



## Shareholder Memo

**To:** All Shareholders  
**From:** Robert Foskey, Senior Vice President & Chief Operating Officer  
**Subject:** Financial and Operations Update and December 2023 Board Approvals  
**Date:** December 20, 2023

### Introduction

Everen insures the companies that provide energy to the world today and tomorrow. Every year, our quest to deliver outstanding services that reflect our core values becomes an ever-strengthening pledge to our members and the industry. As we reflect upon our achievements in 2023, we must underline the guiding principles that have propelled us forward — a commitment to our valued members and partners, alongside unfailing quality support. With Everen, you enjoy unparalleled peace of mind and a dynamic, inclusive partnership that supports innovation. It's not just about survival in an evolving marketplace; it's about thriving and shaping that evolution. Together, we are making that happen.

As we move towards the fiscal year-end, I wanted to take this opportunity to provide a brief update on the company's performance, the Strategic Plan, and changes to the Shareholders' Agreement approved by the Board of Directors in their December 2023 meeting.

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### Key Points:

1. **Financial Success:** Everen has performed exceptionally well in the first eleven months, achieving a net income of \$525 million.
2. **Membership Growth:** Three new members joined this year, enhancing Everen's size and stability.
3. **Strategic Initiatives:** The Company has successfully executed strategic initiatives, including the approval of Incorporated Cell Captives.
4. **Shareholders' Agreement Changes:** The Board approved several changes to the Shareholders' Agreement in their December 2023 meeting.

## Financial and Operational Highlights:

- Financial Performance: Everen's net income of \$525 million through November 2023 is ahead of plan, showcasing financial success and stability.
- Investment Portfolio: The investment portfolio rebounded in 2023, providing a 7.3% total return in the first eleven months.
- Membership Expansion: Everen welcomed three new members this year including Inpex Corporation (Tokyo, Japan), Xcel Energy, Inc. (Minnesota, USA) and Ergon, Inc. (Mississippi, USA), bringing the total member count to 67.
- Strategic Progress: Significant advancements in strategic initiatives, such as brand communication and the Additional Insureds project.
- Stakeholder Engagement: Enhanced communication with shareholders, prospects, and brokers through various meetings and sessions globally.
- Additional Insureds Project: The Board approved the use of Incorporated Cell Captives in response to positive feedback and support from members. This change is effective immediately and does not require modifications to the Shareholders' Agreement.

Looking ahead to 2024, we plan to continue these positive initiatives, starting with an information session and member dinner in Houston (January) and additional events planned throughout the year in the USA, Middle East, UK, Europe and Canada.

## Changes approved by the Board in December 2023:

During Everen's December 2023 Board Meeting, the Board approved several changes to the Shareholder's Agreement. The first change described below is effective immediately while the others were approved for review and approval by the Shareholders in the March, 2024 Annual General Meeting (AGM).

### (1) Undersea Cables and Interconnectors

Recently there have been several questions from both shareholders and prospects about coverage for undersea electrical cables and interconnectors. Most relate to offshore windfarms, but some also relate to undersea transmission cables between countries, and transmission of shore power to offshore platforms. Currently, these assets would be declared to Everen within the Utility sector which has an exclusion for above ground Transmission and Distribution (T&D) assets. To effect this coverage clarification for undersea cables and interconnectors, the definition of "Electrical Transmission and Distribution System" in Exhibits D-1 and D-2 to the Shareholders' Agreement were amended to read as follows:

““Electrical Transmission and Distribution System” means all **Onshore** above ground electrical transmission and/or distribution lines, towers, poles, fixtures, overhead conductors and devices, line transformers, service meters, street lighting, signal systems or any other above ground structure or equipment used to transmit or distribute electricity from or through any Electrical Facility, except that any of the foregoing which is within one thousand (1,000) meters of an Electrical Facility is not considered part of an Electrical Transmission and Distribution System.”

Since this change is a coverage clarification, only Board approval is required and is effective immediately.

(2) Additional changes approved by the Board

There were several modifications to the Shareholders’ Agreement that were approved by the Board for further submission, discussion and approval by shareholders at the March, 2024 AGM. These changes include added flexibility in electing quota share retentions, removal of Exhibit C (Policy Declaration) and various clean up and consistency corrections to the Shareholders’ Agreement and Rating and Premium Plan. We will share additional information on each of these initiatives in the AGM shareholder presentations distributed in advance of the AGM.

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## Closing Reflection

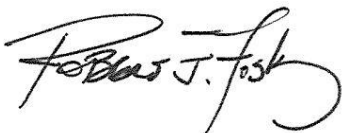
I hope you find this update informative and insightful. We end 2023 with steadfast adherence to our values and commitment to our members.

As we step into 2024, we continue with optimism on a bright future. Our collaborative journey will be marked by mindful evolution and fueled by our commitment to a forward-thinking approach to our business.

In closing, we express our gratitude to each of you for participating in this extraordinary journey and playing a pivotal role in writing Everen’s success story. Please do not hesitate to contact me if you have any questions on this memo or any other questions or reflections you would like to discuss.

We wish you and your families a happy and safe holiday season!

Best regards,



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