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Conduit Holdings Limited

ClimateWise Report 2024

CONDUIT RE

About Conduit Re

Conduit Re is a Bermuda-based multi-line reinsurance business with global reach. Conduit Reinsurance Limited ("CRL") is licensed by the Bermuda Monetary Authority as a Class 4 insurer. A.M. Best has assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of a- (Excellent) to Conduit Reinsurance Limited. The outlook assigned to these ratings is positive.

Conduit Holdings Limited ("CHL") is the ultimate parent of Conduit Reinsurance Limited and is listed on the London Stock Exchange (ticker: CRE).

References to "Conduit" include Conduit Holdings Limited and all of its subsidiary companies as the context dictates. References to the Board, in this report, may be to the full Board or a Committee of the Board.

Timeline

2024

Staff members: 65

Gross premiums written: $1,162.4m

- Insurance sustainability training offered to all staff
- Record number of interns hosted
- Our first permanent hire after internship
- Second university scholarship provided to local student
- Organised volunteer opportunities for staff
- Hosted Gala of Giving
- Organised our first Charity impact day, enhancing local charity's facilities
- New ISSB aware ClimateWise disclosures made

2023

Staff members: 59

Gross premiums written: $931.4m

- 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
- Completed an enhanced ESG materiality assessment
- Supported the Gala of Giving
- Launched interest free green loans for eligible staff
- Sponsored Bermuda Climate Summit

2022

Staff members: 54

Gross premiums written: $622.5m

- First carbon emissions disclosure
- Purchased carbon credits for our first five years of estimated operations
- Expanded Chief Risk Officer's role to encompass sustainability. Supporting team member hired
- Became a member of the UNEP FI Principles for Sustainable Insurance
- Completed our first ESG materiality assessment
- Became a Beyond Plastics Champion

Staff members: 41

Gross premiums written: $378.8m

- Established the ESG Committee, Climate Working Group and the Conduit Foundation
- Joined Sustainable Markets Initiative

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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 ClimateWise report for the year ended 31 December 2024.

This report provides an insight to Conduit Re's response to the risks and opportunities related to climate change and nature loss.

Considering new international regulatory requirements, in 2024, ClimateWise revised its guidance and launched a new set of principles for members to disclose against. This is our first public report using these new principles. We have provided our disclosures alongside each of these guiding principles and subprinciples.

Conduit Re has remained true to its philosophy since we embarked on underwriting in 2021. We stated that Conduit Re intended to offset 100% of emissions across our operations from day one, and we have delivered that. We achieved this 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. 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 fourth operating year. As might be expected, building out our team, processes and business was our focus for 2021. Since then, we continued to develop these fundamental areas, incorporating additional ESG considerations where applicable.

Conduit Re believes in strong and transparent governance. Our ESG Committee is chaired by a highly reputable independent chairman, who is neither a director nor officer of any Conduit entities, and comprised of director and non-director staff of Conduit. 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.

"As we continue to be committed to driving meaningful change, we provide investors and partners with insights to make informed decisions and support our long-term sustainability ambitions. Our ClimateWise report is now aligned to ISSB and other reporting guidelines. This strengthens the quality and transparency of our climate disclosures.

Andrew Smith
Chief Risk & Sustainability Officer

Principle 1: Steering Transition

Governance

Sub-Principle 1.1: Ensure that our Board has oversight of climate- and nature-related risk and opportunity management, including any transition plans

The Board's oversight of climate- and nature-related risks and opportunities:
The Board's role is to establish the Company's strategy and to set the parameters within which management can operate, including climate and nature-related risks and opportunities. The Board typically holds a strategy session at least once a year. In 2024 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 and evolving risks and these have included climate and nature specific risks and opportunities. Overall, the 2024 sessions affirmed our current strategy. The affirmed strategy, together with management's projections and stress and scenario tests, provide 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 1.8 and 1.10.

Our risk appetite and tolerance statements, approved by the Board, include climate specific risk and opportunity considerations. The Board receives a quarterly report from the Chief Risk and Sustainability Officer ('CRSO') 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 indicators related to climate such as details on our probable maximum loss (PML) modelled results, which are a metric associated with physical risk, which are shared with the Board against their tolerance and appetite.

Specific to ESG, the Board established an 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 to support the Board's oversight on these topics.

The ESG Committee's focus relates to the selection, implementation and monitoring of ESG initiatives, including both climate-and nature-related risks, opportunities, impacts and goals. The Committee is chaired by Lord Soames, who is neither a director nor officer of Conduit Re. Our Executive Chairman and Senior Independent Non-Executive Director are members of the ESG Committee. The Committee typically meets quarterly and receives updates from Conduit Re's CRSO on climate- and nature- (among other ESG) related issues. The areas discussed range from employee engagement initiatives, details of support/sponsorship and our participation reports from climate-related events we are engaged in, 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 climate- and nature- related achievements made by The Conduit Foundation.

The ESG Committee, in turn, provides reports and advice to both the CHL and CRL Boards and the Executive Committee to support the Board's oversight on these topics. Our Board approved ESG related Risk Appetite Statements have target thresholds for the Company which are in line with the business plan, with exceptions reported to the Board. These cover a wider range of business areas including, but not limited to, the ESG ratings of our investment portfolio and Conduit Re's offset emissions. Additionally, the Board receives reports on climate relevant matters such as outputs from stress and scenario tests, investment reporting, our carbon offset status and regulatory requirements including disclosures.

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. This process occurs annually for each reporting cycle. The Board has also approved continued membership of ClimateWise, support for the SMI, the UN Principles for Sustainable Insurance and the annual ESG materiality assessment. The Committee also considers applicable reporting requirements.

In 2023, the Audit Committee approved KPMG, our external auditors, to provide limited assurance over certain greenhouse gas emissions we disclose in our Annual Report, ESG Report and ClimateWise report. This review has again been completed over our 2024 emissions. We believe engaging with third party reviewers enhances the credibility of our disclosures and demonstrates our commitment to transparency. Their report is included in Appendix 7 of our ESG Report, available on our website.

The roles and responsibilities of the Board regarding climate- and nature-related risk and opportunity management and decision making

The Board is responsible for determining the nature and extent of the principal risks CRL is willing to take in achieving its strategic objectives and should maintain sound risk management and internal control systems. To this end, the Board has established several committees to support the execution of its responsibilities and has reviewed the committee structures at CRL. The Board, and committees thereof, define the risk preferences and appetites within which management is authorised to operate.

The roles and responsibilities of our Board are detailed in CHL's 'Matters reserved for the Board' document, available on our website. The potential applicability, in the context of climate and nature is described below:

- Approving the annual business plan: in preparing the business plan, the Board review and consider what risks CRL seeks to provide coverage for. These include climate-related risks. One of the ways this is measured is in PMLs within the business plan, which is how we measure our potential exposure to certain climate- and nature-impacted events.
- Receiving and approving, at least annually, a regular review of the long-term objectives and strategic direction of the overall business; and reviewing the performance of the business considering the Group's strategy objectives, business plans and budgets ensuring that any necessary corrective action is taken.
- Approving the commencement of any major new business activity which is materially different from that being undertaken by an existing part of the Company's business; and, approving any expansion or diversification into any new geographic area where business is not currently undertaken. Expansions in this form by the business could relate to climate and nature risks or opportunities and it is the role and responsibility of the Board to review any such plans to ensure they are within its risk appetites.
- Ensuring the maintenance of a sound system of internal controls and risk management including receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives, undertaking an annual assessment of these processes and approval of an appropriate statement for inclusion in the annual report.

It is therefore the Board's responsibility to ensure there are appropriate controls and risk management in place related to climate and nature, particularly where specific commitments have been made, for example in relation to emissions reporting. In the Annual Report, the Audit Committee Report addresses the review of the effectiveness of the Group's risks and controls processes and associated consideration of identified internal control deficiencies.

Arrangements for Board-level review, approval and monitoring of the transition plan

We seek to grow as sustainably as possible. Details on our environmental priorities are included in our annual ESG Report, which is reviewed by Board members prior to release.

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 offset 100% of scope 1 and 2, and select scope 3[1] emissions. As a result, we purchased sufficient carbon credits 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.

From an investment standpoint, our Board approved appetite includes a bias of the portfolio to be greater or equal to the MSCI ESG benchmark, which contemplates each aspect of ESG. Since 2022 we have had specific ESG aware criteria for

[1] These relate to business travel including flights and hotel stays and staff commuting

investments, as approved by our Board. The ESG guidelines include 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 is 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 CRSO.

Alignment of approaches across the business

We have sought to embed ESG considerations as part of our day-to-day activities and each member of the Executive Committee has aspects of their role linked to ESG, detailed in 1.2 below.

The Head of Human Resources and the CRSO, both of whom are members of the ESG Committee, respectively chair staff committees associated with community and environmental initiatives. Inclusion of employees from various departments on the ESG Committee and staff committees ensures ESG activities are coordinated in a seamless cohesive effort across the Company. Each member updates their teams on items that are discussed, as appropriate, to mobilise progress towards their ESG objectives.

To support cross-functional alignment the Climate Working Group has cross departmental representation. This provides a secondary path by which climate-related matters are highlighted and brought to the Executive Committee and ESG Committee. The Climate Working Group meets quarterly and includes representatives from the following teams: Risk, Catastrophe Modelling, Actuarial, Operations/IT and Finance/Investments. 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. Updates and discussions for 2024 were held independently with Underwriting. For 2025 we are hoping to reintroduce a member of the Underwriting team to the Climate Working Group.

ESG factors are also considered in our underwriting, with specific consideration in the underwriting guidelines.

Sub-Principle 1.2: Ensure that our Senior Management has responsibility for climate- and nature-related risk and opportunity management, including any transition plans.

Senior Management's oversight of climate- and nature-related impacts, risks, and opportunities

Management and employees are tasked with identifying and evaluating risks and opportunities, proposing business strategy and risk appetite, accepting new risks in accordance with the strategy, and taking steps to manage and mitigate unwanted risks associated with their business function.

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. We have sought to embed ESG considerations as part of the day-to-day responsibilities for each member of the Executive Committee.

Each executive provides reports to the Board (and/or committees thereof) on a quarterly basis. Attainment of their ESG related objectives and responsibilities are considered in their annual appraisal and remuneration review. One of the ways this is evidenced is through the business plan: 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 management of climate risk is the responsibility of all control and business functions, led by executive management. 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). Further details of how climate and nature feature in these functions follows.

Risk management

Our risk team is led by our CRO. The CRO ensures that environmental and climate risks are embedded into our risk management framework and that the associated appropriate reporting frameworks are in place. They are responsible for reporting against ESG related disclosures and chairs our Climate Working Group. He is a member of, and provides updates to, the Executive Committee, the ESG Committee and is a member of various management committees - Counterparty Security Committee (Chair), Disclosure Committee, Outsourcing Oversight Committee, and Strategy Committee

The risk team ensure the potential risks from climate and nature are considered across the business. The risk function is responsible for supporting the Board, and the CRL Board, with the day-to-day oversight of the risks that CRL seeks or is exposed to in pursuit of its strategic objectives, and the satisfaction of certain regulatory risk management expectations relevant to CRL. The framework under which risks are managed contemplates risk appetite and tolerance constraints. Risk appetite is prescribed by the Board and is reviewed at least annually, with consideration of the financial and operational capacity of Conduit Re. The use of financial capacity in this context relates to calculated or modelled capital requirements, based on residual unmitigated risk exposures. Current capital requirements are determined by reference to rating agency and regulatory capital requirements.

Included in the CRO's formal quarterly reporting to the Board 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 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 offset emissions and diversity and inclusion). If tolerances breach a certain level, the Board must be informed. The CRO provides monthly reporting to the Executive Committee, which is less comprehensive than the quarterly reporting but nonetheless addresses both risk and ESG related matters.

During 2022, the role of the Chief Risk Officer was expanded to include sustainability 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- and nature-related matters by making this the responsibility of one individual. From a sustainability perspective, the individual reports to the CEO alongside a direct reporting line to the Risk, Capital and Compliance Committee of the Board for other aspects of their role. They attend, and provide updates to, relevant Board meetings as well as the ESG Committee and the Climate Working Group.

The CRSO maintains up to date knowledge and awareness of emerging and evolving risks, and seeks to understand their impact on the Company, including any impact of new regulatory and disclosure requirements, through meetings with local regulators and other relevant stakeholders and market players. The CRSO also participates in climate-related membership organisations' meetings, including ClimateWise, the Sustainable Markets Initiative and the ABIR Climate and Sustainability Committee to better understand other stakeholders' perspectives on the latest climate- and nature-related issues. Our CRSO provides updates to each of the other executives to ensure they also have the latest information on climate-related matters at the Company, market and regulator level.

Compliance

The Compliance function is led the General Counsel. They are responsible for all legal, compliance and corporate secretarial aspects of Conduit's business. The General Counsel supports our ESG Committee and the Board ensuring that management is held to account in delivering our ESG objectives. They also serve on the Protector Committee of the Conduit Foundation. The General Counsel's committee memberships include: Executive Committee, Reserving Committee, Disclosure Committee, Outsourcing Oversight Committee, ESG Committee and Strategy Committee.

The Compliance function is responsible for ensuring all regulatory requirements are met, including those which pertain to climate and nature risks and opportunities, for example ensuring all relevant mandated disclosures are made. The Compliance function is led by the General Counsel and benefits from an experienced Compliance Manager. The Company leverages its membership of ABIR to support regulatory awareness and to remain engaged on regulatory requirements. 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. Further, the Compliance function is responsible for confirming all business travel is declared, which is an input to verify the accuracy and completeness travel data reported by our travel agent and used to calculate our greenhouse gas emissions.

Actuarial

The Chief Actuary, is responsible for the Actuarial function including pricing, reserving and capital modelling. They ensure that environmental and climate matters are suitably considered in these areas. The Chief Actuary is a member of the Executive Committee, Reserving Committee (Chair), Investment Committee, Disclosure Committee and Strategy Committee.

In their pricing and reserving work, the Actuarial function consider current and future expected losses, including those where climate and nature are a consideration. Our Chief Actuary is also a member of our Climate Working Group, detailed in 1.1.

Internal Audit

Conduit Re's Internal Audit function is outsourced to a 'big four' accounting firm. In 2024, their scope included an assessment of Environmental, Social and Corporate Governance processes and controls at Conduit Re. The scope also included corporate governance, risk management, Commercial Insurers' Solvency Self-Assessment (CISSA) requirements, materiality and single/double materiality, disclosures and ESG reporting (including ClimateWise reporting) and training.

Next, we address first line activities and the relevance of climate- and nature-related impacts.

Underwriting

The Chief Underwriting Officer ('CUO') oversees our entire underwriting business, which includes ensuring new business is in line with our ESG underwriting policies and guidelines (as detailed in Appendix 2) and the Board approved plan. As CUO, he also leads our engagement with clients and brokers. The CUO ensures the selected level of premium, exposure and aggregation risks, are appropriate and both physical and transitional risks associated with climate change and nature loss, relevant to these considerations.

The Company's current underwriting guidelines include explicit 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 CUO. 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. Refer to 3.2 for more details on our impact from underwriting.

The Underwriting Oversight Committee (a management group) reviews matters including underwriting performance and portfolio and exposure management. 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.

The CUO is a member of the Executive Committee, Counterparty Security Committee, CRL Underwriting Committee, the Disclosure Committee and the Strategy Committee.

Operations

The Deputy CEO and Chief Operating Officer ('COO') is responsible for overseeing Conduit's operations, IT, claims and human resources. This is completed in consideration of managing Conduit's, and our service providers', environmental impact, for example through questioning vendors' ESG practices as part of our outsourcing due diligence process. They also provide senior executive input to the Conduit Foundation and represents Conduit in the community, supported by the Head of HR.

ESG considerations form part of our vendor selection, management guidelines, the selection of our leased offices and talent acquisition. 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, including section 2.1. The COO reports to the Executive Committee and the Board on matters such as the appointment of service providers for operational activities.

The Deputy CEO and COO committee memberships include: Executive Committee, Outsourcing Oversight Committee (Chair), Disclosure Committee (Chair), Reserving Committee, Investment Committee, Counterparty Security Committee, ESG Committee, CRL Underwriting Committee, and the Strategy Committee.

Finance

Elaine Whelan, Chief Financial Officer ('CFO'), is responsible for all aspects of Conduit's financial management and reporting and is also a Director of CRL and CHL. Elaine leads our external financial reporting and transparency initiatives; oversees our investment portfolio (which has ESG specific considerations); and engages with our external portfolio managers. This includes ensuring all investment managers continue to be PRI signatories, investment guidelines (as detailed in Appendix 2) are met, the portfolios ESG rating meet our target while also meeting our required credit quality and diversification objectives and limiting performance exposure to climate-related change and nature loss. Refer to 3.1 for more details on our impact from investments.

Committee memberships: Executive Committee, Investment Committee (Chair), Reserving Committee, Counterparty Security Committee, Disclosure Committee, Outsourcing Oversight Committee, CRL Risk Capital and Compliance Committee, and Strategy Committee.

Chief Executive Officer

Trevor Carvey, Chief Executive Officer ('CEO'), serves on the Board of CHL, is a Director of CRL and chairs the Executive Committee. Trevor oversees our entire operation and guides the executive team.

Committee memberships include Executive Committee, Investment Committee, Counterparty Security Committee, Disclosure Committee, CRL Underwriting Committee, CRL Risk Capital and Compliance Committee and Strategy Committee.

Executive Chairman

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.

ESG Committee

The ESG Committee, as mentioned, is not a Board committee however it is made up of board members, executives and staff. It is independently chaired by Lord Soames, who is neither a director nor an employee of Conduit. Other members of the ESG Committee include our Executive Chairman, Senior Independent Non-Executive Director, Deputy CEO, Head of Human Resources, CRSO, and the General Counsel.

As per the ESG Committee's Terms of Reference, responsibilities of the ESG Committee include but are not limited to:

- sustain net zero across Scope 1, 2 and select Scope 3 emissions through a combination of sound business practices and strategically chosen offset initiatives;
- continue to make progress towards the UN Environment Programme's Principles for Sustainable Insurance;
- challenge convention, improve business practices over outdated norms and help 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;
- bring sound ESG principles into the day-to-day life of the Group promoting better risk management, innovation, sustainable outperformance and community engagement.

External membership responsibilities

The CEO, the General Counsel, COO and CRSO are engaged with ABIR at the Board level. Our CRSO, General Counsel, and Compliance Manager are engaged in the ABIR Policy Committee and our CRSO is also engaged with the ABIR Climate Risk Committee. Other members of staff engage with additional ABIR committees. More widely, Conduit Re is also a member of the Reinsurance Association of America, where the CRSO is Conduit's primary representative, and the International Underwriting Association.

Sub-Principle 1.3: Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.

Establishment and maintenance of a sound governance framework

CHL has established and maintained a sound corporate governance framework that includes principles on corporate discipline, accountability, responsibility, compliance and oversight. Our 2024 Governance Report, included in our Annual Report and Accounts, available on our website, sets out the composition of our Board and explains how our Board governance framework operates, alongside the key areas of focus of Conduit's Board and Board Committees in 2025.

Policies were created to support our operation as a regulated and publicly traded company from day one. ESG principles, including those related to climate and nature, are increasingly being embedded in our policies and procedures when they are updated. Many that initially either did not mention or had limited mention of ESG are now having this focus increased as they come up for review as part of our standard governance regime.

