



EVERLAKE

NAIC Climate Risk Disclosure Survey

August 23, 2023

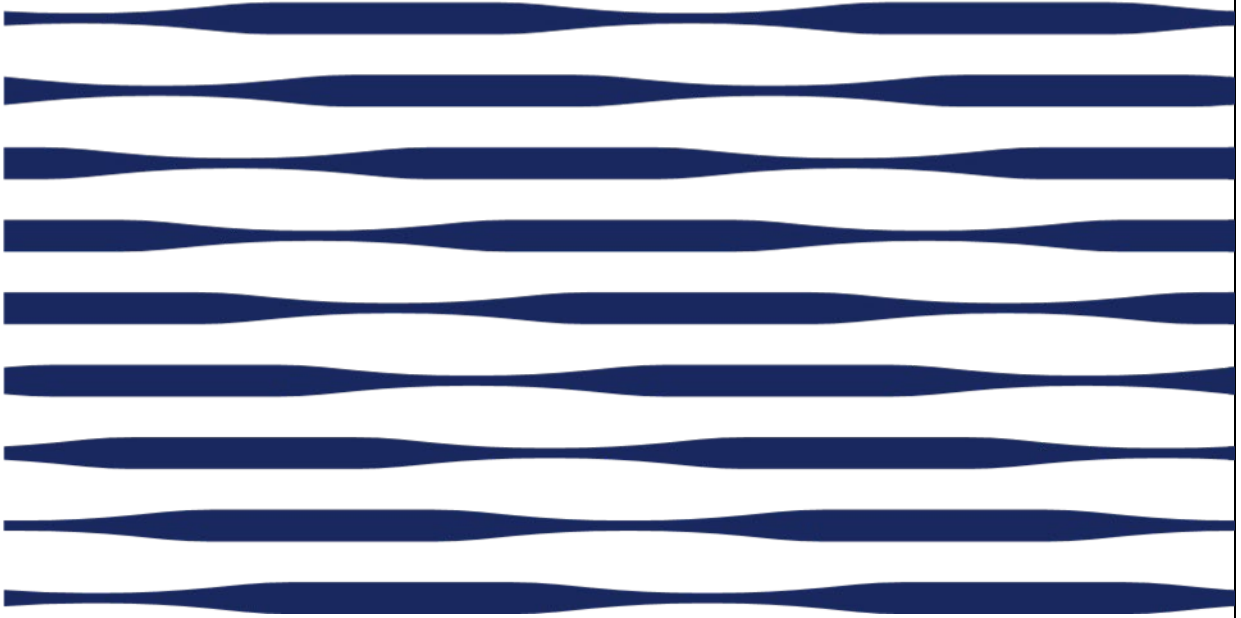


Table of Contents:

Introduction..... 2

Governance..... 3

Strategy 5

Risk Management 8

Metrics and Targets 10



Introduction

A Blackstone, Inc. (“Blackstone”) managed fund acquired Allstate Life Insurance Company and Allstate Assurance Company, effective November 1, 2021 (“Transaction”). Subsequent to the Transaction, Allstate Life Insurance Company and Allstate Assurance Company were re named Everlake Life Insurance Company (“ELIC”) and Everlake Assurance Company (“EAC”), respectively (along with their affiliates, collectively, “Everlake”). Pursuant to various investment management agreements, a Blackstone-affiliated investment adviser (“Blackstone Insurance Solutions or “BIS”) and other Blackstone-affiliated sub-advisers manage Everlake’s investment portfolios.



Governance

Narrative Questions

1. Disclose the insurer's governance around climate-related risks and opportunities.

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Response

As noted on our public-facing website, everlakelife.com, Everlake established an Environmental, Social and Governance Policy.

Climate disclosures are reported at the holding company level.

1.A. The Everlake U.S. Holdings Company's Board of Directors has oversight of all risk and return activities and reviews environmental, social and governance ("ESG") matters to align on prioritized efforts at least annually. The Everlake U.S. Holding Company Audit and Risk Committee is also responsible for additional oversight of risks and opportunities through the lens of the Enterprise Risk Management framework.

1.B. Everlake views our current exposure to material ESG risks to be low. Everlake operates in an environment where our profile of underwriting activities has low or no exposure to climate risk. On the investments side, Everlake management also discusses with Blackstone the Blackstone ESG policies and approach to portfolio construction to ensure that they align with our ESG values and goals. We work with Blackstone to make allocations to targeted asset classes and strategies, including to renewable solutions, as we consider asset class diversification in the portfolio construction process, sourceable volumes, and where there is an attractive risk adjusted return opportunity.



Closed Ended Questions and Responses: Governance

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)

Y

- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)

Y

- Does management have a role in assessing climate-related risks and opportunities? (Y/N)

Y

- Does management have a role in managing climate-related risks and opportunities? (Y/N)

Y



Strategy

Narrative Questions

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30 years as long term.

B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Response

2.A. Everlake established an ESG Policy that will continue to evolve as the Company matures. The Policy outlines the Company's commitments and multi-year implementation plans. The Policy, including commitments and implementation, will be reviewed at least annually. Everlake views its current exposure to material ESG risks to be low. Everlake operates in an environment where our profile of underwriting activities has low or no exposure to climate risk.

Everlake's investment portfolio also presents certain potential climate-related risks and opportunities. As Blackstone goes about managing the investment and risk objectives on behalf of Everlake, Blackstone seeks to achieve attractive risk-adjusted returns. Depending upon the investment asset class, weighing the potential impact of climate risk may be a component within the broader investment process.

