



CONDUIT RE



Being a responsible company

Conduit Holdings Limited ESG Report 2022

Timeline

Published our inaugural ESG Report and ClimateWise reports

2023

Year End

54 staff members

Cumulative eUGPW*: \$1,118m

Established our Charity Action Group

Completed our first ESG materiality assessment

Became a member of the UNEP FI Principles for Sustainable Insurance

Became an inaugural signatory to the SMI: Global Pledge for Sustainable Supply Chain

Half Year

51 staff members

Cumulative eUGPW*: \$955m

Became a Beyond Plastics Champion

Platinum Sponsor of the Bermuda Climate Summit

Expanded Chief Risk Officer's role to encompass sustainability. Supporting team member hired

Purchased carbon credits to offset estimated emissions for our first five years of operation

Disclosed our estimated carbon emissions for the first time

2022

Year End

41 staff members

Cumulative eUGPW*: \$459m

Established our Climate Working Group

Sponsored Bermuda's first Youth Climate Summit

Submitted our first ClimateWise report

Half Year

35 staff members

Cumulative eUGPW*: \$331m

Made our first charitable contribution

Hired our first intern

Established the Conduit Foundation

Joined the Sustainable Markets Initiative ("SMI")

Established the ESG Committee

Commenced underwriting

2021

Year End

12 staff members

Pre-revenue IPO on the London Stock Exchange

2020

Contents

"Our environmental goals are to support the transition to net zero while supporting insurance markets in providing protection to those exposed to the effects of climate change."

Andrew Smith
Chief Risk & Sustainability Officer

[Find out more on page 15](#)



"At Conduit Re, we want to be a great place to work and be a great community partner. I'm proud of what we have achieved so far and of our ambitions into the future."

Heather Mello
Head of Human Resources

[Find out more on page 24](#)



A joint letter from our Executive Chairman and our Chief Executive Officer 5

A letter from the Chairman of our ESG Committee, Lord Soames 7

About Conduit Re 10

What we do 11

Maximising our impact 11

Good governance creates good policies 11

Our ambitions and commitments 12

Stakeholder engagement and ESG materiality assessment 14

Materiality Matrix 14

Environment 16

Our Environmental priorities 18

We make socially responsible business decisions 21

Our Environmental business approach 21

Carbon emissions and offsets 23

Social 26

Our values 28

We actively seek diversity 29

We support our employees 30

We support our local community 30

The Conduit Foundation 31

Governance 34

Summary 35

Diversity within Board and senior management 37

Reward 37

Training 37

Terms of reference and corporate policies 38

Management of risk 38

Contents

Appendices **40**

Appendix 1: Memberships relevant to ESG topics	40
Appendix 2: ESG in our underwriting and investments	45
Appendix 3: Events and achievements 2022	47
Appendix 4: Other case studies	50
Appendix 5: Charities supported by the Conduit Foundation	52
Appendix 6: Policies in place	64
Appendix 7: ESG responsibilities of our senior team	65
Appendix 8: TCFD disclosure table	66
Appendix 9: Carbon emissions	68
Appendix 10: Carbon offsets	71

A joint letter from our Executive Chairman and our Chief Executive Officer

When we launched Conduit Re in December 2020, we saw a huge potential to embed ESG principles throughout our business from the start. This day-to-day approach promotes better risk management, innovation, sustainable outperformance, and community engagement. It has flowed naturally into who we are as a business through our flexible approach and entrepreneurial spirit. In this inaugural ESG Report, we outline our ambitions, strategy and show the initial progress we are making.



An integral aspect of our business and sector is climate risk. It affects our underwriting portfolio and is fundamental to our own risk management and the risk management of the businesses and communities that our reinsurance protects. As a reinsurer, we are not on the front line and much of the impact we can have is indirect. We do not see this as an obstacle but as an opportunity to drive positive change across the industry.

At Conduit Re we recognise our impact on both the community in which we operate in Bermuda and the wider industry. From our local community to the global industry, we play a part in driving initiatives that lead to positive change. We are a proud and active member of trade organisations and bodies, such as the Sustainable Markets Initiative and supported the initial convening of its Insurance Task Force. We have a strong standing in this regard, and punch above our weight as a relatively new and small business to have a wider influence and be a force for change.

This is the power of being a reinsurance business. Our goal at Conduit Re is to maximise overall value in the long term. Our view is that the future's most valued businesses will be those that act responsibly for all their stakeholders. With this sentiment in mind, we have embedded ESG principles into our underwriting and investment guidelines and into our operational activities. We recognise the relevance of

A joint letter from our Executive Chairman and our Chief Executive Officer

continued

environmental and social risks on our material risks and manage these in what we do each day.

We continually look for ways in which we can implement initiatives that provide benefit socially and environmentally. We have recently joined the Beyond Plastics Bermuda programme to champion the avoidance of single use plastic, leading by example through the choices we make. Our Conduit Foundation strives towards ensuring a more fair and just society for

all by sponsoring and supporting social initiatives in Bermuda. Looking further ahead, one of our ambitions is to see our commitment to our local community go further, through not only social initiatives, but environmental projects as well. There is a lot we can do on the island, perhaps with the plentiful wind and sun energy, and we will explore these opportunities.

The culture at Conduit Re will always be one where employees are encouraged and rewarded to think and act like owners throughout all levels of the organisation. It is important for us to nurture and cultivate suggestions and implement changes from every area of the business. We have also recognised that we can have a large voice on the island and can use this to make a tangible and positive impact on both our local community and also on the wider insurance industry globally. We look forward to seeing how we progress our journey and this report is a great indication of not only our commitment, but our foundation in ESG as part of our organisation.

Neil Eckert
Executive Chairman

Trevor Carvey
Chief Executive Officer



A letter from the Chairman of our ESG Committee, Lord Soames

When Neil asked me to chair Conduit's ESG committee before launch in 2020, I was impressed, but not surprised, as to the thought that had gone in to embedding ESG principles into the company from day one. What I've seen over the first two full years of operation is testament to that commitment.

Throughout the year, I've been particularly delighted seeing the mission of the Conduit Foundation start to deliver on its objectives more substantially for the local community. Building on the initial donations and support made during 2021, in 2022 it has provided a total of nearly \$300k of donations across more than a dozen charities, including additional support for charitable events and via a matched staff giving programme.

What has struck me is the real interest and engagement of all members of the ESG Committee in the actions being taken to have impact in the community, led by the CEO and Deputy CEO. I can see that the few individuals who moved to Bermuda to launch the company feel as much part of the community as the majority who joined the team with existing strong local connections.



A letter from the Chairman of our ESG Committee, Lord Soames

continued

More broadly, as I reflect on the progress and achievements during 2022, I remain confident that as a small, young company Conduit continues to have a strong ESG focus and is playing its part in supporting the transition to a more sustainable world. Key highlights include a few ‘firsts’:

- Standalone ESG Report produced for year-end 2022 providing a greater level of insight and transparency as to Conduit’s actions
- Independently conducted ESG materiality assessment that spoke with a range of stakeholders to understand their ESG priorities
- Public disclosure of ClimateWise reports for 2021 and 2022
- Participation in an organised internship programme
- Multi-year funding commitments to select charities

From a governance perspective, I’ve seen the operation of the ESG Committee and its interactions with executive management and the Boards of both the holding company and the operating company evolve. The Committee was further strengthened when Heather Mello, Head of HR, and Andrew Smith, in his expanded role as Chief Risk and Sustainability Officer, joined.

Finally, last year in the ESG section of our Annual Report, Neil commented on the need to “walk the walk” and on his personal passion for ESG matters. Neil does ‘walk the walk’ and I congratulate him on his recognition through the ESG Insurer Lifetime Achievement Award, which I was honoured to be with him when he received. I am also very much encouraged by seeing that same passion that Neil has in the wider team.

Nicholas Soames
Chairman, ESG Committee



About Conduit Re and our approach to ESG

About Conduit Re

Conduit Re is a pure-play global reinsurance business based in Bermuda. Conduit Reinsurance Limited is licensed by the Bermuda Monetary Authority as a Class 4 insurer. AM 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 stable. Conduit Holdings Limited is the ultimate parent of Conduit Reinsurance Limited and is listed on the London Stock Exchange (ticker: CRE).

Gross premium written in 2022

\$637.5m

Number of staff at 31/12/2022

54

Staff diversity by gender or ethnicity at 31/12/2022

61%

External pledges committed to

- **SMI Supply Chain Pledge**
- **Beyond Plastics Champion, Bermuda**

Total donations made by the Conduit Foundation in 2022

Over \$280,000

Key information about Conduit Re

- Established ahead of the 1 January key reinsurance underwriting date in 2021 as a business free from legacy, both from a liability perspective and operational and systems perspective
- Seeks to write a balanced portfolio of Property, Casualty and Specialty reinsurance
- Aims to lead by example in supporting the transition to a sustainable economy and will always focus on the long-term benefit of all its stakeholders
- Management and employees have a mutual belief that engagement with the community on environmental and social issues has a shared benefit for the company and wider community

About Conduit Re continued

What we do

As a reinsurer, Conduit Re deploys its capital to provide protection to policyholders (other (re)insurance companies) from a range of natural and man-made risks in order to generate a financial return for its shareholders. By its nature, the (re)insurance industry is inherently exposed to climate-related risk through the potential for increased frequency and severity of climate-related claims. Socioeconomic factors are very much interrelated, influencing how events impact the insured and the effectiveness of the insurance markets overall. The underwriting of risk is our core business and the interplay between climate and societal factors has an impact across all our lines of business: property, casualty, specialty, as well as on our investment portfolio, and our people and operations. We fundamentally believe that sound ESG principles promote better business, culture, risk management, innovation, and sustainable outperformance.

Maximising our impact

Conduit Re seeks to be a responsible company. Our approach to ESG is focused on maximising the positive impact we can have, while minimising the negative impact. We do this recognising that we are a relatively small, treaty focused reinsurer; hence, several steps removed from the underlying business activities we reinsure, and with a modest number of employees. The challenge is how to have outsized positive impact.

Steps that we take in our day-to-day operations have a direct, immediate, and tangible impact on our people and our local environment. Similarly, the activities of the Conduit Foundation allow immediate support to be provided for aligned causes. Arguably, action taken to support ESG principles in our underwriting and investments will, in the longer term, have the greatest impact, but here we believe that action needs to be taken at industry level and even across industries. In these areas we act individually, through our guidelines and policies, and collectively through collaboration within industry groups, with our supply chain, and through wider engagement.

Our view is that corporate transparency is an important component of supporting environmental and social progression. Transparency allows for stakeholders to make informed decisions and limit

the effectiveness of greenwashing and 'social impact washing'.

This ESG Report seeks to articulate what we believe and what we do. We are not afraid to lead when we need to lead, while also not spreading our efforts too thin to be impactful. We prioritise our efforts to achieve impact in what we do.

Good governance creates good policies

From inception we have said, as a company free from legacy, we are quickly able to embed ESG positive initiatives in what we do, and we seek to focus on prioritising action where we can have the greatest impact. Our founding Executive Chairman, Neil Eckert, is widely recognised as having a career that has included focusing on how the financial markets can help solve certain ESG challenges. In seeking our cornerstone investors, we heard that ESG is important to them too, so we quickly established strong governance to embed and enshrine these principles and kept this front of mind as we built our Conduit team.

We recognise the importance of diversity. This is from both the perspective of gender and race, and also in relation to diversity of experience and perspectives. When building out our executive and management team we actively sought to build a team of people from a varied cohort of former employers, so we can benefit from the diversity of experience and foster a culture of supportive challenge.

The establishment of our ESG Committee, independently chaired by Lord Soames, was a foundational element of ensuring that ESG remains front of mind and gets the right level of dedicated attention, supporting the Board and executive management. We quickly determined that we should establish a charitable foundation to support community initiatives in Bermuda and have done so, supported by the strong governance of a protector committee.

As we have grown, we have established internal management working groups to support various aspects of ESG, notably the Climate Working Group and the Charity Action Planning Committee and will continue to do so.