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. Within our CISSA, consideration of climate change risk and the potential implication for the business is included throughout the evaluation of risk and applicable to each of our material risks, rather than considered standalone. 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.

As mentioned, our CRSO's involvement with climate matters provides strong alignment between the risk management framework and the business practices supporting climate-related risks and opportunities. Throughout 2024, the risk team provided quarterly reports 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. Evaluation of emerging risks is considered part of our risk management, and as such an emerging risk register is maintained by the risk team and substantive discussions held on this topic as part of the strategy sessions of the Board each year. The 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 pre-2020 reserve strengthening 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.

Use of policies to support the development and management of the transition plan

Commencing operations in 2021, our processes have been built out with sustainable considerations in mind and therefore a transition plan is not required. We seek to keep our environmental footprint as low as possible. Business areas are developed in a sustainably conscious way by the executives responsible for the area, considering their climate- and- nature related specific roles and responsibilities.

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. Our policies are relatively short-tail thus the impact from climate can be contained and modelled when writing business. Our investment portfolio is tailored to align to the duration of the insurance liabilities, and this is also relatively short duration. Operationally, we do not expect the transition to be significant.

Human rights policies and engagement activities

Conduit respects and supports internationally proclaimed human rights and have policies in place to ensure we are not complicit in human rights abuses. Conduit Re has zero tolerance to slavery and human trafficking and is committed to ensuring our practices combat slavery and human trafficking within our business and supply chain by taking all reasonable steps necessary. We recognise our responsibility to be alert to the risks, however small, in our business and supply chain.

As mentioned, the ESG Committee's focus relates to the selection and implementation of ESG initiatives which covers environmental, social and governance matters. Within this, human rights matters are considered in respect to the operational activities of the Company and the work of its Foundation.

Our investment portfolio is relatively low 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 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. More details on the environmental and social restrictions in place for our investments can be found in subprinciple 2.4.

Conduit Re is a member of The UNEP FI Principles for Sustainable Insurance ('PSI'), which serves 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.

The Conduit Foundation was established in 2021, recognising the important part that companies - such as Conduit Re - play in Bermuda's society. The Foundation seeks to align its contributions to the UN Sustainable Development Goals ('SDGs'). During 2024 all except two categories have been supported by the Foundation. Those two related to: 1) clean drinking water, which is not a material concern in Bermuda as there is universal access to clean drinking water (typically harvested from households' roofs); and 2) access to cheap clean energy. The latter of these is, however, supported through our carbon offset programme. Details on The Foundation's Mission and mandate can be found in Appendix 3 of our ESG Report.

Sub-Principle 1.4: Ensure that our Board and Senior Management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.

Board, Senior Management, Controls, and Business functions across the organisation have the appropriate skills, competencies and knowledge

The Company sought board members and senior executives based on the requisite skills and experience required for their roles. Background checks were completed for all board members, senior executives and outsourced providers conducting independent assurance roles. The fitness and propriety of individuals is an ongoing requirement, and the Company conducts periodic reviews of fitness and propriety and requires disclosure of any changes in circumstances that may affect an individual's fitness and propriety and thus their ability to perform their role.

A description of the professional qualifications, skills and expertise of the board and senior executives is available in our Financial Condition Report, available on our website. Here we discuss the roles of four people considered pivotal in our climate and nature considerations: Neil Eckert, Executive Chairman; Lord Soames, Chair of ESG Committee; Rebecca Shelley, Senior Independent Non-Executive Director; Andrew Smith CRSO:

Neil Eckert, Executive Chairman: Neil Eckert is an entrepreneur with four decades of (re)insurance industry experience. After a successful career at Benfield, Lovick & Rees & Co., Neil founded Brit Insurance in 1995 and remained its CEO until 2005, following which he served as a nonexecutive director of the Company until 2008. He was co-founder and CEO of Climate Exchange PLC, and founded Aggregated Micropower. Neil was also previously chairman of Trading Emissions PLC, a global fund investing in emission reduction permits, chairman of Econergy International PLC, a company investing in South American renewable energy projects, and chairman of Aggregated Micro Power Ltd, a small company that finances and manages small-scale renewable energy facilities in the US. Neil was involved in the convening of the SMI Insurance Taskforce (detailed in 2.4 and 2.6). In 2022, Neil's efforts to advocate for using capital and innovation as a force for good when faced with the challenges of carbon emissions and climate risk were recognised by The Insurer magazine with a lifetime achiever award.

The Rt Hon. Lord Soames of Fletching, Chair, ESG Committee: Lord Soames was a Member of Parliament from 1983 to 2019. He was appointed a Life Peer and is a member of the International Relations and Defence Committee of the House of Lords. He served as a junior Minister at the Ministry of Agriculture, Fisheries and Food and from 1994-1997 he was Minister of State for the Armed Forces. Between November 2003 and May 2005 Lord Soames served in the Shadow Cabinet as Shadow Secretary of State for Defence. Lord Soames has a strong interest in environmental and charitable work.

Rebecca Shelley, Senior Independent Non-Executive Director: Rebecca Shelley brings extensive commercial and financial services experience to the Board, as well as her background of market-facing roles at listed companies. Rebecca is currently Chair at Sabre Insurance Group plc, Liontrust Asset Management plc and Hilton Foods, where she is Chair of the Sustainability Committee. Rebecca was previously a trustee of both The Game and Wildlife Conservation Trust and World Horse Welfare. Rebecca became Senior Non-Executive Independent Director early in 2024.

Andrew Smith, CRSO: Andrew read Accountancy at Dundee University, graduating in 1997. At that time, Dundee was recognised as a pioneer in accounting methods for environmental topics. His working career started at PwC, where he focused on risk management and corporate governance in the insurance sector. He has held regulated risk roles in Bermuda and Europe, including focus on physical risk. Having joined Conduit at launch as Chief Risk Officer, he leads the risk function. His role was expanded in 2022 to address climate and sustainability specific considerations. Andrew is a member of Conduit Re's Executive Committee and the ABIR Climate and Sustainability Committee. Andrew's climate risk knowledge is recognised by the re(insurance) community through requests for his participation on relevant panels. In 2022 and 2023 Andrew participated in panels at the Bermuda Climate Summit where he discussed climate risk, regulation, disclosures, and other climate matters pertinent to re(insurance) companies in Bermuda. During 2023 he also attended various international climate related conferences and events, including participating in a roundtable at Climate Week in New York. In 2024, Andrew spoke at the Insurance Risk & Capital Bermuda 2024 conference as part of the panel on "Maintaining momentum in the climate risk journey amid competing pressures". Andrew has also completed all modules of the Better Insurance Network training described elsewhere in this document.

Efforts to build a culture that supports the successful implementation of the transition plan and integration of climate- and nature-related risk management throughout the organisation

We have striven to build a culture that supports the integration of climate- and nature- related risk management throughout the organisation. Conduit Re's risk framework has been designed to strictly follow a three lines of defence model and ensure that good risk practices are the responsibility of first line management with the risk function providing facilitation, tools, challenge and independent validation. The risk function is also responsible for risk reporting to the Risk, Capital and Compliance Committee and the Executive Committee; and for the facilitation of risk activities at committee level.

The risk framework addresses the identification, assessment and management of risk within the context of defined risk appetite and tolerance statements. The process involves the use of risk registers to identify inherent risk and residual risk after the application of controls.

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, as detailed in section 2.2. This training is offered to all employees, including Senior Management, to ensure appropriate skills are held at all levels of the Company to critically assess the Company's sustainability ambitions and actions.

Through our internal communications and provision of training we ensure that our employees are aware of Conduit Re's climate- and nature-related objectives and encourage employees to participate in all our related initiatives, such as cleanups of local parks and reducing plastic use (as discussed in sub-principle 2.2).

Environmental-related considerations in remuneration

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

The Group's remuneration policy is set by the Remuneration Committee of CHL and is applied to all group entities. The Remuneration Committee comprises four independent directors of CHL, two of whom are also independent directors of CRL. The policy is designed to ensure that remuneration is aligned to and supportive of the Company's strategy, including the avoidance of pressures for short-term risk taking and offsetting 100% of Scope 1 and 2 emissions and select Scope 3 emissions. Employee remuneration consists of salary, benefits and the annual bonus scheme. The annual bonus scheme is based on a mix of individual and Group performance.

The CHL Remuneration Committee determines the actual bonus awards for the CHL CEO and CFO, who serve in the same roles for CRL, and review and approve the bonus awards for senior executives of CRL. Bonuses are subject to a maximum percentage of base salary and deferral of a portion into CHL shares. Malus and claw back provisions also apply to bonus awards.

Strategy

Sub-Principle 1.5: Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy and any decision-making processes.

Impact of material nature- and climate-related risks and opportunities on the organisation's strategy, business model, financial performance, cash-flows and related decision-making processes

Conduit Re's strategy is cognisant of The Paris Agreement, as we seek to offset 100% of operational emissions (Scope 1 & 2). We are supportive of their goal to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels." This commitment involves minimising our carbon emissions and offsetting those that we cannot eliminate by using high quality offsets. Being a company that is carbon aware has been part of the Company's strategy since the IPO and is tracked and reported to the Board. Should the Company's Scope 1, 2 and select Scope 3 emissions no longer be offset, the Company may face reputational damage. As mentioned, our strategy has been to grow as sustainably, and with limited negative environmental impact, as possible.

Certain classes of Conduit Re's business provide coverage for natural catastrophes (e.g., earthquakes, floods, hurricanes and wildfires) which are subject to the impacts of climate change. This provides both risks and opportunities for the Company. Conduit Re's business has exposure to large catastrophe losses in North America, Europe and Japan as a result of windstorms. The level of windstorm activity, and landfall thereof, during the North American, European and Japanese wind seasons, intensified by climate change, may materially impact loss experience. Conduit Re also has exposure to other natural catastrophes, such as earthquakes, tsunamis, droughts, floods, hail, and tornadoes, which can occur throughout the year and many of which may worsen both in intensity and frequency as a result of climate change.

Exposure to such natural-catastrophe events is controlled and measured by managing to predefined limits within stochastic modelling and deterministic accumulations across classes per geographic zone and peril.

In the medium- and long-term, the increased demand for insurance against climate- and nature-related perils may generate additional reinsurance revenues and accordingly positively impact our cash flow and financial performance. The increased demand to cover the protection gap may result in an increase in policy volumes and submissions. Insurance companies are responding to recent large climate related insurance losses by withdrawing property coverage from certain locations, increasing premiums, and increasing deductibles. (Re)insurance companies are also accordingly seeking to increase their capacity and own protection in response to these events. The effect of this for us as a reinsurance company is an increase in both premiums and deductibles and a tightening of terms and conditions. Accordingly, the increase in volume and greater pricing, assuming a hard market continues, may result in increased reinsurance revenues. The impact on the financial position and cash flows as a result of this will be an increase in cash received and held by the Company and a resulting increase in the value of assets invested in.

It is possible, however, that despite appropriate pricing and deal terms, that the Company could be subject to a large climate- or nature-related loss. Should this occur, there would be an increase in claims paid reducing profit and financial performance, and an increase in liabilities when the Company records incurred reinsurance losses.

We currently do not have any material climate- or nature-related costs outside of our reinsurance products and do not anticipate any material changes. Our priority is to offset business operating activities (defined as our Scope 1, 2 and select Scope 3 emissions, as first detailed in our 2022 ESG Report). We are already meeting this goal, having done so without any material expense, and therefore do not expect any material costs as we continue to deliver on this.

We have not noted a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements as a result of climate- or nature-related risks and opportunities.

Model limitations

As with all such models, there is a risk that modelled expectations may not reflect actual outcomes and the scope of the models are such that not all exposures are captured. Conduit Re has set tolerances around various scenarios. Of these, at the commonly reported 100-year and 250-year return periods, Conduit Re's most significant exposures to any single peril and region combination have typically been to Florida windstorm and California earthquake perils. As we look ahead to 2025, 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), our tolerances increase to $110 million net on a 1 in 100 basis and $160 million net on a 1 in 250 basis. Note that this is calibrated to a 1 July 2025 viewpoint, for a first occurrence, and may change. Net positions are calculated by applying relevant reinstatement premiums and outwards reinsurance to the respective modelled gross exposures.

The modelled assumptions and techniques deployed in calculating these figures are subject to model risk and may not accurately reflect exposures. There could also be an unmodelled loss which exceeds these figures. The models also contain loss scenarios which could cause a larger loss to capital than the modelled expectation from the above return periods. The accuracy of analyses is further limited by the quality of data and the effectiveness of the modelling.

Response to material climate- and nature- related risks and opportunities identified

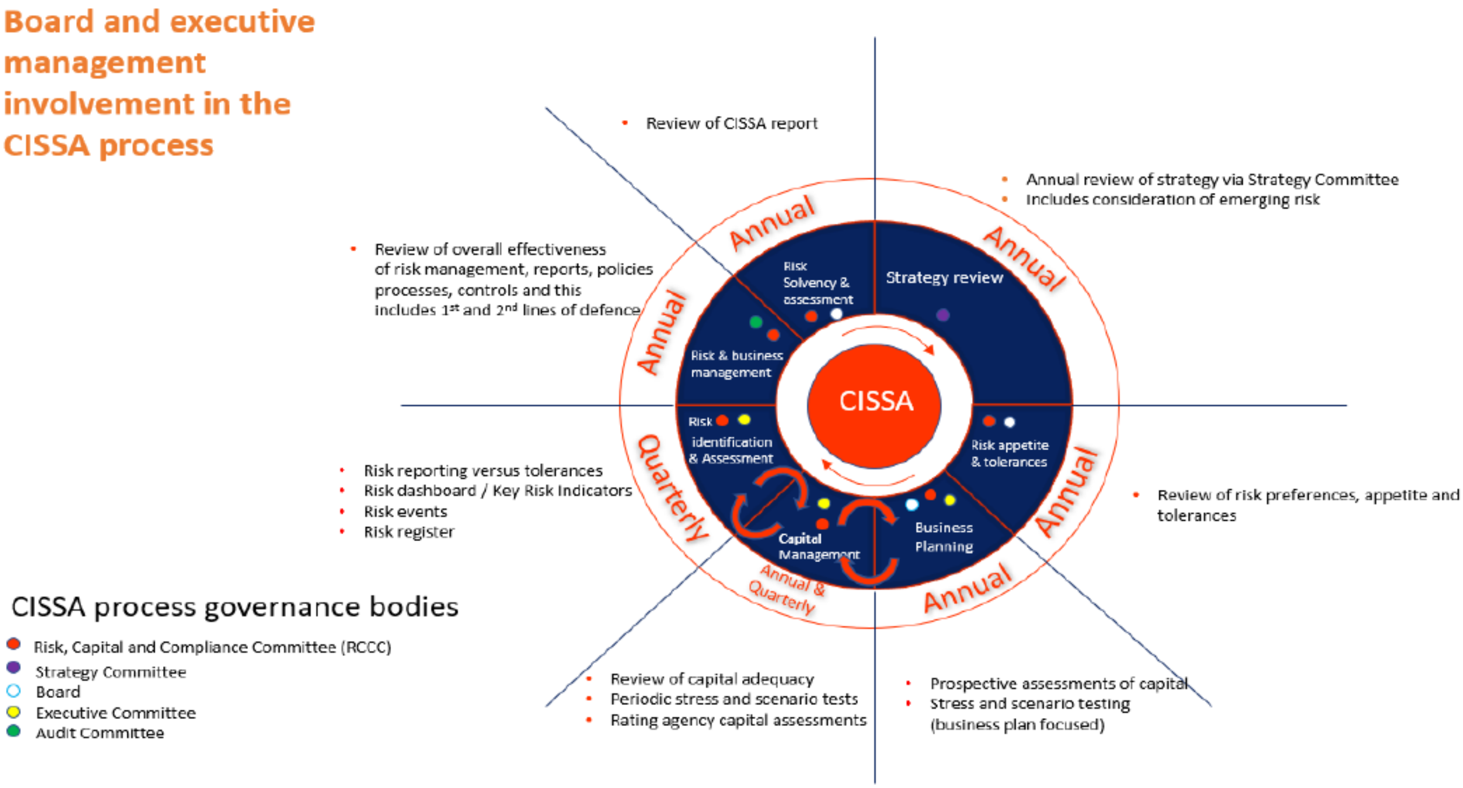
To manage Conduit Re's climate-related risks, included in the Company's tolerance statements are specific exposure limits in relation to peril zones, types and modelled scenarios to ensure we operate within strictly defined limits. Our modelled underwriting exposures, including those connected to climate and nature risk, are reported on compared to the tolerance statements by the CRSO to both executive management and the Board. The report includes current modelled exposure against set thresholds, across several scenarios.

In the short-term, known physical and transitional risks are considered in our underwriting pricing process and in the agreed terms and conditions. Further, our policies are typically short-term thus the impact from climate can be contained and modelled when writing business. This mitigates underwriting losses from climate- and nature-related risks. Accordingly, we do not anticipate a material impact on our financial performance, financial position or cash flows as a result of climate change.

Our financial planning process is integrated with our business planning process which is designed to execute our strategy. As part of this, each department head submits to Finance their expected costs (and reinsurance revenue from Underwriting) for the following year for review and analysis by Finance and other relevant personnel. Our climate- and nature-related opportunities are largely underwriting related, and opportunities to provide climate- and nature-related solutions for our cedants will be included in the Business Plan. The agreed costs include all relevant environmental related costs. This may include expected costs to sponsor climate- or nature-related events, costs for relevant memberships, costs associated with offsetting our carbon emissions, or costs associated with paying reinsurance claims related to climate and nature loss events. These are reviewed by executive management and the Board to ensure planned activities are within appropriate tolerances and risk appetites, and as such no outsized climate- or nature-related expenses are expected to fall due, and in the event of large losses the business has appropriate solvency and liquidity to meet its policyholder obligations. The final agreed budget and Business Plan are reviewed and approved by the Board. Each quarter budget versus actual reporting is provided to the Board.

Climate-related risk scenarios formed part of the stress and scenario tests that informed our 2024 business planning process, consistent with our CISSA process as shown in figure 3. This is consistent with our 2023 approach and in 2025 we will follow this same approach to ensure climate-related risks are considered appropriately.

Figure 3: CISSA Process from our CISSA Policy



Note – Annual activities are annual or more frequent if there is a material change.

Sub-Principle 1.6: Describe how environmental resilience plans are incorporated into business decision-making, including disclosure of any material outcomes of climate risk scenarios.

The resilience of Conduit Re's strategy

The TCFD recommend 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.

In the long-term, the most exposed aspect of our business to the impact of climate changes is likely to be based on the secondary impacts on people. This will be evident in changing social and political patterns, which are difficult to predict. To date, we have considered emerging risks relating to environmental liabilities and inflation but have not explicitly considered wider considerations associated with topics such as migration. Given the duration of our portfolio, we have concluded that the current approach is appropriate. Similarly, our investment portfolio is highly liquid and short duration and thus not materially impacted by long-term implications of climate change.

More immediate is the increased volatility risk associated with physical risk presented by a changing climate. This features in our stress testing and other analysis, though it recognises that our property portfolio is relatively short tail in nature.

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. In our stress testing, 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 across the entire business. 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 2024'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 2025 business planning. Given our strong capital position, even the most significant scenarios considered would be manageable thus demonstrating resilience to climate change. Our Financial Condition Report, published typically each May on our website, provides more information about our approach to stress tests.