Such potential climate-related investment risks include physical risks and transition risks, including but not limited to (i) chronic or acute physical effects of climate change, including extreme weather (an acute physical event) or other events related to the physical effects of climate change, (ii) climate-related regulations requiring more expansive disclosure or imposing certain taxes and (iii) market or business trends that may require capital expenditures, product or service redesigns or innovations or changes to operations and supply chains to meet changing customer expectations. Blackstone may also be able to



capitalize on certain climate-related short-, medium- and long-term opportunities, including (i) value-generating resource efficiency from decarbonization efforts, (ii) product innovation, (iii) resiliency and (iv) competitiveness. For a more complete discussion of climate-related risks and opportunities, please refer to Blackstone's Form 10-K annual filing, the most recent version of which is available at <https://ir.blackstone.com/sec-filings/default.aspx>.

2.B. As noted above and on our public-facing website, everlakelife.com, Everlake established an ESG Policy. In setting up physical office spaces after the Transaction, Everlake purchased ENERGY STAR certified equipment, when applicable, and designed office space that is energy and environmentally efficient.

Everlake's investment portfolio priority is to enable meeting policyholder obligations while making appropriate risk-adjusted returns. As Everlake's investment adviser, Blackstone seeks to consider material ESG risks and opportunities throughout the diligence process and seek opportunities to enhance the sustainability profile of their investments to improve investor returns and drive value, where applicable. While Blackstone believes ESG factors can enhance long-term value, Blackstone does not pursue an ESG-based investment strategy or limit its investments to those that meet specific ESG criteria or standards. In certain of its strategies, Blackstone funds invest in businesses that can benefit from energy transition macro trends and partner with certain portfolio companies on value-accretive carbon emission reductions.

Everlake has made significant investments to support the transition to a lower-carbon economy, including financing for a portfolio of solar, wind, and battery storage assets; investment in natural gas liquefaction plant; a loan to finance the construction of a utility-scale solar project; residential rooftop solar loans; and energy-efficiency home improvement loans. Blackstone views carbon accounting as a critical capability supporting the transition to a low carbon economy, one that enables Blackstone to identify both risks and value creation opportunities for Blackstone and for investments. Blackstone's corporate and business unit carbon accounting programs are primarily focused on (i) measuring Blackstone's corporate operational emissions and (ii) collecting and analyzing data on emissions from, and supporting carbon accounting by, certain majority-owned operating companies and assets in our funds' portfolios.¹ In addition, certain funds in Blackstone's Private Equity, Real Estate, Credit and BAAM businesses have calculated financed emissions attributable to their respective funds.

Blackstone's carbon accounting efforts focus on quality and measured data, whenever possible, that can help inform decision-making.

2.C. We do not currently have a dedicated climate-related scenario analysis process as part of our business strategy or investment process.

¹ Blackstone requires Scope 1 and 2 GHG emissions data from their majority-owned operating companies annually.



Closed Ended Questions and Responses: Strategy

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) *

Y

- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N)

N

- Does the insurer make investments to support the transition to a low carbon economy? (Y/N)

Y

- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)*

Y



Risk Management

Narrative Questions

3. Disclose how the insurer identifies, assesses, and manages climate-related risks.

In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.*
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.*
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.*

A. Describe the insurers' processes for identifying and assessing climate-related risks. In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.*

B. Describe the insurer's processes for managing climate-related risks.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Response

3.A. Everlake operates in an environment where our profile of underwriting activities has low or no exposure to climate risk, and we are not currently offering any new products. For investment-related processes for identifying, assessing and managing climate-related risks in the Everlake investment portfolio, please see response 3C below.

3.B. Everlake operates in an environment where our profile of underwriting activities has low or no exposure to climate risk, and we are not currently offering any new products. For investment-related processes for identifying, assessing and managing climate-related risks in the Everlake investment portfolio, please see response 3C below.

3.C. With respect to how climate scenarios are utilized by the insurer to analyze risks on its investments, Blackstone's ESG analysis is guided by materiality. Although material ESG issues vary significantly by company, sector, industry and geography, Blackstone, on Everlake's behalf, incorporates several



environmental considerations into the investment, evaluation and monitoring processes, where applicable and appropriate. Some examples of environmental issues that are routinely considered may include: environmental practices and track record, resource management/usage (e.g., energy, water) and climate change-related risks, such as greenhouse gas emissions, air pollution, waste management (including land and water impact), energy management and efficiency and land use. Blackstone does not currently have a dedicated climate-related scenario analysis process as part of their investment process. Rather, Blackstone may consider climate-related risks as part of our broader ESG considerations throughout the pre- and post-investment processes.

Closed Ended Questions and Responses: Risk Management

- Does the insurer have a process for identifying climate-related risks? (Y/N)

Y

o If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)

N

- Does the insurer have a process for assessing climate-related risks? (Y/N)

Y

o If yes, does the process include an assessment of financial implications? (Y/N)

Y

- Does the insurer have a process for managing climate-related risks? (Y/N)

Y

- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)*

Not Applicable

- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)*

N

- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)*

Y

- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)

N

- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)

N



Metrics and Targets

Narrative Questions

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions)

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Response

4.A. Since being acquired by Blackstone on November 2021, Everlake has been working to establish metrics to assess climate-related risks and opportunities. Everlake established its Greenhouse Gas Emissions (“GHG”) baseline and is assessing which appropriate metrics, if any, the Company will utilize to manage and measure reduction in GHG.

4.B. Everlake established a baseline for GHG emissions and is assessing the collection, management, and reporting of metrics for scopes 1, 2, and 3, as appropriate.

4.C. Everlake established a baseline for GHG emissions and is assessing the collection, management, and reporting of metrics for scopes 1, 2, and 3, as appropriate.



Closed Ended Questions and Responses: Metrics and Targets

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)

N

- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)

N

- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)

N

- Does the insurer have targets to manage climate-related performance? (Y/N)

N