About Conduit Re continued

As a listed and regulated financial services organisation¹, there are many policies and procedures that are required of us. Some of these are about managing the risks we face as a business, including ESG related risks which are managed as part of our risk framework²; while others allow us to impactfully apply our corporate values to the policies and guidelines that drive what we do, day-to-day across our underwriting, investments and operations.

Our ambitions and commitments

Our ambitions include

- Positively impacting our identified stakeholders
- Supporting the transition to a sustainable world
- Minimising our negative impact on the environment

When it comes to commitments, our preference is to focus on what we do today rather than making commitments that focus on what we will do at some point in the future. Our commitments are carefully selected, and we seek to be transparent in that selection. In this report we comment both on commitments we have made and ones that we have considered, but not made.

Context is important. Unlike large companies, where there is value of setting forward looking targets and commitments, setting a direction so disparate offices and operations can plot an aligned path, Conduit Re is a small, nimble company, our workforce is based almost entirely on one floor of a single office, so we use commitments in a different way to affirm and communicate the actions we are taking now or in the immediate future.

In seeking to achieve our ambitious, our commitments fall into three broad groups:

- transparency
- supporting our wider stakeholders in light of climate change and societal issues
- and minimising our negative impact on the environment

Transparency

ClimateWise - Beyond the requirements of TCFD³, we have committed to use ClimateWise as a reporting framework and will publish our ClimateWise report for the 2021 year-end onwards. We will also encourage and promote adoption of ClimateWise by others unless or until another framework supersedes it.

UN Principles for Sustainable Insurance (“UNPSI”) - We will report our progress with implementing the UNPSI. For more details on the UNPSI, please refer to [Appendix 1](#).

Minimise our negative impact on the environment

Carbon neutrality - We have committed to being carbon neutral in our operations. This involves minimising - in the context of the need to operate a successful business - the carbon emissions we cause and offsetting those carbon emissions that we cannot, using high quality offsets. We recognise there is more work to do from a wider supply chain, underwriting and investments perspective, which currently we are directionally controlling via our policies and guidelines.

Single use plastic avoidance - In September 2022 Conduit became a Beyond Plastics Bermuda Champion. This was consistent with decisions we had made before with the main additional action relating to the avoidance of single use plastics during catered meetings. Our plastics commitment has a direct

¹ Conduit Holdings Limited (“CHL”) is subject to various corporate governance requirements as a Bermuda based, UK listed, company. Condit Reinsurance Limited (“CRL”) is a Bermuda regulated insurer. Where the context requires, from a governance perspective, this report specifies which entity we are referring to.

² Our material risks are grouped in the categories promulgated by the Bermuda Monetary Authority. These address underwriting, investments, market credit, systems and operations, group, strategic,

reputational, and legal. Climate risk and cyber risks are applicable across multiple of these risk groups.

³ The Task Force on Climate-Related Financial Disclosures (TCFD) was convened by the G20 established Financial Stability Board in December 2015 to improve the quality, quantity and consistency of climate-related disclosures. To achieve this, it developed a reporting framework which consists of a number of recommendations structured into four pillars: governance, strategy, risk, and metrics and targets.

About Conduit Re continued

impact on our local environment and has a strong behavioural link, reinforced through informational sessions for staff and their families.

Support our wider stakeholders in light of climate change and societal issues

Conduit Foundation – We established the Conduit Foundation to support local causes in Bermuda aligned with our priorities and the UN Sustainable Development Goals. Conduit has committed to providing funding to the Foundation each year.

Supply chain pledge – Consistent with our obligations under the Principles for Sustainable Insurance, we are inaugural signatories to the Sustainable Markets Initiative, Insurance Taskforce, Global Supply Chain Pledge. This initiative is very much focused on encouraging and supporting those in our supply chain on their journey to cut carbon emissions.

Our wider engagement

Beyond specific commitments we have made, Conduit Re also benefits from and supports the work of industry bodies and other not-for-profit organisations in either our industry or the wider community. While the engagement with some is broader than ESG topics, each are engaged on ESG and relevant examples are highlighted here.

Specialist environment focused groups – We are actively engaged in these groups as members. Notably, Neil Eckert was key to supporting the convening of the Sustainable Markets Initiative, Insurance Taskforce, which now has a number of workstreams that drive coordinated industry activity to support and drive progress as a group. It accelerates the pace of industry transitions towards a more resilient and sustainable future, putting nature, people and planet at the heart of global value creation.



**Sustainable
Markets
Initiative**



Industry groups – These groups coordinate industry responses to regulatory and governmental consultations on matters including those associated with climate change, while also providing an information sharing forum to support appropriate collaboration. An example is the Association of Bermuda Insurers and Reinsurers, where our Chief Risk and Sustainability Officer is an active participant on climate-related matters.



Other local not-for-profit organisations – These organisations bring together those with common interests. For example, this may be in relation to the advancement of youth of diverse backgrounds, supporting environmental causes, or supporting Bermuda as a jurisdiction of choice. An example is the Bermuda Foundation for Insurance Studies, through which we have provided internship opportunities in 2022 in addition to the direct candidates with whom we have worked.



Further details of our interactions and involvement with each group can be found in [Appendix 1](#).

About Conduit Re continued

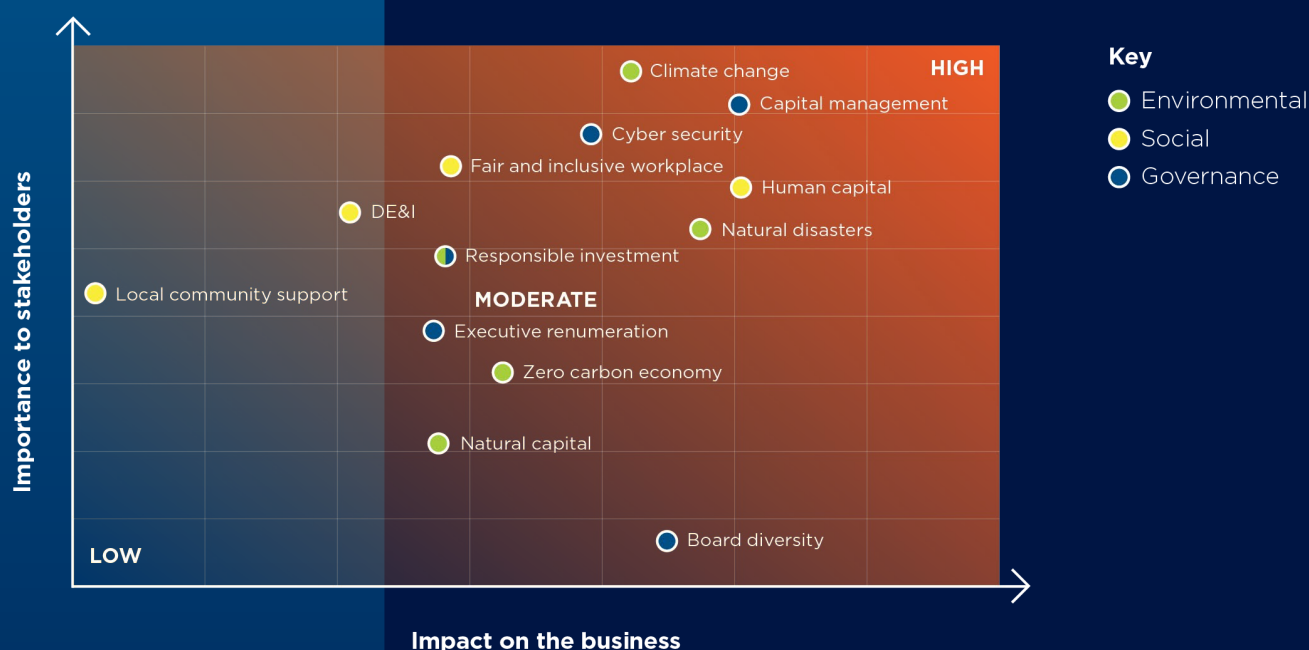
Stakeholder engagement and ESG materiality assessment

Our ambition is to be a responsible company seeking to focus on the long-term benefit of all our stakeholders. To achieve this, we engage with our stakeholders and examples of this engagement are provided in the Section 172 Statement in our Annual Report and Accounts.

More specifically to ESG, in this our first ESG Report, we have decided to undertake a materiality assessment based on a limited set of stakeholder interviews, with the current intent to expand this in future.

Our materiality assessment has been conducted independently by H/Advisors Sustain team, who are ESG and sustainability strategy development and communications specialists. The output of the work is detailed below. This year, we selected two of our larger investors, our Executive Chairman, our Chief Executive Officer, and a selection of six staff from across the company, to be interviewed.

Materiality Matrix





Environment

Environment

“This is our first ESG Report. I hope that users of the report find this document useful in providing insight as to what we do and why we do it. Given the scale of our business we only anticipate making annual public disclosures on ESG matters, drawing together all that we do from an ESG perspective and communicating this to a diverse group of stakeholders. My belief is that by explaining what we do we will encourage others to take similar steps such that as an industry and as a community, we can work toward a more sustainable economy and world.”

Andrew Smith
Chief Risk & Sustainability Officer



Environment continued

Key facts and figures

Total carbon credits purchased

3,600t

Total cumulative CO₂ emissions from Conduit Re's operations since its establishment (market based)

456t

Carbon offset projects carefully selected and supported

4

GPW sourced from fellow Principles for Sustainable Insurance signatories

26%

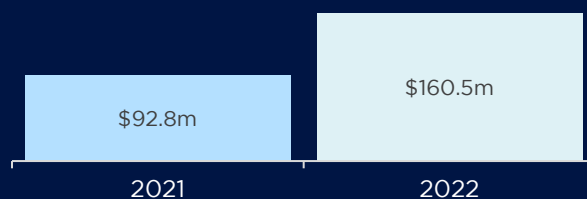
Gross premiums written we classify as 'green revenue'⁴

\$160.5m

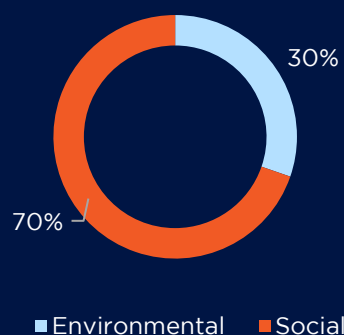
Committed to being

Net Zero⁵

Year-on-year change in those gross premiums written that are consistent with the concept of 'green revenue'⁴



30% of charitable donations made to environmentally focused charities



⁴ Based around various proposed methodologies, we have classified this as business primarily focused on protection from natural perils and business protecting renewables. Our definition may change over time.

⁵ As defined when we first disclosed our carbon emissions in our 2021 Annual Report and Accounts, comprising Scope 1 and Scope 2 emissions plus business travel and employee commuting.

Environment

continued

Our Environmental priorities

Our overall environmental goals are to support the transition to net zero while supporting (re)insurance markets in providing protection to those exposed to the effects of climate change.

Provide protection against the impact of climate change

As a reinsurer, Conduit Re deploys its capital to provide protection to policyholders (other (re)insurance companies) from a range of natural and man-made risks to generate a financial return for its shareholders. As a company we want to match reinsurance capital to insurable risk and in doing so support protection to individuals impacted by climate change and other perils. By doing so, we work towards reducing the protection gap. By its nature, the (re)insurance industry is inherently exposed to climate-related risk through the potential for increased frequency and severity of climate-related claims. Hence, it is in our commercial interest to support activities that slow or reverse climate change and/or protect against its impact.

Our first environmental priority is therefore to provide protection against the impact of climate change, both directly and indirectly. As a company we must do this in a way that is sustainable and compatible with the interests of our investors and in accordance with our risk appetite.

While many classes of business are exposed to climate change (see our Annual Report and Accounts for details of how we manage our exposure to climate risk) the most direct link is to property catastrophe business. As part of the growth of a balanced portfolio we expect to grow our premiums related to property catastrophe business at a time when some peers are shying away from it.

Our applicable metrics are

- Gross premiums written in relation to what we classify as being 'green revenue'
- Proportion of business ceded to us by cedants who are signatories to the UN Principles for Sustainable Insurance.

