker on topics around how insurance and the financial markets can best support the transition. While his interest pre-dates Conduit Re, it very much influenced the idea that became Conduit Re and is integral to what we have built and continue to build. His current activities include those associated with the SMI. Alongside others from Conduit Re, he is an advocate of unbundling over to expand the landscape of insurable risk, breaking down existing products into more precise coverage.

When Conduit Re signed the SMI's Global Pledge for Sustainable Supply Chains in 2022, we made a commitment to support reduction the footprint of our direct supply chain. As part of this pledge, we have calculated our share of suppliers' emissions for 2023 and 2022 to identify and tackle carbon hot spots and work collectively with our suppliers, as part of the SMI and other organisations we are members of to support the transition to a sustainable economy.

Locally, we support the establishment of new partnerships and means of cooperation, as evidenced by our sponsorship of the 2023 Bermuda Climate Summit for the second year. This event brings together experts from different industries, non-governmental organisations, governments, and academia. The summit included a number of informative panel presentations, roundtables, solution showcases and networking opportunities, providing plentiful opportunities for education and collaboration on addressing climate change. As part of this, we sponsored a Speakers' dinner on the eve of the event where our CRSO provided the address, explaining Conduit's dedication to sustainability and why we view it as so important. The dinner provided the sustainability leads additional time to network and discuss climate risk strategies and solutions.

Our underwriters discuss climate-related opportunities with brokers and other market participants. Nothing material has yet come of this, but we are a new company, typically operating in a follow capacity in a subscription market, so there is a lead time to progress.

Conduit Re actively participates in industry groups which are engaged in climate-related work. With feedback and suggestions from Conduit Re and others, the SMI's Global Pledge for Sustainable Supply Chains was shaped to allow market participants including brokers and reinsurers to be included as inaugural signatories to it. In 2023, the SMI engaged Aon STG to deliver a data-led project showcasing contributions of Insurance Taskforce members to resilience and renewable solutions. We participated by sharing data needed for the project. The output of this is included in their report, 'Insuring a Sustainable Future Protecting Nature, People, and Planet'.

Finally, in the work of the Conduit Foundation we have identified causes to support that innovate on climate-related issues. Examples include the Living Reefs Foundation (Bermuda) and the Bermuda College Foundation Vehicle Mechanics program which includes training on electric vehicles; supporting the transition to less polluting vehicles.

Level 2: Evidence the member's role in improving data quality issues to inform the research and analytics of climate-related issues.

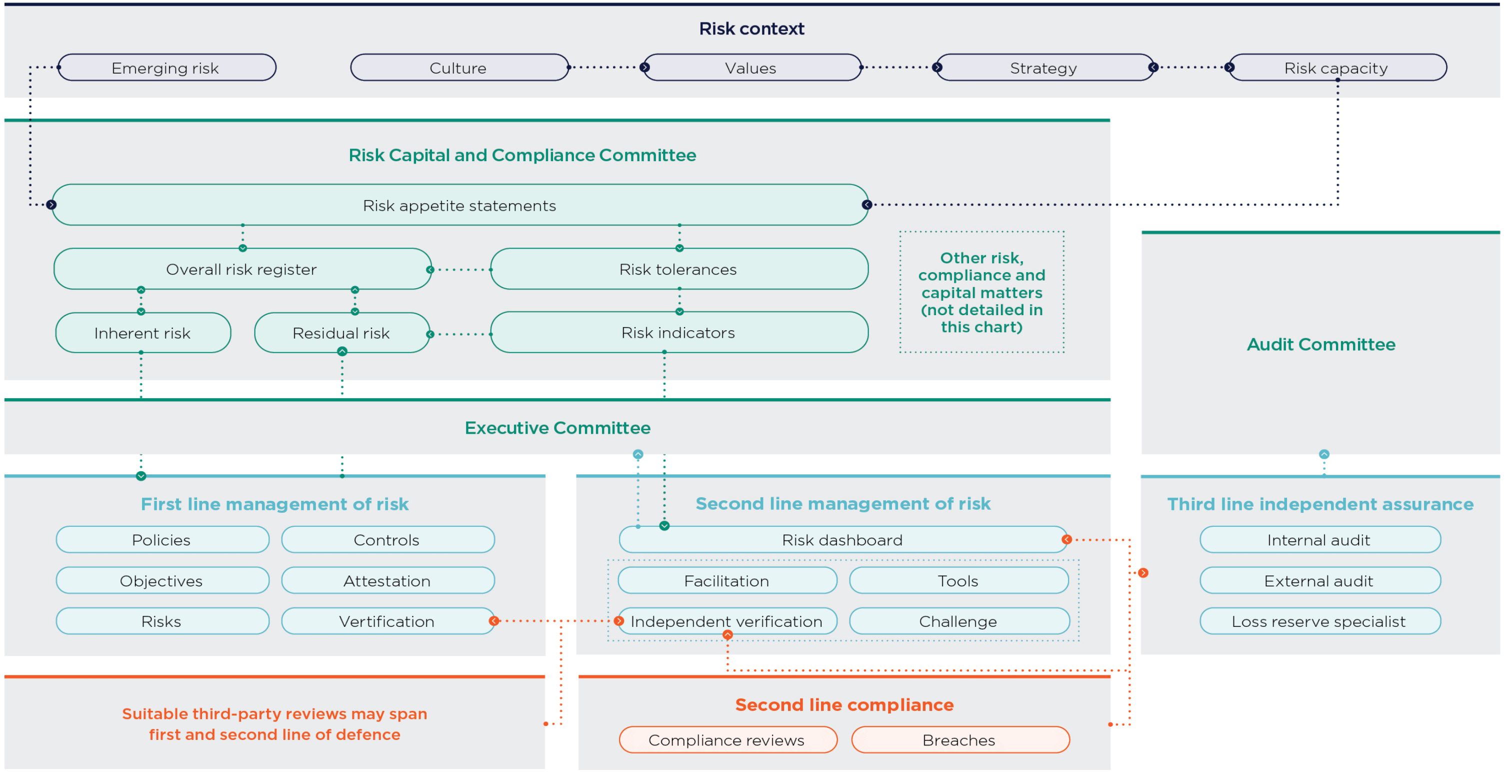
Through the visibility we get as part of the ABIR Climate and Sustainability Committee, we have been impressed by the work underway to improve data quality and proliferation of open-source data standards and models through the Insurance Development Forum. We are not directly involved but on a smaller scale have discussed with to peers the work we are doing to improve data quality for casualty classes.