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.

Our company's strategy is to have a diversified portfolio, which enhances our resilience to any one risk. Approximately a third of our gross premiums written relate to contracts we classify as exposed to natural catastrophe risk. Our PMLs, as discussed in 1.5, 1.8 and 4.1, remain appropriate compared to our capital which provides extensive resilience to climate and nature events. As a company, we underwrite using data driven approaches therefore select products and cedants where the data can be provided to adequately price a policy. This limits our exposure to volatility from climate related innovative products which often do not have a sufficient pricing related history, such as green infrastructure, new farming techniques and new renewable energy products.

Our resilience to climate change is also considered in our emerging risk response, strategy days, and business plan process, which are further discussed in 1.8 and 3.3.

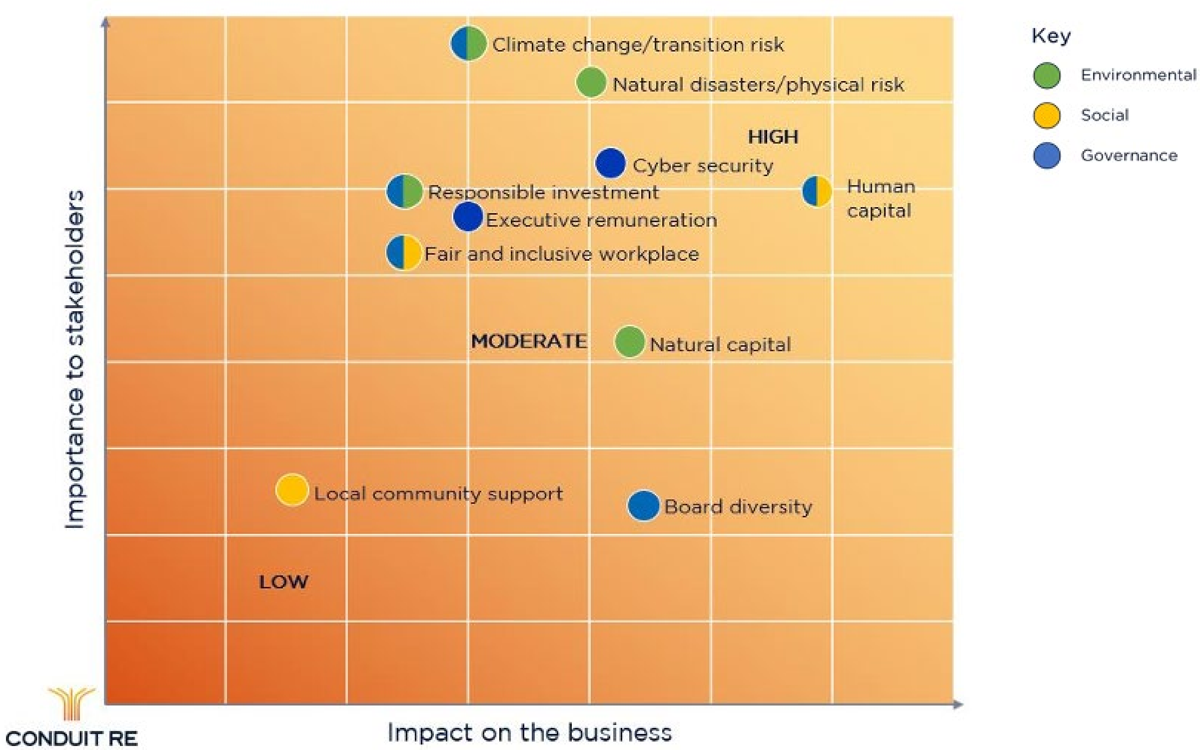
Sub-Principle 1.7: Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.

Materiality assessment

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 a materiality assessment, based on a limited set of stakeholder interviews.

Risk exposures and impacts on Conduit Re can evolve and change over time. Our materiality assessment therefore is conducted or reviewed / refreshed on an annual basis on both current and forward-looking exposures. Completion considers the current status and potential future changes in the business model, strategy and external factors and considered all physical and transition risk drivers.

In 2022, we conducted our first materiality assessment. In 2023, this was expanded on and we undertook a more in-depth materiality assessment.



In 2024, the output of the materiality assessment was reviewed, and it was concluded that no changes were required.

The 2023 assessment used the single materiality approach and was conducted independently by the H/Advisors Sustain team, who are ESG and sustainability strategy development and communications specialists. They included a wide group of stakeholders to better understand what is important to each group and what they believe has the greatest impact on the Company. These insights help guide our sustainability strategy. Representatives from our investor community, local organisations in Bermuda, board members, executives, and staff, were interviewed individually by H/Advisors. Together, they assessed our most material topics under the banners of Environment, Social and Governance, guided by the GRI (The Global Reporting Initiative) framework and ISSB (International Sustainability Standards Board). This allowed the specialists to understand how each stakeholder felt about the impact of certain topics on the business and their relative weights and importance.

There was a consensus among interviewees that, from an environmental standpoint, both physical and transition climate risk are important topics for Conduit. They understood that natural capital, while not an immediate short-term risk when compared to increased frequency of natural disasters, will likely grow in importance as a topic over the medium- to long-term. As expected, the management of capital with regards to climate change was seen as both very important and having a high impact on the Company. Accordingly, stakeholders are interested in our exposure to climate change and natural disasters.

From a social perspective, interviewees noted that human capital and employee skills are important to the Company's success, and achieving a fair and inclusive workplace was highly valued by internal stakeholders. Our relatively high portion of female employees and Board members impressed participants, noting this stood out among other (re)insurance companies. Interviewees noted that local community support has always been key to Conduit, with respondents pleased with the Conduit Foundation's achievements to date. It was also noted that the (re)insurance community in Bermuda is seen as an enabler for change, having a positive impact on the local community. With regards to Governance, the investor community reiterated that capital management was of high importance to them, in addition to executive remuneration. Cyber security was noted as an area of growing interest with regards to the impact on the Company from both an underwriting and operational perspective. Board diversity continued to be noted as having a large impact on the Company, with many discussing the positive impact of Conduit appointing an additional female Non-Executive Director in 2023.

The materiality matrix, on the prior page, was reviewed and approved by the Board. The outputs continue to be used to inform our strategy and reviewed on a regular basis.

Material climate- and nature-related impacts, risks, and opportunities across short-, medium-, and long-term

Our material operations are: underwriting, investing, and daily management activities in our office. The material risks and opportunities corresponding to these areas are described below:

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. The assessment of impacts on our exposure over medium- and long-term time horizons is inherently subject to a high degree of uncertainty. This is because climate change pathways and their interaction with new or changed risks stemming from changes in physical and transitional risks, and responses made by governments, markets and customers to these changes, are uncertain, as are the resulting impacts on known risk drivers.

As mentioned above, the Board defines 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.

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

Physical 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, such as hurricanes and wildfires, can have immediate and observable impacts on exposures, which are catalysed by nature loss.

There is a risk we could experience an increase in frequency and severity of claims as a result of increased frequency and intensity of extreme weather events. This could result in higher loss ratios, reducing profitability, there is also the risk that large-scale catastrophe events lead to a 'climate shock', which causes widespread financial strain on the Company and economy. There is increasingly a risk of mass population movements as communities respond to these changing weather patterns and increased risks. This may increase concentration risk and reduce diversification of underlying insureds, thus increasing absorption of losses in the long-term.

Mitigating actions: The time horizon for property coverage is typically annual, however, 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, and when designing the Company's outwards reinsurance program.

This risk is further mitigated by the Company's diversification and exposure limitations. Only approximately a third of the entire Property, Casualty and Specialty portfolio at the end of 2024 was classified as being exposed to catastrophe risk.

Opportunities: The increase in the frequency and severity of significant weather events, as well as the growing populations and values in vulnerable areas, is increasing the demand for property insurance, especially in the United States. This is contributing to an increase in premiums by reinsurance companies, as well as an increase in attachment points and changes in terms and conditions. We consider this opportunity to remain across our long-term. From a longer-term strategic perspective, over the medium- to long-term, 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

Transitional Risks: Casualty lines face indirect exposure to climate change and nature loss, with the insurance losses typically driven by liability from damage or harm linked to the business activities of insured customers.

These lines are particularly vulnerable to transitional climate risks, which stem from evolving regulatory restrictions and disclosure requirements. Governments may impose new regulations, such as carbon taxes, emissions caps, or mandates to divest from fossil fuels, potentially leading to stranded assets or business failures. In addition, growing litigation related to climate-related issues, including cases of greenwashing, could increase claims. These regulatory risks are likely to result in higher liability claims across certain sectors.

Further, losses may involve compensating, or remedying, damage caused to the underlying insureds' customers, employees or other stakeholders including wider society and/or governmental bodies.

As the regulatory landscape is beginning to change, we consider this risk to be medium- to long-term.

Mitigating actions: 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 appropriate decisions. Our casualty underwriting approach is extremely data driven. Our underwriters look to understand, as granularly as possible, the risks embedded in a proposed book of business, from which they calculate the relative risks and required rates for said book. Further, our casualty business, and underwriting portfolio overall, remains well diversified as shown in our 2024 Annual Report and

Accounts, mitigating outsized impacts of any one risk on our profitability.

Opportunities: As mentioned, 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, engineering and construction, environmental liability, terrorism, whole account and aviation risks. This also extends to renewable energy industries, such as solar farms and sustainable aviation fuels. These lines are typically exposed to some aspects of both the risks and opportunities set out for the Property and Casualty considerations and therefore risks and opportunities that are both physical, in the potential damage caused to sites from climate change induced weather events, and transitional in the changing regulatory landscape in the long-term.

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.

Mitigating actions: As mentioned above, our company's strategy is to have a diversified portfolio, which enhances our resilience to any one risk. We classify approximately a third of our gross premiums written as being exposed to natural catastrophe risk. Our exposure to large losses (as discussed in our Annual Report and Accounts, available on our website) are relatively low compared to our capital which provides extensive resilience to climate and nature events. As a company, we seek to underwrite using data driven approaches therefore select products and cedants where the data can be provided to adequately price a policy. This limits our exposure to volatility from climate related innovative products which often do not have a sufficient pricing related history, such as green infrastructure, new farming techniques and new renewable energy products.

Investments

Risks: The implications of climate change and nature-related risks on our investment portfolio remain largely uncertain but over a long time horizon. Climate change risk can affect all risk categories including market risk, credit risk, liquidity risk and our concentration exposure. It is possible that a major climate event, or series of large climate and nature events, causing significant losses results in new regulatory and governmental requirements to correct a market. This may include introducing new policies and measures such as tax changes for certain industries that we may have exposure to.

Mitigating actions: Our investment portfolio is relatively low risk, short duration 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 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.

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

Our impact: 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 United Nations 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 our 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.

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. 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 considers 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.

Nature-related dependencies and impacts across the value chain

The global economy at large is dependent on nature. Business sectors which are considered to have a high nature-related physical risk include: agriculture, fishery and livestock; food and beverage; tourism, travel and hospitality; real estate; transportation; and manufacturing. As with climate, we are seeing changes in policy and regulation and shifts in both consumer behaviour and the legal landscape. These all contribute to increasing transitional risks as governments and economies shift towards a nature positive future.

As a reinsurer, we are exposed to nature-related physical and transitional risks through both our assets and liabilities. We could suffer underwriting losses if companies claim on business interruption insurance, for example, as a result of these nature, climate and biodiversity physical and transitional changes, or if potential risks of nature-related litigation have not been appropriately considered in our pricing or policy terms. The time horizon for most of our policies is typically annual however, so the impact of long-term nature related physical and transitional changes is more easily measured and contained. Current physical and legal landscapes are considered by our underwriting and support teams and, together with experience, are factored into our considerations on pricing and terms and conditions when negotiating contracts. Thus, there is currently no impact expected from nature on our ability to provide unique solutions to our clients, with a focus on sustainable returns.

On the investment side, we could suffer investment losses as a result of markets shifting in response to nature-related physical and transitional changes. Our investment managers stay abreast of all economic and wider landscapes, and our portfolio is short-term in nature providing managers with relative ease of opportunity to respond to any such changes. Further, one of our main priorities when it comes to both our investment and underwriting strategies is to be diversified. Our diversified low risk portfolio mitigates the extent to which we are exposed to nature-related impacts.

There is a risk that Conduit Re could suffer reputationally and face negative publicity for supporting, through our reinsurance products or investment activities, companies that directly contribute to the deterioration of nature, which in turn could affect relationships with other (re)insurance companies we support or cause challenges when recruiting staff. Our controls in place mitigate this: 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. As a treaty reinsurer we do not underwrite individual insurance policies, including those relating to the extraction (and associated transportation and 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 CUO. 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.

Most of the Company's suppliers relate to services provided to the Company which are not directly reliant on nature.

There are pressures, societal and political, for companies, markets, governments and individuals, to either do or not do certain activities on the basis of specific nature- and climate-related concerns. Our approach is to work for the long-term benefit of all our stakeholders. We believe it is important regulators do not overregulate what companies should do or what factors they can consider for an adequate price for their product.

Operationally in Bermuda, over the longer-term, our operating expenses may increase as a result of nature and climate changes. 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.

Use of internal carbon prices

Internal carbon pricing programmes are a management tool to incentivise reductions in greenhouse gases across an organisation. As a relatively small company, with 65 employees as at 31 December 2024, 64 of which are based on one floor of an office, we are yet to require such a scheme. 73% of our Scope 1, 2 and select calculated categories in Scope 3 (business travel, employee commuting) emissions at year-end were a result of business travel. Travel is limited to business trips considered essential and as such we believe an internal carbon price would not materially influence our employees' business activities nor their associated emissions.

Currently there is no guidance provided by PCAF 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 our impact and consider appropriate targets. Until that time, Conduit Re focuses on selective underwriting lines and offsetting operational (Scope 1, 2 and select categories of Scope 3) emissions to help drive improved performance and proactive management of climate risk and associated opportunities.

Should the scope of our emissions change in the future, we may consider whether an internal carbon pricing programme would be necessary.

Risk Management

Sub-Principle 1.8: Establish appropriate processes to identify, assess and prioritise climate- and nature-related impacts, risks, and opportunities.

Risk management processes and policies to identify, assess, and prioritise climate- and nature-related impacts, risks, and opportunities and our data strategy

Within our wider risk management framework 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- and nature-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. Our CRSO 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 and reviewing relevant literature. Our CRSO provides updates to each of the other executive managers to ensure they also have the latest information on climate- and nature-related matters at the Company, market and regulator level. Emerging risks are discussed at executive and Board level both on a periodic (quarterly) and ad-hoc basis. In May 2024, 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 2024 Board meeting. Follow up discussions on emerging risks were also held ahead of the Q4 2024 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 2024, the Board-approved Risk Appetite Statements, revised at the Q4 2023 Board meeting, included 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 tolerances is completed quarterly, by the CRSO, to the Risk, Capital and Compliance Committee of the Board. It is expected that these appetites and tolerances will remain in place for 2024.

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 specialty.

From an underwriting perspective, all deals are reviewed by our underwriting team. Throughout 2024 we continuously improved both our use of technology to aid this, and its interconnectivity across underwriting, pricing and exposure management. This application of data is achievable due to the cedant partnerships we have formed, though data quality and availability is not uniform and remains an area where we seek to further progress. The sharing of the most granular of insurance exposure information is central to understanding with confidence the risks, including physical and liability, that 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 for the policy period, which is typically one year. Details on the underlying risk is shared by our cedants in the form of bordereaux, which are used in our pricing and catastrophe modelling systems. Underwriters and supporting teams use details in the bordereaux, including policyholders' addresses, occupancy mix and economics of the deal, to gauge individual risk characteristics of each risk and each policy, which may include a schedule of multiple locations. The data loaded into our catastrophe modelling software is used to assess the nature, likelihood, and possible magnitude of the effects of identified physical risks for policies. Our systems and staff use the parameters noted above to model annual average loss (AAL), probable maximum loss (PML), and geographic concentrations, for climate- and nature-related events at specific time horizons, for example modelling losses for large hurricanes and earthquakes. 1 in 100-year events or 1 in 250-year events are our material metrics for risk exposure assessment. Once the data has been analysed and reviewed, a decision on whether we write the business can be made. We continue to monitor these exposures and the CRSO reports to the Board Underwriting Committee exposures for such events quarterly and ensure modelled losses remain within Board approved tolerances. While continuous developments are made to catastrophe modelling systems, there remains risk that the modelled assumptions and techniques deployed in calculating our potential exposures are inaccurate. There could also be an unmodelled loss which exceeds these. The models also contain loss scenarios which could cause a larger loss to capital than the modelled expectation from the selected return periods.

From a liability and transition risk perspective, our underwriters extensively review the portfolio details shared to understand the risks prior to being assumed. Having reviewed the deal terms, economics, and portfolio composition, they conclude as to whether the risk is aligned to our objectives and whether it should be bound. Once bound, our underwriters review and analyse exposure to realistic disaster scenarios to understand the possible magnitude of the exposures; this includes the sale of a harmful product, the mis-selling of a financial product, and collapses of banks/ corporations, any of which could be driven by nature- or climate-related liabilities. Similarly to our physical exposure process, this is reported to the Board Underwriting Committee.

All underwriting data is received directly from our cedants, and audits of cedants are conducted periodically to provide greater transparency and comfort over their adherence to underwriting guidelines as well as the appropriateness of their processes and controls in place. Our catastrophe models use a significant amount of data; good data ensures more reliable modelled results.

Casualty reinsurance does not typically enjoy the high 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 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. We still plan to make further progress by expanding the extent of data enrichment.

With regards to pricing, Conduit Re selected Hyperexponential's (Hx) Renew platform. The platform supports the complexity and size of model required for us across all lines of business. Hx Renew, furthermore, creates a feedback loop that continuously strengthens the data assets and insights. The underwriting team use this data to inform more advanced analytics such as rate change reporting by class and the development of benchmark class level loss ratios and development patterns. Supported by the data we receive from cedants, this allows for us to deliver more accurate pricing and manage exposure and risk, including climate-related risk.

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 peers the work we are doing to improve data quality for casualty classes.

If during our underwriting process reinsurance treaties are flagged as potentially including 'new energy' related risks, they require explicit referral to the CUO. 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 2024 ESG Report.

Our investment management is outsourced to various asset managers, with guidelines applying to each: ESG parameters are included in the investment mandates provided to these managers.

Our investment guidelines are detailed in Appendix 2 of our 2024 ESG Report. They include restricting issuers that derive >0% of their revenue from the extraction/mining of thermal coal; restricting issuers that derive ≧30% of their revenue from the production of electricity using thermal coal; and restricting companies that derive ≧ 5% of their revenue from oil sands and/or Arctic drilling. Our investment managers provide ESG reports on our portfolios for review by the investment team, CFO and Board Investment Committee each quarter. The reports provide detail on the carbon intensity of investments and environmental, social and governance scores, and/ or an overall ESG score, which are based on multi-factor sector frameworks. Details on investments with the lowest ESG ratings are also included. These reports provide management and the Board with the material information to understand the ESG (including climate- and nature-related) risks and opportunities contained within the portfolio. They then review and conclude as to whether the exposure is appropriate or if steps should be taken to change the portfolio's composition.