Protect the environment

This is achieved by taking a variety of actions across our underwriting, investments and operations, and by participating in industry debate and collaborating. As we mentioned in the introduction to this ESG Report, context is important, and as a relatively small treaty reinsurer, remote from the underlying insurance contracts, our greatest impact is not through simply excluding classes of business but by taking steps in those areas where we believe we can have a positive impact.

The area where we have the greatest immediate control over our environmental impact is in our own operations. This was our priority whilst we established the business. This has both a direct impact, but also impact in communicating and instilling our intent in our people, and in attracting the right people. Our supply chain is a logical next step, and this has been an increasing focus.

Our underwriting and investment portfolios are where, over time, we can have the greatest impact, but where achieving that impact is more difficult. Our investment portfolio is selected with the application of ESG factors. In 2022 we have added greater focus to our guidelines to avoid certain environmentally harmful sectors. Similarly in underwriting, while we do not write any direct insurance of environmentally harmful practices, we have tightened our guidelines and restrictions to avoid or contain our exposures, while also recognising the needs of transitioning industries. See [Appendix 2](#) for details of our policies.

So, what does this mean for our practical priorities:

1. Carbon neutrality

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

Conduit Re's organisational design is very much compatible with being a low-carbon company. Our reinsurance operations are based in a single location, significantly limiting the need for 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.

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

Environment

continued

selected carbon offsets, with direct investment into new, 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.

For 2022, following becoming an inaugural signatory to the Sustainable Markets Initiative: Global Pledge for Sustainable Supply Chains, we also calculate and disclose emissions in our supply chain, as defined in the guidance to the Pledge, to the extent we reasonably can using accepted methodologies.

Our carbon neutrality metrics are⁶:

- Gross carbon emissions per employee
- Net carbon emissions

From an underwriting and investments perspective we are not at the point of estimating carbon impact. We support the principle of a wider application of net zero and carefully follow the work of the Net Zero Insurance Alliance. At this time, we are not sufficiently comfortable with their methodology or outcomes to join.

2. Protection of the local environment

Being based in Bermuda we care passionately for the beautiful island we call home. Our initial focus has been, via the Conduit Foundation, on supporting charitable organisations that protect or restore nature's balance. More recently attention has turned to reducing our small negative impact by becoming a Beyond Plastic Bermuda Champion and removing the remaining small amount of single use plastic from common usage in the office.

The Beyond Plastic programme is important to us for multiple reasons. First, the direct reduction in plastic will reduce waste and plastic pollution. It also reduces greenhouse gas emissions and protects against the health risks of plastics entering the bodies of people and animals. Secondly, and importantly, it emphasises to our staff, many of whom have joined since we made conscious decisions around the avoidance of plastic water

bottles and single use coffee apparatus, that avoiding single use plastic is part of being a responsible company. Beyond signing-up we have also run an educational session for employees and their families. We also promote recycling and composting with office collection points.

Currently, Bermuda is heavily dependent on a single heavy-oil power station which frequently receives adverse press coverage in relation to the detrimental impact on the local environment. We also note that corporate access to renewable energy in Bermuda is limited. We hope to find an alternate avenue to achieve a similar local outcome by providing support to our staff in the small-scale deployment of solar power. In 2022 management agreed to create a framework during 2023 to support this deployment.

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.

Our metrics are:

- Number of environmental organisations supported (financially and/or through volunteering)

We have included in the table below a summary of our metrics for the year. More detail on these is also disclosed in our 2022 ClimateWise Report, available on our website.

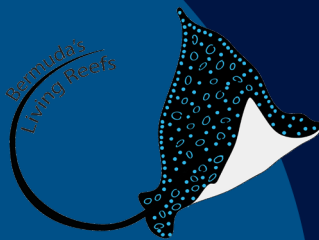
Metric	2022
Gross premiums written in relation to what we classify as being 'green revenue'	\$160.5m
Proportion of business ceded to us by cedants who are signatories to the UN Principles for Sustainable Insurance.	26%
Gross carbon emissions per employee ⁷	6tCO ₂ e
Net carbon emissions ⁵	Zero
Number of environmental organisations supported (financially and/or through volunteering)	4

⁶ As defined when we first disclosed our carbon emissions in our 2021 Annual Report and Accounts, comprising Scope 1 and Scope 2 emissions plus business travel and employee commuting.

Environment related projects our foundation is supporting in 2022 and beyond:



Waterstart promotes environmental awareness, and allows students to participate in woodland restoration, pilot aquaculture studies, seagrass monitoring and fish identification surveys. We support Waterstart due to the mixed educational and environmental benefits.



Bermuda's Living Reefs work to keep local reefs and the marine life they support healthy. Conduit supports the Living Reefs to help protect our environment against stresses such as temperature changes, acidification, pollution and overfishing.



Electric Vehicle Mechanics
Program Sponsorship

The Conduit Foundation supports the Bermuda College Foundation Electric Vehicle Mechanics programme that supports the transition to less polluting vehicles.



The Bermuda National Trust works to protect our local environment. Conduit is supporting the work at Paget Marsh to support the continued health of endemic species and provide controlled access for the public.

Environment

continued

We make socially responsible business decisions

At its core, insurance and reinsurance provide protection to individuals and companies against adverse events through risk transfer and risk sharing mechanisms. Similarly, invested assets support economic growth which provides the demand for labour and other services. Our perspective is that business activity is generally positive to individuals and communities. We recognise, however, that some economic activity has negative outcomes. As detailed in the ESG extracts from our underwriting and investment guidelines we factor applicable criteria into our decisions.

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 restrictions on for-profit-prisons, tobacco, controversial weapons and ~50 countries with questionable human rights records.

Our policies in this regard have been approved by the Board⁸ following consideration by executive management and the ESG Committee. The Board monitors performance based on these policies through the Underwriting Committee, the Risk, Capital, and Compliance Committee and/or the Audit Committee⁹.

Our Environmental business approach

While much of this report is focused on the impact that we can have, the other dimension to climate risk is the extent to which we are exposed to it across underwriting, investments and operations, and how we manage that risk.

Climate risk is integral to our risk management framework and is considered alongside other sources of material risk. These are explored in our Financial

Condition Report, which is typically published on our website each May. A summary of how climate risk applies to our business is detailed below. We also see climate risk as a source of opportunity and actively explore new ideas and opportunities.

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.

Our underwriting portfolio is split by class of business, and climate change is relevant to each in slightly different ways:

Property lines are, on the face of it, most directly exposed to climate change. Changing weather patterns and rising water levels can have immediate and observable impacts on exposures. That said, the time horizon for property coverage is typically annual, so the impact of long-term climate change is more easily measured and contained. From a longer-term strategic perspective, climate change is likely to exacerbate the coverage gap and lead to potentially unsatisfied demand for protections. This impact provides 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 lines have second order exposure to climate change, with the insurance losses typically driven by liability for damage or harm stemming from our customers' business activities. These losses may involve compensating or remedying damage to the underlying insureds' customers, employees or other stakeholders including wider society and/or governmental bodies. Casualty exposure is more challenging to measure and contain and typically is longer in duration than property risks. This means horizon-scanning and monitoring and understanding global trends is crucial. Currently, casualty lines are offering a reasonable return for the risks we assume,

⁸ Of CHL and CRL

⁹ The Underwriting Committee and Risk, Capital and Compliance Committees are CRL committees. Both CHL and CRL each have an Audit Committee.

Environment

continued

but care is needed to ensure we are containing losses from risks that are yet to fully emerge.

Specialty lines include coverage for businesses exposed to classes such as marine, energy, political violence and aviation risks. These typically include some aspects of risks as set out for property and some aspects similar to casualty considerations. Overall, pre-emptive action can be taken to avoid or manage exposure to perils or industries that are most likely to be impacted by claims volatility affected by climate change. Balancing this, reinsurance also has a role to play in providing protections to those in transitioning industries and a careful balance between environmental and social concerns must be found, all within the context of delivering returns for shareholders and reducing the coverage gap.

As we enter 2023, we now have a standard questionnaire for our cedants which communicates Conduit Re's general views on ESG matters and asks cedants a set of standard questions, alongside other standard questions associated with other risk traits.

Investments

Our investment portfolio is lower risk and highly liquid in nature and, over the planning horizon, should have relatively limited performance exposure to climate-related change. For issuers which have an ESG rating, our investment managers target our portfolio to meet a minimum weighted average MSCI ESG rating while also meeting our required credit quality and diversification objectives. In 2022 we also increased the specificity of our guidelines to restrict investments in companies associated with greater environmental impact, refer to [Appendix 2](#) for our list of restricted issuers.

Specific 'green' investments may also be considered. As these will typically sit outside of our normal risk profile, restricted by the regulatory requirements imposed on Conduit as a regulated business, these types of 'impact' investments will not be material to us in the short term, but may deliver outsized positive impacts to those in which we invest.

To date, we have made an equity investment in Incubex, a unique product and business development firm specialising in global environmental markets, climate risk, and related commodities. While our investment is small, it provides a helpful connection to that business, with whom we share a chairman. The Board has specifically tasked our Executive Chairman with various aspects of market and

stakeholder engagement. Under this umbrella he has advocated for an insurance industry carbon warehouse facility and engaged with major suppliers, such as the largest global brokers, at c-suite level.

All our investment managers were selected during 2021. As part of that process we required that all were signatories to the Principles for Responsible Investment.

Operations

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. We support sustainability initiatives locally through the Conduit Foundation. We are limiting 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.

Research

We are conscious that many companies commission or undertake significant research projects on environmental topics. While we have some participation in research, primarily through ClimateWise and the University of Cambridge Institute for Sustainable Leadership, we have determined that research is not an area where we are of sufficient size to have meaningful impact, so have not prioritised it at this time.

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 Chief Risk and Sustainability Officer 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 insurance press.

Conduit Re believes that material progress for our industry on climate matters requires collaboration, and we support it alongside transparent reporting, for which this report, together with our more structured ClimateWise report and TCFD disclosures form part.

Environment

continued

Carbon emissions and offsets

Conduit Re seeks to minimise its carbon footprint to a pragmatic extent and offset the emissions the business produces. In 2022 an estimate was made of emissions for the first five years of operation, on the basis set out in our 2021 Annual Report and Accounts. This basis addresses all Scope 1 and Scope 2 emissions and identifies business travel and employee commuting for Scope 3 emissions.

Carbon emissions

We have included in the table below our estimated emissions for our first two years of operations. As we are a new company, we look to grow as sustainably as possible, with a focus on the average emissions per employee. For details on our methodology please refer to [Appendix 9](#). To see our five-year emissions plan, please refer to section 4 of our ClimateWise report.

Carbon offsets

In early 2021 we purchased and retired some 3,600 metric tonnes of carbon credits. Each project supported was carefully selected and with our support for The United Nations Global Compact and Sustainable Development Goals in mind.

Details of the supported projects and their overall benefits are explored in [Appendix 10](#).

Environment

continued

Carbon emissions table¹⁰

Greenhouse gas emissions table												
		2022						2021				
Emission type	Activity	Basis of measurement	Quantity		tCO ₂ e			Quantity		tCO ₂ e		
			Bermuda	London	Bermuda	London	Total	Bermuda	London	Bermuda	London	Total
Scope 1												
Direct	None		0	0	0	0	0	0	0	0	0	0
Scope 2												
Indirect energy												
	Electricity	kWh	90,756	4,957				53,564	13,589			
	Location based				68	1	69			34	5	39
	Market based				65	1	66			34	1	35
Scope 3												
Indirect other	Business flights	Kilometres	1,352,129	193,206	165	23	188	595,105	113,470	72	14	86
	Hotels	Nights	117	139	4	12	17	92	58	11	7	18
	Staff commuting	Kilometres	149,272	14,595	17	1	18	72,959	23,752	8	4	12
Total gross emissions from our operations												
	Location based				255	37	292			130	29	159
	Market based				252	37	289			130	25	155
Carbon offset applied					(252)	(37)	(289)			(130)	(25)	(155)
Net carbon impact from operations					0	0	0			0	0	0
Gross emissions per average employee												
Average number of employees					45	2	47			28	3	31
	Location based				6	19	6			5	7	5
	Market based				6	18	6			5	6	5
Carbon credit balance												
As at the start of the period							3,445					3600
Applied to the years emissions (total market-based emissions)							(289)					(155)
As at the end of the period							3,156					3,445
Gross emissions including our share of suppliers' emissions												
Total gross emissions as per above market based							289					
Share of suppliers' emissions							747					
Grand total							1,036					

¹⁰ The totals presented here are consistent with those presented in the 2022 Annual Report and Accounts and reflect the underlying calculations. The tCO₂e for hotel nights above does not cast due to rounding. We have presented as 17 as this is consistent with the numbers shown in the annual report and accounts.