Casualty reinsurance does not typically produce the breadth of risk data that property business benefits from. We are seeking to enrich our casualty data using an in-house tool. The tool allows us to better understand the realistic disaster scenarios that our casualty book is exposed to. This includes scenarios which are climate driven and our longer-term aims are to also share data insights with brokers and cedants.

Level 3: Evidence of how the development of new products/ partnerships to address climate change impacts the business and addressed the most significant issues or opportunities as identified by the organisation.

Currently, the developments noted in this section have not addressed the most significant risks or opportunities. That said, we believe our push for unbundling of risk leading to new discussions will ultimately increase the size of the addressable insurance market. For example, our work on casualty accumulations is helping us to understand and manage our portfolio and our involvement in wider initiatives supports general progress on understanding, awareness and transparency.

Figure 2: Governance **structure for risk, including climate risk**



4. Reduce the environmental impact of our business

CONDUIT RE

4.1 Encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business

Level 1: Evidence of an environmental/ sustainable procurement policy that is applicable across all operations.

Suppliers of general goods and services:

We understand our suppliers' impact on the environment also has an implication for our business. We have a policy of asking potential suppliers to provide details of their ESG strategy during our competitive vendor selection as part of our formal process, this includes requesting their most recent ESG report if available and answering specific screening questions related to ESG. Our material suppliers are typically providers of software, professional services and technology solutions. Given this range, we tailor our ESG enquiries to circumstances, for example insisting that our asset managers are signatories to the UN Principles for Responsible Investment and asking suppliers of catered food for meetings to be single use plastic free. We have an Outsourcing Oversight Committee which reviews all material providers, including software-as-a-service providers, and consider their ESG impacts as part of the review. Our actions to avoid single use plastics were acknowledged last year when Beyond Plastics (Bermuda) recognised us as a 'Champion'. As such, we ensure all catering suppliers avoid the use of single use plastic, building on our existing initiatives.

Brokers

We have relationships with all the major reinsurance broking houses. Through our Executive Chairman and SMI membership we have engaged with the most significant of these at C-Suite level to discuss matters such as carbon neutrality, including making suggestions as to mechanisms and approaches. We have seen good progress in this regard, but recognise we are just one of many voices seeking to influence them. In 2023, 50% of our gross premiums written were written via brokers who are ClimateWise members.

Providers of retrocessional capacity

Our primary consideration with providers of retrocessional capacity is their credit quality and reputation for claims payment, but they are approved on a rounded basis, by a committee rather than pre-determined criteria and these do take into account wider considerations. In 2023[8], 72% of capacity provided relates to companies who either participate in ClimateWise, are a member of the SMI, Insurance Taskforce, are a signatory to the United Nations Principles for Sustainable Insurance or are an active member of the ABIR Climate and Sustainability Committee.

Other

We note that the ClimateWise guidance makes reference to claims processes. As a treaty reinsurer, all our claims are paid by wire transfer to (re)insurance companies. We are remote from the value chain section where claims made convert into consumption of goods and services.

Level 2: Evidence of work and services undertaken to assess the environmental sustainability of products and services purchased and any corrective action taken.

Our work on carbon emissions tells us that our most carbon-intensive consumption of products and services relates to travel and electricity consumption. As set out in section 4.2 we seek to minimise our footprint and offset the emissions that our activities generate.

We have engaged in discussions both directly, and via the ABIR Climate and Sustainability Committee, with the electricity supplier in Bermuda who has recently started a transition path. We seek opportunities to reduce our own associated footprint.

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[8] For this measure, we have considered all third party outwards reinsurance policies that incepted during 2023. This excludes protection provided by Stabilitas Re (cat bond) which was sponsored by Conduit Re. Policies that incepted in 2022 but remained in place for part of 2023 are not included.

Recognising our gross carbon impact, we have sought corrective action to this through carbon offsets. We also engaged Incubex to support us in the identification of climate offset projects which will have the greatest impact on the societies involved. Each of the projects are either ‘Verified Carbon Standard’ or ‘Gold Standard’ certified. They indicate the project has been assessed against certain rules and requirements. Following a review of projects available, Conduit Re selected four socially responsible verified projects, considered aligned with the Company’s vision and values to offset our current estimated emissions from 2021 to 2025. For details on the projects selected by Conduit Re, please refer to appendix 10 on our 2022 ESG Report, available on our website.

To promote and encourage other companies to offset their own emissions, we granted Incubex permission to use our story when seeking other companies to join their push for an Insurance Carbon Warehouse.

When our landlord advised installing solar panels on our leased offices was not feasible, we rolled out interest free green loans for our staff. Introduced during 2023, the scheme has seen a good level of interest, with more than 10% of eligible staff having already been approved for a loan for use towards either an electric vehicle or solar panels. 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 future.

In early 2024 we will be increasing the size of our office with the addition of meeting rooms on another floor. While not a formal target, our hope is that the emissions avoided through the green-loans initiative are greater than the additional Scope 2 emissions associated with the increased office space. In the longer-term we hope that the avoided emissions exceed our Scope 2 emissions.

Level 3: Describe how broader environmental/climate-related issues impact your value chain and how you have taken a leading role in engagement throughout the value chain to improve the sustainability of products and services.