As further detailed in 2.1, we do not currently invest in data to understand emissions relating to our underwriting or investment portfolios. We have made the decision for 2024 not to invest in calculating our scope 3 investment emissions as it was felt the cost of this would not result in a material change in decisions made and therefore would not deliver benefits expected from such a cost. Further, there is currently no guidance provided by PCAF 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, investment restrictions and reducing and offsetting operational emissions to help drive improved performance and proactive management of climate risk and associated opportunities.

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 climate (and wider ESG) related risks and opportunities. This is to better aid the Company in identifying and responding to climate-related risks.

Integration of climate-related risk management processes into the firm's overall risk management processes, and enterprise risk management (ERM) framework

The Commercial Insurer's Solvency Self-Assessment ('CISSA') is Bermuda's equivalent to an Own Risk and Solvency Assessment ('ORSA'). Consideration of climate change risk and the potential implications for the business are included throughout the evaluation of risk and applicable to each of our material risk groupings. CRL is exposed to risks from several sources, classified into six primary risk categories. The primary risk categories are: (a) reinsurance risk; (b) market risk; (c) liquidity risk; (d) credit risk; (e) operational risk; and (f) strategic risk. The primary risk to CRL is reinsurance risk. These risks are discussed in detail in CRL's Financial Condition Report, which is available on our website.

As stated in our ERM framework, risks from climate change can include physical risk and transition risk. Climate and ESG risks are not considered by Conduit to be a material risk in their own right, but have an impact on all the identified material risk categories.

Sub-Principle 1.9: Put in place mechanisms to monitor and manage climate- and nature-related risks and opportunities.

Management and monitoring of climate- and nature-related impacts and risks

The processes and policies Conduit Re uses to prioritise and manage climate and nature-related impacts relating to the acceptance of underwriting policies, and in our investment portfolio, has been discussed above under sub-principle 1.7 and 1.8. One additional lever Conduit Re has to mitigate or transfer risks is our outwards reinsurance programme. Ceded reinsurance is purchased in the normal course of business to limit the impact of individual risk losses and loss events impacting multiple cedants, such as natural-catastrophes, or both. 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 traditional reinsurance protections address natural perils, casualty clash and specialty accumulations. Outwards counterparties remain high-quality and are individually approved by our Counterparty Security Committee. A decision on how much risk to transfer is considered and approved by members of the Executive Committee, guided by risk appetite and tolerances set by the Board. The decision will be made by careful consideration of a range of dynamic parameters including portfolio composition, market conditions and expectations, and Board approved risk tolerances. In 2023, the favourable conditions in the ILS space resulted in Conduit Re successfully sponsoring a catastrophe bond structure, Stabilitas Re. The resulting attractively priced three-year collateralised reinsurance cover complements our existing outwards reinsurance protection and provides protection for both US named storms and US earthquake.

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

The CHL Board prescribes risk preferences that guide the CRL Board and committees as they establish risk appetite and tolerance statements. There are risk preferences statements in place for the following areas: overall-capital adequacy, premium, exposure and aggregations, reserve risk, investments, market and liquidity risk, reinsurance credit risk, systems and operations risk, reputation risk, legal, litigation and regulator risk, and emerging risk.

Each of these risk preference statements have corresponding Risk Appetite Statements. Both the overall risk preference statements and risk appetites are set by the CHL and CRL Boards, on advice of the Risk, Capital and Compliance Committee of Conduit Re. The Risk Appetite Statements are reviewed at least annually, with consideration of the financial and operational capacity of Conduit, risk capacity, strategy, values and emerging risk. The use of financial capacity in this context relates to calculated or modelled capital requirements, based on residual unmitigated risk exposures. Current capital requirements are determined by reference to rating agency and regulatory capital requirements.

Each of the risk appetites have corresponding risk tolerances, which are approved by the Risk, Capital and Compliance Committee. The risk tolerances are detailed and typically have quantitative metrics. Examples of tolerances in place relating to ESG include:

- PML related exposure limits
- Diversity related criteria
- Charitable giving criteria
- MSCI investment portfolio ESG rating
- Net emissions annually
- Frequency of emerging risk assessment process

Specifically for climate- and nature-related risks, the agreed tolerances for catastrophe events are the amount of modelled catastrophe exposure management can write without needing to revert to the Board. Conduit has set tolerances around various scenarios. Of these, at the commonly reported 100-year and 250-year return periods, Conduit's most significant exposures to any single peril and region combination are typically to Florida windstorm and California earthquake. They are set as a percentage of tangible capital. The tolerances, target 10.5% and 14.5% of opening tangible capital at the 1 in 100 and 1 in 250 return periods respectively. As with all such models, there is a risk that modelled expectations may not reflect actual outcomes and the scope of the models are such that not all exposures are captured.

A significant aspect of our strategy is proactive cycle management which we believe will drive superior returns over time. In our view, being able to adapt readily to a changing landscape is what a successful reinsurance business should do. Our risk appetite is designed to protect and improve our position in response to these market conditions. This is achieved through both pre-emptive actions, and, when required, defensive actions.

Reporting against risk appetite and tolerance statements is provided at each quarterly meeting of the Risk, Capital and Compliance Committee by the CRSO. This reporting tracks status over time, such that trends are visible to committee members. As stated in the risk policy, in the event of a breach: "the Chief Risk Officer is expected to determine whether the steps taken are adequate to quickly remedy the breach and if not should immediately alert the chair of the Risk, Capital and Compliance Committee to agree any further immediate notification to the Board." Certain tolerances now have an explicit acceptable buffer, specified by the Risk, Capital and Compliance Committee within which notification can be deferred until the next scheduled meeting. In the event that a breach is such that risk appetite, rather than simply a tolerance measure, is breached, and the situation is ongoing, notification of the full Board would be required. If a breach is reported, the Board or its Risk, Capital and Compliance Committee may direct any additional oversight during remediation activities. To ensure transparency and accountability of the business for all independent Non-Executive Directors, four Independent Non-Executive Directors from the CHL Board have been appointed to the Board of CRL. Furthermore, the CHL Board is invited to attend CRL board level meetings and see all minutes and records of such operating entity board and committee meetings.

The annual business planning cycle considers risk appetite and wider strategic considerations and forms the basis of how the business plans to operate over a one- and five-year time horizon. Capital planning is a critical part of business planning, notably around capacity to be deployed and the level of retrocessional protections. Stress and scenario testing also features heavily.

Further, as discussed in section 1.3, the risk team manage our universe of risks and controls, which includes a dashboard displaying internal and external risk indicators and drivers. The tool aids the team to provide a robust and efficient process to identify and manage risks.

The key risk model used by Conduit Re to facilitate the monitoring of climate- and nature-related exposure is our catastrophe modelling system, AIR (version 10). This is supported by our cloud-based platform which combines underwriting, exposure management and modelling under a single holistic platform, providing Conduit Re with a single source of truth across multiple views of risk. As mentioned, this model has data for over 6 billion properties. This modelling software calculates the PMLs which are tracked and reported over time to measure and monitor climate and nature exposure.

Sub-Principle 1.10: Describe how scenario analysis has been used to inform the identification, assessment and management of climate- and nature-related risks.

Scenario analysis to improve understanding and management of climate- and nature-related risks and opportunities

We use scenario analysis to understand our exposure to climate- and nature-related risks and opportunities and to support the underwriting pricing process.

For our property and specialty portfolios, scenario analysis from our catastrophe modelling system helps provide an understanding of our exposure to physical risks, including windstorms and hurricanes, by providing us with modelled average annual losses and probable maximum losses. This helps us understand what the financial impact to Conduit Re would be should a climate- or nature-relatedclimate- or nature-related disaster strike an area that we provide protection to.

For our casualty portfolio, scenario analysis provides an understanding of our exposure to transition risk. The methodology for assessing the casualty realistic disaster scenarios involves assessing the coverages exposed to the chosen event and aggregating the contracts with the specific coverage. Our current approach is manual and does not consider probability factors. We are seeking to develop our casualty modelling methodology alongside our data enrichment project discussed in 1.8. Scenarios modelled include the following which relate to climate and nature transitional risks:

- Harmful product
- Collapse of a European bank
- Mis-selling of a financial product
- Collapse of a major corporation

The scenarios for both physical and transitional include Lloyd’s Realistic Disaster Scenarios as well as other scenarios included in our catastrophe modelling software.

Exposure analysis of this type is carried out at the end of each quarter and reported to the Board Underwriting Committee.

Scenario analysis informs the overall risk management framework

We have Board approved tolerances and Risk Appetite Statements for such weather events which are compared to the outputs of the above scenario analysis and reported to the Board for monitoring. These models provide us with an understanding of the risks being taken by the Company and inform our strategy to ensure our absorption of risk is within Board approved appetite.

The model outputs allow management to better understand the exposure of the Company to climate- and nature-related perils, and the relative magnitudes of different perils. These insights help the Company to better understand exposure by location, industry, peril and underlying insured.

These insights allow for informed business decisions to be made, including whether strategies to meet the Business Plan should be changed, for example whether to accept a new portfolio, to adjust pricing of said portfolio or purchase additional retrocession cover. The scenarios are calculated on a net and gross basis to help management understand the Company's resilience to climate- and nature-related events and respond to the findings of these appropriately.

Refer also to:

- Section 1.6 where we describe the resilience of our strategy and relevant climate stress and scenario testing
- Section 4.1 where we describe our approach to measure the impact on our business of material climate- and nature-related risks and opportunities, including results of our resilience analysis.

Limitations and constraints of scenario analysis

There is much debate as to the accuracy and limitation of catastrophe models and they are limited by the inherent uncertainty of catastrophe losses. The models are typically based on existing and prior weather data patterns however, patterns are changing and developing impacting the accuracy of the models. Environmental systems are complex with numerous interactions and non-linear relationships which create inherent uncertainties. Climate-related events are also not uniform or consistent in their occurrence, intensity, duration, or impact. In addition to environmental uncertainty within the models there is geopolitical, societal, economic, and technological uncertainty; as well as the interaction and influences that these factors can have on each other. Further catastrophe models are bound to the vintage of data available at the time of development; thus, land use changes that occur after the model will not be captured. The models in our catastrophe modelling software are updated following new model releases from our vendor who typically make frequent changes compared to other vendors to ensure we have the most up to date models, reflecting the most recent knowledge, at use.

Stochastic catastrophe models are built to mirror uncertain outcomes by expert scientists and engineers based on latest knowledge. There are factors, however, which are often not considered in models, such as inflationary pressure. The short-tail nature of our business, however, means the impact of this is restricted.

We recognise that models are built to be indicative rather than predictive; therefore, by their nature they cannot predict the losses Conduit Re would experience in a specific event; instead, they can help us understand the potential impact from types of events to help us manage our exposure within our Board approved risk appetite and ultimately inform our underwriting and risk management decisions and overall strategy.

Principle 2: Engaging Stakeholders

Operations

Sub-Principle 2.1: Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.

Response to sustainability, nature and climate-related risks and opportunities from our own operations in strategy and decision-making

As a relatively young company, our challenge is to minimise our negative environmental impacts as we grow. As our business grows, our emissions will inevitably increase. 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. Our emissions is one of the key environmental metrics we measure, we track and look to improve, alongside: reinsurance revenue in relation to what we classify as being 'green revenue'[2]; proportion of business ceded to us by cedants who are signatories to the UN Principles for Sustainable Insurance; gross carbon emissions per employee (market based); net carbon emissions; number of environmental organisations supported (financially and/or through volunteering). Our primary target is to offset our Scope 1, 2 and select Scope 3 emissions 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.

As a reinsurance company, our primary measurable impact on the environment, climate and nature, is from our carbon emissions. Our largest source of emissions relates to business travel. As we do not own any material physical assets, including buildings, we are not exposed to any nature- or climate-related risks and opportunities that may bring, and are not aware of any negative impacts stemming from the construction of the building we lease. 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 timers for air conditioning and lights. Our Climate Working Group carefully monitor the office temperature to optimise energy usage, ensuring we minimise unnecessary electricity consumption for heating and cooling. 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. 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, 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 deemed as not a material impact.

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 has continued since. 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

[2] We have classified this as business primarily focused on protection from natural perils and business protecting renewables, using our cat pricing loss ratios as one of the inputs. Our definition may change over time.

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 this scheme, Conduit has lowered those barriers for our employees, while supporting the reduction of heavy oil use (as used by the local energy provider to generate electricity) 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 employees take advantage of the opportunity in future. In early 2024 we increased the size of our office with the addition of meeting rooms on a second 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 will exceed our Scope 2 emissions.

GHG emission reduction

Conduit Re set out to be carbon neutral[3] in our operations from day one and the ambition was part of management's IPO strategy. Meeting this target involves minimising the carbon emissions we cause and offsetting those that we cannot using high quality offsets. The decision to be a carbon neutral company was made when Conduit Re had a small number of internal stakeholders and all executives at that time were consulted on the approach to meet this commitment.

We have established a process for measuring our Scope 1, 2 and 3 emissions which will be further developed and refined. Metrics we measure include gross carbon emissions per employee and net carbon emissions.

During 2022 we estimated our carbon emissions for the first five years of operation and carefully selected offsets to exceed this. We believe that carefully selected high quality carbon offsets, with direct investment into new, additional environmentally positive projects, are an important tool in the path to net zero, which also serve to achieve social benefits and reduce inequalities. Our emissions were based on the electricity supplied to our offices, business travel (transport and accommodation) and staff commuting. In early 2022 we purchased and retired some 3,600 metric tonnes of carbon offsets to match our emissions for these categories for the first five years of operation (2021 – 2025). The Board monitors our emissions and use of carbon offsets to ensure this goal continues to be met through reports provided by the CRSO. No changes in our business model are anticipated to meet this goal.

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. Once PCAF's 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.

We 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, as well as The United Nations Global Compact and Sustainable Development Goals, to offset our current estimated emissions from 2021 to 2025. 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.

[3] We define carbon neutral as offsetting emissions relating to Scope 1, 2 and select Scope 3 (business travel, hotels and staff commuting) emissions

Details on each project which makes up the 3,600 tonnes of carbon offsets purchased by the Company are noted below:

Reforestation of degraded forest reserves in the Ashanti Region, Ghana
Location: Ghana

Type: Reforestation (reduction, sequestration)

Standards: Verified Carbon Standard; Forest Stewardship Council

Total size of project: over 360,000 tonnes of CO_2e expected to be removed during its 40-year lifetime

Verified emissions retired by Conduit: 5,000 metric tonnes

Why we supported this project:

- Project aim: establish large, sustainable, commercial plantation with teak and indigenous species, restoring natural forest in riparian buffer zones and eliminating illegal logging
- Sustainable farming: 500 farmers are supported through intercropping, allowing them to plant food crops between planted trees
- Biodiversity: 15 native species will be planted including endangered species; improved soil and water quality
- Land protected: 15,000 ha total planned project size, with 1,000 ha planted each year

SDGs:

Luangwa Community Forest Project, Zambia
Location: Zambia

Type: Forest carbon (REDD+), reduction (sequestration)

Standards: Verified Carbon Standard; Climate, Community & Biodiversity Standards, CCB Triple Gold validated

Total size of project: over 1 million tonnes of carbon credits issued to date

Verified emissions retired by Conduit: 1,700 metric tonnes

Why we supported this project:

- Project aim: Address the key drivers of deforestation through a community forest protection project
- Increased income: 171% increase in average annual household income to date
- Education: 6,600 farmers trained in Conservation Farming Techniques
  Land protected: Protects over 1.1 million hectares of forest landscape and 514,303,420 trees
- Over US$5,000,000 in conservation and carbon free payments to communities to date;
- Over 2,000 income creation opportunities for community investment and projects to date;
- 2,751 beehives hung for sustainable honey production, creating jobs for 488 honey producers;
- Over US$500,000 invested in livelihood projects to date;
- Over 200,000 people are positively impacted by the project

SDGS:

Clean cooking programme
Location: Nigeria

Type: Energy efficiency (avoidance)

Standards: Gold Standard for the Global Goals

Total size of project: over 12-15 million tonnes of CO_2e expected to be removed during its 5-year lifetime across 11 countries

Verified emissions retired by Conduit: 900 metric tonnes

Why we supported this project:

- Project aim: enable rural families to cook using cleaner, more efficient cookstoves, leading to avoided forest degradation, lower emissions and better community health.
- Household savings: almost US$4,000,000 in household savings to date; families recover the initial outlay within 2-3 months with savings of up to US$300 on fuel per year thereafter
- Employment: over 400 people are employed in sales, manufacturing and distribution, 60% of whom are women
- Improved heath: 0.56 Standard Deviation Improvement in self-reported health
- Biodiversity: Over 5 million tonnes of wood saved to date

SDGs:

Longuan Wind Energy

Location: South Africa

Type: Wind power (avoidance)

Standards: Verified Carbon Standard

Total size of project: over 430,000 tonnes of carbon credits are generated on average each year

Verified emissions retired by Conduit: 500 metric tonnes

Why we supported this project:

- Project aim: Transition away from South Africa's coal-fired power plants to greener technology. The wind farm consists of 96 wind turbines and the associated infrastructure. It supplies the Republic of South Africa's national grid.
- Clean energy: The installed capacity of the wind farm is 144MW.

SDGs:

Progress made against plans

In 2022 we selected metrics to measure and monitor our impact on climate and nature to be disclosed in our annual ESG report. Operationally, as discussed in more detail in our 2024 ESG Report, key metrics we have committed to monitoring, and seek to improve year over year, are:

Metric	2024	2023	% change
Reinsurance revenue in relation to what we classify as being 'green revenue'[4]	$294.8m	$204.6m	44%
Proportion of business ceded to us by cedants signatory to the UN Principles for Sustainable Insurance (PSI)	36%	31%	5pp
Gross Scope 1, 2 (market based) and select Scope 3 emissions per employee	9.5 tCO_2e[5]	6.9 tCO_2e	35%
Net carbon emissions[6]	Zero	Zero	0
Number of environmental organisations supported (financially and/or through volunteering)[7]	4	4	0

"Green revenue" increased in 2024 by 44% from 2023. This was driven by the increase in our overall reinsurance revenue in 2024 from 2023 of 29%, with the greatest increase in our catastrophe and renewables portfolios. This shows the positive progress we have made in supporting communities with protection from climate induced natural disasters, and in supporting the economy in the green transition.

Proportion of business ceded to us by signatories to the UN Principles for Sustainable Insurance increased 5 percentage points from 2023 to 2024 and total revenue ceded from PSI members increased by 49%. By measuring this, we are committed to working with cedants who seek to better understand, prevent and reduce environmental, social and governance risks, and better manage opportunities to provide quality and reliable risk protection.

Our gross carbon emissions per employee increased 35% from 2023. An increase in emission from business travel was the main driver of this increase. Emissions for air travel were calculated using the International Civil Aviation Authority (ICAO) Emission Calculator, consistent with 2023 data. Emission factors have changed, and flight classes are now divided into first, business, premium, and economy, leading to higher emission factors for long-haul business flights. Our 2023 emissions calculated using these updated factors are (tCO_2e): Business travel emissions: 423.5; Total Emissions (market based): 591.9; Gross emissions

[4] We have classified this as business primarily focused on protection from natural perils and business protecting renewables, using our cat pricing loss ratios as one of the inputs. Our definition may change over time.
[5] Tonnes of carbon dioxide equivalents
[6] Net carbon emissions are calculated by the sum of our Scope 1, 2 and select Scope 3 (business travel, hotels and staff commuting) emissions offset by a reciprocal number of carbon credits.

[7] All four charities were supported by the Gala of Giving and were further supported through 'business as usual' charitable donations made by the Conduit Foundation.

per employee: 10.3. Using the comparative base, emissions per employee on a market basis fell by 8%.

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, we 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. We have been successful in achieving a year-on-year reduction when comparing on a like for like basis considering the revised ICAO emission factors. Our emissions have not fallen 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.

We continue to meet our net carbon emissions goal to offset 100% of our operational emissions. We shall continue to monitor this and when required purchase additional high-quality carbon credits.

There has been no change in the number of environmental organisations we support, with 4 supported in both 2024 and 2023.

We also measure the number of staff who have taken out a green loan with the Company. In 2023, when the scheme was introduced, this was 10% of the Company. Both our headcount and number of employees who were enrolled in the programme increased in 2024 thus the level of engagement is unchanged. We continue to encourage staff to use our interest free loans to support the installation of solar panels and purchase of electric vehicles thus we hope this number will increase in 2025.

Consideration of trade-offs and dependencies between climate and sustainability decisions and costs incurred

To date, we have not experienced any significant increase in costs in our mission to be a more sustainable company. By selecting an office which needed minimal refurbishments, we have avoided costs and also any potential increased negative impact on our local environment. We are a member of a number of environmental organisations to whom we pay a membership fee; however, these are incidental, and considered necessary costs for their output. The price at which we secured our carbon offsets was within our budget.

With regards to our underwriting and investment operations, we choose to invest in systems and processes which will have an impact on either our business and management decisions or serve to be of interest for our policyholders or investors in Conduit Holdings Limited. Companies are increasingly measuring their Scope 3 emissions related to investments: this data is provided by outsourced companies for a relatively large fee. Our investment mandate, as previously detailed, considers environmental and other ESG factors. We performed analysis on investments with the greatest negative impact which are factored into restrictions in our investment guidelines; however, the emissions from the portfolio are currently not directly factored into decisions made. We have therefore made the decision for 2024 not to invest in calculating our Scope 3 investment emissions as it was felt the cost of this would not result in a material change in decisions made and therefore would not deliver benefits expected from such a cost.

For completeness, there is currently no agreed methodology to calculate Scope 3 emissions from treaty reinsurance and as such we do not have any trade-offs or costs incurred to measure this; and accordingly, are unable to consider the carbon emissions of proposed business. Our priority remains writing profitable business and supporting the transition to a green economy and climate resilience. We currently do not experience any significant costs to do so, as this principle is embedded in our overall underwriting process.

In addition to this, Conduit Re's organisational design is compatible with being a low-carbon company. Our reinsurance operations are based in a single location, limiting our need for business travel. Further, we made environmentally conscious choices regarding the office building we selected, policies we have and equipment we use to keep our footprint contained.

Policies adopted to manage material sustainability, nature, and climate impacts, risks, dependencies and opportunities

As per our materiality matrix, as previously discussed, topics which are considered to have a material impact on the business, and high importance for our stakeholders, include: climate change/ transition risk, natural disasters/ physical risk, cyber security, and human capital. With regards to managing the impact from climate change/ transition risk and natural disaster/ physical risk, we have policies in our underwriting and investment processes to manage this. For underwriting, this includes measuring our exposures to associated climate induced events to ensure they stay within the board approved risk appetite, as well as referral to the CUO for reinsurance treaties which may include 'new energy' as detailed earlier in this report. Details on our exposure to, and policies in place to manage cyber risk and opportunity, are discussed in our 2024 ESG Report. Details on how we support human capital are included in our 2024 Annual Report and Accounts and our 2024 ESG Report.

Our work on carbon emissions tells us that our most carbon-intensive and measurable activities relates to business travel and operational electricity consumption. Unfortunately, there is only one energy supplier in Bermuda, which burns heavy fuel oil supplemented with a small amount of renewable energy. We have engaged in discussions both directly, and via the ABIR Climate and Sustainability Committee, with this electricity supplier who has recently started a transition path. We seek opportunities to reduce our own associated footprint and have the following in place: air-conditioning on a timer, and from 2024 this includes lighting, such that they are only turned on when staff are expected to be in the office; we have energy efficient appliances including electricals and lightbulbs.

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 utilise solar, and in 2023 we introduced interest free loans for our staff to purchase residential solar panels and batteries as well as electric vehicles. 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.

In early 2024 we increased 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 will exceed our Scope 2 emissions. Our office building does, furthermore, benefit from rain-harvesting as the water supply, for which the emissions do not extend beyond the limited electricity used to facilitate this.

Sub-Principle 2.2: Engage our employees on our commitment to address climate change and nature, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate- and nature-informed choices outside work.

Our approach to making employees part of the solution

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 since its launch which has encouraged staff engagement on climate matters.

Our engagement actions for 2024 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 corporate membership to the Bermuda Underwater Exploration Institute ("BUEI") available to staff. 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 climate and nature changes.

Conduit Re conducted its annual employee engagement survey in June 2024. The survey included a number of ESG focused questions which had good engagement and positive responses to Conduit's relevant initiatives.

Following the success of last year's competition, 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. Participation was incentivised through weekly prizes for those with the greatest number of sustainable swaps. This is also an example of an activity which was suggested by staff through our Climate Working Group and taken on board and implemented. We encourage individuals to share their ideas on employee engagement activities and what they would like to see from the Company from a sustainability perspective; these ideas are discussed at the Climate Working Group who meet quarterly. We intend to hold a similar competition to incentivise Plastic Free July in 2025.

In April, as part of our support for Earth Day, we participated in the Keep Bermuda Beautiful ("KBB") GREAT BIG Bermuda Clean-Up clean up at Admiralty House, Bermuda. A large proportion of staff participated and overall, KBB reported the island wide initiative, which had 1,300 volunteers, removed just under 30,000 pounds of litter and illegally dumped bulk waste.

Conduit also has a team volunteer initiative where staff members participate in community service by offering their time and skills to support a local charity. In 2024, employees gave back to Waterstart, one of the Conduit Foundation supported charities, by participating in a clean-up at their Burt Island, home to Waterstart's living classroom. After suffering extensive damage from storms, to ensure it can continue to welcome students safely, Waterstart constructed a new roof and completed extensive refurbishments to its one building. Volunteers spent the day painting and landscaping at the charity's base, contributing to enhancing the space and creating a positive environment for both the organisation and its beneficiaries.

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. In 2024, our staff donated more than 840 hours (2023: over 950 hours) of their time to charitable causes. Every Friday, since 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. In addition to this, 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 alongside volunteering opportunities Conduit participates in, such as Relay for Life and the Bermuda Youth Climate Summit.

As part of our employee engagement and educational program, we invited one of the charities supported by the Conduit Foundation, Transitional Community Services, to our offices in 2024 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. In 2023 we looked for a more formal way to upskill our staff in regard 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 in 2024 was made accessible to all staff, inclusive of those with climate and nature responsibilities and executives. The course, provided by Better Insurance Network, is CPD certified and provides insurance professionals with a strong foundation in sustainability, helping them understand its implications for our business, clients, and everyday responsibilities. It is also provided online making it accessible for all our Bermuda based staff. The training has a learning pathway which is tailored to individuals' area of work, to ensure that the training they receive is appropriate and the knowledge can be applied in their business decisions. Our goal is for every Conduit employee to integrate sustainability into their roles and act responsibly. To achieve this, we believe it's essential for each employee to have a clear understanding of what sustainability means for the Company and the actions they can take to contribute to our collective responsibility. We are confident that this training equips our team with the knowledge and tools necessary to drive meaningful, sustainable change.

Those with direct climate and nature responsibilities also attend relevant online and in-person conferences and webinars to ensure they are staying abreast of the latest sustainability requirements, expectations and best practices.

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 section one of this report. For more details on our Remuneration Policy, please refer to our Annual Report and Accounts, available on our website.

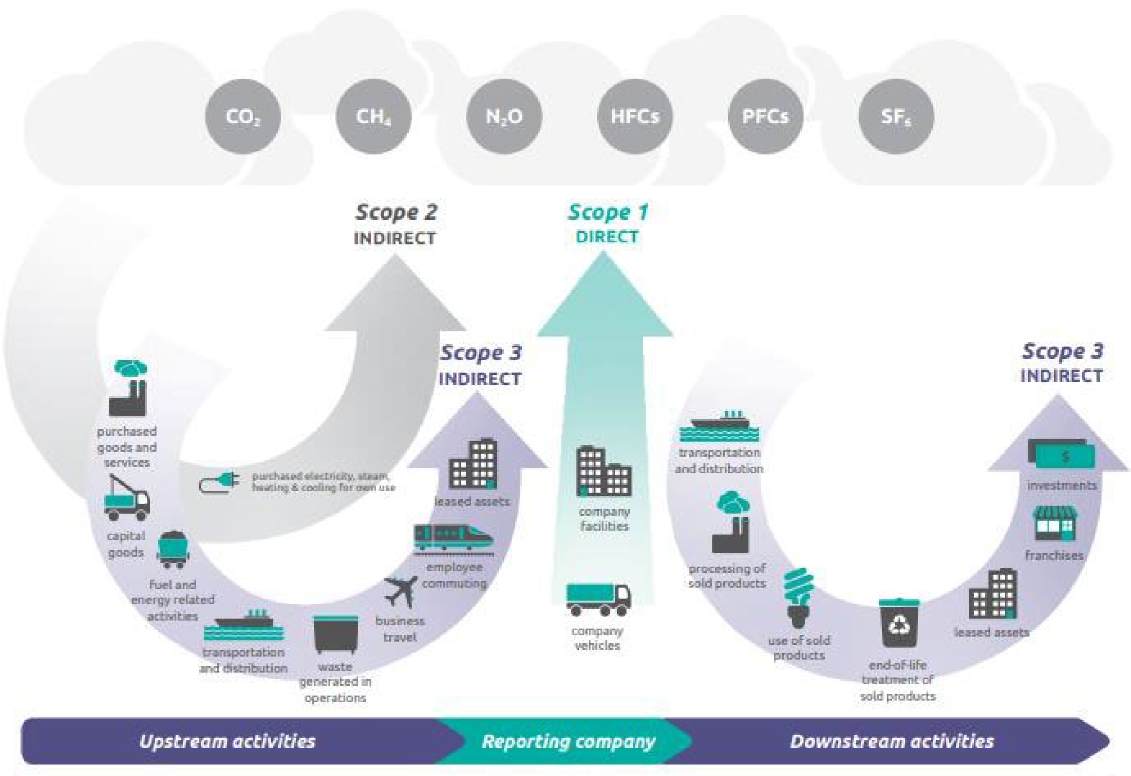
Value chain

Sub-Principle 2.3: Understand and disclose the sources of emissions and adverse climate- and nature-related impacts on our upstream and downstream value chain that might in turn impact our business

Methodology to calculate emissions

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.

We also utilise the Partnership for Carbon Accounting Financials ('PCAF').



The organisational boundary includes Conduit Holdings Limited and all of its subsidiaries. All subsidiaries are 100% controlled in terms of voting rights.

During the period to 31 December 2024, Conduit 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 and Bermuda office, we refer to the location-based and market-based methods of the Greenhouse Gas Guidance on Scope 2 Accounting. Electricity use is the only source of our Scope 2 emissions. In September 2024, Conduit ended its lease of its London office, prior to this the electricity usage for our London activities related to the activities of two people.

For Conduit Re's Scope 3 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. Note for 2024 no records of long-distance train journeys were shared by our travel agents for inclusion.

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:

Emissions for air travel were calculated using the ICOA Emission Calculator, consistent with 2023 data. Emission factors have changed, and flight classes are now divided into first, business, premium, and economy, leading to higher emission factors for long-haul business flights. Our 2023 emissions calculated using these updated factors are: Business travel emissions: 423.5t; Total Emissions (market based): 591.9t; Gross emissions per employee: 10.3t. Note our 2024 emissions are detailed on page 71.
https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx

Emission factors for rail travel was taken from information provided by the UK Office for Rail and Road (31.3g (2023: 33g) per passenger km)
https://dataportal.orr.gov.uk/statistics/infrastructure-and-emissions/rail-emissions/table-6100-estimates-of-normalised-passenger-carbon-dioxide-equivalent-co2e-emissions/

Emission factors for petrol cars and bikes were taken from the UK Government's 2024 Government's Greenhouse Gas Conversion Factors for Company Reporting; this is the same source as 2023 however we observed a shift from employees commuting by moped to car, increasing emissions.
https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024

Emission factors for electric bikes and cars were calculated using the electricity usage per mile as per the manufacturer's specifications and the local/ market-based electricity emissions factors, as applicable.

Emission factors for hotels were taken from the Cornell Hotel Sustainability Benchmarking Index 2024, which is the updated source from 2023. 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

Emission factors for electricity location-based method for our London office is sourced from the Grid Electricity Emissions Factors published by the UK government (204.93kg/kWh; 2023: 0.208.71kg/kWh)
https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024

The market method for our London office uses emission information provided by our electricity provider (254g/kWh; 2023: 159g/kWh)
https://www.edfenergy.com/fuel-mix

Emission factors 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 2023
https://unfccc.int/documents/461676

Emission factors for the market-based method for our Bermuda office uses an emission factor provided to us directly by our electricity provider (666.3g/kWh; 2023: 716.8g/kWh)

Emission factors 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. To complete this exercise, we identified suppliers in the top 50% of our spend. For 2024, this was 21 suppliers who each had a spend greater than $400,000 and made up 52% of our total spend. Of these suppliers, 13 disclosed their carbon emissions, of which six were brokers and seven were other vendors. We calculated our share of their emissions using our 2024 spend as a percentage of their total 2023 revenue, multiplied by their Scope 1 and Scope 2 (market based) carbon emissions for 2023. This provided us with our carbon emissions for 13 suppliers which made up 44% of our total spend. Each of these suppliers have net zero targets. 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 did not form part of our sample, will disclose their emissions. To calculate estimated emissions generated by these companies in our supply chain, we calculated the average tCO_2e per dollar spent on our researched suppliers from the information generated above. We multiplied this average tCO_2e by the remaining 56% 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. Previously, many suppliers disclosed only their total emissions, and did not breakdown their Scope 1, 2 and 3 emissions. Now their reports are more advanced, suppliers are providing this breakdown. We have therefore updated our methodology for 2024, and restated the comparative for 2023, to include only emissions related to Scope 1 and 2 from suppliers, in line with PCAF's guidance. Where this is not provided, we continue to use total emissions.

In figure 5 below, we have shown the actual emissions for 2021 - 2024 on a per employee basis using the average number of employees in the year. The chart also shows forecast emissions per employee for 2025 to 2026. The figures used are calculated using the location-based approach. The increase in Scope 2 emissions in 2024 reflects electricity consumption increases associated with additional office space being taken. The actual 2023 emissions calculated with the new ICAO figures have been included in the graph to demonstrate the impact on our 2024 scope 3 emissions.

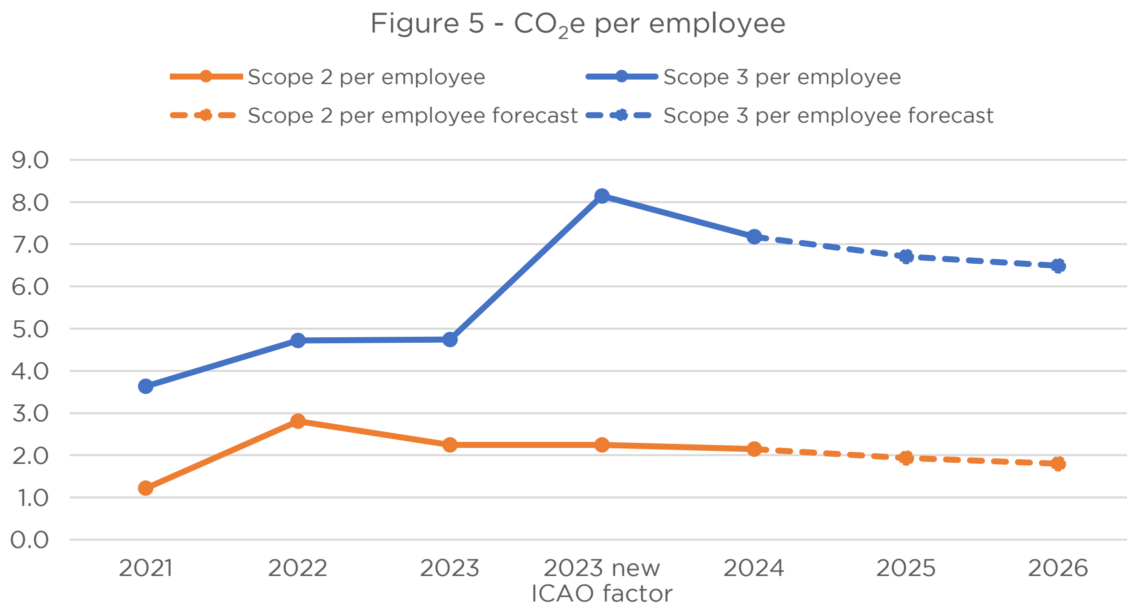


Figure 5 - CO_2e per employee
Scope 2 per employee
Scope 3 per employee
Scope 2 per employee forecast
Scope 3 per employee forecast
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
2021
2022
2023
2023 new ICAO factor
2024
2025
2026

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 into 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.

We support local flexible working arrangements with each staff member provided a full work from home setup upon joining. Practically, we find our staff thrive from being predominantly office-based, leveraging remote working typically in response to either times when quiet focus is needed or in response to personal circumstances. As the volume of time our staff have spent working from home is immaterial, this has not been factored into our calculations. We do however assume that all staff have used their annual leave allowance in our staff commuting calculations.

How we identify and assess climate- and nature-related impacts, risk and opportunities throughout the value chain and their potential/expected impacts

We identify climate- and nature-related impacts, risks and opportunities in our value chain by ensuring we have a solid understanding of our suppliers and our clients.

For our suppliers, our outsourcing due diligence process incorporates questions on vendors' ESG practices. Our internal process to onboard any new vendor considers their ESG credentials to identify and assess climate (and wider ESG) related risks and opportunities. We have a policy of asking prospective 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.

For our suppliers, their greatest risk and opportunity will be to meet the demands of a green economy and increasingly eco-conscious customers. This will include making sustainable swaps in their packaging of goods to clients; and for technological solutions, having green energy supporting their servers. Businesses which fail to transition risk losing customers and staying relevant in their industry.

With regards to physical risk, our exposure is concentrated in climate related events occurring in North America, including Bermuda. This is built up from exposure in our underwriting portfolio, by providing coverage to cedants should they be impacted by a natural disaster, and the physical risk the Company faces being based on an island vulnerable to hurricanes, and the impact this might have on business interruption.

Our underwriting process considers all risks within portfolios put forward to the Company, including climate and nature risks. As our clients are insurance and reinsurance companies, they are faced with similar physical and transition risks that Conduit Re is, as described in section 1.5. As the market transitions to a low-carbon economy, (re)insurance companies are facing pressure to transition their portfolios away from financing environmentally damaging activities. As this change potentially materialises, the businesses we reinsure will also transition away from environmentally damaging activities, reducing the footprint of our own portfolio. Conversely, should the impact of climate change continue to materialise with increased frequency and intensity of natural disasters, as is expected in a 1.5°C climate, our clients will experience an increase in climate related liabilities and thus clients' underwriting losses will increase. They risk not pricing their opportunities appropriately to mitigate the effect this has on their business. By providing retrocession cover to these clients, there is a risk that we assume large climate related losses; the impact of this however is mitigated by controls we have in place to write a diversified well priced portfolio.

For brokers, the range of products they can sell may increase to help meet the demand and supply of finance solutions in the low-carbon economy. The range of products they are selling has already expanded, for example, to facilitate the purchase of parametric insurance. This may present us with a greater range of business areas to enter, further diversifying our business should these risk areas align to our risk appetite.

For our own operations, 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 business continuity plan specifically considers the impact a hurricane, and/ or infrastructure failure (such as island wide electric failure as a result of a climate disaster), would have on the business, steps taken to mitigate the effects of such events and how we would respond to such an event, maintaining delivery of critical services during the incident and return to a business as usual.

Our flexible approach is supported by our wider operational resilience and IT Strategy. This includes: extensive utilisation of cloud services, third party system providers (SaaS & PaaS) who are required to have resilience built into their architecture and Business Continuity and Disaster Recovery plans of their own, a zero-trust architecture and the availability of home office equipment setups for all staff. This architecture makes the continuity of operations easier as remote workers have the same access to resources from remote locations as they do in the office. The Business Continuity Plan (BCP) is tested with a series of tests throughout the year by the COO, supported by the Operations Manager and any major changes or improvements identified as a result of these tests will be reported to the Executive Committee to be discussed and included in the plan if applicable. The plan will be updated where necessary during the review and test process. The plan will be reviewed by the COO, supported by the Operations Manager on an annual basis to take account of any changes to the Company's operation that affect the plan's operation. If staff and company changes are required, changes will be made sooner than the annual review.

How identified climate- and nature-related issues have or could in future affect businesses in their supply chain and/or value chain

(Re)insurance companies are already experiencing the effects of climate- and nature-related losses from their exposure to physical risks. We described in Principle 1 the material climate- and nature-related risks and opportunities that affect our prospects and how we manage these. In the short- and medium-term, given the short-tail nature of our underwriting and investment portfolios, we do not envisage material implications on our business, strategy, or financial planning. In the long-term, there remains significant uncertainty on the impacts of climate change and what this will mean for insurance markets and investment positions. 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. We focus here on our long-term potential impacts and resilience to such effects from climate change, and biodiversity and nature regression.

In terms of the impact of climate and nature change for the underlying insured’s business viability, one of our main ethos is to write a diversified portfolio, across insurance classes of business, industries and geographies. This strategy helps to protect the company from any losses that could be considered a capital event for the company that are concentrated in one area or industry. Insurance companies, working directly with those at the front line of climate and nature change, may find the need to change the products, structures, and conditions that they are offering to clients to best protect their insureds, and to ensure their products remain relevant and the underwriting profitable. In turn, this will impact the role of brokers, and the products that they bring to the reinsurance market, and ultimately the products which we sell to clients. This could have the effect of changing our portfolio structure or mix.

The methods in which (re)insurance products are sold may also change. Researchers are calling for (re)insurance companies to be involved in some harder to insure green products from the beginning of their production, to ensure project plans are developed which are compatible with (re)insurance companies' risk appetites. This may see the relationship deepen between (re)insurance companies and the underlying insured to be more of a collaborative partnership.

Our risk appetite and business model are flexible and adaptable to business needs and the markets in which we operate. In this way, our Board can ensure the Company continues to supply products which are in demand by the market. Ultimately, 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. The demand for protection, risk pooling and risk transfer will continue with climate change, and our underwriters will seek out markets which are aligned to our risk appetite and business needs. This will also ensure that the Company will have an appropriate retrocession programme in place, as the demand and supply is carried right through the value chain. In this way therefore, our business model is extremely resilient to impact of climate change in our own operations, our value chain, strategy and business model.

Arguably, the transition and systemic risks changes are also already being experienced by the (re)insurance market and the associated value chain. Over the long-term, regulatory and market expectations and requirements will continue to both broaden and deepen, exposing underlying companies in the value chain to a range of liabilities, such as business interruption and directors' and officers' protection. We are exposed to this risk both as a company operating with such expectations and requirements, and as a reinsurer assuming these risks from the underlying parties. As mentioned, casualty exposure is more challenging to measure and contain and typically is longer in duration than property risks. Over the next few years, the results of court cases and insurance claims may help the (re)insurance market to make more informed decisions, ultimately with more appropriately priced and designed products. This output will aid the resilience of our business model and strategy, as our underwriters continue to use all relevant information to build their portfolios. By incorporating these learnings, they can support the Company's portfolio to be stronger and more resilient.

Each year, the business conducts a five-year business plan. Therefore, while we consider long-term to be 10 years, the potential impacts from these will be considered formally by the business in our strategic and financial planning well in advance of when we currently expect to face more significant market shifts as a result of climate change. By which point, we should have greater insight on the potential risks and opportunities from any related market shifts and steps we as a business can take to lean into these changes with maximum return for our business and people. The business planning is stress tested and involves scenario analysis, as detailed in subprinciple 1.6.

Sub-Principle 2.4: Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business.

Approach to governance on climate- and nature-related interactions with other entities

We consider our key stakeholders in our value chain to be suppliers of general goods and services who provide IT and other services to Conduit Re, brokers who facilitate the purchase and sale of reinsurance, and providers of retrocessional capacity from whom we purchase reinsurance.

Our material suppliers are typically providers of software, professional services and technology solutions. Given this range, we tailor our ESG advocacy and engagement 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. Further, our travel policy ensures short-haul flights are booked by our travel supplier as economy tickets and Conduit Re neither owns, nor leases, any private planes. Our outsourcing due diligence process incorporates questions on vendors' ESG practices.

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 have wider considerations.

While difficult to evidence, the work of our Executive Chairman in influencing others is an important aspect of our response. The Board has 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. He also engages with stakeholders through writing articles encouraging transition towards renewables and a universal approach to carbon scoring as well as on the effects of climate change on reinsurers and the market in which they operate.

Our approach to advocacy and lobbying is through our membership organisations: it is primarily through these memberships that we engage with regulators and public bodies. At Conduit Re, we believe that collaboration is important to progress. Our 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. We detail the role of each member organisation that has a notable ESG element to their work and our reason for being involved in Appendix 1 of our 2023 ESG Report. These are summarised below:

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. The RAA is a national trade association established to influence and guide federal and state lawmakers, and international bodies, as they formulate and consider legislation that regulates the business environment in which the property and casualty reinsurance industry operates.

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.

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 Climate and Sustainability Committee. 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, such as sponsorship of the Bermuda Climate Summit discussed below.

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.

As part of our formalised governance, we have implemented Board approved policies to exclude business activities across the value chain. While ESG considerations have been a factor in our underwriting and investment guidelines since inception, in 2022 we made them more precise and explicit. To the extent that there are any existing reinsurance policies or investments that do not comply with our guidelines, these will not be renewed, or reinvested in, on natural expiry. Our investment portfolio is selected with the application of the below ESG factors and all investment managers are signatories to The United Nations Principles of Responsible Investments (“PRI”).

Underwriting guidelines (extract)

As a treaty reinsurer we do not underwrite individual insurance policies, including those relating to the extraction (and associated transportation and 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 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.

Similarly, we do not write insurance policies associated with certain industries and countries and do not actively seek such exposure from a reinsurance perspective. We maintain an internal list of such activities and countries. Currently the list includes industries such as tobacco, controversial weapons, and for-profit-prisons. The list of countries typically includes those that are either heavily sanctioned, have questionable human rights records or we consider represent an unacceptable risk for other reasons.

Investment guidelines (description)

Similar restrictions apply for our investment portfolio as for underwriting. What differs is that our investment management is outsourced to various asset managers, with the guidelines applying to each. This, together with data availability, means the form of guideline is more quantitative.

- Tobacco
  - Restrict issuers that derive greater than 5% of their revenues from the manufacture of tobacco products.
  - Restrict issuers that derive greater than 25% of their revenues from tobacco related activities.

- Gambling

- Restrict issuers that derive greater than 10% of their revenues from gambling-related business activities.

- Weapons
  - Restrict issuers with any tie to controversial weapons (including nuclear missiles) >0% of revenue.

- Civilian firearms
  - Restrict issuers that derive >0% of their revenue from the production of firearms, or ≧3% of their revenue from the retail of firearms.

- Coal, Arctic drilling, and oil sands
  - Restrict companies that derive ≧ 5% of their revenue from oil sands and/or Arctic drilling.

- Thermal coal generation
  - Restrict issuers that derive ≧30% of their revenue from the production of electricity using thermal coal.
  - Restrict issuers that derive >0% of their revenue from the extraction/mining of thermal coal.

- For-profit prisons
  - Restrict Issuers that derive >0% of their revenue from the operation of for-profit prisons.

- Restricted countries
  - Restrict investment in bonds from a selective list of countries consistent with those used mentioned in relation to the underwriting guidelines.

Engagement with stakeholders in the value chain
Of our vendors, one of our suppliers is our caterers; from which packaging can be environmentally damaging. We ensure all catering suppliers avoid the use of single use plastic. Our actions to avoid single use plastics were acknowledged in 2022 when Beyond Plastics (Bermuda) recognised us as a 'Champion'. 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.

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.

For the 4th consecutive year, in 2024 Conduit Re was a sponsor of the Bermuda Youth Climate Summit, which, rather than being a one-off event is the kick off for a one-year 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 sustainable food production initiatives. Both major sponsorships involved direct involvement with the Government both during the main events and subsequently.

In 2024 we sponsored the Bermuda Institute of Ocean Sciences ("BIOS") Ocean Sciences Symposium program. The program explores innovations in marine science to meet the challenges of the future to improve planetary health, economic growth and the lives of people around the world. The symposium brought together stakeholders including leading ocean scientists, community leaders and elected officials, and corporate partners from the financial and risk industries. Through keynote addresses and panel discussions, they focused on key themes such as ASU BIOS Future Opportunities, Ocean Observations and Trends, Autonomous Systems and Robotics, and Ocean Services. The event commemorated the contributions of BIOS over the past 120 years while marking World Ocean Day. BIOS' achievements include the world's longest-running time-series for physical oceanographic data, including temperature, salinity, and dissolved oxygen measurements; along with another long-term time-series study examining biogeochemical cycles in the Sargasso Sea near Bermuda. Their studies have proven invaluable in ocean and atmospheric science by producing data that helps us better understand global climate change and the ocean's responses to variations in the Earth's atmosphere. They have highlighted the importance of biological diversity in understanding biological and chemical cycles, including "active" carbon transport by migratory zooplankton as part of the ocean's Biological Carbon Pump. Their scientists have also focused on carbon exchange between the ocean and atmosphere, seeking an understanding of how the ocean responds to increased levels of atmospheric carbon dioxide. The Bermuda Bio-Optics Project is another example of the role BIOS is playing to support world renowned research: they are supporting NASA's Plankton, Aerosol, Cloud Ocean Ecosystem ('PACE') satellite mission. PACE is designed to use a combination of an ocean colour instrument, which measures the intensity of light over the electromagnetic spectrum, and multi-angle polarimeters, which measure how the oscillation of sunlight is changed by clouds, aerosols and the ocean.

We recognise that (re)insurance can play a pivotal role in addressing climate change, provided it offers the right products to the market and collaborates with clients to drive the necessary transition. We hope that (re)insurance symposium attendees will continue these important discussions within their organisations and networks, and that the event accelerated global progress toward the development of innovative technologies.

We were honoured to support the celebration of BIOS's remarkable achievements and to assist in sharing their groundbreaking knowledge and research with fellow scientists and key stakeholders at the 2024 symposium.

Conduit Re also actively responds to data requests from the climate groups with whom 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.

We note that the ClimateWise guidance refers to claims processes such as "build back better" schemes. 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.

Objectives and priorities to contribute to economy-wide transitions

Since 2022, we have included in our ESG Report our 'green revenue'. We have classified this as business primarily focused on protection from natural perils and business protecting renewables, using our catastrophe pricing loss ratios as one of the inputs. Our definition may change over time however is currently aligned to the EU Taxonomy's objectives of climate change mitigation and adaptation. Please refer to our Annual Report and Accounts (Notes to the consolidated financial statements) for our discussion on how we measure liability for incurred claims, an input to the pricing loss ratios, including how uncertainty is managed and assumptions are made.

The Conduit Foundation was established to support local causes in Bermuda aligned with our priorities and the UN Sustainable Development Goals ('SDGs'). Conduit has committed to providing funding to the Foundation each year. The SDGs build on decades of work by the UN and are both a call to action and a shared blueprint for peace and prosperity for people and the planet. Through our partnership with the charities detailed above, we are proud to support the UN's SDGs. In our 2024 ESG Report, we have shown which of the UN's SDGs our support is aligned to. During 2024 all except two UN SDGs were supported by the Foundation. These related to clean drinking water, which is less relevant in Bermuda as there is almost universal access to clean drinking water (typically harvested from the roofs of homes) and access to cheap clean energy. The latter SDG is, however, supported through our carbon offset programme. For more details on what the Foundation achieved this year, please refer to our 2024 ESG Report.

Through our products, we seek to reduce the protection gap which typically affects those most exposed to climate change and those in more vulnerable communities. We seek to act responsibly considering the requirements and objectives of all our stakeholders. 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. The ESG rating is typically sourced from MSCI however some managers assigned an ESG rating using a proprietary, systematic process that uses multi-factor sector frameworks that combine quantitative and qualitative data from various third party and internal sources, which includes their proprietary fundamental ESG research.

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

Innovate and Advocate

Sub-Principle 2.5: Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate- and nature-related issues.

Recent research and development activities

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.

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 financially 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 ASU Bermuda Institute of Ocean Sciences. 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 2.4 on our specific sponsorship and collaborative activities address engagement on topics including the sharing of knowledge and engaging with others on the topic of research. Membership of these organisations, and the research they conduct, furthers our knowledge and understanding of potential market changes, including changes in demand, supply and size, and expected changes to net revenue from low- carbon products and services or adaptation solutions. The research they conduct is funded by our membership fees. Further, we strive to ensure as a business we have the latest insights to climate risk through our underwriting and risk management tools to help shape our strategy and business activities. We provide bespoke products to clients, to help them manage climate- and nature-related risks.

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 to help build a body of data used in research and development.

Consideration of objectives and priorities for contributing to economy-wide transition

We use differentiated technology to provide insight and bespoke solutions to support our clients. We have invested in the latest technology to continuously improve the business. We continue to listen to feedback from our staff and act where needed on policies, technology, training or staffing to ensure we continue to create and maintain a great business. Technological needs are discussed between our business and Operations teams to ensure the latest, most appropriate, and robust, technology is used. Throughout 2024 we continuously improved both our use of technology and its interconnectivity across underwriting, pricing and exposure management. The high volume of data we have, thanks to our cedant partnerships, together with our technology to make the best underwriting decisions to deliver on our strategy. In addition to monitoring closely Conduit Re's core underwriting business, Board activities in 2024 were focused on overseeing the transition from the start-up phase (which concentrated on establishing the initial business and processes, hiring staff and building technology) to process improvement, refinement of technology, business growth and enhancing the application of ESG matters. An example of this was changing policy administration system in 2023 ahead of the 202 underwriting year to ensure we are using the most efficient technology.

The most relevant risk model used by Conduit Re to facilitate the monitoring of climate- and nature-related exposure is our catastrophe risk modelling system and associated portfolio aggregation toolset. This is arguably one of the business areas that has the greatest impact from new technology, as the model generates, with increased accuracy, our potential climate- and nature-related exposures. Such toolsets include predictive technologies that investigate and assess the potential impact of climate change on the frequency and/or severity of extreme weather events. As weather patterns continue to change, driven by climate and nature changes, we have a strong business need to ensure we are using the best models and technology available, which we believe we have. As discussed in 1.9, our modelling software is supported by our pricing tools and cloud based interconnected systems to ensure we deliver on our underwriting objectives and supports our overall business strategy.

Sub-Principle 2.6: Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate- and nature-related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.

Specific customer considerations through communication of the climate-related risks they may face

Our customers are fellow (re)insurance companies and therefore the risks we face reflect the risks that they face. To help us all better understand the risks we face, we share our knowledge with our customers at the relevant climate and insurance membership groups we are part of, as detailed in section 2.4. In 2024, 36% of Reinsurance Revenue was assumed from (re)insurers who are ClimateWise members. Through our active engagement with ClimateWise, SMI, the ABIR Climate and Sustainability Committee, the Bermuda Climate Summit in 2023 and 2022, and our ESG Report published on our website among other initiatives, we believe our clients are well informed on Conduit Re's commitment to net-zero.

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

Our CRSO 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. In 2024, he spoke at the Insurance Risk & Capital Bermuda 2024 conference as part of the panel on "Maintaining momentum in the climate risk journey amid competing pressures".

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. In these materials, we detail our ESG related priorities and achievements, as well as the impact climate change has on our industry and the communities we support. 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.

During our S172 meetings with investors and materiality assessment interviews with further stakeholders in 2023, members expressed a keen awareness of the Company's activities and positive impact on the environment through the work of its staff and The Foundation, demonstrating the effectiveness of our approach.

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 $435,000 of additional funds to charities previously supported by the Conduit Foundation, which includes several environmental charities. The event was attended by many from our industry and included opening remarks by our Deputy CEO.

Approach to advocacy, lobbying and public debate

We engage in public debate through our Executive Chairman and CRSO's participation on panel discussions at conferences and discussion with members of the (re)insurance community, as discussed above.

We have chosen to direct our advocacy and lobbying activities through active participation in member organisations, including ABIR and RAA.

The RAA is a national trade association established to influence and guide federal and state lawmakers, and international bodies, as they formulate and consider legislation that regulates the business environment in which the property and casualty reinsurance industry operates. The CRSO is our primary representative at the RAA. Conduit decided to become a member of the RAA because the RAA is committed to promoting a regulatory environment that ensures the industry remains globally competitive and financially robust.

Through our RAA membership, we: engage with fellow U.S. property-casualty reinsurers; have our collective interests represented and advocated for before state regulators and legislators, who directly regulate the insurance business; receive aggregated financial data to facilitate business decisions and attend seminars on reinsurance-specific education. These support us to remain at the forefront of regulation and respond quickly.

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. The Chief Executive Officer, the General Counsel and the Chief Operating Officer are engaged with ABIR at the Board level. The 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.

Conduit decided to become a member of ABIR to support regulatory awareness and to remain engaged on regulatory requirements. Through ABIR, Conduit Re has provided feedback to various regulators, government, and others, on matters pertinent to climate change. This includes drafting feedback to various regulators on their climate reporting proposals. Our engagement goes beyond the business of insurance, for example engaging with technology / Insurtech providers, the electricity supplier in Bermuda, consultancies and rating agencies.

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.

For more details on how we approach advocacy, lobbying and public debate, refer to section 2.4.

Sub-Principle 2.7: Where appropriate, work with policymakers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.

Engagement with initiatives on climate- and nature-related research, disclosure and action

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 by becoming a signatory to the SMI's Global Pledge for Sustainable Supply Chains. By being a member of this taskforce, in addition to ClimateWise, we work in collaboration with our peers towards a more sustainable future. 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". Part of the pledge is calculating our share of our suppliers' emissions. We use this exercise to identify which of our suppliers already have suitable sustainability plans and which could use our support.

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 year we increased our ClimateWise engagement when our CSO, Andrew Smith, joined the ClimateWise Managing Committee demonstrating Conduit's commitment to strengthening partnerships to foster change within the industry.

Our approach to industry initiatives

Conduit Re is a member of a range of climate- and nature-related industry initiatives, as detailed in section 2.4. Engagement with fellow (re)insurance companies in these initiatives enables us to engage in collaborative research. The Company periodically reviews membership opportunities locally in Bermuda and worldwide, and conducts research on these organisations to understand their aims, objectives, output to date, and other membership companies to conclude on whether joining the organisation is aligned to our ESG strategy. This research is shared with the ESG Committee for review and discussion prior to connecting with an initiative.

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 activities in development of partnerships and solutions can be summarised into six groups, some of which has already been discussed in this report:

As mentioned, 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 cover to expand the landscape of insurable risk, breaking down existing products into more precise coverage. Our Executive Chairman also 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.

When Conduit Re signed the SMI's Global Pledge for Sustainable Supply Chains, we made a commitment to support a reduction in our direct supply chain's footprint. As part of this pledge, we calculate our share of suppliers' emissions to identify and tackle carbon hot spots and work collectively with our suppliers. 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'.

Locally, we support the establishment of new partnerships and means of cooperation, as evidenced by our sponsorship of the 2023 Bermuda Climate Summit and the 2024 ASU BIOS symposium. Both events brought 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. For more details see section 2.5.

Our underwriters discuss climate- and nature-related opportunities with brokers and other market participants.

Finally, in the work of the Conduit Foundation we have identified causes to support that innovate on climate- and nature-related issues. Examples include the Living Reefs Foundation (Bermuda) (see section 2.4) and the Bermuda College Foundation Vehicle Mechanics program which includes training on electric vehicles; supporting the transition to less polluting vehicles.

As a member of RAA, ABIR and IUA, we support these organisations in their research and work to promote sustainability initiatives across the insurance industry, considering relevant communities specialist knowledge, and explore the 'soft power' of insurers to influence the behaviours of clients, while reducing the coverage gap.

Principle 3: Enabling Transition

Investments

Sub-Principle 3.1: Integrate consideration of climate- and nature-related risks and opportunities into investment strategies and decision-making.

Implications of climate- and nature-related risks on our investments

As a Bermuda registered Class 4 reinsurance company we are regulated by the Bermuda Monetary Authority ('BMA'). We are required to hold sufficient capital to meet their solvency requirements. To calculate our required capital under the BMA's regulations, the Company is subject to charges; these charges depend on the risk level of each class of reinsurance business written with a proportionate amount of capital required. Asset risk charges are a consideration as we select define our portfolio guidelines. Our investment portfolio is categorised as short duration high credit quality, to ensure we meet these required charges. Achieving this necessitates investing in the financial services sector and to some extent in utilities and energy. Should the BMA's framework to calculate solvency requirements provide greater incentives to invest in industries which are considered more climate positive, our investment strategy may respond to this.

Outside of these requirements, Conduit Re intends to build its reputation from its underwriting excellence and discipline. The primary objective is to preserve our capital and provide liquidity to support underwriting. Conduit Re focuses on liquidity and low risk positions with a focus on investment grade corporate and sovereign bonds with fixed income returns, fixed maturity and credit ratings of A and above prioritised. The Company's investment portfolio is intended to provide liquidity and stability to the balance sheet to support the core underwriting business.

Our secondary objective is to maximise total return, while protecting against the downside. This includes the overarching principle of incorporating ESG factors. We therefore take a conservative approach to risk on the asset side of the balance sheet. Within a range, we seek to match the duration of our asset portfolio with the duration of our claims payouts and to maximise investment returns within this framework.

The implications of climate change and nature-related risks on our investment portfolio remain largely uncertain. Climate change risk and loss in nature risk can affect all risk categories including market risk, credit risk, liquidity risk and our concentration exposure. As we do not hold any illiquid long duration investments, the relevant risk for our investments is subdued. It is possible that a major climate event, or series of large climate and nature events, causing significant losses results in new regulatory and governmental requirements to correct a market. This may include introducing new policies and measures such as tax changes for certain industries that we may have exposure to. The result of this could cause a downgrade for our assets' ratings. A scenario that causes a downgrade of our asset quality by one and two rating notches is included in our annual five-year stress and scenario tests in our CISSA.

Our investment managers manage a relatively highly liquid short-duration portfolio; as such they respond to expected climate and nature driven economic changes by altering our portfolio mix, reducing the exposure to market risks. Our investment managers consider the latest risk assessment updates, regulatory environment, and scientific results continuously as they manage our portfolio. As such, we do not consider climate- and nature-related risks to be a material risk for Conduit Re's investments.

As Conduit Re does not hold any equity investments (as part of what we consider to be our investment portfolio – the exception being Incubex as described below), we consider our impact on the environment to be limited. While we do not disclose our emissions associated with our investment portfolio, we are aware of the carbon impact our portfolio has. As at 31 December 2024, 28.1% of our investment, cash and cash equivalents portfolio was made up of US treasuries, US agency debt and US municipals. The impact of climate and nature change on these investments is complex, with likely positive and negative results. 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. The benchmark varies by portfolio. We have invested in a small amount of sustainable purpose bonds in our portfolio, that also met our current wider criteria, designed to finance environmentally friendly projects, resulting in a positive impact on the environment. The Company holds a small strategic investment in Incubex which seeks to build markets and develop products for environmental commodities.

Research and capability in respect of our investments and how this is used in practice

The Board requires that all investment managers are signatories to the UN Principles for Responsible Investment. The Board approved investment guidelines consider ESG factors in the selection of investments, with the goal of investing in firms that have a beneficial track record in assessing their impact on ESG factors. Management works with our investment managers to aim for an MSCI portfolio rating that meets or exceeds the benchmark. It is important to note that holdings not rated by MSCI or not classified as Corporates are excluded from the overall portfolio or the benchmark weighted average MSCI rating. Portfolio and benchmark MSCI ratings are an asset-weighted average of security MSCI ratings for all securities where 1) that metric is defined, and 2) sector is Corporate, weighted up to 100%.

Management work with the investment managers to improve the ESG rating of the investment portfolio and endeavour to improve the ESG profile on multiple fronts over time. We believe that ESG factors are important in reducing investment risk, especially those risks that are not adequately priced into the market value of affected securities. Conduit also believes that returns over the long term will be similar or better than those investments that are not aware of ESG factors or fail to manage their ESG risks.

ESG factors that the investment management teams may consider include, but are not limited to, physical risk (e.g., wildfires, floods, droughts and rising sea levels), carbon intensity and emissions profiles, workplace health and safety, cyber risk, social unrest and equity, governance practices and stakeholder relations, employee relations, board structure and management incentives. The relevance of specific traditional fundamental factors and ESG factors to the fundamental investment process varies across asset classes, sectors and strategies. The teams may utilise data sources provided by third-party vendors and/or engage directly with issuers when assessing the above factors. The teams employ a dynamic fundamental investment process that considers a wide range of factors, and no one factor or consideration is determinative. Included in the mandate provided to our managers is a maximum allocation of allowable securities by asset class which reflects our management's risk view over these classes.

The guidance we have provided to our four managers varies. For example, for one manager we have instructed that the identification of a risk related to an ESG factor will not necessarily exclude a particular fixed income security and/or sector that, in the management team's view, is otherwise suitable and attractively priced for investment. However, for another, we have instructed that all else being equal, the Manager will prefer investments which, in the Manager's reasonable assessment, show superior ESG practices. All managers have been instructed to target a portfolio weighted average ESG rating equal to or better than that of the benchmark subject to the fact that holdings which are not rated, or not sectored as Corporates, are not factored into the overall portfolio or benchmark weighted average rating. Portfolio and benchmark ratings are an asset-weighted average of security ratings for all securities where 1) that metric is defined, and 2) sector is Corporate, weighted up to 100%. The benchmark ESG rating will be measured as of previous month's end and updated at the start of each month.

In order to apply the aforementioned ESG restrictions and portfolio objectives, the teams rely on determinations by third party ESG vendors, such as MSCI. Potential data limitations include omissions. Omissions include, but are not limited to, new issues or new issuers to which ESG vendors would not yet have data mapped at a security level. Our investment managers make reasonable efforts to map ESG vendor data to new issues, but there may be instances in which ESG vendors ultimately map their data in a different way. In the course of gathering their data, vendors may assume certain value judgements (e.g. regarding the adequacy of a company's program for addressing an E/S/G issue). Our investment managers do not verify those judgements, nor quantify their impact upon their analysis. These specific third party ESG vendors, categories, and/or thresholds may be amended or altered over time in order to remain suitable for inclusion.

Our investment managers provide Conduit Re with a quarterly report confirming compliance with the investment guidelines within 7 days of quarter-end. In the event of a breach of these investment guidelines, they are instructed to notify Conduit Re as soon as possible and provide a recommended plan of action to bring the portfolio back into compliance. Unless a waiver is provided by Conduit Re, the investment manager will endeavour to bring the portfolio back into compliance as soon as possible and within one week of the date the breach occurred.

Our managers also conduct risk scenario analysis over their respective portfolios. The output helps managers assess the ability of the portfolio to weather periods of stress and better understand the risks of the total portfolio on an ongoing basis, and to consider whether any adjustments need to be made. One such scenario includes the future supply of oil, among other ESG related scenarios.

Sub-Principle 3.2: Take action to manage the implications of climate- and nature-related risks and opportunities on, and of, our investments.

Levers available to manage risks and opportunities in respect of investments

Levers we use to manage risks and opportunities on our investments from the implication of climate- and nature-related risks and opportunities include:

1. Diversification: by having a diversified portfolio, by industry and investment type, we can manage our exposure to the impacts of climate and nature: if one industry is markedly affected, the remainder of the portfolio would hopefully buffer the impact of this, assuming it is not an economy wide shock, thus reducing our concentration risk. Our portfolio mix, in our Annual Report and Accounts, shows our relatively conservative philosophy. Our asset allocation is dictated by our approved investment guidelines. There is currently no risk assets held in the portfolio. Risk assets will generally only be considered to diversify and protect the portfolio, and where the risk return profiles are appropriate.
2. Risk profile (including ESG score): ESG considerations are incorporated into our individual portfolio investment guidelines. We believe that all other things being equal, it is less risky to own securities with strong ESG ratings. Our investment mandates provided to our investment managers, detailed above, have careful consideration of the risk profile Conduit Re is willing to accept in its investment portfolio. These limit the impact of climate- and nature-related risks on the Company while maximising the potential opportunities while operating within Board approved tolerances.
3. Duration: Our strategy remains maintaining a short duration, highly creditworthy portfolio, with due consideration of the duration of our liabilities. As a result, we reinvest where we feel best reflects our risk appetite, latest ESG guidelines (which are reviewed annually), market conditions, research and objectives.

Levers we use to manage the impact our investment portfolio has on climate- and nature-related risks and opportunities include:

4. Risk profile (including ESG score): By including in our investment mandate the risk profile we are willing to assume, specifically with regards to an ESG score, we ensure the impact of our investments on climate and nature is within our Board approved tolerance. For 2024, our requirement of the ESG score being better than the benchmark continued to be met.
5. Exclusions: As detailed in 2.4, we have implemented restrictions in our investment mandate to limit the impact of our investments on climate and nature. Restrictions include 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. To the extent that there are any existing investments that do not comply with our guidelines, which were introduced in 2022, these will not be renewed, or reinvested in, on natural expiry. Responsible investments: In addition to the above, in 2023 we instructed a new investment manager with additional ESG criteria in their mandate. These include, all else being equal, the Manager will prefer investments which, in the Manager's reasonable assessment, show

superior ESG practices. Our ESG guidelines are reviewed annually.

Underwriting

Sub-Principle 3.3: Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.

How climate- and nature-related risks are identified and assessed across our reinsurance portfolio

Our underwriting tolerances, objectives, strategy and plan are approved by the Board. Each renewals period, our underwriting teams review proposed deals to provide reinsurance coverage to (re)insurance companies, in line with these statements.

Conduit Re only writes treaty reinsurance deals, all of which are reviewed by our underwriting team. Conduit Re has formed strong partnerships with its cedants. This enables cedants to share granular exposure information which is used by the team to identify and assess climate- and nature-related risks using qualitative and quantitative procedures. Each contract is assessed individually.

For our property and specialty business, our catastrophe modelling system also enables us to identify climate and nature exposed business in the deals we are reviewing, including details of the nature, likelihood, and possible magnitude of the effects of identified physical risks in the contract. For casualty business, the process relies on the underwriting team reviewing the deal and terms alone. Underwriters use the output from the catastrophe model (if relevant), details in the bordereaux, such as policyholders' addresses, occupancy mix and economics of the deal, terms and conditions to assess the risk. Underwriters are aware of the ESG related objectives of the business and associated restrictions in place.

If during our underwriting process reinsurance treaties are flagged as potentially including new extraction of any hydrocarbon, this is subject to specific referral to the CUO. To aid the identification of new hydrocarbons, underwriters have a questionnaire to be completed for each new contract which requests sustainability details on the underlying insureds as well as the ceding (re)insurance company.

Upon receiving a referral related to a restricted industry or country, the CUO will assess the risk in detail, with consultation from those required to best understand the risk and the implications for both the environment and the business if we were to write it. This will include any associated reputation risks, sustainability risks, as well as expected profitability of the contract, and knowledge of the cedant including any prior business written for the cedant and their sustainability strategy. Individuals the CUO may consult include members of the underwriting team, CRSO, Head of Catastrophe Analytics, Chief Actuary and the Chief Executive Officer.

Once the requirement to refer to the CUO is triggered, only the CUO (or the CEO acting as their delegate if they are off island or incapacitated, or in the CEO's absence the Executive Committee) may permit the transaction to progress.

Similar considerations and referral would apply to any significant known exposure to activities such as deforestation and where the exposure or revenue expected to be derived from is a restricted industry (this relates to the same industries restricted in our investment portfolio: tobacco, gambling, weapons, for profit prisons, coal, Arctic drilling and oil sands) or country (that is restricted based on our view of their human rights records, risks or because they are a sanctioned country). The ESG restrictions and associated escalation/ referral process are detailed in our Underwriting Guidelines, which underwriters must adhere to.

If the referred contract is approved, these factors are part of the assessment of the risk assumed by the business.

Our provision of reinsurance for climate- and nature-related perils is typically included in what we classify as "green revenue". "Green revenue" increased in 2024 by 44% from 2023. This was driven by the increase in our overall reinsurance revenue in 2024 from 2023 of 29%, with the greatest increase in our catastrophe and renewables portfolios. This shows the positive progress made in supporting communities with protection from climate induced natural disasters, and in supporting the economy in the green transition.

In the medium-term, our identification, assessment and management of climate- and nature-related risks and opportunities relates to our business plan process. Our business plan is informed by our Board strategy sessions. This includes a session specifically considering emerging risks. Our work on emerging risks, which has included climate and transition risks, is more qualitative but considers a time horizon longer than our one-to-five-year planning horizon. The strategy sessions feed into the annual business planning cycle with the business plan approved at the third quarter 2024 Board meeting.

Our business plan is for five years; thus the 2024 plan is until 2028. The business plan process is performed from the ground-up using underwriters' expectations and assumptions on a range of inputs including non-/renewals, changes in underlying exposure growth, line size adjustments, gross reinsurance rate change, reinstatement premiums, and outwards reinsurance programme purchases. All underwriting data collected as part of the business plan was reviewed and challenged by our CUO and CEO.

Once underwriting numbers are agreed, the expected portfolio is loaded into our catastrophe modelling system and probable maximum losses are calculated for the following year on both a gross and net basis for natural perils. The scenarios generated related to climate related catastrophes, including a 'Florida Wind 1 in 100' event, and back testing major wind zones, as well as all perils and earthquake events. The output provides management with insights on the climate exposure of the following year's expected business. From this, the results are reviewed and assessed to ensure they are in line with the Board approved tolerances. If they are not, changes will be made to the business plan until it is within said tolerances.

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). 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.

More details on our processes to identify, assess and prioritise climate- and nature-related impacts, risks, and opportunities and our approach to stress and scenario testing can be found in sections 1.8 and 1.6 respectively.

Use of modelling in relation to climate- and nature-related risks

To ensure our catastrophe models reflect modelers latest understandings of climate- and nature-related risks, we review changes to our selected model and adopt model changes once they have been assessed.

Use of the outputs of modelling in underwriting decision-making

As a treaty reinsurer, Conduit Re is one step removed from some of the insurance product innovation we see. Where we innovate and differentiate ourselves is on the management of our underwriting portfolio and exposure aggregations as discussed in detail earlier in this report. We underwrite only risks we understand, through the analysis of data including outputs of models as discussed. Our conservative underwriting approach, one step away from the direct market, means offering protection to new technologies and infrastructure who have minimal data to enable appropriate pricing has so far been limited. Should one of our cedants' treaty books incorporate renewables, including low/near-zero carbon infrastructure, technologies, services, and nature-based solutions, this is evaluated by our underwriters.

Sub-Principle 3.4: Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate- and nature-related issues of the insured structures through pricing of policies

How policyholder behaviour is incentivised through policy pricing and development

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 specialty 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 2024, 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 have, in absolute terms, increased our exposure to weather-related events while continuing to write a well-balanced portfolio.

To the extent that one of our cedant partners can demonstrate steps they have taken to incentivise policyholders to mitigate their risk exposure, our underwriters would consider this in our pricing and risk evaluation.

The way we have provided support and tools to our clients 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 2024 ESG Report, and in this ClimateWise report. Using the references 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 speaking at events where he encourages a transition towards renewables and a universal approach to carbon scoring.

As we work towards meeting our SMI Sustainable 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.

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.

Transition Plans

Sub-Principle 3.5: Disclose the organisation's climate- and nature-related transition plans and the objectives, priorities and commitments they are looking to address.

We seek to grow as sustainably as possible and therefore do not have a formalised transition plan. We do have environmental aspirations and priorities, however.

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 offset 100% of operational (Scope 1 & 2) emissions as included within the Company's IPO process. As a result, we purchased sufficient carbon credits 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.

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. Since 2022 we have had specific ESG driven criteria within the risk appetite statements for investments, as approved by our Board. The ESG guidelines include 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 is 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 CRSO. To the extent that there are any existing reinsurance policies or investments that do not comply with our guidelines, these will not be renewed, or reinvested in, on natural expiry.

Use of policies to support the development and management of the transition plan

As a relatively new company, beginning operations in 2021, our processes have been built out with sustainable considerations in mind and therefore a transition plan is not required. We seek to keep our environmental footprint as low as possible in this way. Business areas are developed in a sustainably conscious way by the executives responsible for the area, considering their climate- and nature-related specific roles and responsibilities.

Risks associated with climate are significant to our underwriting 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. Our policies are typically short-tail thus the impact from climate can be contained and modelled when writing business and does not require a transition.

Details of policies in place can be found in Appendix 4 of our ESG Report, available on our website. The policies include:

- Conduit Code of Conduct - a cohesive view of Conduit Re's core values, commitments and policies to help staff make decisions and exercise behaviours consistent with Conduit's approach. This includes topics on corruption and bribery, discrimination, confidentiality of information, conflicts of interest, anti-trust and anti-competitive practices, anti-money laundering and anti-terrorist financing, environmental and health and safety, whistleblowing.
- Whistleblowing – a policy to ensure that all Conduit staff are confident that they can raise any matters of genuine concern without fear of reprisals, in the knowledge that they will be taken seriously and that the matters will be investigated appropriately and regarded as confidential.
- Recruitment - a policy that sets out the approach adopted by Conduit Re to the recruitment and selection of employees to ensure fair, equitable and consistent recruitment processes when sourcing talent to add to the Conduit team.
- Outsourcing and procurement – a policy that ensures every material supplier has an identified owner and is subject to review by the Outsourcing Oversight Committee. Due

diligence requirements are in place that are intended to provide a holistic view of the companies we deal with, any risk exposures they may present, the markets they operate in, and the policies and procedures they have in place.

- Financial crime-related policies – various policies in place to address the risks associated with money laundering, terrorist financing, bribery and corruption, and sanctioned activities, companies and regions.

Efforts to build a culture that supports the successful implementation of the transition plan and integration of climate- and nature-related risk management throughout the organisation

Our Company's headquarters are located in Bermuda which is committed to net zero however it is not a signatory to the Paris Agreement. This, together with wider factors, have been considered in our sustainability strategy. We have striven to build a culture that supports the integration of climate- and nature-related risk management throughout the organisation. Conduit Re's risk framework has been designed to strictly follow a three lines of defence model and ensure that good risk practices are the responsibility of first line management with the risk function providing facilitation, tools, challenge and independent validation. The risk function is also responsible for risk reporting to the Risk, Capital and Compliance Committee and the Executive Committee; and for the facilitation of risk activities at committee level.

The risk framework addresses the identification, assessment and management of risk within the context of defined risk appetite and tolerance statements. The process involves the use of risk registers to identify inherent risk and residual risk after the application of controls. The management of individual risks is the responsibility of management, with independent challenge and oversight provided by the risk function. The results of compliance reviews and independent internal audits provide an additional level of review and verification. The Audit Committee has selected a reputable provider to serve as outsourced internal auditors.

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, as detailed in section 2.2. This training is offered to all employees, including Senior Management, to ensure appropriate skills are held at all levels of the Company to critically assess the Company's sustainability ambitions and actions.

Through our internal communications and provision of training we ensure that our employees are aware of Conduit Re's climate- and nature-related objectives and encourage employees to participate in all our related initiatives, such as clean-ups of local parks and reducing plastic use (as discussed in subprinciple 2.2).

Principle 4: Disclosing Effectively

Measure & Monitor

Sub-Principle 4.1: Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.

Quantitative and qualitative information available relating to potential impacts of material climate-related risks and opportunities

As set out in section 3.3, the potential material impacts on our business from nature and climate related risks and opportunities are considered in our business planning process and related stress testing and modelling. The stress testing around the business plan provides management and the Board with details on what the financial position of the Company may be following a range of scenarios, including impact from climate change, among other risks, on our underwriting and operations, considered our key business areas. The outputs of these tests are used by management to decide whether the Company is expected to have sufficient capital to respond to these scenarios, or whether additional actions need to be taken to protect the Company from such scenarios, whether that is raising additional capital, purchasing new outwards reinsurance protection or changing our planned portfolio of assumed risks.

Climate-related risk scenarios formed part of the stress and scenario tests that informed our 2024 business planning process for the 2025 onwards years, consistent with our CISSA process as shown in figure 3 above. This is consistent with our 2023 approach and in 2025 we will follow this same approach to ensure climate-related risks are considered appropriately.

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. 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-tail nature of our insurance liabilities and assets limit 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 2024'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, which stem from physical and transition related nature and climate risks, 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. The chosen scenarios were selected using our risk teams' extensive knowledge of the expected impacts of climate change and nature related risks and opportunities on our business and the wider market, including potential regulatory responses. This includes assumptions on climate- and nature-related policies both in Bermuda, where we are based, and in the areas of our cedants and ultimate policyholders, macroeconomic trends, and current scientific views on climate change. They considered both physical and transition risks and were reviewed by the wider business team for appropriateness.

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. 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.

As we look ahead to 2024, based on our approach of setting tolerances (in this instance how much modelled catastrophe exposure management can write without needing to revert to the Board) as a percentage of tangible capital, our net tolerances increase to $110 million from $95 million on a 1 in 100 basis and $160 million from $133 million on a 1 in 250 basis. Note that this is calibrated to a 1 July 2025 viewpoint, for a first occurrence, and may change.

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.

While modelled catastrophe exposure is a factor in our capital requirements[8], it has a relatively low impact in comparison to premium risk and reserve risk. Our estimated BSCR coverage ratio at 31 December 2024 is 269%, down from 381% at 31 December 2023 as we continue to deploy our capital. Capital requirements are a complex topic with many variables and alternate views. The current business plan anticipates that retained earnings will start to outpace increasing capital requirements within a three-to-five-year planning horizon, settling to a BSCR coverage ratio of between 200% and 300%, which is our target operating range. At this level, our available capital would exceed required BSCR capital by more than twice our modelled target 1 in 250 net PML across the planning horizon. Our BSCR coverage ratio would, as intended, position us very much in the pack in comparison to other Class 4 Bermuda (re)insurers. It is important to note that the BSCR coverage ratio is one of many views of capital adequacy, with other regulatory ratios, rating agency models and our developing internal capital model also being relevant.

The results from this resilience analysis informs us that Conduit remains well capitalised and resilient to achieve its objectives with a legacy-free balance sheet. Total capital and tangible capital available to Conduit was $1.05 billion at 31 December 2024 (31 December 2023: $0.99 billion).

For more details, refer to sub-principle 1.5 where we describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy and any decision-making processes.

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

Sub-Principle 4.2: Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets for monitoring progress.

Quantitative and qualitative information in respect of the financial effects of the climate risks and opportunities

In our 2024 ESG report, we have detailed our environmental priorities and the metrics we have put in place to measure progress of our impact on these areas. The priorities and associated metrics are summarised in section 2.1 of this report and we encourage readers to refer to our ESG Report for details on why these priorities have been selected.

Our first environmental goal was 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, as described in section 2.1. Conduit Re's organisational design is compatible with being a low-carbon company. Our reinsurance operations are based in a single location, limiting our need for business travel. Further, we made environmentally conscious choices regarding the office building we selected, policies we have and equipment we use to keep our footprint contained.

We have included in the table below our estimated emissions for 2024 and 2023. We look to continue our growth as sustainably as possible, with a focus on the average emissions per employee. For details on our methodology and our consideration of scope 3 emissions please refer to section 2.3 of this report and Appendix 6 of our 2024 ESG Report. Refer to section 2.1 for our discussion on progress made against our target.

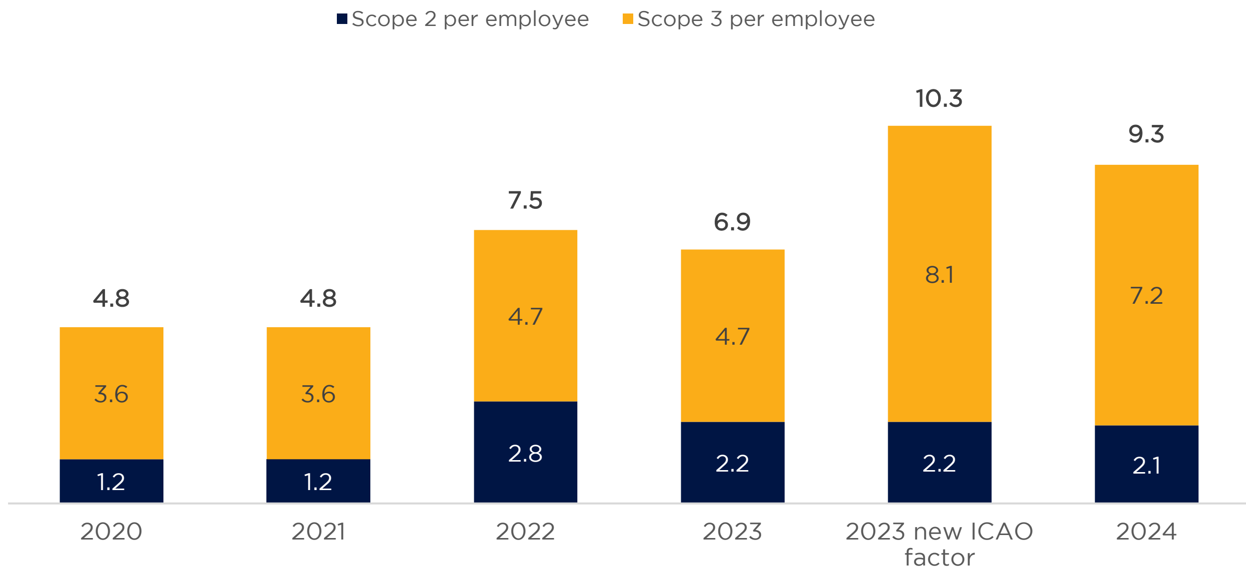
Our absolute location-based emissions in 2024 were 606.5tCO_2e versus 402.3 tCO_2e in 2023. An increase in business travel emissions was the main driver of the increase in overall emissions from 2023 to 2024. Emissions for air travel were calculated using the ICOA Emission Calculator, consistent with 2023 data. Emission factors have changed, and flight classes are now divided into first, business, premium, and economy, leading to higher emission factors for long-haul business flights, increasing our total emissions. Our 2023 emissions (tCO_2e) calculated using these updated factors are: Business travel emissions: 423.5t; Total Emissions (market based): 591.9t; Gross emissions per employee: 10.3t.

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 2024, there were a higher number of overseas events and conferences attended by our staff than in 2023.

Our target remains unchanged, which is to reduce the carbon emissions per employee year-on-year from 2022. We achieved this in 2024, with our emissions falling from 2023's 10.3t to 9.3t on a market basis.

To demonstrate a trend, chart 6 below shows our intensity emissions to date by scope of emission[9].

Figure 6 - CO_2e per FTE over time (market basis)



[9] Scope 3 includes business travel, hotels and employee commuting

Table 1 Estimated emissions for 2024 and 2023

Emission type	Activity	Basis of measurement	2024 Quantity	2024 tCO_2e	2023 Quantity	2023 tCO_2e
Scope 1						
Direct	None		0	0	0	0
Scope 2						
Indirect energy	Electricity	kWh	205,240.1		175,186.9	
	Location based			152.4△		129.2△
	Market-based			135.2△		122.8△
Scope 3						
Indirect other	Business travel[10]	Kilometres	2,084,991	403.9△	1,951,215.0	227.5△
	Hotels[11]	Nights	515	27.7△	329	27.9△
	Staff commuting[12]	Kilometres	191,907.9	21.6△	187,749.9	17.7△
Total gross emissions from our operations						
Location based				605.6△		402.3△
Market based				588.4△		396.0△
Carbon offset applied				(588.4)		(396.0)
Net Carbon impact from operations				0		0
Gross emissions per average employee						
Average number of employees			63.5		57.6	
Location based				9.5△		7.0△
Market based				**9.3△**		**6.9△**
Gross emissions including our share of suppliers' emissions						
Total gross emissions as per above market based				588.4△		396.0△
Share of suppliers' emissions[13]				220.6		559.1
Grand total				**809.0**		**955.0**

[10] Emissions for air travel were calculated using the International Civil Aviation Authority (ICAO) Emission Calculator, consistent with 2023 data. Emission factors have changed, and flight classes are now divided into first, business, premium, and economy, leading to higher emission factors for long-haul business flights. Our 2023 emissions calculated using these updated factors are (tCO_2e): Business travel emissions: 423.5; Total Emissions (market based): 591.9; Gross emissions per employee: 10.3.
[11] In 2024 the number of hotel nights increased, driven by an increase in headcount and the number of short-haul business trips taken by employees. The impact of this was offset slightly by our source, Cornell Hotel Sustainability Benchmarking, releasing updated emission factors in 2024 within which several locations used by employees had a reduced emission factor from their 2023 database.
[12] The increase in staff commuting emissions was driven by both an increase in headcount and a higher proportion of employees commuting by car rather than by moped.
[13] Previously, many of our suppliers disclosed their total emissions, and did not breakdown their Scope 1, 2 and 3 emissions. Now their reports are more advanced, suppliers are providing this breakdown. We have therefore updated our methodology for 2024, and restated the comparative for 2023, to include only emissions related to Scope 1 and 2 from suppliers, in line with PCAF's guidance. Where this is not provided, we continue to use total emissions.
△KPMG performed limited assurance procedures over these GHG disclosures. Their report is available in Appendix 7 of the 2024 ESG Report, available on our website.

Report Robustly

Sub-Principle 4.3: Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.

Processes and controls related to climate- and nature-related disclosures

To ensure climate- and nature-related disclosures made by Conduit Re are free from material errors or misstatements, we have a documentation and review process in place. This includes review of our reports by members of the Executive team, the Disclosure Committee and the ESG Committee.

Our process to calculate related metrics including greenhouse-gas emissions are extensively documented, facilitating review of the calculation and inputs. The methodology including inputs and assumptions are discussed with specialists; for example, the methodology to calculate green revenue[14] was designed in conjunction with our actuaries and underwriters.

Prior to our sustainability reports release for publication or submission to ClimateWise the documents must be reviewed and approved by the Disclosure Committee. These reviews are completed in-depth, with questions, comments or findings discussed between reviewers and preparers prior to the documents' release, with changes made and re-reviewed. The review is designed to identify any misstatements, both in quantitative and qualitative information thus reducing our misstatement risk. Documents intended to be publicly released on our website are also reviewed and approved by the Board prior to release.

In 2024, internal audit, which is outsourced to a 'Big 4' accounting firm, assessed the risks and associated controls relating to our ESG Framework against our regulatory requirements. The scope included:

- disclosure and reporting regarding the organisation's environmental impact such as energy use, waste production, natural resource conservation, pollution management, carbon footprint, climate change mitigation plans;
- reporting about the organisation's relationship with its employees, suppliers, customers, and communities where it operates. This includes areas such as human rights, gender diversity, employee engagement, community engagement, customer satisfaction, health, and safety measures;
- disclosure and reporting of the organisation's leadership, executive pay, audits, internal controls, shareholder rights, and business ethics.

Efforts to evolve and improve reporting clarity and comprehensiveness

Each year our ClimateWise and ESG reports are redrafted, updated, and reviewed to ensure that the reports reflect our current views of climate risk, exposure, impacts and our responses to these; as well as meeting any refined and updated regulatory requirements. We update the reports each year to reflect actions taken by the business. Prior to drafting our reports, we review and discuss new and emerging regulations and new and developing market practices on climate risk and nature disclosures. Changing market practices (including wider regulatory requirements which Conduit Re is not subject to) are reviewed and considered against our own business model and what is considered material for the business and our stakeholders. Each year, we seek to improve the disclosures made in line with the outputs of the above research. Once agreement is made on what, if any, additional disclosures are required to meet regulatory requirements and wider stakeholders' needs, these are researched, discussed, refined and included in the draft report for review. If needed, this is also discussed with our external sustainability communications advisors to understand what information would be most useful for the reader.

At the end of each reporting cycle, a debrief and feedback session is conducted, often in conjunction with the wider annual releases including our Annual Report and Accounts, with the team and wider

[14] We have classified this as business primarily focused on protection from natural perils and business protecting renewables, using our catastrophe pricing loss ratios as one of the inputs. Our definition may change over time.

members of the business. These sessions allow us to understand and implement improvements to the process for the following reporting cycle. While conducting our S172 interviews with stakeholders, we welcome feedback they have on the disclosures made by the company and whether there are any further disclosures they would be interested in having included. Feedback and suggestions for improvement are considered when drafting the following year's reports.

Uncertainty associated with statements in our submission

There is some uncertainty associated with the numbers we produce, for example around loss ratios used to calculate our green revenue each year. All information disclosed by the Company is as accurate as can reasonably be achieved with current information available. If the circumstances were to change such that our assumptions or estimations changed, we restate the disclosure with an associated explanation on the driver of this change and its impact.

Process in place to address the restatement of prior year disclosures due to errors or changes in assumptions

Conduit Re's Restatement Policy is that any material prior period error detected following the release of a report is corrected in the subsequent period's comparative information. The information will be highlighted as a restatement and the nature of the error disclosed. These changes are distinguished from changes in estimates, for example an update to an estimated emissions factor stemming from data and research specific to each year. Where such changes occur, we aim to be transparent and explain the rationale and impact related to any revised estimates.

This year, we restated our share of suppliers' emissions due to new information being available, with the following footnote: "Previously, many of our suppliers disclosed their total emissions, and did not breakdown their Scope 1, 2 and 3 emissions. Now their reports are more advanced, suppliers are providing this breakdown. We have therefore updated our methodology for 2024, and restated the comparative for 2023, to include only emissions related to Scope 1 and 2 from suppliers, in line with PCAF's guidance. Where this is not provided, we continue to use total emissions."

We also included as a footnote the following detail relating to an updated emission factor: "Emissions for air travel were calculated using the International Civil Aviation Authority (ICAO) Emission Calculator, consistent with 2023 data. Emission factors have changed, and flight classes are now divided into first, business, premium, and economy, leading to higher emission factors for long-haul business flights. Our 2023 emissions calculated using these updated factors are (tCO_2e): Business travel emissions: 423.5; Total Emissions (market based): 591.9; Gross emissions per employee: 10.3."

These changes and details were considered necessary to improve the process, ensuring each year the most accurate data is used to calculate our emissions. Our table is designed in such a way that a third-party could replicate our emissions using the emission factor sources provided and the reciprocal activity usage details.

Verification of data

All our disclosures have appropriate support available for interested parties, such as internal and external audit, to verify and replicate the calculations including reference to source information. Where we disclose quantitative information that is required by the regulator, such as our carbon emissions, our disclosures include details that enable replication by outside reviewers. For other metrics that we disclose, we include an explanation on the principles and methodology of the calculation to enable reviewers to understand the inputs.

External limited assurance review

An independent review of this ClimateWise report has not been carried out.

Last year, for the first time, we requested KPMG, our external auditors, perform limited assurance procedures on our greenhouse-gas emissions disclosures. We believe engaging with third party reviewers enhances the credibility of our disclosures and demonstrates our commitment to transparency. This has again taken place for the 2024 disclosed emissions. KPMG are independent from Conduit Re and a formal report was produced with their overall opinion of our emissions disclosures. Their report is included in Appendix 7 of our 2024 ESG Report. The key findings from the 2023 review were taken on by management and an action plan developed with the 2024 disclosures in mind.

Disclose transparently

Sub-Principle 4.4: Annual submission against the ClimateWise Principles.
This document is published on our website.

Sub-Principle 4.5: Annual public disclosure of the climate-related disclosures, including ClimateWise Principles, as part of annual reporting.
Our climate and nature disclosures are aligned with the reporting periods of our financial statements. This report is aligned for the year ended 31 December 2024.

Conduit Re produces a separate Financial Condition Report (FCR); this report is not aligned to the BMA's FCR requirements. Our FCR is available to download on our website.

Our climate risk and nature disclosures are aligned with our financial statements in terms of the scenarios considered and underlying assumptions. Climate-related disclosures are also included in the ESG section of the Annual Report and Accounts and in the ESG Report annually.

Sub-Principle 4.6: Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.
The reporting date for this ClimateWise report is 31 December 2024. Typically, we publish our ClimateWise report, ESG Report and Annual Report and Accounts on the same day on our website; all of which are based on our financial year ended 31 December. If there were material events which occurred between our reporting date and publication date, they would be disclosed in these reports

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