Social

Social

“In joining Conduit Re I was excited about the commitment that Trevor and Stuart have for Conduit Re being a great place to work and being a great community partner. I’m proud of what we have achieved so far and of our ambitions to grow our impact into the future.”

Heather Mello
Head of Human Resources



Key facts and figures

Staff based in Bermuda

50+

75% of staff do not require a work permit¹¹

We nurture local talent

Internships provided in 2022

6

Charities supported by the Conduit Foundation

12

Donations made to local charities (including through our employee matching program)

\$280k¹²

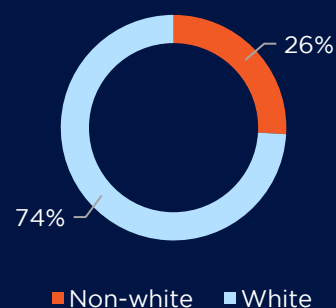
Social factors considered in our

Underwriting and investment policies

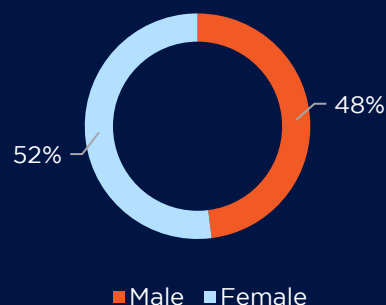
¹¹ Work permit is the term commonly used in Bermuda for what may be called a working visa in other jurisdictions. A low proportion of staff requiring a work permit is an indicator of seeking to nurture local talent.

¹² The \$280,000 donated includes the Foundations matching program, sponsored events and donations.

Staff ethnicity at 31/12/2022



Staff gender at 31/12/2022



Social

continued

Conduit Re's approach to social aims and policies is focused primarily on where we can have the most tangible impact: our people and our community. We seek to be a responsible employer and to contribute effectively to our community. By factoring societal considerations into our underwriting and investment policies we seek to support the transition to a more sustainable economy.

We are guided by our values and our belief that responsible organisations will perform and be valued better in the long-term. Additionally, we recognise the value of a diverse organisation, which we have actively nurtured and cultivated since inception. We recognise that a diverse organisation can lead to diversity of thought with positive outcomes.

Our values

Our core values, underpinned by the key principles of transparency, collaboration, being responsible and forward-thinking, shape how we operate internally on a day-to-day basis and influence how we want to be seen by our wider stakeholders – cedants, brokers, investors and our wider community:

1. Act boldly and challenge, approach every day with intellectual curiosity
2. Be collaborative, know the plan and own your part in it
3. Be environmentally and socially responsible while operating with integrity
4. Be data-driven, learn and develop while enjoying the journey

These core values inform the way we approach our work and working relationships within our team and with our clients and are supported by our daily interactions through:

- An open, transparent approach where all ideas are welcome, and mistakes are a part of developing and learning.
- Information sharing is a daily occurrence.
- Communication is strong, consistent and not just top down.
- Everyone is welcome and can be themselves-we embrace individuality and recognise that inclusivity will not only create a positive

environment but will enhance our overall achievements.

- We are a lean company where everyone works hard to drive the business forward.
- Formality and hierarchy is kept to a minimum and flexibility and responding to individual needs is key.
- Significant opportunities for developing skills and careers. Potential will be identified and colleagues will be appointed into new roles wherever possible and will be supported in realising their potential through training and coaching.
- A vibrant, fun environment where working as a team is a given and a pleasure. Our people like and want to work together.
- We celebrate success.
- We embrace technology.

Social

continued

We actively seek diversity

Diversity is in large part about good governance. We seek diversity to support us in making better decisions through alternate perspectives. Board and senior management diversity is key and we address this later in the Governance section of this report.

Diversity is also important in a social context, reducing the risk of bias, discrimination and creating a more fair and equitable society. To this end we are focused on the development of diverse local talent and on inclusivity.

Conduit Re embraces and supports our employees' differences in

- age,
- ethnicity,
- gender,
- gender identity or expression,
- language differences,
- nationality or national origin,
- family or marital status,
- physical or mental development abilities,
- race,
- religion or belief,
- sexual orientation,
- skin colour,
- social economic class,
- education,
- work and behavioural styles,
- political affiliation,
- and other characteristics that make our employees unique.

On launch in December 2020, while diversity of thought had been front of mind and was reflected in the range of backgrounds and career histories of our initial team, diversity from the perspective of gender, race and age was limited at employee level. We were largely white, male and middle-aged.

As our team grew, gender diversity improved both across our entire staff base and in relation to executive management and their direct reports. Racial diversity has also more gradually progressed.

Indicator	31/12/20	31/12/21	31/12/22
% Female	8%	46%	52%
% Non-white	8%	24%	26%

Social

continued

We support our employees

Conduit Re seeks to provide security for our employees by making available a suite of generous benefits and allowances which are consistent for all employees¹³ regardless of seniority. This includes access to fully paid health insurance, gym allowance, vacation, compassionate leave, sick leave, short-term disability leave, parental leave, time off for voting, medical appointments, and both public and civic duty. Pension, life insurance and long-term disability protections are also provided and are linked to wider compensation levels.

We also support local flexible working arrangements with each staff member provided a full work from home setup upon joining. Practically, as a start-up company, we find our staff thrive from being predominantly office-based, leveraging remote working typically in response either to times when quiet focus is needed or in response to personal circumstances.

Part of being a responsible employer, Conduit Re has a comprehensive performance management process and a bonus scheme that is in part equity based; we want all our team to feel ownership of the business.

We also support our employees' professional development. We have staff studying for professional designations and participating in other training, including in 2022 overseas training with the Reinsurance Association of America, to support personal and professional development. Additionally, we provide lunch and learn sessions on diverse topics, and require completion of training specific to individuals' roles.

We also recognise the importance of personal well-being. To support our employees, we have two staff who are MHFA certified mental health first aiders. We intend to certify more staff in 2023. Conduit Re has also partnered with Benedict Associates Ltd. to provide Employee Assistance Program (EAP) services to our staff.

We support our local community

We want to be a company known not only for our business achievements and employee support, but also for the positive impact we have on our wider community.

While Conduit Re has established the Conduit Foundation to support the community from a charitable standpoint, as a company, Conduit Re has also supported local initiatives that seek to advance Bermuda and support local interests and initiatives.

During 2022 Conduit Re was a platinum sponsor to the inaugural Bermuda Climate Summit, an event promoting Bermuda's role in climate risk finance, and have supported the Bermuda Business Development Authority more broadly. Where not compatible with the Conduit Foundation's mandate, the Company has provided support to local sports aligned with the interests of our staff, notably making a multi-year commitment to support the national hockey team's participation in regional competitions.

Beyond financial support, members of our team have participated in a variety of events as attendees and volunteers, including causes supported by the Conduit Foundation. More broadly, roughly 50% of our staff attended SCARS¹⁴ training and a similar proportion, and a few families, attended a briefing from Beyond Plastic Bermuda.

In 2022, Conduit Re sponsored a number of diversity, equity and inclusion initiatives. These included the Closing Ceremony of Dive In. Dive In promotes best practice in diversity and inclusion with tools and advice that culminate in an annual three-day festival in September. We also encouraged our staff to participate in their events. Conduit also supported staff to attend local women's network events hosted by WeSpeak Bermuda and Women in Reinsurance Bermuda.

¹³ Some benefits are subject to completion of a successful probationary period. The two London-based employees have slightly different benefits.

¹⁴ Saving Children and Revealing Secrets is a Bermuda programme to prepare adults to work with children.

Social

continued

The Conduit Foundation

The Conduit Foundation was established in 2021, recognising the important part that companies - such as Conduit Re - play in Bermuda's society.

The Foundation's Mission:

"To make a positive impact on the Bermuda community by supporting organisations and outreach projects focused on the environment, diversity & inclusion initiatives, education and Bermuda's vulnerable populations. The Foundation intends to invest in results-based projects that will make a meaningful impact in the community and reflect Conduit Re's Environmental, Social and Governance values."

The Foundation was established as a privately funded charity and has a licenced, third-party, trustee. There is a protector committee comprising the Chairman of Conduit Re's ESG Committee and director and non-director representation from Conduit Re.

Typically donations, or other funding requests, are proposed by the Head of Human Resources for consideration based on recommendations made by staff. During 2022, more than 80% of total Foundation disbursements were selected or recommended by staff.

Charitable disbursements are made to Bermuda-based registered charities, or in rare cases, other types of not-for-profit Bermuda organisations (for example the Association of Bermuda Insurers and Reinsurers for the public-school antigen testing programme during the pandemic). These typically fall into four categories:

1. Donations
2. Support for charitable events
3. Staff donation matching
4. Educational awards

The Foundation seeks to align its contributions to the UN Sustainable Development Goals ("SDGs"). During 2022 all except two categories have been supported. Those two related to clean drinking water, which is not relevant in Bermuda as there is universal access to clean drinking water (typically harvested from the roofs of homes) and access to cheap clean energy. These two SDGs are, however, supported through our Carbon Offset programs.

The Foundation has a generous matching programme. Any local charitable donations made by our staff to charities with causes that also fall within the Foundation's mission will be matched by the Foundation – the donation matching is capped at \$5,000 for any one initiative and the overall annual matching budget that the Foundation has set is to be \$50,000 annually.

Social

continued

2022 achievements

The Foundation had an active year in 2022 making donations to more than a dozen charities, totalling over \$280k¹⁵, additionally supporting more than half-a-dozen charitable events with financial contributions and making more than 10 contributions under the matched giving programme.

Details of the donations made can be found at [Appendix 5](#). The charitable events supported included the Bermuda Youth Climate Summit and various seasonal campaigns to provide food or other essentials to families in need.

2023 commitments

The Foundation has made two educational commitments for 2023: a traditional scholarship; and a four-year programme to support students at Bermuda College with the electric vehicle mechanics programme. In addition, a portion of the donations made during 2023 involve additional pledges beyond the current year



Conduit Re staff with representatives of its beneficiaries: Bermuda Sloop Foundation, Big Brothers Big Sisters of Bermuda, Friends of Christchurch, Tomorrow's Voices, SCARS, Bermuda College Foundation, Home, Bermuda Red Cross, Living Reefs Foundation, Vision Bermuda, Waterstart Ltd.

¹⁵ The \$280k donated includes the Foundations matching program, sponsored events, and donations.



Governance

Governance

“Strong governance is the foundation on which our business thrives and on which environmental and social ambitions can be delivered. Our Board has provided exceptional support from our launch to our emergence from the start-up phase, and our teams have performed with outstanding commitment and diligence during that initial phase.”

Neil Eckert
Executive Chairman



Governance

continued

As a UK listed, Bermuda regulated, organisation we have strong governance frameworks and policies in place. This is also what our stakeholders expect of us. We deliver our fiduciary duties to shareholders, provide protection to policyholders and participate appropriately in the wider economic system and society.

Good governance is the foundation for a well-run and successful company, and it is the foundation for achieving ESG related objectives. Aspects of our governance are described in our Annual Report and Accounts and in our Financial Condition Report, each of which are available on our website. In this ESG Report, we focus on those aspects of governance particularly applicable to ESG.