During 2021 we started exploring the opportunity to join the SMI’s Global Pledge for Sustainable Supply Chains. Having provided feedback during the process that influenced final form, we were delighted to join 14 other companies as inaugural signatories in August 2022. The aim of the pledge is to “result in more businesses having a better understanding of how they can take meaningful action to implement emission reduction strategies”. At the end of 2022, we calculated our share of suppliers’ emissions for the first time. We used this exercise to identify which of our suppliers already have suitable sustainability plans and which could use our support. In 2023 we connected with some of largest our suppliers who do not disclose their emissions to understand their sustainability transition.

Conduit Re is recognised as a Beyond Plastics (Bermuda) Corporate Champion in acknowledgement of its progress to reduce plastic use. The criteria to become a Champion include providing plastic free catered lunches, promoting and facilitating recycling on the premises, drinks provided by the company in glass, aluminium or paper cartons, and providing bring-your-own-containers to staff, among others. We estimate that the decision to replace plastic catered lunch meetings with more sustainable options will save around 230kg of plastic, each year, alone. We also arranged for Beyond Plastics to hold an educational session for our staff and their families, advising on the negative effects of plastic for both human and environmental health, and changes which can be made to reduce plastic consumption.

While difficult to evidence, the work of our Executive Chairman in influencing others is an important aspect of our response.

4.2 Disclose our Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions using a globally recognised standard

Level 1: Disclose Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions.

Our scope 1, 2 and 3 GHG emissions for the years ending 31 December 2023 and 2022 are disclosed in the table below. Activity details and emission factors were used to calculate these.

The associated activity is also presented in the table below. An emission factor was sourced for each activity, these are described in level 4 below. Electricity use was shared by our energy suppliers. Business travel and hotel stays were provided by the company's travel agent and supplemented by our own records. Commuting details were calculated using information shared by employees. Our share of suppliers' emissions was calculated using their published reports.

Carbon emissions table[9]

Emission type	Activity	Basis of measurement	2023 Quantity Bermuda	2023 Quantity London	2023 tCO_2e Bermuda	2023 tCO_2e London	2023 tCO_2e Total	2022 Quantity Bermuda	2022 Quantity London	2022 tCO_2e Bermuda	2022 tCO_2e London	2022 tCO_2e Total
Scope 1												
Direct	None		0	0	**0**	**0**	**0△**	0	0	0	0	0
Scope 2												
Indirect energy	Electricity[10]	kWh	170,298	4,889				174,829	4,957			
	Location based				**128.2**	**1.0**	**129.2△**			131.6	1.0	132.6
	Market-based				**122.1**	**0.8**	**122.9△**			125.3	0.6	126.0
Scope 3												
Indirect other	Business travel[11]	Kilometres	1,781,506	169,709	**207.5**	**20.0**	**227.5△**	1,352,129	193,206	165.5	23.0	188.4
	Hotels[12]	Nights	238	91	**18.7**	**9.2**	**27.9△**	117	139	4.4	12.4	16.8
	Staff commuting[13]	Kilometres	173,078	14,672	**16.9**	**0.8**	**17.7△**	149,272	14,595	16.8	1.0	17.8
Total Gross emissions from our operations												
Location based					**371.3**	**31.0**	**402.3△**			318.2	37.4	*355.6*
Market based					**365.2**	**30.8**	**396.0△**			311.9	37.0	348.9
Carbon offset applied					(365.2)	(30.8)	(396.0)			(311.9)	(37.0)	(348.9)
Net Carbon impact from operations					0.0	0.0	0.0			0.0	0.0	0.0
Gross emissions per employee												
Average number of employees					55.6	2.0	57.6			45.3	2.0	47.3
Location based					*6.7*	*15.5*	*7.0△*			7.0	18.7	*7.5*
Market based					6.6	15.4	6.9△			6.9	18.5	7.4
Carbon offset balance												
As at the start of the period							3,042.4					3,391.3
Applied to the years emissions (total market based emissions)							(396.0)					(348.9)
As at the end of the period							2,646.4					3,042.4
Gross emissions including our share of suppliers' emissions												
Total gross emissions as per above market based							396.0△					348.9
Share of suppliers' emissions							1,042.6					746.8
Grand total							1,438.6					1,095.8

[9] The totals presented here are consistent with those presented in the 2023 Annual Report and Accounts and reflect the underlying calculations.

[10] The 2022 and prior electricity consumption has been restated to correct a prior period error. Previously reported consumption for 2022 was 95,712 KWh with the associated tCO_2e being 69.3 and 66.7 on a location and market based methods respectively. The opening balance of carbon offsets has been adjusted accordingly.

[11] Business travel for 2023 includes flights and long distance travel by train. Business travel for 2022 includes flights only.

[12] In 2022 estimated emissions for hotel nights were based on the Carbon Management for Tour Operators report. For 2023, this source has been replaced with the Cornell Hotel Sustainability Benchmarking Index 2023. Cornell's prior Index did not include data on locations our staff travelled to. The result of applying our 2022 emission factors to hotel stays in 2023 is $16tCO_2e$.

[13] 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 appendix 7.

Level 2 – Disclose Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions with an absolute or intensity target against a baseline

As stated in prior ClimateWise reports, we have elected to use 2022 as the baseline against which we target year-on-year reductions in our gross emissions per employee.

Our target is specific to our operational emissions as first reported in our 2021 Annual Report and Accounts. This includes our Scope 1 and Scope 2 emissions plus those specified Scope 3 emissions relating to business travel and staff commuting. These are also the emissions that we offset.

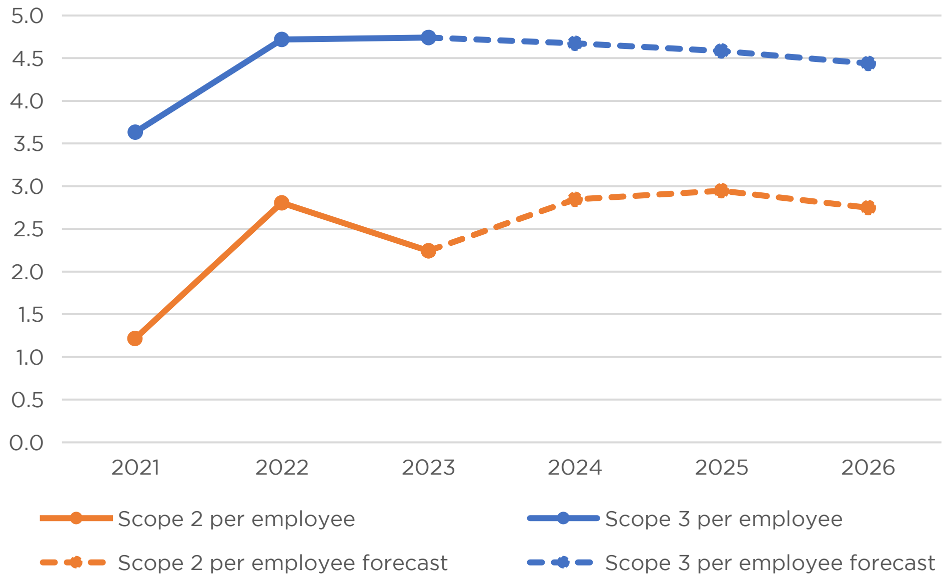
We selected 2022 as a baseline because our operations, at that point, were more normalised with our average headcount for the year having increased by over 50% from 2021 to 2022. 2022 also saw the return of international travel, while in 2021 a number of lockdowns remained in place preventing travel and related events occurring.

As targeted, our emissions per employee have successfully fallen in 2023 from 2022: our total average emissions per employee decreased from 7.4 tCO_2e to 6.9 tCO_2e. However, they did not fall as much as we had forecast, driven by an unforeseen increase in international travel as we find the right balance of participation at conferences and training overseas.

In figure 5, we have shown the actual emissions for 2020 - 2023 on a per employee basis using the average number of employees in the year. The chart also shows forecast emissions per employee for 2024 to 2026. As Conduit Re's operations began during Q4 2020 we have grossed up 2020's emissions for comparative purposes. The figures used are calculated using the location-based approach.

The increase in Scope 2 emissions anticipated in 2024 reflects expected electricity consumption increases associated with additional office space being taken.

Figure 5 - tCO_2e per employee



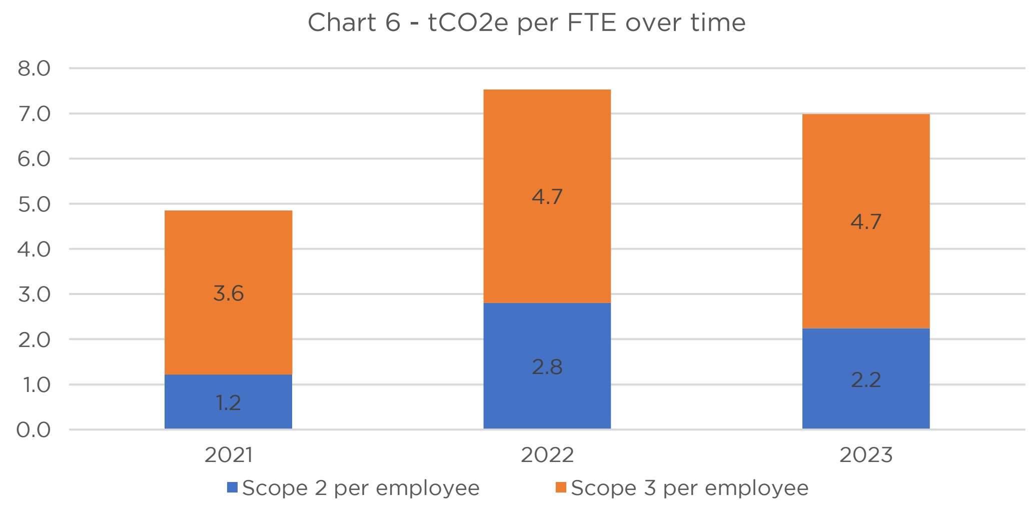
Level 3 – Disclose Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions with performance trend and accompanying narrative.

Our absolute location-based emissions in 2023 were 402.3 tCO_2e versus 355.6 tCO_2e in 2022. Our commuting emissions did not rise in line with our headcount, owing to the source emission factor for petrol vehicles falling. An increase in business travel was the main driver of the increase in emissions from 2022 to 2023.

As a company that began its operations in 2021, we do not have any pre-covid travel restriction data to inform our emissions forecast. In 2023, there were a higher number of overseas events and conferences attended by our staff than in 2022.

Our target remains unchanged, which is to reduce the carbon emissions per employee year-on-year from 2022.[17] This was achieved in 2023, with a reduction of 0.5 tCO_2e per employee on a location basis.

To demonstrate a trend from 2022, chart 6 shows our intensity emissions to date by scope of emission.



[17] Our 2022 baseline is set at 7.38 tCO_2e per employee using the market-based approach.

Level 4- Describe the methodologies used to calculate GHG emissions metrics and targets.

We refer to the Greenhouse Gas Guidance Protocol for accounting of our emissions across the three scopes: Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (Revised Edition) (GHG Protocol), developed by the World Resources Institute/ World Business Council for Sustainable Development. For all our emissions, we are relying on the GHG Guidance Protocol for assessing and accounting our Scope 1 to 3 emissions. As the Greenhouse Gas Guidance Protocol's image shows, Scope 1 is made up of direct emissions, under the control of the reporting company and consisting of emissions from company facilities and vehicles.