Summary

Relevant parts of our governance structure sit at holding (CHL) and operating (CRL) level. Beyond legal obligations under Bermuda law, the CHL governance has been designed to meet expected requirements, particularly focused on operating as a UK listed company, while the CRL governance has been designed to focus on operating as a regulated (re)insurer.

The board of each entity is the highest governance body and both boards have a suitable balance of independent versus non-independent directors and diversity from a gender and race perspective. The four independent directors of CRL, all Bermuda residents, are also independent directors of CHL alongside two further independent directors of CHL.

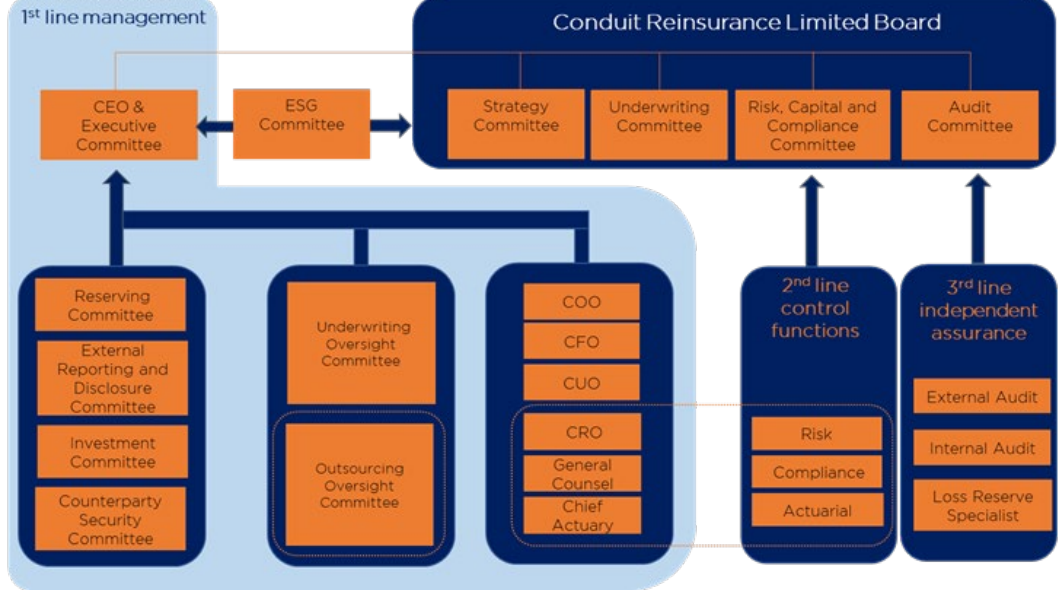
The boards have established appropriate sub-committees to support their work and have established an ESG Committee. The ESG Committee is not a Board committee and is independently chaired by Lord Soames, who is neither a director nor employee. Other members of the ESG Committee

include our Executive Chairman, Deputy Chief Executive Officer, Head of Human Resources, Chief Sustainability Officer, and the General Counsel. The boards have delegated various authorities to executive management, within defined policies and appetites that include those relating to ESG, and receive quarterly reporting on performance and compliance.

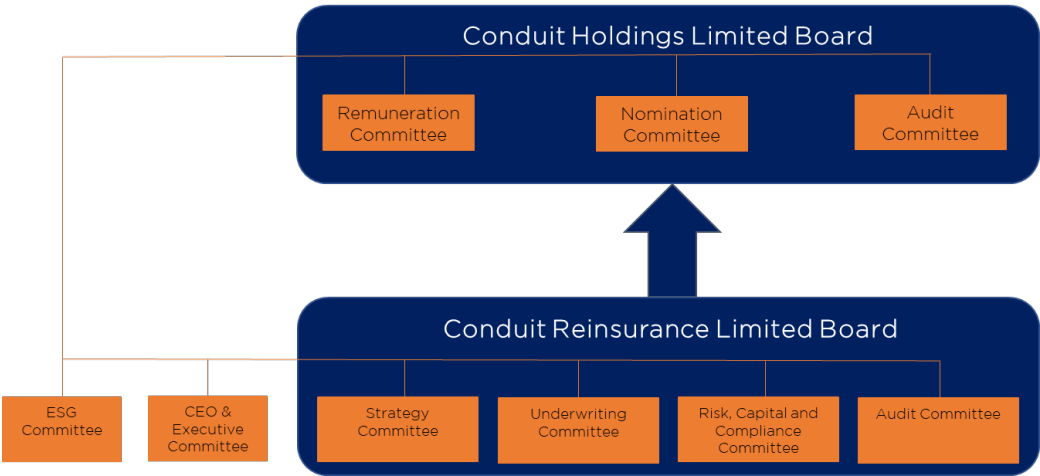
From a management perspective, Conduit Re operates a 'three lines of defence' governance model with independence within and between each second- and third-line function. Further details can be found in our Financial Condition Report, available each May, on our website.

Governance
continued

Conduit Re
Governance Structure



Conduit Group
Governance Structure



Governance

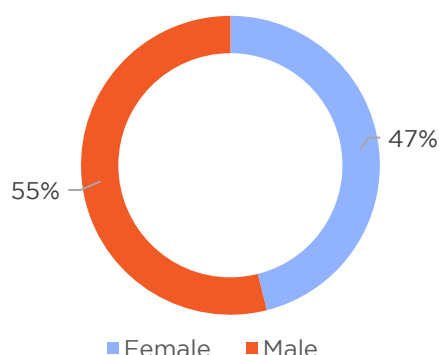
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Diversity within Board and senior management

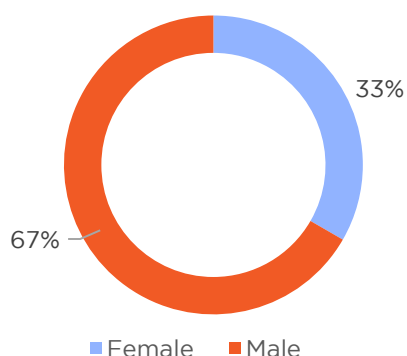
Our Board and senior management have been selected to provide diverse perspectives. Biographies of the Board and Executive team can be found in the Annual Report and Accounts. The Board effectiveness is evaluated on a periodic basis, also as described in the Annual Report and Accounts. Two thirds of the CHL Board and half of the CRL Board are independent directors.

From a management perspective, diversity was actively sought in the initial recruitment processes, with no dominant grouping of individuals who have previously worked together at a single employer.

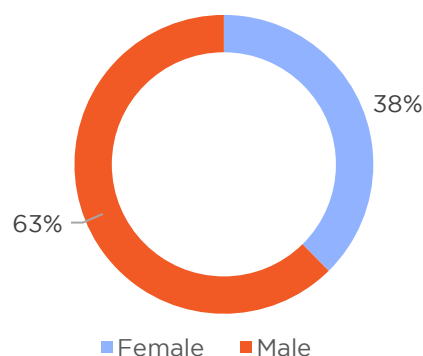
Gender of our Executives and their direct reports:



Gender of the CHL Board of Directors:



Gender of the CRL Board of Directors:



Reward

Our Remuneration Policy is detailed in our Annual Report and Accounts, available on our website. Our senior team are passionate about ESG matters, each have ESG principles embedded in their day-to-day responsibilities and performance objectives, as detailed in [Appendix 7](#). Attainment of their ESG related objectives and responsibilities are considered in their annual appraisal and remuneration review.

Training

Ongoing training and education of Board and staff is an important component of strong governance. During the year training sessions have been run and/or online facilities made available to both staff and the Board. Some training is mandatory.

Topics have included:

- Anti-Bribery & Anti-Corruption in Insurance Firms
- Anti-Money Laundering
- Conflicts of Interest
- Information Security & Cyber Risk Awareness
- Conduit Tax and Operating Guidelines
- Conduit Code of Conduct and Whistleblowing
- Sanctions
- IFRS-17 Impacts for both the finance team and non-accountants

Governance

continued

Terms of reference and corporate policies

Each Board committee, the ESG committee and management committees have formal terms of reference and records of each meeting are maintained.

Conduit Re also has an extensive suite of corporate policies that provide the parameters within which we operate. Some of these are regulatory or compliance in nature while others are about codifying the processes and controls that we put in place operationally to execute our strategy and business plan.

Please refer to [Appendix 6](#) for a list of policies in place during 2022.

Management of risk

As a regulated reinsurance company, Conduit Re has a risk management framework, overseen by the Chief Risk Officer with board oversight via the Risk, Capital and Compliance Committee of CRL and the Audit Committee of CHL.

A Financial Condition Report, which provides a description of the material risks to Conduit Re and the associated response, is published each May in line with Bermuda regulatory requirements. The material risks are those associated with operating as a reinsurance company but with wider consideration of more generic risks that apply to any company including those associated with the macroeconomic environment, ESG and cyber.

The Introduction and Environment section of this report also contain details of how we think about and manage applicable risks. Cyber risk is also of relevance. As a reinsurer we can assume cyber risk by writing it as a reinsurance risk type and as a company we are exposed to direct cyber risk ourselves. To date, we have generally sought to avoid writing affirmative cyber reinsurance but we may do so in future, subject to strict risk appetite and risk containment mechanisms.

In relation to our own direct cyber risk exposures, our inherent risk as a pure reinsurer is lower than many other industries. Time criticality of system-based processing is limited and outages of 48 hours or less are unlikely to have a material impact from a financial performance perspective. Longer outages are only

likely to have a significant impact on certain key dates associated with our industry. We also hold a limited amount of personal information, further reducing our risk.

Conversely, we are all based in a single office, on an island exposed to windstorm risk. Bermuda is heavily dependent on a single power station which has, in the two years to 31 December 2022, had one complete outage.

Despite the relatively low inherent risk, we take cyber security and data privacy very seriously:

- The topic has been discussed at Board level and forms part of the regular reporting by the Chief Operations Officer and has also featured in Chief Risk Officer reporting.
- All staff have mandatory training on the topic.
- Our infrastructure has been designed to be cloud based using leading providers of technology. We insist on redundancy for critical services.
- We have no in-house physical servers, and our staff can work anywhere that has an internet connection. All have a full work from home setup.
- We have endpoint-based security supplemented by secure routing of internet traffic via a dedicated service.
- We conduct security reviews of our providers and review their performance.
- Cyber risk is part of the standard internal audit cycle of audits, with execution of the audit outsourced to specialist teams at a 'Big 4' accounting firm.
- Our office has backup power facilities and we have redundancy in our internet connectivity.
- Processes are in place to provide us with specialist support in the event of certain cyber related events happening.



Appendices

Appendices

Appendix 1: Memberships relevant to ESG topics

At Conduit Re, we believe that collaboration is important to progress. We collaborate with members of various organisations for many varied reasons, but those listed below are those where there is a notable ESG element to their work. We summarise the role of each organisation and explain our reason for being involved.



Sustainable Markets Initiative

Sustainable Markets Initiative Insurance Taskforce (“SMI”)

The Sustainable Markets Initiative (“SMI”) has a mission to accelerate the world’s transition to a sustainable future through a coordinated global effort. The Sustainable Markets Initiative was launched by His Majesty King Charles III, while Prince of Wales, at The World Economic Forum 2020 Annual Meeting in Davos.

At his invitation, leaders from a number of the global insurance firms formed an insurance task force as part of the SMI, to drive progress as a group and accelerate the pace of industry transitions towards a more resilient and sustainable future, putting Nature, People and Planet at the heart of global value creation. For more information, please visit their website [here](#).

By being a member of this taskforce, we can work in collaboration with our peers towards a more sustainable future. 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.

Appendices

continued



The Association of Bermuda Insurers and Reinsurers (“ABIR”)

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

Conduit Re has active members of the main relevant committees of ABIR, notably the Policy Committee and the Climate Risk Committee. Through ABIR, Conduit 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. By being members of ABIR’s Climate Risk Committee and Policy Committee, we are able to be involved in the dialogue with policy makers and other stakeholders, to ensure climate-related regulation and policies remains relevant to (re)insurers in Bermuda.



The Reinsurance Association of America (“RAA”)

The Reinsurance Association of America (“RAA”) is a member led organisation for property and casualty reinsurers doing business with insurers in the United States. The RAA is committed to promoting a regulatory environment that ensures the industry remains globally competitive and financially robust. The RAA was recently recognized as a global leader in innovation for its Community Disaster Resilience Zones (CDRZ) proposal to incentivize private and direct public sector investment and to help improve infrastructure resilience, including affordable housing resilience, for communities that are the most in need and most at risk from natural disasters. This was part of The UN Race to Resilience report by the Arsht-Rock Resilience Centre and Marsh McLennan.

For more information on the RAA, please visit their website [here](#).

We have joined the RAA to expand our partnership with, and learn from, other reinsurance companies on topics of interest, including areas in environmental, social and governance.

Appendices

continued



United Nations Environmental Programme Finance Initiative (“UNEP FI”) Principles for Sustainable Insurance (“PSI”)

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

At Conduit, we aim to lead by example in supporting the transition to a sustainable economy and focus on the long-term benefit of all our stakeholders. Consistency, collaboration and transparency are key and we believe the Principles for Sustainable Insurance provide a relevant framework to frame our industry’s environmental, social and governance risks and opportunities. We felt that joining the PSI was the next appropriate step in our ESG journey as we look to further integrate its principles into our own ESG principles and actions. Having joined the PSI at the end of 2022, we look forward to making our relevant disclosures in the future.



Business Development Agency (Bermuda) Climate Risk Finance Working Group

The purpose of this group is to bring together industry professionals, regulatory officials, and key Bermuda contacts to leverage expertise and bring forward solutions to some of the world’s most pressing climate-related problems. The first meeting will be held early 2023. For more information on the group, please visit their website [here](#).

Conduit joined this Working Group to help drive legislative change to facilitate relevant initiatives and bring together thought leaders, policy makers and academics to maintain open dialogue and find workable solutions.

Appendices

continued



Association of Bermuda International Companies (“ABIC”)

Association of Bermuda International Companies (“ABIC”) is a membership organisation for Bermuda based international companies.

We joined ABIC to develop partnerships with fellow re(insurance) companies, other companies based in Bermuda and policyholders to ensure we are able to have an active discussion on pertinent matters with peer companies, and influence regulation and policies.

Through ABIC, we will also be providing higher educational scholarships to local Bermudian students through their International Companies Education Awards Program (“ICEA”). Their focus is on international business-related fields. For more information, please visit their website [here](#).

ABIC work to help members achieve greater diversity, equity and inclusion (DEI), encouraging them to have a long-term and organisation-wide commitment to an inclusive culture. This is something Conduit Re has done, as evidenced in our values and in our people policies. ABIC provides resources to companies to help them to put this commitment in place. To support ABIC’s DEI advancements, Conduit Re participated in the joint ABIC and ABIR survey.



ClimateWise

Representing a growing global network of leading insurance industry organisations, ClimateWise helps to align its members’ expertise to directly support society as it responds to the risks and opportunities of climate change. Their areas of focus include disclosures, research, and convening. Our ClimateWise report can be found on our website. For more information on ClimateWise, please visit their website [here](#).

Conduit 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. We are governed by, and comply with, the organisations’ principles. Beyond participation, Conduit 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.

We have separately published our ClimateWise report for both the year ending 2021 and 2022, which can be found on our website.

Appendices

continued



Bermuda Foundation for Insurance Studies (“BFIS”)

Bermuda Foundation for Insurance Studies (“BFIS”) ensures local students are provided with opportunities for successful careers in Bermuda’s insurance industry through the provision of scholarships, mentoring, internships and career guidance. For more information on BFIS, please visit their website [here](#).

In 2021 and 2022 we participated in BFIS’ internship programme as we support the sustainability of international business in Bermuda and help local students develop their professional skills and experience, ahead of hopefully working for a local insurance company.



Bermuda Underwater Exploration Institute (“BUEI”)

Bermuda Underwater Exploration Institute (BUEI) is a Bermuda registered charity who work to advance everyone’s understanding of our oceans and seas. Being island based, this is a charity of particular importance for us. Conduit is a corporate member of BUEI and our Foundation supports their Youth Climate Summit as an Inspire Partner. Conduit supported this initiative to help local students to make a difference against environmental issues as well as the educational aspects of the programme. For more information on BUEI, please visit their website [here](#).

Appendices

continued

Appendix 2: ESG in our underwriting and investments

At Conduit Re, we are cognisant of the important role that the insurance industry and other parts of the financial services sector play in supporting the transition to net zero while also reducing the coverage gap which typically affects those most exposed to climate change. We seek to act responsibly considering the requirements and objectives of all stakeholders.

While ESG considerations have been a factor in our underwriting and investment guidelines since inception, we have made them more precise and explicit during 2022. 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.

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 $\geq 3\%$ of their revenue from the retail of firearms.

Appendices

continued

- Coal, Arctic drilling, and oil sands
 - Restrict issuers that derive >0% of their revenue from the extraction/mining of thermal coal.
- Thermal coal generation
 - Restrict issuers that derive $\geq 30\%$ of their revenue from the production of electricity using thermal coal.
 - Restrict companies that derive $\geq 5\%$ of their revenue from oil sands and/or arctic drilling.
- 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.

Appendices

continued

Appendix 3: Events and achievements 2022

During our second year, Conduit Re celebrated several successful partnerships, events and achievements. We supported the Bermuda Climate Summit and the Bermuda Youth Climate Summit, and our Executive Chairman was recognised for his lifetime contribution to ESG by The Insurer magazine. We also continued to expand our internship programme and became a Beyond Plastics Bermuda Champion supporting the reduction in single use plastics in Bermuda.

Youth Climate Summit (BUEI)

Bermuda Underwater Exploration Institute (BUEI) is a Bermuda registered charity working to advance local people's understanding of our oceans and seas. Being island based, this is a charity of particular importance for us. Conduit Re is a corporate member of BUEI and our Foundation supports their Youth Climate Summit as an Inspire Partner.

The Youth Climate Summit brings local students, aged 13-22, together to hear from and work with environmental activists, leaders, and experts. The summit is a week-long annual event with a focus on Environmental Conservation, Sustainability and Climate Justice. Students attend four days of educational sessions, and then come together over two further days to engage and develop action plans to combat the issues they have studied. Students are then supported by partnering non-governmental organisations over the subsequent twelve months to launch their own initiatives to advance Environmental Conservation, Sustainability or Climate Justice.

Conduit Re supported this initiative to help local students make a difference against environmental issues whilst advancing their own knowledge, skills and experience through studying relevant issues and working on projects. We supported this initiative in 2021, following which the students launched fantastic projects tackling local environmental concerns. Projects included sea grass restoration, working with schools to reduce single use plastic and food production initiatives. We look forward to seeing what the 2022 cohort achieves!

Years supported: 2022, 2021

For more information, please visit their website [here](#).



Appendices

continued

Bermuda Climate Summit

Conduit Re was the Platinum sponsor of the May 2022, inaugural, Bermuda Climate Summit, hosted by the Business Development Agency (Bermuda). The Summit brought together a diverse group of stakeholders to advance Bermuda's contribution, as a leading financial services hub, to the issues of climate change. The Summit connected senior policymakers, leading scientists, heads of non-governmental organisations, and business leaders to share their unique insights and solutions. 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. Our Chief Risk and Sustainability Officer provided the address at the welcoming event at the Bermuda Climate Summit explaining Conduit's dedication to sustainability and why we view it as so important.

Supporting this initiative offered Conduit Re with an avenue towards meeting our goal of supporting insurance markets to provide protection to those exposed to the effects of climate change.

Years supported: 2022

For more information, please visit the BDA's website:

<https://www.bda.bm/events/bermuda-climate-summit-2022/>



Appendices

continued

Executive Chairman's lifetime achievement award

In July 2022 at the Insurer ESG Awards, our Executive Chairman, Neil Eckert, was recognised for pioneering climate risk with a lifetime achievement award.



This award recognised his achievements in changing attitudes and encouraging the industry to take a more active role in the sustainability agenda, amongst other accomplishments. Neil was one of the founding advocates supporting the Sustainable Markets Initiative, Insurance Taskforce, of which Conduit Re is a member. The Sustainable Markets Initiative was launched by His Majesty King Charles III, while Prince of Wales, at The World Economic Forum 2020 Annual Meeting in Davos, with a mission to accelerate the world's transition to a sustainable future through a coordinated global effort.

Appendices

continued

Appendix 4: Other case studies

Internships

At Conduit Re, we believe that internships play an important role in supporting diversity, equity, and inclusion. To date, we have provided direct internships and participate in local internship programmes, including the Bermuda Foundation for Insurance Studies internship programme.

In 2021, we provided two summer internships, and in 2022 we increased this to six. Considering the size of our company was just 51 employees in June 2022, this was a significant cohort. Our interns worked across our catastrophe modelling, underwriting, operations, finance, and legal teams. Through our programme we work with students to: develop their professional skills and knowledge, gain valuable insights to a career in the insurance market in Bermuda, and better understand what a career in insurance might be for them. We have also supported some interns to participate in The Association of Bermuda Insurers and Reinsurers intern networking events.

We hope by offering these placements we will continue to encourage our local young talent to join the insurance industry and provide them with relevant knowledge and experience. In 2023, we also plan to offer a scholarship through the Association of Bermuda International Companies Education Awards programme, sponsoring a Bermuda student towards university for two years. By doing so, we hope to support both the sustainability of international business in Bermuda and the availability of jobs for home grown talent.



Appendices

continued

Beyond Plastics

In September 2022, Conduit Re became a Beyond Plastics Champion. This is a local Bermuda based initiative working to eliminate all single use plastics from our Island. As a Beyond Plastic Champion, we have made commitments associated with the avoidance of single use plastics.


The largest impact on Conduit Re's office, which already had minimal single use plastics available, was ensuring catered meetings are no longer provided in plastic packaging. We estimate by making this switch alone, we will save an estimated 230kg of plastic each year. We already use on site water filtering to avoid plastic bottles and bean to cup coffee machines.

When we became a Champion, it was important to us that our staff were aware of the negative impacts plastic has on our environment and why we are committed to this cause. We invited representatives from Beyond Plastic to speak with Conduit Re employees and their families, who provided an educational session on plastics' environmental and health perils, amongst other issues including social justice and inequality, at each step of its value chain. We hope by educating our staff on these issues, and on the plastic free alternatives available in Bermuda, we can all make more informed decisions and reduce our total plastic consumption both in the office and at home.

The Beyond Plastic programme is important to us for multiple reasons. First, the direct reduction in plastic will reduce waste and plastic pollution. It also reduces greenhouse gas emissions and protects against the health risks of plastics entering the bodies of people and animals. Secondly, and importantly, it emphasises to our staff, many of whom have joined since we made conscious decisions around the avoidance of plastic water bottles and single use coffee apparatus, that avoiding single use plastic is part of being a responsible company.

For more information, please visit their website: <https://www.beyondplastic.bm/>

**BEYOND PLASTIC
CHAMPION CHECKLIST**



**CORPORATE
ENTITY/OFFICE
(NOT ENGAGED IN RETAIL SALES)**

LEVEL AVAILABLE: CHAMPION

☒

The entity must promote and facilitate recycling on the premises.

☒

If drinks are provided by the company on premises, the cooler/refrigerator must contain only drinks in glass, aluminum or paper cartons.

☒

Straws if available should be paper or PHA based (Phade brand for example).

☒

Plastic pods should not be used to make coffee, tea or other hot beverages. Reusable pods are acceptable. Aluminium pods are acceptable if they are returned to the vendor for recycling.

☒

Coffee stirrers should be made of wood, fiber, or be metal utensils.

☒

If a kitchen or lunchroom is on premises and there are washing facilities, then washable utensils, cups, glasses and plates should be available for staff use.

☒

Bring-Your-Own-Container (BYOC) containers should be available to staff.

☒

Catered lunches and events should be plastic free and primarily use reusable items.

On premises restaurants and dining facilities for staff must meet standards for restaurants. Please see checklist for restaurants.