The organizational boundary includes Conduit Holdings Limited and all of its subsidiaries. All subsidiaries are wholly owned.

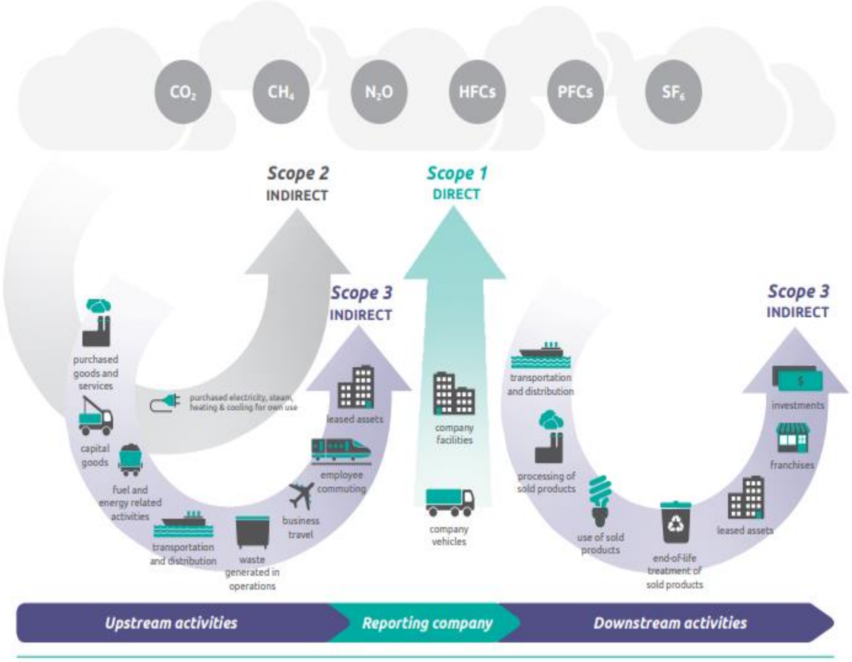
During the period to 31 December 2023, Conduit Re did not own any relevant company assets. There were, and still are, no company vehicles. Therefore, we can report a Scope 1 footprint of zero for our operations to date.

To assess our Scope 2 emissions for our London office, we refer to the location-based and market-based methods of the Greenhouse Gas Guidance on Scope 2 Accounting.

The 2023 electricity usage for our London activities relates to the activities of two people. Our London office space is sublet. We encourage our landlord to be cognisant of the carbon impact of electricity consumed.

We investigated the possibility of utilising solar panels for our Bermuda office building. Our landlord has confirmed however that for various reasons this was not a possibility. In future we do hope to explore other opportunities to exploit solar, and in 2023 we introduced interest free loans for our staff[15] to purchase residential

Figure 7: Greenhouse Gas Protocol Guidance: Scopes



15 Qualifying staff are all Bermuda-based, have completed a minimum term of employment and are achieving an expected level of performance.

solar panels and batteries as well as electric vehicles. In early 2024 we will be increasing the size of our office with the addition of meeting rooms on another floor. While not a formal target, our intention is that the emissions avoided through the green-loans initiative are greater than the additional Scope 2 emissions associated with the increased office space. In the longer-term our plan is the avoided emissions exceed our Scope 2 emissions. For more details on our green loans, refer to our 2023 ESG Report.

For the time being, therefore, we receive electricity from the only electricity source in Bermuda, which unfortunately currently emits relatively high volumes of CO_2. Our office building does, however, benefit from rain-harvesting as the water supply, for which the emissions do not extend beyond the limited electricity used to facilitate this. Electricity usage was taken from our utility bills.

For Conduit Re's Scope 3 accounting of emissions, we investigated the company's upstream activities, in particular business travel and employee commuting. Business travel data (flights, long-distance trains and hotels) was supplied by the company's travel agent supplemented with our own travel records. Commuting details were calculated using information shared by employees.

Following the data collection process on business travel, commuting and electricity consumption, we used emission factors published by reputable international bodies to calculate total emissions produced.

These sources were as follows:

- CO_2e for air travel was taken from the International Civil Aviation Organization (ICOA) emission calculator which is consistent with 2022. We noted emission factors had changed from 2022, driven by an increase in load factor following a return to business as usual after the lifting of COVID-19 travel restrictions. https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx
- CO_2e for rail travel was taken from information provided by the UK Office for Rail and Road (33g (2022: 47.5g) per passenger km); the fall in emission factor is also driven by an increase in load factors https://dataportal.orr.gov.uk/statistics/infrastructure-and-emissions/rail-emissions/table-6100-estimates-of-normalised-passenger-carbon-dioxide-equivalent-co2e-emissions/
- CO_2e for petrol cars and bikes was taken from the UK Government's 2023 Government's Greenhouse Gas Conversion Factors for Company Reporting; this is the same source as 2022 however we observed the factor also reduced. https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
- CO_2e for electric bikes and cars was calculated using the electricity usage per mile as per the manufacturer's specifications and the local/ market-based electricity emissions factors, as applicable
- 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 is 16tCO_2e. Unless specified in our travel reports, we assume our employees have stayed in 4 star hotels. In the event that a 4 star hotel emission factor is not available for that location, we used the average for hotels in that specific location. https://ecommons.cornell.edu/items/f50b30f1-40ea-4c87-95d0-83c8009f6497
- CO_2e for electricity's location-based method for our London office uses the Grid Electricity Emissions Factors published by the UK government (0.208.71kg/kWh) from which there is no change from 2022 https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
- CO_2e for the market-based method for our London office uses emission information provided by our electricity provider (159g/kWh; 2022: 221g/kWh) https://www.edfenergy.com/fuel-mix
- CO_2e for the location-based method for our Bermuda office uses The IFI Dataset of Default Grid

s/f50b30f1-40ea-4c87-95d0-83c8009f6497

- CO_2e for electricity's location-based method for our London office uses the Grid Electricity Emissions Factors published by the UK government (0.208.71kg/kWh) from which there is no change from 2022 https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023

- CO_2e for the market-based method for our London office uses emission information provided by our electricity provider (159g/kWh; 2022: 221g/kWh) https://www.edfenergy.com/fuel-mix

- CO_2e for the location-based method for our Bermuda office uses The IFI Dataset of Default Grid Factors v.3.2 (753g/kWh) from which there is no change in emissions factor from 2022. https://unfccc.int/documents/461676

- CO_2e for the market-based method for our Bermuda office uses an emission factor provided to us directly by our electricity provider (716.8g/kWh) for which new data has not been released for 2023.

- CO_2e for our suppliers was based on their published net market emissions and financial reports, to the extent that this is disclosed. We define our suppliers as brokers and vendors whose costs are allocated to our "Other Operating Expenses" within our Annual Report and Accounts. To complete this exercise, we identified all suppliers for which Conduit Re had a spend in 2023 greater than $300,000, which was 19 suppliers in total and 49% of our total spend. Of these, 12 disclosed their carbon emissions, of which five were brokers and seven were other vendors. We calculated our share of their emissions using our spend as a percentage of their total revenue for 2022, multiplied by their total carbon emissions for 2022. This provided us with our carbon emissions for 12 suppliers which made up 37% of our total spend. As it is typically larger companies who disclose their carbon emissions, and our greatest spend is typically with the larger companies, it is less likely that our smaller suppliers, who we did not research, will disclose their emissions. To calculate estimated emissions generated by these companies in our supply chain, we calculated the average CO_2e per dollar spent on our researched suppliers from the information generated above. We multiplied this average CO_2e by the remaining 63% of our spend to calculate emissions associated with the suppliers who either did not disclose their emissions or who had not been included in our sample. We combined the results from the two exercises, which provided us with an overall estimate of our share of carbon emissions generated by suppliers in our value chain.

We do not include emissions related to our investment portfolio as we do not have consistent and timely access to suitable high-quality data. We have performed analysis of those investments with greatest negative impact and have factored this in to restrictions in our investment guidelines.

We have not yet calculated the emissions connected with our underwriting portfolio. We follow PCAF's guidance on how to calculate greenhouse gas emissions, from which treaty reinsurance is currently out of scope. Once there is clear guidance on how to account for scope 3 emissions related to treaty insurance, we will determine any revisions to our plan and associated actions and targets.

4.3 Measure and seek to reduce the environmental impacts of the internal operations and physical assets under our control

For Conduit Re, as a relatively young company, our challenge is to minimise our negative environmental impacts as we grow. As our business grows, our emissions will grow. However, we intend to measure and manage all our emissions and environmental footprint closely with a view to minimising them to the extent that we reasonably can. We have included in section 4.2 quantitative details on environmental footprint, performance narrative and methodologies used. We have included in section 4.1 details of our environmental impact reduction projects.

Our primary target is to be net carbon neutral and minimise our environmental footprint. Given we are a new, young, company, we have not set further quantified targets but instead focused on establishing sustainable practices.

In early 2021, we selected our leased head office premises, choosing a location that required limited reconfiguration. Our building already benefits from energy efficient technologies, such as use of LED lighting and rainwater harvesting. We have made decisions that constrain our use of single use plastics, such as the use of filtered water rather than bottled and use coffee machines that are bean to cup (*see principle 4.1 Level 5 for more details*).

Residual office coffee beans are taken home by staff for composting in their gardens and we have sourced plants for the office to support air quality. Further, as mentioned above, our office's water supply is harvested rainfall. Our employees remain water conscious: most homes in Bermuda rely on harvested rainfall, encouraging residents to adopt a water conscious lifestyle. The sustainable nature of our water supply means that water usage is currently not considered a key metric for us to measure and reduce.

We encourage printing in the office only when required as there are no paper recycling facilities on the island. We recycle tin, aluminium, and glass in the office (arranged by our cleaning contractor and landlord) and batteries (collected by Bermuda facilities representatives). Typically, metals are shipped to the USA for recycling, while glass is crushed and reused here in Bermuda as aggregate. Waste from the office is taken to the local energy facility where it is incinerated to make energy for Bermuda. We considered measuring volumes of waste but given the number of staff our total waste and waste recycled is very limited.

We limit our e-waste by only replacing IT equipment when required, following which, items are repurposed and donated.

In 2022 we eliminated the use of single use plastic during office catered lunches, which continued throughout 2023. We estimate that the decision to replace plastic catered meetings with more sustainable options will save circa 230kg of plastic each year.

When our landlord advised installing solar panels on our leased offices was not feasible, we rolled out interest free green loans for our staff. Introduced during 2023, the scheme has seen a good level of interest, with more than 10% of eligible[19] staff having already been approved for a loan for use towards either an electric vehicle or solar panels. Too often, the cost of transition and available infrastructure gets in the way of real progress towards reducing carbon emissions. By introducing this 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. We hope more

[19] Qualifying staff are all Bermuda-based, have completed a minimum term of employment and are achieving an expected level of performance.

employees take advantage of the opportunity in future.

In early 2024 we will be increasing the size of our office with the addition of meeting rooms on another floor. While not a formal target, our intention is that the emissions avoided through the green-loans initiative are greater than the additional Scope 2 emissions associated with the increased office space. In the longer-term we expect that the avoided emissions exceed our Scope 2 emissions.

4.4 Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work

Employee engagement

During the year we have enjoyed a good level of staff engagement on climate matters. ESG has been part of the Conduit Re story from before launch which has encouraged staff engagement on climate matters.

Our engagement actions for 2023 include the following achievements:

- Our employees volunteered at the Youth Climate Summit to engage with sustainability interested students. The build up to this was also used to remind staff (or inform in the case of new joiners) some of the steps we have taken operationally to reduce our environmental impact.

- We have made available corporate membership of the Bermuda Underwater Exploration Institute ("BUEI"). BUEI is the National Operator of the Eco-Schools Bermuda programme, a global programme recognised by the United Nations that is dedicated to sustainable development education. The membership provides our employees, and their families, with free access to BUEI's educational exhibits to further their understanding, appreciation and protection of the ocean around Bermuda, including the risks faced by the ocean from change.

- Conduit Re conducted its second employee engagement survey in June 2023. The survey included a number of ESG focused questions which had positive engagement.

- We arranged for Beyond Plastics (Bermuda) to hold an educational session for our staff and their families in 2022, advising on the negative effects of plastic for both human and environmental health, and changes which can be made to reduce plastic consumption. We estimate that ensuring catered lunches in the office arrive on reusable trays rather than disposable plastic trays, each year we will save 230kg of plastic.

- We ran a Plastic Free July competition in 2023 in our office to encourage staff to reduce their plastic consumption and find more sustainable alternatives long term. We sought to make the competition an educational programme, and throughout the month shared suggestions on how employees can reduce their plastic consumption in addition to the perils of plastic.

- In April 2023, as part of our support for Earth Day, we participated in a Keep Bermuda Beautiful ("KBB") clean up at Admiralty House, Bermuda. A good proportion of staff joined for our first clean-up, which KBB reported removed around 1,050 pounds of litter, in addition to a large fridge. We have also committed to supporting a clean-up with Keep Bermuda Beautiful for Earth Day 2024.

- The Conduit Foundation has selected and supported local charities who work hard to protect our local environment from perils, be that from climate change, pollution, or others. These charities also educate local people, especially students, on the benefits of our local environment and how to protect it for future generations.

- As part of our employee engagement and educational program, we invited one of the charities supported by the Conduit Foundation, Waterstart, to our offices to provide an overview to staff on the charity's goals and how staff can get support their cause.

Training

To execute our ESG strategy, we need the support of our people. That can only be achieved when they understand what we want to do and why. To achieve this, we provide our staff with educational tools. This year we looked for a more formal way to upskill our staff in regards to sustainability and engaged a specialist to provide tailored insurance sustainability training for our employees. This was made accessible to staff with continuing professional development requirements in 2023 and will be more widely available in 2024.

Responsibilities

- Each member of our senior team has ESG principles embedded in their day-to-day responsibilities. Attainment of their ESG related objectives and responsibilities are considered in their annual appraisal and remuneration review. Details on these responsibilities are included in the Governance section of this report. For more details on our Remuneration Policy, please refer to our Annual Report and Accounts, available on our website.

5. Inform public policy making

CONDUIT RE

5.1 Promote and actively engage in public debate on climate-related issues and the need for action. Work with policy makers locally, regionally, nationally and internationally to help them develop and maintain an economy that is resilient to climate risk

Conduit Re's philosophy is that positive change on climate-related matters will result from industry stakeholders working together to achieve wider common goals. To that end, Conduit Re encourages its people to participate in relevant industry initiatives.

ClimateWise

Conduit Re believes that transparency and comparability are important to advance the debate on the role of insurance in the context of climate change. ClimateWise provides a framework under which transparency and comparability can be achieved.

Beyond participation, Conduit Re has also advocated, with international regulators and standard setters, for use of existing frameworks (using ClimateWise as an explicit example) when providing feedback under the umbrella of both the ABIR and the RAA. This has included contributing to feedback in Bermuda, US (federal and state), Europe and Canada.

Sustainable Markets Initiative – Insurance Taskforce ("SMI")

Our Executive Chairman has been an active participant in, and outspoken advocate for, the establishment and work of the taskforce. He has particularly focused on issues relating to supporting investment in the green economy and around carbon considerations in the underwriting portfolio. We have also been supportive of other workstreams and in 2022 became an inaugural signatory to the SMI's Global Pledge for Sustainable Supply Chains.

In 2023, the SMI engaged Aon STG to deliver a data-led project showcasing contributions of Insurance Taskforce members to resilience and renewable solutions. We participated in this project, the output of this is included in their report, 'Insuring a Sustainable Future Protecting Nature, People, and Planet'. This report provides an update on the developments across the Sustainable Markets Initiative ITF membership, to further highlight the growing suite of risk solutions and investment options that support resilience, transition and growth.

The Association of Bermuda Insurers and Reinsurers ("ABIR")

Conduit Re are active members of the main relevant committees of ABIR, notably the Policy Committee and the Sustainability Commitee. Through ABIR, Conduit Re has provided feedback to various regulators, government, and others, on matters pertinent to climate change. This goes beyond the business of insurance, for example engaging with technology / Insurtech providers, the electricity supplier in Bermuda, consultancies and rating agencies.

Conduit Re specific sponsorship and activities

Conduit Re believes that material progress for our industry on climate matters requires collaboration. Beyond the organisations we work with to support our sector, Conduit Re also identified opportunities to support efforts locally to encourage collaboration and innovation on varying time horizons.

We were pleased this year to be the Diamond sponsor of the Bermuda Climate Summit 2023 which brought policymakers, leading scientists, NGO-heads, and business leaders, together to share their unique insights and solutions for one of the world's biggest challenges, climate change. The summit included a number of informative panel presentations, roundtables, solution showcases and networking opportunities, providing plentiful opportunities for education and collaboration on addressing climate change. As part of this, we sponsored a Speakers' dinner that provided the sustainability leads additional time to network and discuss climate risk strategies and solutions.

We understand that (re)insurance can be part of the solution to climate change if it is able to offer the appropriate products to the market and work with its clients to drive that transition. We hope that those who engaged in the summit are now also part of that discussion within their companies and networks. The more that each company, (re)insurance or otherwise, engages in the development of products to tackle climate change, the greater our opportunity to be part of that change, too, as we reinsure the related risks.

Similarly, Conduit Re was a sponsor of the Bermuda Youth Climate Summit, which, rather than being a one-off event is the kick off for year's program on the topics of conservation, sustainability and climate justice. Each of these provide both education and engagement for Bermuda's youth and also directly deliver additional benefits such as sea grass restoration, working with schools to reduce single use plastic and food production initiatives. Both major sponsorships involved direct involvement with the Government both during the main events and subsequently.

External relations

Addressing both the management of our own exposure to climate risk and the greater impact we can have as part of a wider industry, both our Executive Chairman and our CRSO are regular participants in various industry groups that seek to progress a consistent and transparent approach for addressing and reporting on climate-related matters. Both also speak on the topic at industry events and with the (re)insurance press.

Other memberships and commitments

When the Chief Risk Officer's role was expanded to address climate matters in 2022, one of his first actions was to review our current and potential memberships of climate-related initiatives. Through this process our membership of ClimateWise and the SMI was affirmed, and we have formally adopted the Principles for Sustainable Insurance. We continue to monitor other initiatives.

5.2 Support and undertake research on climate change to inform our business strategies and help to protect our customers’ and other stakeholders’ interests. Where appropriate, share this research with scientists, society, business, governments and NGOs in order to advance a common interest

As a late 2020 start-up company, Conduit Re has not yet itself undertaken any meaningful direct research on climate change. Instead, we have benefited from the work of others to inform our initial decision making, strategic options and our strategy sessions. Conduit Re also actively responds to data requests from the climate groups with which we participate, and provides voluntary disclosures to our regulator, the Bermuda Monetary Authority.

As mentioned above in 5.1, in 2023, the SMI engaged Aon STG to deliver a data-led project showcasing contributions of Insurance Taskforce members to resilience and renewable solutions. We participated in this project, the output of this is included in their report, ‘Insuring a Sustainable Future Protecting Nature, People, and Planet’. This report provides an update on the developments across the Sustainable Markets Initiative ITF membership, to further highlight the growing suite of risk solutions and investment options that support resilience, transition and growth.

One of the charities supported by our Foundation is Living Reefs Bermuda. The scientists and environmentalists at Living Reefs work to keep Bermuda’s reefs and the marine life they support healthy. Living Reefs launched its Coral Garden Initiative in 2016. They aim to develop a tourism/conservation partnership to ensure the sustainable conservation of the Atlantic’s northernmost reefs. Living Reefs works jointly with scientists at the Bermuda Institute of Ocean Sciences (BIOS). Their work is based on scientific studies, and their goal is to restore damaged reefs using innovative and state of the art techniques for a range of boulder and branching coral species. Conduit supports Living Reefs to help protect our environment against stresses, such as temperature changes, acidification, pollution and overfishing.

The matters mentioned in response to 5.1 “Conduit Re specific sponsorship and activities” address engagement on topics including the sharing of knowledge and engaging with others on the topic of research.

6. Support climate awareness amongst our customers/clients

CONDUIT RE

6.1 Communicate our beliefs and strategy on climate-related issues to our customers/ clients.

Conduit Re has communicated its general beliefs and direction through frequent commentary in the industry press. This is most notable through interviews with, and articles authored by, our Executive Chairman. He also actively encourages brokers and other counterparties to offset their carbon emissions.

Our Chief Risk and Sustainability Officer provided the welcoming address at the dinner for speakers at the Bermuda Climate Summit in 2023. This spoke to Conduit Re's dedication to sustainability and why we view it as so important.

As the Company emerged from its start-up phase, in 2023, the extent of our more formalised and quantitative climate-related reporting increased. We communicate our beliefs with an ESG dedicated section on our website available for all clients and stakeholders and with a dedicated section in our Annual Report and Accounts. Other steps we have taken include requiring suppliers to share their ESG credentials and beliefs with us as part of our formal procurement process and providing similar credentials to clients, when asked.

Through our active engagement with ClimateWise, SMI, the ABIR Climate and Sustainability Committee, the Bermuda Climate Summit in 2023, among other initiatives, we believe our clients are well informed on Conduit Re's commitment to net-zero and reporting aimed at reinsurance companies.

Conduit's Deputy CEO was the primary organiser of a Gala of Giving, supported by Conduit Re and other Bermuda companies. The event provided more than $340,000 of additional funds to charities previously supported by the Conduit Foundation, which includes a number of environmental charities. The event was attended by many from our industry and included opening remarks by our CEO.

6.2 Inform our customers/ clients of climate-related risk and provide support and tools so that they can assess their own levels of risk

Our clients are predominantly (re)insurance companies. The way we have provided support and tools, therefore, is by being more specific than many peers in explaining how we have calculated our carbon emissions, rather than focusing only on the end output. This is evidenced in our Annual Report and Accounts, our 2023 ESG Report, and in this ClimateWise report, which is being made public. Using the references and links within our published reports, it is reasonable that another company could calculate their own emissions, without needing to seek consulting advice.

Our Executive Chairman actively encourages industry contacts to offset their carbon emissions. This occurs during meetings in addition to writing articles for insurance targeted journals where he encourages a transition towards renewables and a universal approach to carbon scoring and in numerous speaking events.

As we work towards meeting our Supply Chain Pledge, we engage with our suppliers to support their sustainability transitions. We calculate our scope 3 emissions relating to our supply chain and include the result in our carbon emission disclosures. This exercise enables us to identify which suppliers may need support and which suppliers already have credible net zero plans.

7. Enhance reporting

7.1 Submission against the ClimateWise Principles

Conduit Re is reporting against ClimateWise Principles within prescribed timelines.

7.2 Public disclosure of the ClimateWise Principles as part of our annual reporting

Conduit Re's 2023, 2022 and 2021 ClimateWise reports have been published on our website.

CONDUIT RE

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