If you think your business meets our requirements, please contact Beyond Plastic Bermuda at info@beyondplastic.bm. We will send you further information and schedule a visit with your business.

12/11/22

Appendix 5: Charities supported by the Conduit Foundation

The Conduit Foundation supports local charities in Bermuda as we believe that by supporting local charities, we can have the greatest impact in our community. Charities supported are typically suggested by employees and, after initial consideration by the Head of Human Resources, a proposal is considered by the protector committee of the Conduit Foundation.



Big Brothers & Big Sisters Bermuda

Founded in 1978, Big Brothers Big Sisters of Bermuda is a charity which provides a mentoring programme dedicated to helping youth, primarily from single parent homes, realise their potential by facilitating the development of long-term one-on-one relationships.

The Conduit Foundation backs the charity's positive impact in supporting those who are found in disadvantaged positions, and bringing together individuals from diverse parts of society.

This supports our Foundation's objective of advancement of citizenship or community development and the advancement of equality.

Year supported: 2022

Website: <http://www.bbbs.bm/>

Appendices

continued



Bermuda Red Cross

The Bermuda Red Cross was formed in 1950 as a branch of the British Red Cross Society. Originally a Nursing Reserve, it has grown over the years to provide other community-based programmes focusing on the most vulnerable. The charity provides health and safety courses to educate the public in basic First Aid, CPR AED use, pool lifeguarding and psychosocial first aid response. It also provides free transport for seniors for medical appointments as well as disaster management. During the COVID pandemic, the charity faced an unprecedented volume of requests and costs which lead to an urgent appeal for financial support.

The Foundation responded to this appeal to ensure the charity can continue to provide community health and safety training and outreach programmes.

This supports our Foundation's objectives of advancement of education and advancement of health or saving of lives.

Year supported: 2022

Website: <https://bermudaredcross.com/>



Bermuda College Foundation Electric Vehicle Mechanics programme Scholarship

Bermuda College recently launched an Electric Vehicle Mechanics Programme. As Bermuda residents seek to reduce their carbon emissions, there has been an increase in demand for electric vehicles. This programme upskills those currently in the automotive industry, as well as incoming students, in repair and maintenance of electric and hybrid cars.

Conduit chose to sponsor the Bermuda College Foundation Electric Vehicle Mechanics programme to provide training and access to jobs whilst supporting the transition to less polluting vehicles. While the commitment was made in 2022, funding is from 2023 to 2026.

This supports our Foundation's objectives of advancement of education.

Year supported: 2023, 2024, 2025, 2026

Appendices

continued



Bermuda Sloop Foundation

The Bermuda Sloop Foundation was founded in 2006 to ensure Bermuda's youth increase their long-term chances of success. By being immersed in an environment fostering positive behaviour, boosting individual resilience, and cultivating critical life skills, young people of Bermuda are better prepared to meet life's challenges, overcome adversity with confidence and avoid antisocial behaviour.

Our donation supports the youth programme onboard the Spirit of Bermuda and provides Bermuda's youth with important educational and development opportunity outside of the traditional school environment.

This supports our Foundation's objectives of advancement of education and advancement of arts, culture, heritage or science.

Year supported: 2022

Website: <https://bermudasloop.org/>

Friends of Christchurch Feeding Programme

The Friends of Christchurch Feeding Programme provide meaningful results in the community by feeding families currently in crisis in Bermuda. The programme serves two to three hundred meals each day, six days per week.

Our Foundation seeks to support those in our local community, especially those in crisis.

This supports our Foundation's objectives of prevention or relief of poverty.

Year supported: 2022



Vision Bermuda

Vision Bermuda is dedicated to empowering people who are blind or vision impaired to learn how to live well with vision loss. They help people with no and low vision to maintain independence, learn new skills, participate in social and physical activities to reduce loneliness and isolation. They provide a range of services, classes, social activities and events, including vision rehabilitation therapy, orientation and mobility support, assistive technology and equipment information and training, small group training workshops and many more.

This supports our Foundation's objectives of advancement of health or saving of lives.

Year supported: 2022

Website: <https://visionbermuda.bm/>

Appendices

continued



S.C.A.R.S.

SCARS stands for Saving Children And Revealing Secrets. SCARS is Bermuda's only child sexual abuse prevention charity organisation. It was formed to create greater awareness of the devastation that child sexual abuse can cause in the life of a child, a family and a community. SCARS offers, at no cost to the community, prevention training, awareness programmes and informational resources for healing.

In addition to our Charitable Event Sponsorship Donation to Kayak4Kids 2022 Event in September, we also provided a donation to SCARS directly to allow them to continue their advocacy work and to continue offering their training programmes free of charge. We also made SCARS training available to our staff, many of whom attended.

This supports our Foundation's objectives of advancement of health or saving of lives and the advancement of education.

Year supported: 2022

Website: <https://www.scarsbermuda.com/>



P.A.L.S.

P.A.L.S. mission is to provide cancer patients with quality care, primarily in the home setting, to enhance quality of life. P.A.L.S. provides medical equipment and services to insured and uninsured patients. Additionally, they can help with hospital bills, living expenses and medical services while patients undergo cancer treatment.

This year Conduit provided funds to assist with the employment of two nurses to provide patient care at home.

This supports our Foundation's objectives of advancement of health or saving of lives and relief to those in need because of ill-health.

Year supported: 2022

Website: <https://pals.bm/>

Appendices

continued



Living Reefs Bermuda

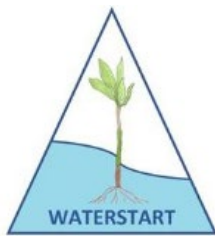
Bermuda's Living Reefs work to keep Bermuda's reefs and the marine life they support healthy. Living Reefs launched its Coral Garden Initiative in 2016. They aim to develop a tourism/conservation partnership to ensure the sustainable conservation of the Atlantic's northernmost reefs. Their work is based 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.

This supports our Foundation's objectives of advancement of environmental protection or improvement and the advancement of education.

Year supported: 2022

Website: <https://www.livingreefs.org/>



Waterstart Ltd.

Since launching in 2001, Waterstart has developed, and continues to expand upon, a collection of highly successful outdoor education programmes. Waterstart promotes environmental awareness, and allows students to participate in woodland restoration, pilot aquaculture studies, seagrass monitoring and fish identification surveys. These programmes allow students to embrace new experiences and gain skills through experiential learning.

We support Waterstart due to the mixed educational and environmental benefits.

This supports our Foundation's objectives of advancement of environmental protection or improvement and the advancement of education.

Year supported: 2022

Website: <https://waterstartbermuda.org/>

Appendices

continued



Tomorrow's Voices

Tomorrow's Voices was established in 2007 to provide low-cost behaviour therapy for children on the severe end of the autism spectrum. As the clinic continues to evolve, it has expanded its mission to assist all individuals with autism and developmental differences over their life span. Tomorrow's Voices subsidises the cost of therapeutic one-on-one Applied Behavioural Analysis services to the parents and guardians of their clients by an estimate 80%. This gives those parents and guardians the ability to access high end, research based, medically necessary services at an affordable cost to ensure their children access the clinical services they need. They also offer seminars for parents, teachers and other therapists.

This supports our Foundation's objectives of advancement of health or saving of lives and relief to those in need.

Year supported: 2022

Website: <https://www.tomorrowsvoices.bm/>



HOME

HOME works to end homelessness in Bermuda. HOME is working with the Bermuda government, non-governmental agencies, charities, philanthropies, the religious and wider local community to create a collaborative, single plan to eradicate homelessness on our island.

Our donation will assist HOME to invest in one identified rough sleeper to enable them to go through their programme.

This supports our Foundation's objectives of the prevention or relief of poverty.

Year supported: 2022

Website: <https://home.bm/>

Bermuda Public Schools Antigen Testing

Throughout the pandemic Conduit supported the provision of antigen tests to Bermuda's public schools to support the community by enabling children to remain in school.

This supports our Foundation's objectives of the advancement of health or saving of lives and the advancement of education.

Year supported: 2021, 2022

Appendices

continued



Bermuda National Trust: Paget Marsh

Paget Marsh is one of Bermuda's most important nature reserves. The least disturbed of Bermuda's original peat marshes, this 25-acre reserve is of great environmental significance, a valuable educational site, and a popular place for visitors and locals to enjoy time in nature.

The Bermuda National Trust sought funding to restore the boardwalk at Paget Marsh, which is now 25 years old. In need of repairs, it has been closed to visitors the past three years. The 400-foot wooden boardwalk allows access into the heart of the marsh, a special habitat virtually unchanged from pre-settlement times. Interpretive signage provides for learning about Bermuda's natural heritage. The accessible entrance gate provides virtually the only wheelchair friendly access to a nature reserve in Bermuda. Without the boardwalk, public access to this nature reserve is very limited. The reserve was an important part of Trust's environmental education programme, but without the boardwalk they cannot hold fieldtrips there. The boardwalk is also essential for maintenance, as it provides access for volunteer work parties and contractors to remove invasive species deep within the marsh.

Given the educational and environmental benefit of this project, the Conduit Foundation committed to being a Platinum sponsor of the marsh.

This supports our Foundation's objectives of the advancement of environmental protection or improvement and the advancement of education.

Year supported: 2022, 2023

Website:

https://bnt.bm/environment/protected_open_space/central_wetlands/

Appendices

continued



Meals on Wheels Bermuda

Meals on Wheels Bermuda began serving the elderly and people with disabilities in 1975. Meals on Wheels prepares and delivers freshly cooked meals, island-wide, to persons who are incapacitated or otherwise unable to prepare a nourishing meal on their own and who have no caregiver, friend or family member who can consistently provide this service. With the help of 120 volunteers and 4 part time staff, they cook and deliver approximately 3,800 nourishing individual meals per month while catering to multiple individual dietary requirements. Further, they provide meals in bulk to other local feeding programs.

Meals on Wheels are looking to purchase new heated food service delivery bags for the volunteers to use during their delivery routes. At present Meals on Wheels have tested several options that have not yet proved to meet their needs. Once Meals on Wheels have found a suitable bag, Conduit have committed to supplying a donation to purchase enough bags for each of their delivery routes. We have also committed staffing a weekly delivery route.

This supports our Foundation's objectives of the prevention or relief of poverty and relief to those in need.

Year supported: 2023

Website: <https://mealsonwheels.bm/>

Appendices

continued

Christmas Drive: Local initiatives supported

In addition to the charitable donations, event sponsorship and employee matching (as detailed on page 31), The Foundation supported the following charities' 2022 Christmas Drives:

The Eliza Doolittle Society

The Foundation supported their 2022 Christmas Feeding Program through provision of supplies and our staff volunteered to prepare the food bags for the week.

Foster Parent Association of Bermuda

The Foundation donated money for the Association to purchase gifts with and encouraged employees to bring in their own gifts to be donated, which were delivered to the Association.

Salvation Army - Anonymous Santa Program

The Foundation donated money to buy gifts for our very own Conduit Re Elves, benefitting 10 boys and 10 girls. We encouraged our staff to also support this worthy cause by securing their own Elf, from the Salvation Army.

The Coalition for the Protection on Children - Toys4Tots

The Foundation donated funds to purchase gifts and encouraged staff members to contribute a gift to the collection.

The Women's Resource Center

The Foundation donated a large number of staple household items to be included in family gift bags this year.



Conduit Re's staff volunteered to prepare food bags for The Eliza Doolittle Society, December 2022

Appendices
continued

Support for The United Nations Global Compact Sustainable Development Goals

All charities supported are aligned to The Foundation's values and mission. They are also aligned to the UN's Sustainable Development Goals (SDGs). 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 the table below, we have shown which of the UN's SDGs our support is aligned to.



Appendices

continued

Charity Supported by Conduit Re	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Big Brothers & Big Sisters Bermuda (BBBS)	✓							✓					✓	✓	
Bermuda Red Cross	✓		✓					✓					✓	✓	
Bermuda College Foundation Electric Vehicle Mechanics program Scholarship				✓		✓	✓		✓	✓	✓		✓		✓
Bermuda Sloop Foundation				✓	✓							✓	✓		✓
Friends of Christchurch Feeding Program	✓	✓						✓					✓		
Vision Bermuda			✓					✓					✓		
S.C.A.R.S.			✓										✓		
P.A.L.S.			✓										✓		

Appendices

continued

Charity Supported by Conduit Re	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Living Reefs Bermuda											✓	✓			
Waterstart Ltd.											✓	✓			
Tomorrow's Voices				✓				✓						✓	
HOME	✓	✓		✓		✓		✓						✓	
Bermuda Public Schools Antigen Testing				✓				✓						✓	
Bermuda National Trust			✓	✓			✓		✓					✓	✓
Meals on Wheels Bermuda	✓	✓	✓					✓						✓	✓

Appendices

continued

Appendix 6: Policies in place

- Anti-Bribery and Corruption Policy
- Anti-Money Laundering and Anti-Terrorist Financing Policy
- Business Continuity Policy and Plan
- Claims policies
- Commercial Insurers Solvency Self Assessment (“CISSA”) Policy
- Compliance Policy
- Conduit Code of Conduct
- Conflicts of Interest Policy
- Data Classification and Handling Policy
- Disclosure and External Communications Policy
- Employee Handbook (the handbook includes policies on the following (where applicable, this applies to all employees, representatives, and contractors when they act on behalf of Conduit): Conduct and Disciplinary Procedures, Discriminatory Harassment and Bullying, Diversity and Inclusion, Flexible Working, Learning and Development, Resignation, Sexual Harassment, Working Hours, Workspace Safety and Health
- Expense Policy
- Fit and Proper Policy
- Governance and Internal Control Policy
- Investment guidelines
- IT and Info Security Policy
- Market Abuse Regulations (MAR) Manual
- Modern Slavery and Human Trafficking policy
- Non-Audit Services Policy
- Outsourcing Policy
- Recruitment and Selection Policy
- Regulatory and Tax Operating Guidelines: UK / US (CRSL / Exec Chairman versions)
- Related Party Transactions
- Risk Policy
- Sanctions Policy
- Share Dealing Code
- Stress and Scenario Testing Policy
- Travel Policy
- Underwriting guidelines
- Whistle-blower Policy and Procedure

Appendices

continued

Appendix 7: ESG responsibilities of our senior team

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. For more details on our Remuneration Policy, please refer to our Annual Report and Accounts, available on our website.

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

Appendix 8: TCFD disclosure table

Conduit Re believes that material progress for our industry on climate matters requires collaboration, and we support it alongside transparent reporting, of which our TCFD disclosures are part of.

Extract from CHL's Annual Report and Accounts 2022:

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Governance Disclose the organisation's governance around climate-related risks and opportunities	A. Describe the board's oversight of climate-related risks and opportunities.	See section 1.1 of our ClimateWise report. The Board has held strategy sessions that have considered climate-related risks and opportunities and have established parameters within which management can operate. It receives regular reports and is also supported by the ESG Committee.
	B. Describe management's role in assessing and managing climate related risks and opportunities.	See section 1.2 of our ClimateWise report and the governance section of our ESG Report. Climate-related risk is integrated into various management policies. Each Executive Committee member has specific climate responsibilities set out in our ESG Report.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	See sections 2.1 and 2.2 of our ClimateWise report. Climate-related risks and opportunities exist across our underwriting, investments and operations.
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	See section 2.3 of our ClimateWise report.
	C. Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	See the environment section of our ESG Report, where we describe the Board's strategic discussion on climate scenarios. Our current processes do not yet fully comply with the guidance for insurance companies and asset owners, given scale and availability of information.
Risk Management	A. Describe the organization's processes for identifying and assessing climate related risks.	See section 3.1 of our ClimateWise report. Our processes are very much integrated with our wider risk management framework described in the ERM Summary in the Annual Report and Accounts and in our Financial Condition Report.

Appendices

continued

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

Appendices

continued

Appendix 9: Carbon emissions

We have included in the table below our Scope 1 to 3 emissions for our first two years of operations. As we are a new company, we look to grow as sustainably as possible, with a focus on the average emissions per employee. For details more on our methodology and to see our five-year emissions plan, please refer to section 4 of our ClimateWise report. For details on our carbon offsets, please see Appendix 10.

Carbon emissions table¹⁶

Greenhouse gas emissions table												
2022								2021				
Emission type	Activity	Basis of measurement	Quantity		tCO2e			Quantity		tCO2e		
			Bermuda	London	Bermuda	London	Total	Bermuda	London	Bermuda	London	Total
Scope 1												
Direct	None		0	0	0	0	0	0	0	0	0	0
Scope 2												
Indirect energy												
	Electricity	kWh	90,756	4,957				53,564	13,589			
	Location based				68	1	69			34	5	39
	Market-based				65	1	66			34	1	35
Scope 3												
Indirect other	Business flights	Kilometres	1,352,129	193,206	165	23	188	595,105	113,470	72	14	86
	Hotels	Nights	117	139	4	12	17	92	58	11	7	18
	Staff commuting	Kilometres	149,272	14,595	17	1	18	72,959	23,752	8	4	12
Total Gross emissions from our operations												
Location based					255	37	292			130	29	159
Market based					252	37	289			130	25	155
Carbon offset applied					(252)	(37)	(289)			(130)	(25)	(155)
Net Carbon impact from operations					0	0	0			0	0	0
Gross emissions per average employee												
Average number of employees					45	2	47			28	3	31
Location based					6	19	6			5	7	5
Market based					6	18	6			5	6	5
Carbon credit balance												
As at the start of the period							3,445					3600
Applied to the years emissions (total market-based emissions)							(289)					(155)
As at the end of the period							3,156					3,445
Gross emissions including our share of suppliers' emissions												
Total gross emissions as per above market based							289					
Share of suppliers' emissions							747					
Grand total							1,036					

¹⁶ The totals presented here are consistent with those presented in the 2022 Annual Report and Accounts and reflect the underlying calculations. The tCO2e for hotel nights above does not cast due to rounding. We have presented as 17 as this is consistent with the numbers shown in the annual report and accounts.

Appendices

continued

Methodology

We calculated our carbon emissions by applying emission factors to the relevant quantities of activity.

Quantity details were sourced as follows:

Business travel data (flights, taxis, 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. Electricity usage was taken from our utility bills.

Emission factors were sourced as follows:

- CO₂e for air travel was taken from the ICAO Emission Calculator <https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx>
- CO₂e for rail travel was taken from information provided by the UK Office for Rail and Road (47.5g CO₂e per passenger km) <https://dataportal.orr.gov.uk/statistics/infrastructure-and-emissions/rail-emissions/>

We note that our rail travel source for 2021 was the equivalent report for the prior year: <https://dataportal.orr.gov.uk/media/1993/rail-emissions-2020-21.pdf> (2020-2021: 146.5 g CO₂e per passenger km). The prior years' rail emissions per passenger were significantly increased due to the lower count of passengers using public transport.

- CO₂e for petrol cars and bikes was taken from the UK Government's '2022 Government's Greenhouse Gas Conversion Factors for Company Reporting' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083857/2022-ghg-cf-methodology-paper.pdf

In 2022, we changed our source for petrol cars and bikes emission factor. This is reflected in the restated comparative figure. Our emissions methodology, across our portfolio, captures only the incremental carbon emissions for each activity. The source for petrol cars and bikes in 2021 was the MyClimate emission calculator: https://co2.myclimate.org/en/car_calculators/new. MyClimate's emission factor captures additional indirect emissions, including: the provision of fuel, maintenance and disposal of vehicles, and infrastructure (roads). To remain consistent across our sources we chose a source for 2022 which provided the incremental emissions caused by each kilometre of road commuted. We therefore changed our source from MyClimate to the UK Government. This caused a change in total commuting emissions from 16.4tCO₂e, as stated in our 2021 Annual Report and Accounts, to 12.2tCO₂e.

- CO₂e for electric bikes and cars was calculated using the electricity usage per mile as per the manufacturer's specifications and the local/ market-based electricity emissions factors, as applicable.
- CO₂e for hotel stays is based on the CARMATOP – Carbon Management for Tour Operators 2013 report, Table: Average emission factors for worldwide accommodations (5 star hotels in Bermuda: 119.6 kg CO₂e per available room; All other hotel stays are considered 3/4 star: 37.2kg CO₂e per available room). In 2021, most hotel stays were in Bermuda's 5 star hotels; in 2022 however, with the return of international travel, 3 and 4 star hotels were stayed in internationally.
- CO₂e for electricity's location-based method for our London office uses the Grid Electricity Emissions Factors published by the UK government (0.208.71kg/kWh) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083857/2022-ghg-cf-methodology-paper.pdf
- CO₂e for the market-based method for our London office uses emission information provided by our electricity provider (129g/kWh) <https://www.edfenergy.com/fuel-mix>
- CO₂e for the location-based method for our Bermuda office uses The IFI Dataset of Default Grid Factors v.3.0 (753g/kWh) https://unfccc.int/sites/default/files/resource/Harmonized_Grid_Emission_factor_data_set.xlsx

Appendices

continued

- CO2e for the market-based method for our Bermuda office uses emission information provided by our electricity provider (716.8g/kWh)
- CO2e for our suppliers was based on their published emissions and financial reports. We define our suppliers as brokers, and vendors whose costs are allocated to our "Other Operating Expenses" included within our Annual Report and Accounts. To complete this exercise, we identified all suppliers for which Conduit Re had a spend in 2022 greater than \$500,000, which was 17 suppliers in total and 51% of our total spend. Of these suppliers, nine disclosed their carbon emissions, of which five were brokers and four were other vendors. We calculated our share of their emissions using our spend as a percentage of their total revenue, multiplied by their total carbon emissions for the most recent year, which was typically 2021. This provided us with our carbon emissions for nine suppliers which made up 41% of our total spend. As it is typically larger companies who disclose their carbon emissions, and our largest spend is typically with the larger companies, it is less likely that our smaller suppliers, who we did not research, will disclose their emissions. To calculate estimated emissions generated by these companies in our supply chain, we calculated the average CO2e per dollar spent on our researched suppliers from the information generated above. We multiplied this average CO2e by the remaining 59% of our spend to calculate emissions associated with the suppliers who either did not disclose their emissions or who had not been included in our sample. We combined the results from the two exercises, which provided us with an overall estimate of our share of carbon emissions generated by suppliers in our value chain.

We have not yet calculated the emissions connected with our underwriting portfolio. We are closely following The UN-convened Net-Zero Insurance Alliance whose protocol on how to calculate these GHG emissions will be released by January 2023. In NZIA's most recent publication for consultation, released in October 2022, treaty reinsurance is currently out of scope of the current version of the Protocol. The next version of the Protocol will be published at the latest by 31 December 2024. 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.

Appendix 10: Carbon offsets

Conduit Re seeks to minimise its carbon footprint to a pragmatic extent and offset the emissions the business produces. In 2021 an estimate was made of emissions for the first five years of operation, on the basis set out in our 2021 Annual Report and Accounts.

This basis addresses all Scope 1 and Scope 2 emissions and identifies business travel and employee commuting for Scope 3 emissions.

In early 2021 we purchased and retired some 3,600 metric tonnes of carbon credits. Each project supported was carefully selected and with our support for The United Nations Global Compact and Sustainable Development Goals in mind.

Reforestation of degraded forest reserves in the Ashanti Region

Location: Ghana

Type: Reforestation (reduction)

Standards: Verified Carbon Standard; Forest Stewardship Council

Total size of project: over 360,000 tonnes of CO₂e 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:



Appendices

continued

The Luangwa Community Forests Project

Location: Zambia

Type: Forest carbon (REDD+)

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

Sustainable economic and social development:

- over US\$5 million 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 CO2e 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 million 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 health: 0.56 Standard Deviation Improvement in self-reported health

Biodiversity: Over 5 million tonnes of wood saved to date

SDGs:



Appendices

continued

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.

The installed capacity of the wind farm is 144MW.

SDGs:



