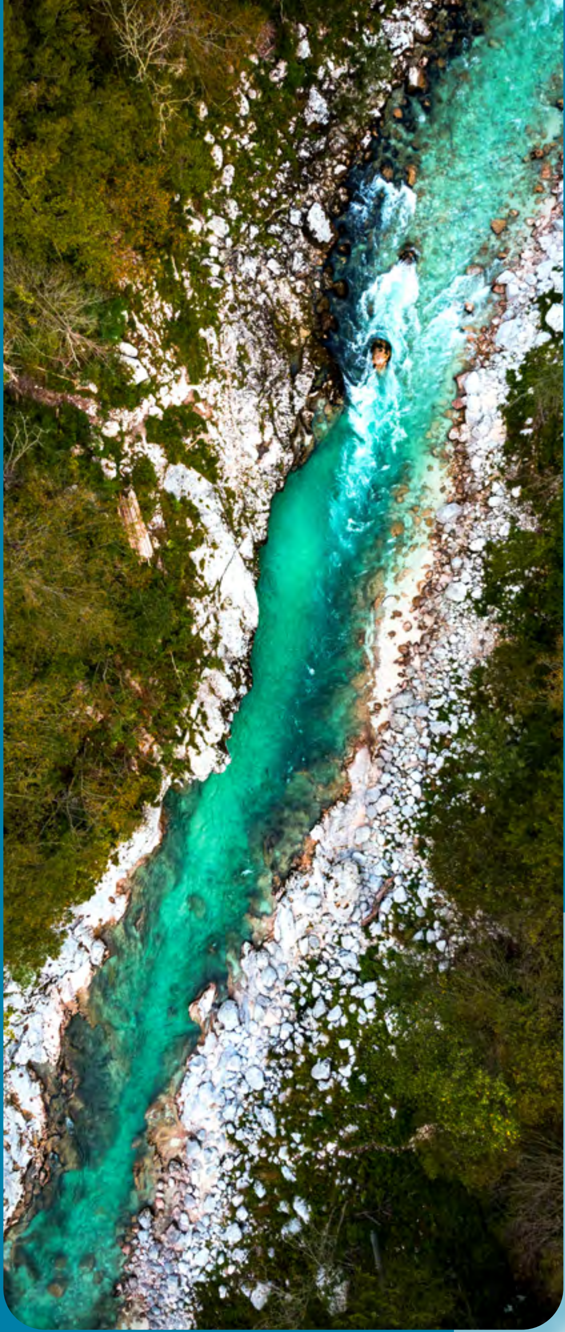
SOLVENCY AND FINANCIAL CONDITION REPORT 2022

SCOR
The Art & Science of Risk

Contents



SCOR
The Art & Science of Risk

SOLVENCY AND FINANCIAL CONDITION REPORT 2022

European Company with a share capital
of EUR 1,415,265,813.82

Registered office:
5, avenue Kléber
75116 Paris

562 033 357 RCS Paris

EXECUTIVE SUMMARY

INTRODUCTION

This document, the Solvency and Financial Condition Report (SFCR) for SCOR Group and SCOR SE, presents information on SCOR and its solvency position as at December 31, 2022 and has been prepared in accordance with Solvency II regulations. SFCR appendices include key financial information in the standard format of Solvency II public Quantitative Reporting Templates.

This report covers the consolidated SCOR Group as a whole (SCOR SE and all its branches and subsidiaries), as well as additional information specific to SCOR SE, which is a European Economic Area (EEA) regulated reinsurance undertaking based in France (further referred to as regulated entity or solo entity).

The following three subsidiaries of SCOR SE, which are also EEA regulated reinsurance undertakings, have published separate Solvency and Financial Condition Reports:

- SCOR Global Reinsurance Ireland dac (further referred to as SGRI);
- SCOR Ireland dac (further referred to as SI);
- SCOR Europe SE (further referred to as SCOR Europe).

The SFCRs of SCOR Group and its EEA regulated entities are available at www.scor.com and have also been submitted to the relevant supervisory authorities.

The Solvency and Financial Condition Report includes the following chapters, which are summarized below:

A. Business and performance
B. System of governance
C. Risk profile
D. Valuation for solvency purposes
E. Capital management

Within the narratives and the tables of the executive summary and the narratives of the rest of this report, the figures have been presented in millions of currency units to improve readability. Tables containing figures in the rest of this report are presented in thousands of currency units. Certain reclassifications and revisions have been made to the financial information in respect of the prior year to bring it in line with the current year presentation. This report is available in English and French.

References to additional details included in the following publicly available documents have been made throughout the report:

- 2022 *Document d'Enregistrement Universel* – the Universal Registration Document of SCOR SE, including the consolidated financial statements of SCOR Group and unconsolidated corporate financial statements of SCOR SE (*États financiers non consolidés de SCOR SE*), filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) and available on SCOR's website www.scor.com/en/financial-results (further referred to as the 2022 Universal Registration Document or the URD);
- SCOR's previous strategic plan, "Quantum Leap" (2019-2021, extended until 2022), available at www.scor.com/en/medias/news-press-releases/scor-launches-its-new-strategic-plan-quantum-leap.

  In 2023, SCOR has adapted its strategy to the rapidly changing environment, building its resilience and focusing on a 1-year action plan to best position the Group in the new regime and deliver sustainable performance.

SCOR GROUP

Business and Performance

SCOR SE and its consolidated subsidiaries (referred collectively as "SCOR" or the "Group") form the world's 5th largest reinsurer[1] serving more than 5,200 clients from its three regional management platforms, or organizational Hubs (the "Hubs"): the EMEA Hub, the Americas Hub and the Asia-Pacific Hub (APAC).

The Group is a three-engine group driven by SCOR Life & Health (SCOR L&H), SCOR Property & Casualty (SCOR P&C) and SCOR Investments. The Group's organizational choices were guided by the principles of mobilization of skills and expertise, operating efficiency, structural simplicity, clear reporting lines and balance amongst teams from the Group's different entities.

SCOR P&C, the Group's Non-Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA, Americas and Asia-Pacific regions.

SCOR L&H, the Group's Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA, Americas and Asia-Pacific regions.

SCOR Investments, the Group's third business unit, is in charge of investments of the Group.

SCOR Group is regulated by the "Solvency II" European Directive which applies since January 1, 2016, having been transposed into national law in all relevant European jurisdictions over the last years.

(1) By net reinsurance premiums written, source: "AM Best Special Report Global Reinsurance 2022".

SCOR Group is subject to supervision by the French insurance supervisor (*Autorité de contrôle prudentiel et de résolution* – ACPR), which has oversight authority as Group supervisor but also as local supervisor for each French insurance or reinsurance company. Since January 1, 2016, the regulatory solvency position of the Group has been assessed using SCOR's internal model, which was approved in November 2015 by the relevant supervisory authorities.

— Consolidated SCOR Group

In EUR millions	Year ended 12/31/2022	Year ended 12/31/2021
Eligible Own Funds (EOF)	8,766	10,058
Solvency Capital Requirement (SCR)	4,120	4,458
Solvency ratio	**213%**	**226%**
Gross written premiums	19,732	17,600

The Group has consistently executed its strategic plans combining growth, profitability and solvency, and it continues to take actions to navigate the transition to new risk environments and fully seize new opportunities.

As at December 31, 2022, SCOR's solvency ratio is within the optimal range of 185%-220% as defined in its strategic plan, and its Eligible Own Funds consist of 83% of Tier 1, 17% of Tier 2, and a non-material level of Tier 3 capital.

System of governance

SCOR SE is a European Company (*Societas Europea*) registered with the Paris Trade and Companies Register. It is SCOR Group's parent company.

SCOR SE's shares are listed on the Eurolist of Euronext Paris SA and on the SIX Swiss Exchange in Zurich. SCOR SE is subject to applicable French laws and regulations (including, but not limited to, the French Commercial Code, the AMF Regulation, the French Monetary and Financial Code and the French Insurance Code) and is supervised notably by the AMF and *the Autorité de contrôle prudentiel et de résolution* ("ACPR"). In application of the July 3, 2008 Act implementing the European Union Directive 2006/46/CE of June 14, 2006, SCOR SE refers to the AFEP-MEDEF corporate governance code for listed companies.

SCOR believes that its application of corporate governance principles is appropriate and complies with best corporate governance practices in effect in France in light of AMF and AFEP-MEDEF recommendations.

On January 26, 2023, Laurent Rousseau, who succeeded Denis Kessler as CEO on June 30, 2021, has resigned from his position as CEO and from his position on the Board. François de Varenne, Executive Committee member in charge of Investments, Technology, Transformation and Group Corporate Finance, has been appointed Interim CEO of SCOR SE with immediate effect until Thierry Léger takes up his post as CEO of SCOR SE with effect from May 1, 2023.

Risk profile

The Group regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial position or results (or capacity to meet objectives) and considers that no significant risk other than those disclosed in the Risk profile chapter of this report exists.

The Group has identified the following categories of risks, also applicable to legal entities:

- underwriting risks related to the P&C and L&H reinsurance businesses, which can arise when the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates;
- market risks: the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices or macroeconomic variables;
- credit risks: the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty;
- liquidity risks, which can arise when available liquidity is not sufficient to meet liquidity needs;
- operational risks, which are inherent to all businesses;
- strategic risks, which can arise either from the strategy itself, from external risks or from internal risks.

These risks described in the Risk profile chapter are managed through a variety of mechanisms in SCOR's ERM (Enterprise Risk Management) framework.

Valuation for solvency purposes

Solvency II requires SCOR to produce an economic balance sheet (subsequently referred to as EBS) representing a market view of its assets and liabilities as at the reporting date. Solvency II regulations require the EBS to include assets valued at the amount for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction and liabilities valued at the amount for which they could be transferred, or settled, between knowledgeable and willing parties in an arm's length transaction. In addition, liabilities are not adjusted to take account of the credit standing of the reporting entity.

The details of the valuation principles applied in the EBS, including the differences between the valuation principles and those applied in the financial statements, are outlined in Chapter D – Valuation for solvency purposes of this report.

In the EBS, both assets and liabilities relating to in-force business are recognized at market-consistent values, which constitute the valuation for solvency purposes. SCOR's EBS as at December 31, 2022, was prepared based on the assumption that the Group and all solo entities will continue as going concern in line with the preparation of the consolidated and legal entities' financial statements. SCOR Group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

The preparation of the EBS requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of assets and liabilities and the additional disclosures. Management reviews these estimates and assumptions periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement items for which the Group and EEA regulated entities use estimates and assumptions are technical provisions (best estimate liabilities and risk margin), insurance and reinsurance receivables/payables, intangible assets and deferred taxes.

The consolidated economic balance sheet of SCOR Group is prepared using the same principles applied to its consolidated financial statements (as described in Section D.1.3 – Participations). All material intragroup balances and transactions including the result of inter-company transactions are eliminated.

The principles for the valuation for solvency purposes of assets, technical provisions and other liabilities as presented in this chapter have been applied consistently by SCOR Group and its subsidiaries, including third-country undertakings.

Capital management

Capital management is at the core of SCOR's strategy. SCOR's goal is to manage its capital in order to maximize its profitability while maintaining solvency within its "optimal" target range of between 185% and 220% in line with its risk/return strategy as defined in SCOR's current strategic action plan, focusing on one-year horizon and the previous strategic plan "Quantum Leap".

SCOR has had strong capital management governance and processes in place with integrated supervision of regulatory constraints at Group level for many years, ensuring an optimized use of capital and fungibility of capital within the Group. On a quarterly basis, SCOR monitors and updates all Group and legal entity capital and regulatory solvency positions (actuals and one-year projections) to detect any material changes over each quarter and to anticipate the necessary actions to maintain adequate solvency. This detailed capital planning exercise is based on the Group's bi-annual financial operating plan and is broken down at legal entity level. SCOR also performs three-year capital projections, including IFRS, regulatory capital, and rating capital projections.

SCOR Group considers that there is no significant restriction affecting fungibility and transferability of its basic own funds for covering the Group Solvency Capital requirement (SCR) (except in case of sanctions).

SCOR developed its internal model to ensure that its solvency is properly measured: the model is part of a comprehensive solvency framework which seeks to ensure that SCOR is solvent now and will continue to be solvent in the future. Based on a deep understanding of the risks SCOR faces, the internal model uses state-of-the-art techniques to measure the SCR.

SCOR's internal model is central to SCOR's decision making and is widely used to support the Group's business initiatives and to provide input to management decisions.

SCOR SE

Business and performance

— SCOR SE

In EUR millions	Year ended 12/31/2022	Year ended 12/31/2021
Eligible Own Funds (EOF)	8,721	10,069
Solvency Capital Requirement (SCR)	4,120	4,458
Solvency ratio	**212%**	**226%**
Gross written premiums	9,700	8,682

SCOR SE's Eligible Own Funds on December 31, 2022, consist of 83% of Tier 1 and 17% of Tier 2 capital.

In continuance of its strategy of streamlining its group structure and enhancing its financial strength the SCOR Group has initiated in 2021 a corporate restructuring aimed in particular at simplifying the internal reinsurance structure and optimizing the use of capital within its reinsurance entities.

In 2022, SCOR SE carried out the merger of SCOR Switzerland AG into SCOR SE and a portfolio transfer of SCOR Switzerland AG's internal operations to SCOR Global Reinsurance Ireland and SCOR UK.

Please refer to Section A.1.2.4 – SCOR SE – Additional information on significant events.

System of governance

SCOR SE is a European Company (*Societas Europaea*) registered with the Paris Trade and Companies Register under the number 562 033 357 RCS Paris. It is SCOR Group's parent company. SCOR SE's governance structure is the same as that of SCOR Group.

Risk profile

SCOR SE regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial position or results (or capacity to meet objectives), and considers that no other significant risk, other than those disclosed in the Risk profile chapter of this report exists.

SCOR SE has identified the following risks categories:

- underwriting risks related to the P&C and L&H reinsurance businesses, which can arise when the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates;
- market risks: the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices or macroeconomic variables;
- credit risks: the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty;
- liquidity risks, which can arise when available liquidity is not sufficient to meet liquidity needs;
- operational risks, which are inherent to all businesses;
- strategic risks, which can arise either from the strategy itself, from external risks or from internal risks.

All risks described in the Risk profile chapter are managed through a variety of mechanisms in SCOR's ERM (Enterprise Risk Management) framework.

Valuation for solvency purposes

Solvency II requires SCOR SE to produce an economic balance sheet (subsequently referred to as EBS) representing a market view of its assets and liabilities as at the reporting date. Solvency II regulations require the EBS to include assets valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction and liabilities valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction. In addition, liabilities are not adjusted to take account of the credit standing of the reporting entity.

The details of the valuation principles applied in the EBS, including the differences between the valuation principles and those applied in the financial statements, are outlined in this chapter.

In the EBS, both assets and liabilities relating to in-force business are recognized at market-consistent values, which constitute the valuation for solvency purposes. SCOR SE's EBS as at December 31, 2022 was prepared based on the assumption that SCOR Group, SCOR SE and all solo entities will continue as going concern in line with the preparation of the consolidated and legal entities' financial statements. SCOR SE prepares its financial statements under French GAAP.

The preparation of the EBS requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of assets and liabilities and the additional disclosures. Management reviews these estimates and assumptions periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement items for which the Group and EEA regulated entities use estimates and assumptions are technical provisions (best estimate liabilities and risk margin), insurance and reinsurance receivables/payables and deferred taxes.

Capital management

As the parent company of SCOR Group, SCOR SE's capital management governance and processes, and capital planning are the same as those of SCOR Group.

SCOR SE's own funds structure is similar to that of the Group. SCOR SE considers all its basic own funds, identified in line with Solvency II rules and resulting from economic adjustments made to SCOR SE's shareholders' equity under French GAAP, as available and eligible to cover the SCR.

SCOR applies the same internal model across the Group including SCOR SE. Since January 1, 2016, the regulatory solvency position of SCOR SE has been assessed using SCOR's internal model, which was approved in November 2015 by the relevant supervisory authorities.

SCOR's internal model is central to decision making and is widely used to support the Group's business initiatives and to provide input to management decisions.

A BUSINESS AND PERFORMANCE

A.1. BUSINESS

A.1.1. OVERVIEW OF THE SCOR GROUP AND SCOR SE

A.1.1.1. NAME AND LEGAL FORM OF SCOR GROUP AND SCOR SE

SCOR SE is the parent company of SCOR Group. SCOR SE is a European Company (*Societas Europaea*).

Registered office of SCOR SE and contact information

SCOR SE

5, avenue Kléber

75116 PARIS

France

Tel.: +33 (0) 1 58 44 70 00

Fax: +33 (0) 1 58 44 85 00

www.scor.com

E-mail: scor@scor.com

A.1.1.2. SUPERVISORY AUTHORITIES FOR SCOR GROUP AND ITS FRENCH ENTITIES

The Group's business units' activities of insurance, reinsurance and asset management are subject to comprehensive regulation and supervision in each of the various jurisdictions where the Group operates. Given that the Group is headquartered in Paris (France), this supervision is based, to a significant extent, on European Union directives and on the French regulatory system. The Group's principal regulators in France are the financial markets authority (*Autorité des marchés financiers* – AMF), and the French insurance supervisor (*Autorité de contrôle prudentiel et de résolution* – ACPR).

Under Solvency II, supervisors from all Member States – in which SCOR's subsidiaries are established – are involved in the Group's supervision through the College of supervisors in which the ACPR and the Central Bank of Ireland (CBI) participate.

Name of the supervisory authority	Contact details	Entities in scope
Autorité de contrôle prudentiel et de résolution (ACPR)	Autorité de contrôle prudentiel et de résolution 4, place de Budapest CS 92459 75436 PARIS CEDEX 09	SCOR SE

A.1.1.3. STATUTORY AUDITORS

The principal auditors for SCOR Group and SCOR SE are as follows:

Name
MAZARS Represented by Maxime Simoen Tour Exaltis – 61, rue Henri Regnault 92075 Paris-La Défense cedex, France CRCC of Versailles
KPMG SA Represented by Antoine Esquieu and Jean François Mora Tour EQHO – 2, avenue Gambetta 92400 Courbevoie, France CRCC of Versailles

A.1.1.4. SIGNIFICANT SHAREHOLDERS KNOWN TO SCOR

As of December 31, 2022, SCOR's shareholders are mainly institutional, since they represent 83% of SCOR's share capital and come mainly from France (43%), the United States (21%), the rest of Europe (34%) and the rest of the word (2%). To SCOR's knowledge, based on public threshold notifications, SCOR SE's share capital is distributed as follows as at December 31, 2022:

As at December 31, 2022	Number of shares	% of capital	% voting rights(1)
Groupe Covéa (France)(2)(5)	15,767,803	8.78%	8.80%
ACM Vie S.A.	9,363,508	5.21%	5.23%
Amundi	9,179,026	5.11%	5.13%
Treasury shares(5)	593,320	0.33%	0.00%
Employees(3)(4)	6,802,900	3.79%	3.80%
Officers (Chairman and CEO)	2,097,365	1.17%	1.17%
Others	135,867,373	75.62%	75.87%
TOTAL	**179,671,295**	**100.00%**	**100.00%**

(1) The percentage of voting rights is determined on the basis of the number of shares at year-end, excluding the Company's own treasury shares.
(2) As per SCOR's public threshold notification of July 9, 2021.
(3) Overall number of shares held by employees (including performance shares granted prior to the publication of Law No. 2015-990 of August 6, 2015).
(4) As at December 31, 2022, employee shareholdings to be taken into consideration for the calculation of the 3% threshold mentioned in the Article L. 225-23 of the French Commercial Code, amount to 2.19% of the capital.
(5) In accordance with the settlement agreement concluded with Covéa and described hereafter, Covéa has undertaken to grant SCOR a call option on the securities of SCOR it holds which are henceforth considered as treasury shares for SCOR pursuant to Article L. 233-9, I, 4° of the French Commercial Code (see section below on SCOR.
Source: TPI and Nasdaq.

A.1.1.5. GOVERNANCE, ORGANIZATIONAL AND LEGAL STRUCTURE OF THE GROUP

Organizational structure of the Group and description of Group operating companies

The Group parent company whose stock is listed on the Euronext Paris regulated market and on the SIX Swiss Exchange (formerly SWX Swiss Exchange) in Zurich is SCOR SE.

The Group is built on three core businesses: SCOR L&H (Life and Health), SCOR P&C (Property and Casualty) and SCOR Investments. The Group's organizational choices were guided by the principles of mobilization of skills and expertise, operating efficiency, structural simplicity, clear reporting lines and balance between teams from the Group's different entities.

SCOR P&C, the Group's Non-Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA region (including France, Spain, Ireland, Italy, Switzerland, the UK, Germany, South Africa and Russia), the Americas region and the Asia-Pacific region (including Australia, China, India, South Korea, Hong Kong and Singapore).

SCOR L&H, the Group's Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA region (including France, Germany, the UK, Ireland, Italy, Spain, Switzerland, Sweden, Belgium and South Africa), in the Americas region (including Canada, the US and Latin America), and the Asia-Pacific region (including Australia, New Zealand, China, Hong Kong, Japan, Singapore, Malaysia, South Korea and India).

SCOR Investments, the Group's third business unit, is in charge of investments of the Group. It is responsible for defining, implementing and controlling the asset allocation of the Group's legal entities investment portfolios on a centralized basis. It is organized around two areas: Group functions and SCOR Investment Partners SE, an AMF-approved portfolio management company, which directly manages the assets of many SCOR Group subsidiaries as well as investment vehicles on behalf of the Group and third-party clients.

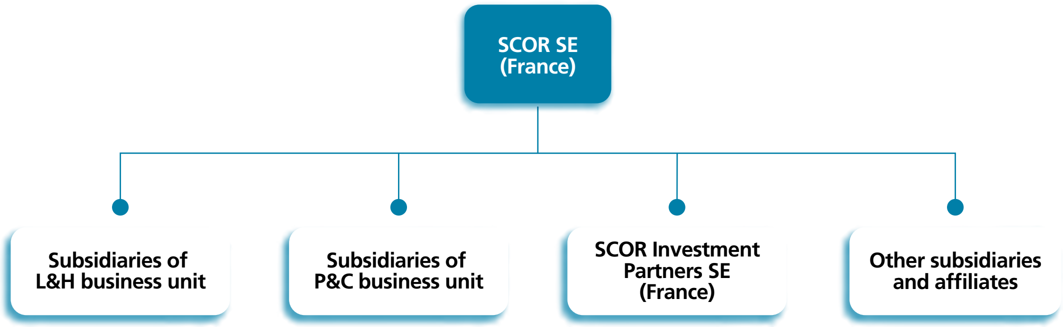
The Group's subsidiaries, branches and representative offices are connected through a central network of applications and data exchange platforms (subject to applicable data privacy and protection regulations), which allow local access to centralized risk analysis, underwriting or pricing databases and also gives access to information on local market conditions, to be shared among the Group's subsidiaries, branches and offices. In addition, by regularly rotating personnel across the Group's various offices, SCOR encourages its underwriters, actuaries, modelers, claims experts and risk controllers to share and exchange experience of its various geographic markets and business lines.

SCOR SE wholly owns a large majority of its operating subsidiaries.

As may be required, SCOR SE also grants loans to Group subsidiaries and provides them with guarantees so that they can underwrite under favorable conditions, particularly by benefiting from its credit ratings. SCOR SE provides actuarial, accounting, legal, administrative, IT, internal audit, investment, and human resources support to Group subsidiaries. Finally, SCOR SE acts, as needed, as reinsurer/retrocessionaire for its operational subsidiaries through annually renewed proportional and non-proportional treaties which constitute the Group's internal steering tool through the annual allocation of capital to the operating subsidiaries based on the profitability expected from their underwriting activity.

Legal and organizational structure of SCOR

The main operational entities of the Group are presented in the chart below:



For more information on the legal and governance structure, see Section B.1.2.1 – Legal structure of the Group and Section B.1.3.1 – Governance of the Group.

Significant subsidiaries, investments in associates and joint ventures

	Country	2022 Percentage Control	2022 Percentage Interest	2021 Percentage Control	2021 Percentage Interest	Consolidation method
SCOR SE and its direct subsidiaries						
SCOR SE	France	Parent	Parent	Parent	Parent	Parent
SCOR Global Reinsurance Ireland dac	Ireland	100	100	100	100	Full
SCOR Ireland dac	Ireland	100	100	100	100	Full
SCOR Switzerland Asset Services AG	Switzerland	100	100	100	100	Full
SCOR Underwriting Ltd. (SUL)	UK	100	100	100	100	Full
SCOR UK Company Ltd.	UK	100	100	100	100	Full
SCOR Services UK Ltd. (ex-SCOR Holding UK)	UK	100	100	100	100	Full
General Security Indemnity Company of Arizona	US	100	100	100	100	Full
SCOR Global Life USA Holdings Inc. (SGLUSAH)	US	100	100	100	100	Full
SCOR Global Life Americas Holding Inc. (SGLAH)	US	100	100	100	100	Full
SCOR Global Life Americas Reinsurance Co. (SGLA)	US	100	100	100	100	Full
SCOR Reinsurance Company	US	100	100	100	100	Full
SCOR U.S. Corporation	US	100	100	100	100	Full
SCOR Global Life USA Reinsurance Company (SGLUSA)	US	100	100	100	100	Full
SCOR Global Life Reinsurance Company of Delaware	US	100	100	100	100	Full
SCOR Life Assurance Company (SLAC)	US	100	100	100	100	Full
SCOR Life Reassurance Company (SLRC)	US	100	100	100	100	Full
SCOR Financial Life Insurance Company (SFLIC)	US	100	100	100	100	Full
SCOR Canada Reinsurance Company	Canada	100	100	100	100	Full
SCOR Reinsurance Company (Asia) Ltd.	Hong Kong	100	100	100	100	Full
SCOR Reinsurance Asia Pacific Pte Ltd.	Singapore	100	100	100	100	Full
SCOR Services Asia-Pacific Pte Ltd.	Singapore	100	100	100	100	Full
SCOR Africa Ltd.	South Africa	100	100	100	100	Full
Non-insurance entities						
M.R.M.	France	56.73	56.73	59.90	59.90	Full
SCOR Investment Partners SE	France	100	100	100	100	Full
SCOR Capital Partner	France	100	100	100	100	Full
SCOR Real Estate	France	100	100	100	100	Full
Château Mondot SAS	France	100	100	100	100	Full

There are no material differences between the scope of the Group in the consolidated financial statements and the scope of consolidated data determined for Solvency II purposes.

Branches of SCOR SE

SCOR SE has branches in Germany, in United Kingdom, in Switzerland, in China, in Canada, in Spain, in Italy, in Malaysia, in India, in Sweden, in Japan, in Singapore, in New Zealand, in South Africa and in Argentina.

Significant intragroup transactions

The main transactions within the Group involve the following:

- equities;
- derivatives;
- internal reinsurance;
- cost sharing, contingent liabilities and off-balance sheet items.

A.1.2. BUSINESS DESCRIPTION

A.1.2.1. LINES OF BUSINESS AND GEOGRAPHICAL AREAS

SCOR SE ("the Company") and its consolidated subsidiaries (referred to collectively as "SCOR" or the "Group"), form the world's 5th largest reinsurer[1] serving 5,200 clients. The Group is organized in three business units, SCOR Property & Casualty ("SCOR P&C"), SCOR Life & Health ("SCOR L&H") and SCOR Investments, and three regional management platforms (the "Hubs"): the EMEA Hub, the Americas Hub and the Asia-Pacific Hub.

The Group has consistently executed its strategic plans combining growth, profitability and solvency, and it continues to take actions to navigate the transition to new risk environments and fully seize new opportunities:

- climate change is impacting the reinsurance industry and SCOR is seeking to improve the expected technical profitability and adapts the risk-return profile of its P&C portfolio;
- SCOR is actively managing its L&H portfolio and is diversifying away from pandemic risk to focus its growth on transactional lines of business such as longevity and Financial Solutions while optimizing the in-force portfolio profitability through management actions;
- SCOR is carefully monitoring the potentially negative impacts of the deteriorating macro environment and is focused on containing the impact of inflation through pricing, reserving, expenses management and asset allocation.

Business units of the Group

The Group is organized into three business units (SCOR P&C, SCOR L&H and SCOR Investments), of which there are two reportable operating segments, and one corporate cost center referred to as "Group Functions". The reportable operating segments are: the SCOR P&C business, which has responsibility for property and casualty insurance and reinsurance and the SCOR L&H business, with responsibility for Life reinsurance. These two businesses represent SCOR's two "operating segments" for the purposes of IFRS 8 – Operating Segments and are presented as such in its consolidated financial statements. Each operating segment underwrites different types of risks and offers different products and services, which are marketed *via* separate channels; responsibilities and reporting within the Group are established on the basis of this structure. SCOR Investments is the asset management business unit of the Group. Its role is complementary to the two operating segments as it manages SCOR P&C's and SCOR L&H's investment assets associated with the contract liabilities. SCOR Investments also manages assets on behalf of third parties, although these activities are currently not considered material. Therefore, SCOR Investments is not considered as a separate reportable operating segment for purposes of IFRS 8 – Operating Segments.

Global operations

The Group organizes its operations around three regional management platforms, or "Hubs", named EMEA Hub, Asia-Pacific Hub and Americas Hub. The main location within each Hub has local, regional and Group responsibilities, with their respective Managing Directors reporting to the Group Chief Sustainability Officer. Each Hub includes the following functions: Legal and Compliance, Information Technology support, Finance, Human Resources and General Services. Hub-shared service costs are allocated to the segments based on allocation keys.

The SCOR P&C segment carries out its global operations through the subsidiaries and branches of its main reinsurance entity SCOR SE, which merged with SCOR P&C SE and SCOR L&H SE in March 2019. In November 2018, SCOR P&C announced the creation of SCOR Europe SE, a Paris-based P&C specialty insurance company to ensure the continuity of services provided to clients post-Brexit. Its business purpose is mainly direct insurance of major industrial risks across Europe. This subsidiary started its activities on January 1, 2019.

The SCOR P&C segment is divided into two business areas: Reinsurance (including Property, Casualty, Motor, Credit and Surety, Decennial Insurance, Aviation, Marine, Engineering, and Agricultural risks) and Specialty Insurance (split between Single risks and Portfolio) and also two business enablers P&C Solutions and P&C Business Transformation and Operations.

(1) By net reinsurance premiums written, source: "AM Best Special Report Global Reinsurance 2022".

The SCOR L&H segment operates worldwide through the subsidiaries and branches of SCOR SE. Through this network SCOR L&H is represented in three business regions (the Americas, EMEA, and Asia-Pacific), reinsuring Life and Health insurance risks along the three product lines (Protection, Longevity and Financial Solutions) with a strong focus on biometric risks. To achieve this, SCOR L&H manages and optimizes the in-force book, deepens the franchise and aims at having the best team, organization and tools. The franchise strategy consists of three focuses: expansion of the Protection product line's footprint to defend and strengthen its global market presence; diversification of the risk profile by improving Health and Longevity; and growth of consumer demand by supporting clients with unique distribution solutions. SCOR L&H aims to achieve diversification, both from a geographical and a product lines perspective.

SCOR's cost center is referred to in this Solvency and Financial Condition Report as "Group Functions". Group Functions do not represent an operating segment and do not generate revenues. The costs in Group Functions are Group-related and are not directly attributable to either the P&C or L&H segment. However, those costs that are indirectly attributable are allocated to the operating segments based on suitable allocation keys. Group Functions include the cost of departments fulfilling duties for the benefit of the whole Group, such as Group Internal Audit, Group Finance departments (Tax, Accounting, Consolidation and Reporting, Financial Communication, Treasury and Capital Management, Financial Planning and Analysis), Group Chief Sustainability Officer departments (Legal and Compliance, Communication, Human Resources, Sustainability), Investments, Technology, Transformation and Group Corporate Finance departments (Information Technology, Cost Controlling and Budgeting, Group Project Office and Business Continuity) and Group Chief Risk Officer departments (Group Actuarial, Risk Coverage, Risk Governance, Prudential and Regulatory Affairs, Risk Modeling).

Both business units, P&C and L&H, through the legal entity SCOR SE and its subsidiaries and branches, are leading global reinsurers, executing an underwriting policy focused on profitability, developing value-added services and adhering to a cautious financial policy. During the year ended December 31, 2022, the Group served c.5,200 clients throughout the world. SCOR's strategy of offering both P&C and L&H products gives it balanced diversification (in terms of risks, geography and markets), which is a cornerstone of its strategy.

SCOR launched in 2022 SCOR Partners, an internal platform aimed at catalyzing the business units' capabilities on innovation and collaboration. A dedicated organization deeply embedded in the business, leveraging communities and agile methodologies, SCOR Partners helps bring SCOR's *Raison d'Être* to life and further protect societies. SCOR Partners enhances SCOR's value proposition by: fueling the development and delivery of digital and data services and solutions; catalyzing traditional services such as product development; sharing knowledge between teams and business units for clients' benefit; offering clients and partners a platform to leverage the asset side of SCOR's balance sheet to the benefit of business development; forming global strategic partnerships. SCOR Partners' activities are underpinned by its agile structure and mindset which foster the collaboration between P&C and L&H and unlock new synergies.

Non-Life business

SCOR's Non-Life segment is divided into two business areas:

- Reinsurance;
- Specialty Insurance;

and two business enablers:

- P&C Solutions;
- P&C Business Transformation and Operations.

Reinsurance

SCOR's P&C Reinsurance business area provides proportional and non-proportional reinsurance in many forms across:

- Property: covering damage to underlying assets and direct or contingent business interruption losses caused by fire or other perils, including natural catastrophes;
- Motor: covering original risks of motor property damage and bodily injury;
- Casualty treaties: covering general liability, product liability and professional indemnity.

The teams underwrite on the basis of sophisticated risk evaluation, seeking flexibility and innovative approaches for their clients, working closely with the following global business line experts.

Credit and Surety

SCOR has been a global leader reinsuring Credit, Surety and Political risks for more than 40 years, providing underwriting capacity for:

- Domestic and Export Credit Insurance;
- Various Surety lines, like market surety and professional surety;
- Political Risks: Confiscation Expropriation Nationalization Deprivation (CEND), embargo and no currency transfer.

SCOR draws its expertise from a local presence in North America (Miami, New York), Europe (Paris, Zurich) and Asia (Singapore, Hong Kong).

Decennial Insurance

Committed to a consistent underwriting approach over the past 40 years, SCOR's leading global position enables the team to be involved in most IDI (Inherent Defect Insurance) initiatives launched by insurers, governments, professional organizations and financial bodies across the world, and to keep up to date with and reinsure almost all new IDI schemes.

SCOR provides customized products and solutions tailored to local situations:

- basic cover of construction damage caused by inherent defects in structural works;
- tailored cover, including material damage caused by inherent defects in waterproofing works and/or in other specific parts of construction;
- additional extensions to IDI policies such as waiver of subrogation against builders and consequential third-party liability.

SCOR offers to its clients with a global market vision on both established and emerging markets, from small residential properties to large industrial complexes, as well as commercial buildings and public constructions such as hospitals, bridges, viaducts and tunnels.

Aviation

SCOR provides reinsurance and insurance solutions in all sectors of the Aviation market: airlines, aerospace and general aviation.

Marine and Energy

SCOR's dedicated Transport & Energy team combines local knowledge with global insights, in a line of business that requires constant monitoring of a rapidly changing global environment. SCOR offers its clients flexible adequate solutions for all segments of this sector, like hull and cargo as well as marine liability and energy.

SCOR's broad range of lines provides significant and stable capacity to cover standalone, specialized Marine risks and risks forming part of broader composite covers.

Engineering

With a consistent underwriting approach and substantial capacity, SCOR's engineering team offers a broad range of reinsurance and insurance cover: Construction All Risks (CAR) and Erection All Risks (EAR) insurance, as well as advance loss of profits or delay in start-up following a CAR or EAR loss, contractors' plant and machinery, electronic equipment, machinery, machinery loss of profits and combined machinery/electronic equipment and property.

Agricultural Risks

With a consistent, long-term approach to underwriting and pricing, SCOR's dedicated Agriculture team offers a broad and flexible range of reinsurance cover, underpinned by a strong natural catastrophe modeling and analytics infrastructure. SCOR P&C provides customized risk transfer solutions and innovative approaches in the field of crop/crop hail, aquaculture, forestry, greenhouse and livestock/bloodstock insurance.

Property Catastrophes

SCOR's Property Cat team provides reinsurance solutions to cover natural catastrophes events and property risks.

Specialty Insurance

Since 2021, the Specialty insurance division has been split between Single risks and Portfolio.

Single risks

Single risks includes former SCOR Business Solutions which is SCOR's large corporate risk insurance and facultative reinsurance unit as well as specialist lines written by SCOR Lloyds syndicate (SCOR Syndicate) such as Political and Credit risk, Environmental Liability, International and US Property. Taking a consistent and long-term approach, Single risks combines risk management expertise and advanced technology with creativity and flexibility to support the strategies and needs of its clients, particularly in Energy, Construction, Property, Liability and Financial lines.

Portfolio

Portfolio business includes large binders underwritten by SCOR Lloyds syndicate (SCOR Syndicate) as well as specialized types of insurance agent/broker vested with underwriting authority from an insurer (MGA). Accordingly, MGAs perform certain functions ordinarily handled only by insurers, such as underwriting, pricing and settling claims. MGAs are mainly involved with specialty lines of business in which specialized expertise is required.

SCOR has a very targeted approach, focused on North America, the London Market and Brazil (through Essor).

P&C Solutions

To address the evolving needs of its clients and to reinforce its Tier 1 position in a rapidly changing risk ecosystem, P&C Solutions, a global technical and expertise center, facilitates business development as well as synergies between underwriting teams. It is organized around three technical domains:

- Underwriting Solutions: this regroups all non-delegated and special Underwriting functions (Alternative Solutions, ESG, Fronting, 3rd Party underwriting platform, MEW);
- Underwriting Technical Support: managing key operational functions for Reinsurance and SI underwriting (Pricing, Modelling, Claims, External Retrocession & 3rd Party Capital);
- Underwriting Portfolio Management: managing key underwriting steering functions (Underwriting Management, Accumulation, In force Management & Analytics, Knowledge and Cyber).

P&C Business Transformation and Operations

This business enabler is organized around six poles:

- Transformation Project Office: this team focusses on coordinating the build and execution of the Transformation roadmap;
- Operational Excellence and Expertise: this team is the expertise center supporting all P&C teams in their continuous improvement/operational excellence initiatives/process mapping and identification of improvement potentials;
- Specialty Insurance Transformation & Operations: this team is responsible for the management of the tools & processes specific to Specialty Insurance business;
- Reinsurance Transformation & Operations: this team is responsible for the management of the tools & processes specific to Reinsurance business;

- Data Entry & Operations Administration: this team regroups all back-office functions from data entry, contract administration and claims information to technical accounting;
- Data & Technology Programme: this team acts as the product owner of the Data Platform and focusses on the data collection & centralization, cleansing, governance, sharing and engineering across P&C.

Life Reinsurance

SCOR's Life & Health segment underwrites Life reinsurance business in the following product lines:

- Protection;
- Longevity;
- Financial Solutions.

Protection

Protection encompasses traditional Life reinsurance business on living and death benefits. The main risks undertaken are mortality, morbidity and behavioral risks for individuals and groups of individuals. Protection is predominantly underwritten in the form of proportional treaties (quota share, surplus basis or a combination of both). Quota share treaties include structures whereby SCOR L&H's exposure is identical to those of its clients, and risk-based premium structures whereby treaty conditions differ from those of the underlying policies. A minority of the portfolio is underwritten in the form of non-proportional contracts: excess of loss per person, catastrophe excess of loss or stop loss.

The Protection reinsurance market, as well as SCOR L&H's Protection portfolio, is characterized by the dominance of long-term contractual relationships. SCOR L&H also writes short-term Protection business, in markets and product lines in which this is common practice.

Protection covers the following products and risks in reinsurance arrangements.

Mortality

Mortality protection represents 56% of the SCOR L&H portfolio based on gross written premiums for the year ended December 31, 2022. SCOR L&H actively underwrites mortality risk in all the geographical markets in which it operates.

Disability

Disability insurance mitigates the loss of income when the insured is totally or partially unable to continue his or her professional occupation or any occupation for which he or she is suited due to sickness or accident.

Long-Term Care

Long-Term Care (LTC) insurance covers the inability of the insured to perform predefined activities of daily living, resulting in the insured needing constant assistance from another person.

Critical Illness

Critical Illness (CI) insurance typically pays a lump sum benefit, to be used at the policyholder's discretion, if the insured suffers from a serious condition and survives a defined period.

Medical

Medical insurance covers medical and surgical expenses incurred by the insured person.

Personal Accident

Personal Accident insurance pays a lump sum benefit if the insured person dies or is seriously injured as a result of an accident.

Longevity

Longevity products cover the risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of the cover provided by insurers or pension funds.

Financial Solutions

Financial Solutions combine traditional Life reinsurance with financial components providing liquidity, balance sheet, solvency and/or income improvements to the client. This type of reinsurance treaty is typically used by cedents to fund growth, stabilize earnings or optimize their solvency position (capital relief).

Solvency II lines of business

Under Solvency II, insurance and reinsurance obligations are analyzed by defined lines of business.

The material lines of SCOR's Non-Life business are as follows:

- Motor vehicle liability insurance;
- Marine, aviation and transport insurance;
- Fire and other damage to property insurance;
- General liability insurance;
- Credit and suretyship insurance;
- Non-proportional casualty reinsurance;
- Non-proportional property reinsurance;
- Others (regrouping smaller Lines of Business).

The material lines of SCOR's Life business are as follows:

- Life reinsurance;
- Health reinsurance.

For further information on SCOR's underwriting and performance by Solvency II line of business, see Section A.2 – Underwriting performance.

A.1.2.2. SCOR SE – ADDITIONAL INFORMATION ON BUSINESS

SCOR SE wholly owns a large majority of its operating subsidiaries.

As may be required, SCOR SE also grants loans to Group subsidiaries and provides them with guarantees so that they can underwrite under favorable conditions, particularly by leveraging its credit ratings. SCOR SE provides actuarial, accounting, legal, administrative, IT, internal audit, investment, and human resources support to Group subsidiaries. Finally, SCOR SE acts, as needed, as reinsurer/retrocessionaire for its operating subsidiaries, through annually renewed proportional and non-proportional treaties which constitute the Group's internal steering tool, through the annual allocation of capital to the operating subsidiaries based on the profitability expected from their underwriting activity.

A.1.2.3. SIGNIFICANT BUSINESS AND OTHER EVENTS IN THE PERIOD

War in Ukraine

On February 24, 2022, Russia declared special military operation on Ukraine, leading to global geopolitical instability and subsequently wide-ranging macroeconomic consequences, including soaring energy prices, rising interest rates, heightened inflation and glooming global economic outlook.

SCOR has been closely monitoring the unfolding of the events and has fully complied with international sanctions related to the conflict. SCOR PO (the subsidiary owned by SCOR in Russia) has stopped underwriting new business. More generally, this conflict has consequences on business lines such as Political Risks, Credit ad Surety, Aviation and Marine. SCOR has been proactively managing the impact and provisioned EUR 86 million related to the potential claims at year end 2022. As the conflict continues, this estimate can evolve.

Drought in Brazil

The drought, that impacted corn and soy crops in southern regions in Brazil, was the worst in 91 years. As of December 31, 2022, the total impact on SCOR's technical result amounts to EUR (204) million (before tax).

Hurricane Ian

In end-September 2022, Hurricane Ian made landfall in the U.S., rapidly evolved into a Category 4 hurricane, and became one of the costliest hurricane events in terms of economic and insured losses.

SCOR has taken meaningful actions to reduce volatility and increase profitability since the start of 2022. On climate-sensitive risks specifically, SCOR reduced its natural catastrophe PML materially and tightened P&C underwriting discipline and exposures. These actions have contributed to SCOR's reduced market share on Hurricane Ian compared to the historical levels of past events: c. 0.4% net market share for Hurricane Ian vs. c. 1.3% for Hurricane Michael (2018) and c. 1.0% for Hurricane Irma (2017). For SCOR, Hurricane Ian resulted in a net claims charge of EUR 275 million as at December 31, 2022.

The losses of Hurricane Ian and a series of large natural catastrophe events, combined with a heightened inflationary environment, are further fueling an already hardening reinsurance market where capacity is scarce.

EUR 200 million share buyback completed on March 3, 2022

On October 27, 2021, SCOR launched a share buyback of EUR 200 million. It has been fully executed in the market and completed on March 3, 2022. The repurchased shares have been cancelled.

The age limit for the office as Chairman of the Board of Directors of SCOR has been raised to 72 years

On May 18, 2022, the General Meeting approved the resolution raising the age limit for the Chairman of the Board of Directors to 72 years. Denis Kessler will thus continue as Chairman of the Board of Directors until the end of his term of office as director, which expires at the end of the 2024 General Meeting.

Atlas Capital Reinsurance 2022 DAC

On June 1, 2022, SCOR announced that it has successfully sponsored a new catastrophe bond ("cat bond"), Atlas Capital Reinsurance 2022 DAC, which will provide the Group with multi-year risk transfer capacity of USD 240 million to protect itself against named storms in the U.S. and earthquakes in the U.S. and Canada, as well as European windstorms. The risk period for Atlas Capital Reinsurance 2022 will run from June 1, 2022, to May 31, 2025. The cat bond offering integrated ESG related considerations to support investor's due diligence, was priced on May 23, 2022 and closed on May 27, 2022. Atlas Capital Reinsurance 2022 DAC is an aggregate, index-based trigger cat bond approved in Ireland under Solvency II. An efficient capital protection remains one of the strategic cornerstones of SCOR, with the full array of capital market solutions being deeply integrated in the Group's strategy.

Renewals of contingent capital facility

On December 19, 2022, SCOR announces the renewal, for three years, of a contingent capital facility that would provide the Group with additional capital of up to EUR 300 million coverage in case of extreme events (natural catastrophe or life events impacting mortality) or a significant fall in the share price. The facility aims to protect the Group's share capital and therefore its solvency. This is the fourth renewal of this innovative facility, which was introduced in January 2011. The period covered by the renewed facility runs from January 1, 2023, to December 31, 2025. The facility offers a very cost-effective alternative to traditional retro and ILS and enhances the resilience of SCOR's balance sheet.

A.1.2.4. SCOR SE – ADDITIONAL INFORMATION ON SIGNIFICANT EVENTS

In addition to the above-mentioned significant events affecting SCOR Group, in 2022 SCOR SE carried out the following significant transactions:

Merger of SCOR Switzerland AG into SCOR SE and a portfolio transfer of SCOR Switzerland AG's internal operations to SCOR Global Reinsurance Ireland and SCOR UK

The affiliate entity SCOR Switzerland AG, 100%-owned by SCOR SE, was merged into the SCOR SE Zurich branch on January 1, 2022. This transaction generated a merger loss for accounting purposes that was fully offset by unrealized gains on the financial assets and portfolios received.

The merger was immediately followed by the transfer of SCOR Switzerland AG's internal retro portfolios to SCOR Global Reinsurance Ireland and SCOR UK through:

- commutation of reinsurance contracts between SCOR Switzerland AG and various other SCOR SE branches, and new retro contracts then set up with SCOR Global Reinsurance Ireland and SCOR UK (only for the SCOR SE Argentina branch);
- contract novations whereby SCOR Global Reinsurance Ireland replaces SCOR Switzerland AG in all aspects of existing contracts (for Asia).

These portfolio commutations and novations as well as the transfers of the related reserves generated a EUR 42 million gain for SCOR SE.

The SCOR SE Zurich branch has kept external retrocession contracts received from SCOR Switzerland AG.

Capital increase in SCOR US Corporation

On February 9, 2022, SCOR SE increased its stake in the capital of its subsidiary SCOR US Corporation by USD 30 million (EUR 26 million).

Capital increases into SCOR Global Life Americas Holding

SCOR SE increased its stake in the capital of its subsidiary SCOR Global Life Americas Holding several times in 2022:

- on February 23, 2022, by USD 105 million (EUR 93 million) through the conversion into capital of a cash advance granted to the subsidiary;
- on April 27, 2022, by USD 85 million (EUR 79 million);
- on July 26, 2022, by USD 22 million (EUR 22 million);
- on July 27, 2022, by USD 271 million (EUR 271 million) through the conversion into capital of a loan granted to the subsidiary;
- on October 27, 2022, by USD 57 million (EUR 58 million).

Share buy-back program

On March 31, 2022, SCOR SE finalized the EUR 200 million share buy-back program launched on October 28, 2021 and canceled all of the repurchased shares. In 2022, SCOR SE repurchased a total of 2,692,244 shares for EUR 78 million in addition to those repurchased in 2021 (4,485,937 shares for an amount of EUR 122 million).

Call options

On May 9, 2022, SCOR SE signed several call option agreements with BNPP allowing SCOR SE to buy its own shares to cover free share plans and stock-option plans in return for the payment of a predefined exercise price. The exercise dates for the option run from October 9, 2024 to September 21, 2027. The total number of options amounts to 3,377,608 (2,728,139 options to cover free share allocations and 649,469 for stock options). A premium of EUR 19 million was paid in 2022, which was recorded in other assets.

Dividend payment

On May 24, 2022, SCOR SE paid a EUR 321 million dividend to its shareholders.

Decreases in the Fiducie trust's capital

SCOR SE made two withdrawals from the Fiducie trust as the result of a reduction in its commitments towards Aegon: the first, on June 14, 2022 for USD 13 million (EUR 9 million) and the second on September 13, 2022 for USD 13 million (EUR 9 million).

Capital advance to the branch in Canada

On June 28, 2022, SCOR SE transferred CAD 37 million (EUR 27 million) to its Canadian branch.

Issuance of new loan to SCOR Reinsurance Asia Pacific Pte Ltd

On June 30, 2022, SCOR SE granted a new loan of USD 40 million (EUR 40 million) to SCOR Reinsurance Asia Pacific Pte Ltd., replacing an existing loan for the same principal amount.

MRM funding

On November 7, 2022, SCOR SE granted a treasury advance of EUR 25 million to MRM that was converted into capital on December 7, 2022.

Capital increase in SCOR Global Reinsurance Ireland by contribution of financial assets in kind

On December 2, 2022, SCOR SE increased the capital of its subsidiary SCOR Global Reinsurance Ireland by EUR 200 million through the contribution of financial assets in kind.

Issuance of new loan to SCOR Services UK Limited

On December 15, 2022, SCOR SE granted a new loan of GBP 37 million (EUR 43 million) to SCOR Services UK Limited.

Capital increase in SCOR Reinsurance Asia Pacific Pte Ltd.

On December 20, 2022, SCOR SE increased the capital of its subsidiary SCOR Reinsurance Asia Pacific Pte Ltd by SGD 85 million (EUR 59 million).

Issuance of new loan to SCOR Global Reinsurance Ireland and termination of an outstanding loan between the entity and SCOR SE

On December 21, 2022, SCOR SE granted of new loan of USD 170 million (EUR 161 million) to SCOR Global Reinsurance Ireland, replacing an existing loan for the same principal amount.

Dividends received

During 2022, SCOR SE received EUR 709 million in dividends from its subsidiaries (EUR 312 million in 2021).

A.2. UNDERWRITING PERFORMANCE

A.2.1. SCOR GROUP

A.2.1.1. OVERALL UNDERWRITING PERFORMANCE

SCOR Group operates in two business units: SCOR P&C, with responsibility for property and casualty insurance and reinsurance ("Non-Life"); and SCOR L&H, with responsibility for life & health reinsurance ("Life"). Each business unit underwrites several types of risks and offers various products and services, which are marketed *via* separate channels and the performance of which is managed on a different basis, in line with the nature of the business.

The definitions of underwriting performance differ between the Life & Health and Property & Casualty business units. For this reason, underwriting performance is not presented at a Group consolidated level. To aid in understanding the figures and as a comparison with other reporting bases, the following table presents the figures used to calculate underwriting performance on an IFRS basis.

— SCOR Group

	As at December 31, 2022						
IFRS *In EUR thousands*	**Net technical result(1)**	**Net interest on deposits**	**Sub-total**	**Internal management expenses(2)**	**Total**	**Net underwriting result**	
	(A)	(B)	(A) + (B)	(C)	(A) + (B) + (C)		
Total SCOR P&C	(482,134)		(482,134)	(700,080)	(1,182,214)	(1,182,214)	(A) + (C)
Total SCOR L&H	961,311	154,008	1,115,319	(461,638)	653,681	1,115,319	(A) + (B)
TOTAL SCOR GROUP	**479,177**	**154,008**	**633,185**	**(1,161,718)**	**(528,533)**		

(1) SP&C: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) SP&C: includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.
(1) SL&H: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) SL&H: includes all management expenses, 50% of corporate expenses.

— SCOR Group

IFRS *In EUR thousands*	As at December 31, 2021 Net technical result(1)	Net interest on deposits	Sub-total	Internal management expenses(2)	Total	Net underwriting result	
	(A)	(B)	(A) + (B)	(C)	(A) + (B) + (C)		
Total SCOR P&C	423,902		423,902	(629,750)	(205,848)	(205,848)	(A) + (C)
Total SCOR L&H	607,988	147,808	755,796	(424,929)	330,867	755,796	(A) + (B)
TOTAL SCOR GROUP	**1,031,890**	**147,808**	**1,179,698**	**(1,054,679)**	**125,019**		

(1) SP&C: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) SP&C: includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.
(1) SL&H: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) SL&H: includes all management expenses, 50% of corporate expenses.

Premium written

Gross written premium for the Group has developed as follows:

— SCOR Group

In EUR thousands	2022		2021	
By segment				
SCOR P&C	10,017,402	51%	8,228,477	47%
SCOR L&H	9,714,987	49%	9,371,703	53%
TOTAL	**19,732,389**	**100%**	**17,600,180**	**100%**

Gross written premiums for the financial year ended December 31, 2022 amounted to EUR 19,732 million, an increase of 12.1% compared to EUR 17,600 million in 2021. At constant exchange rates, the growth represents an increase of 4.9%. The overall increase in gross written premiums of EUR 2,132 million in 2022 is composed of an increase of EUR 1,789 million for SCOR P&C and of EUR 343 million for SCOR L&H:

- for SCOR P&C, in 2022, gross written premiums increased by 21.7% compared to 2021 from EUR 8,228 million to EUR 10,017 million. At constant exchange rates, the growth represents an increase of 13.5%, supported by robust 2022 renewals in both Reinsurance and Specialty Insurance activities;
- SCOR L&H gross written premiums has grown by 3.7% from EUR 9,372 million in 2021 to EUR 9,715 million in 2022 (a 2.7% decrease at constant exchange rates). SCOR L&H continued to strategically develop its business by managing growth carefully during the Covid-19 pandemic. Growth was recognized in the Protection product line mainly in Asia Pacific and in specific markets in EMEA.

A.2.1.2. UNDERWRITING RESULTS BY LINE OF BUSINESS

Non-Life business

SCOR's Non-Life segment is divided into two business areas:

- Reinsurance;
- Specialty Insurance;

and two business enablers:

- P&C Solutions;
- P&C Business Transformation and Operations.

In 2022, gross written premiums increased by 21.7% compared to 2021, from EUR 8,228 million to EUR 10,017 million. At constant exchange rates, the growth represents an increase by 13.5%.

In 2022, the net combined ratio includes an impact of 6.2 pts related to reserve strengthening. The natural catastrophe ratio stands at 12.4% compared to 12.8% in 2021 and 6.8% in 2020. Normalized net combined ratio from Nat Cat and reserve strengthening stands at 102.6% deteriorating compared to 2021 YTD (93.1%).

— SCOR Group – Non-Life

	As at December 31, 2022		
IFRS *In EUR thousands*	Net technical result[(1)]	Internal management expenses[(2)]	Net underwriting result
Motor vehicle liability insurance	(27,324)	(21,996)	(49,320)
Marine, aviation and transport insurance	42,696	(25,182)	17,514
Fire and other damage to property insurance	224,239	(145,775)	78,464
General liability insurance	(494,546)	(73,303)	(567,849)
Credit and suretyship insurance	213,015	(23,625)	189,390
Non-proportional casualty reinsurance	(294,667)	(73,534)	(368,201)
Non-proportional property reinsurance	(230,315)	(198,485)	(428,800)
Other*	84,768	(138,180)	(53,412)
TOTAL FOR SCOR P&C	**(482,134)**	**(700,080)**	**(1,182,214)**

* *Of which EUR 111 million of non-allocated expenses reported as "Other".*
(1) Net technical result includes claims expenses (ULAE).
(2) Internal management expenses include all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

— SCOR Group – Non-Life

	As at December 31, 2021		
IFRS *In EUR thousands*	Net technical result[(1)]	Internal management expenses[(2)]	Net underwriting result
Motor vehicle liability insurance	(13,656)	(15,264)	(28,920)
Marine, aviation and transport insurance	39,205	(22,328)	16,877
Fire and other damage to property insurance	107,313	(138,184)	(30,871)
General liability insurance	(22,089)	(67,630)	(89,719)
Credit and suretyship insurance	138,817	(20,534)	118,283
Non-proportional casualty reinsurance	34,471	(69,035)	(34,564)
Non-proportional property reinsurance	41,057	(178,362)	(137,305)
Other*	98,784	(118,413)	(19,629)
TOTAL FOR SCOR P&C	**423,902**	**(629,750)**	**(205,848)**

* *Of which EUR 80 million of non-allocated expenses reported as "Other".*
(1) Net technical result includes claims expenses (ULAE).
(2) Internal management expenses include all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

Life business

SCOR L&H operates in the following three regions: Americas, EMEA (Europe, Middle East and Africa and Latin America) and Asia Pacific. It underwrites L&H reinsurance business in the following product lines:

- Protection;
- Longevity;
- Financial Solutions.

Protection encompasses traditional L&H reinsurance business for living and death benefits. The main risks undertaken are mortality, morbidity and behavioral risks for individuals and groups of individuals. Financial Solutions combine traditional Life reinsurance with financing components providing liquidity, balance sheet, solvency and/or income improvements to the client. Longevity products cover the risk of negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of insurance cover provided by insurers or pension funds.

In 2022, SCOR L&H continued to grow profitably in a competitive life reinsurance market, while achieving solid operating profitability and absorbing the financial impacts of the Covid-19 pandemic. The positive result from SCOR L&H reflects a robust flow of new business and the strategic expansion of the franchise in various key markets and product lines.

The net technical result includes EUR 325 million in claims caused by the Covid-19 pandemic (net of retrocession), of which EUR 290 million relates to the life reinsurance business in the US and EUR 35 million relates to all other markets.

Life & Health gross written premiums by product line

SCOR L&H ranks among the top tier life reinsurers worldwide(1) and has grown by 3.7% in gross written premiums from EUR 9,372 million in 2021 to EUR 9,715 million in 2022 (a 2.7% decrease at constant exchange rates(2)). SCOR L&H continued to strategically develop its business by managing growth carefully during the Covid-19 pandemic. Growth was recognized in the Protection product line mainly in Asia Pacific and in specific markets in EMEA.

Protection

The Protection business accounts for 85% of total gross written premiums in 2022 and remains the main driver for premium growth. SCOR L&H has maintained a leading position in the US Life reinsurance market(3) the largest life reinsurance market in the world. In the EMEA region, SCOR L&H strategically reinforced its franchises in key European markets. Asia Pacific remains a region with significant growth opportunities both in terms of premiums and profitability.

Within the Protection product line, mortality was the main risk underwritten.

- Mortality protection: 56% of SCOR L&H's portfolio is traditional mortality reinsurance business, based on 2022 gross written premiums. SCOR L&H remains a leader in Mortality in the US, as well as maintaining its strong position in the major European markets.
- Critical Illness: SCOR L&H is a market leader in the UK and some Asian markets. It also leverages its experience and expertise to further develop its value proposition.
- Long-Term Care (LTC): SCOR L&H has been pioneering LTC reinsurance solutions in the French market for twenty years and has acquired a sound practical experience in the underwriting and the management of LTC risks, also applied to other territories.
- Disability: SCOR L&H has established strong market positions in disability in many continental Europe markets, Australia, New Zealand, and Canada.
- Medical reinsurance represents a rather small portion of SCOR L&H's portfolio, with new business volumes mainly written in Asia.
- Personal Accident also represents a small proportion of SCOR L&H's portfolio.

SCOR L&H has successfully deployed a number of innovative and tailored client services which aim to help insurers expand and develop their own client bases. In this market segment, SCOR L&H has leadership positions in many markets.

Longevity

SCOR L&H has established itself as a recognized provider for longevity reinsurance, focusing on longevity risk transfer transactions for large in-payment pension portfolios, creating a new business pipeline with growth opportunities. The Longevity product line accounts for 9% of SCOR L&H's gross written premiums and the main active market to date for SCOR L&H is the UK.

Financial Solutions

In the Financial Solutions product line, accounting for 6% of 2022 gross written premiums, SCOR L&H has built a recognized position in providing capital and solvency solutions. Since 2013, SCOR L&H has signed landmark transactions in Europe, the US, Asia and Latin America. In 2022, SCOR L&H consolidated its position in the Asia Pacific region and in the US market.

Life technical margin

Overall, the Life technical margin in 2022 was 14.5% compared to 10.3% in 2021 and 5.8% in 2020. The 2022 technical margin is mainly impacted by the Covid-19 pandemic and the release of excess margin in Q3.

As part of the technical margin, the net technical result stands at EUR 1,115 million. The net technical result absorbed EUR 325 million claims caused by the Covid-19 pandemic of which EUR 290 million relate to the Life reinsurance business in the US and EUR 35 million relates to other markets, net of retrocession and before tax.

(1) Based on 2022 gross written premiums. Source: NMG report.
(2) At December 31, 2022 exchange rates.
(3) Source: 2021 SOA/Munich Re survey of US life reinsurance, published in 2022.

— SCOR Group – Life

IFRS *In EUR thousands*	Net underwriting result[1] 2022	2021
Health reinsurance	188,850	(87,151)
Life reinsurance	926,469	842,947
TOTAL SCOR L&H	**1,115,319**	**755,796**

(1) Net underwriting result includes the net technical result and net interest on deposits.

A.2.1.3. UNDERWRITING RESULTS BY GEOGRAPHICAL AREA

In 2022, SCOR generated approximately 37% of its gross written premiums in Europe, Middle East and Africa (EMEA) (2021: 36%), with significant market positions in France, Germany, Spain and Italy, 44% in the Americas (2021: 45%) and 18% in Asia (2021: 19%).

Non-Life business

Non-Life gross written premiums

In 2022, gross written premiums increased by 21.7% compared to 2021, from EUR 8,228 million to EUR 10,017 million. At constant exchange rates, the growth represents an increase by 13.5%, supported by robust 2022 renewals in both Reinsurance and Specialty Insurance activities.

In 2022, SCOR P&C generated approximately 42.5% of its gross written premiums in Europe, Middle East and Africa (EMEA), 41.5% in the Americas and 16% of its gross written premiums in Asia.

The following table shows the breakdown of gross volume of Non-Life premiums written and underwriting performance by geographic area based on market responsibility, considering the country in which the ceding company operates for treaty business and location of the insured for facultative business:

— SCOR Group – Non-Life

IFRS *In EUR thousands*	As at December 31, 2022 EMEA	Americas	Asia-Pacific	Total
Gross written premiums	4,258,856	4,154,745	1,603,801	10,017,402
NET UNDERWRITING RESULT	**(222,699)**	**(968,296)**	**8,781**	**(1,182,214)**

— SCOR Group – Non-Life

IFRS *In EUR thousands*	As at December 31, 2021 EMEA	Americas	Asia-Pacific	Total
Gross written premiums	3,328,192	3,487,515	1,412,770	8,228,477
NET UNDERWRITING RESULT	**(228,805)**	**(177,190)**	**200,147**	**(205,848)**

Life business

Life & Health gross written premiums

Gross written premiums for the financial year ended December 31, 2022 have grown by 3.7% from EUR 9,372 million in 2021 to EUR 9,715 million in 2022 (a 2.7% decrease at constant exchange rates[1]). SCOR L&H continued to strategically develop its business by managing growth carefully during the Covid-19 pandemic. Growth was recognized in the Protection product line mainly in Asia Pacific and in specific markets in EMEA.

In 2022, SCOR L&H generated approximately 32% of its gross written premiums in Europe, Middle East, Africa and Latin America (EMEA), 47% in the Americas and 21% in Asia Pacific.

(1) At December 31, 2022 exchange rates.

The following table shows the breakdown of gross volume of L&H premiums written and underwriting performance by geographic area based on market responsibility.

— SCOR Group – Life

IFRS *In EUR thousands*	As at December 31, 2022 EMEA	Americas	Asia-Pacific	Other[(2)]	Total
Gross written premiums	3,109,732	4,600,530	2,004,725	-	9,714,987
NET UNDERWRITING RESULT[(1)]	**163,069**	**827,311**	**157,231**	**(32,292)**	**1,115,319**

(1) Net underwriting result includes the net technical result and net interest on deposits.
(2) Other represents the sum of ULAE and Global Retro (divisional coverage). Business related retro coverage allocated to regions.

— SCOR Group – Life

IFRS *In EUR thousands*	As at December 31, 2021 EMEA	Americas	Asia-Pacific	Other[(2)]	Total
Gross written premiums	3,022,660	4,467,143	1,881,900	-	9,371,703
NET UNDERWRITING RESULT[(1)]	**441,930**	**282,506**	**64,981**	**(33,621)**	**755,796**

(1) Net underwriting result includes the net technical result and net interest on deposits.
(2) Other represents the sum of ULAE and Global Retro (divisional coverage). Business related retro coverage allocated to regions.

A.2.2. SCOR SE

A.2.2.1. OVERALL UNDERWRITING PERFORMANCE

— SCOR SE

French GAAP *In EUR thousands*	As at December 31, 2022 Net technical result[(1)]	Net interest on deposits	Internal management expenses[(2)]	Net underwriting result	
	(A)	(B)	(C)		
Total SCOR SE Non-Life	(425,592)		(283,423)	(709,015)	(A) + (C)
Total SCOR SE Life	324,018	115,455		439,473	(A) + (B)
TOTAL	**(101,574)**	**115,455**	**(283,423)**		

(1) SCOR SE Non-Life: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) SCOR SE Non-Life: includes all management expenses, 50% of corporate expenses and Cat bond expenses.

— SCOR SE

French GAAP *In EUR thousands*	As at December 31, 2021 Net technical result[(1)]	Net interest on deposits	Internal management expenses[(2)]	Net underwriting result	
	(A)	(B)	(C)		
Total SCOR SE Non-Life	49,884		(273,419)	(223,535)	(A) + (C)
Total SCOR SE Life	(148,774)	112,432		(36,342)	(A) + (B)
TOTAL	**(98,890)**	**112,432**	**(273,419)**		

(1) SCOR SE Non-Life: net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) SCOR SE Non-Life: includes all management expenses, 50% of corporate expenses and Cat bond expenses.

A.2.2.2. UNDERWRITING RESULT BY LINE OF BUSINESS

Non-Life business

— SCOR SE – Non-Life

French GAAP *In EUR thousands*	As at December 31, 2022 Net technical result[1]	Internal management expenses[2]	Net underwriting result
Motor vehicle liability insurance	(310)	(8,465)	(8,775)
Marine, aviation and transport insurance	(1,290)	(5,853)	(7,143)
Fire and other damage to property insurance	(244,939)	(37,189)	(282,128)
General liability insurance	(87,436)	(7,006)	(94,442)
Credit and suretyship insurance	40,448	(6,790)	33,658
Non-proportional casualty reinsurance	(5,111)	(39,385)	(44,496)
Non-proportional property reinsurance	(203,750)	(116,861)	(320,611)
Other	76,796	(61,874)	14,922
TOTAL	**(425,592)**	**(283,423)**	**(709,015)**

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) Includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

— SCOR SE – Non-Life

French GAAP *In EUR thousands*	As at December 31, 2021 Net technical result[1]	Internal management expenses[2]	Net underwriting result
Motor vehicle liability insurance	(1,085)	(8,034)	(9,119)
Marine, aviation and transport insurance	11,996	(9,655)	2,341
Fire and other damage to property insurance	69,142	(49,169)	19,973
General liability insurance	(2,429)	(9,318)	(11,747)
Credit and suretyship insurance	60,167	(10,529)	49,638
Non-proportional casualty reinsurance	62,081	(37,631)	24,450
Non-proportional property reinsurance	(193,800)	(97,986)	(291,786)
Other	43,812	(51,097)	(7,285)
TOTAL	**49,884**	**(273,419)**	**(223,535)**

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) Includes all management expenses, 50% of corporate expenses, Lloyds expenses and Cat bond expenses.

Life business

— SCOR SE – Life

French GAAP *In EUR thousands*	Net underwriting result[1] 2022	2021
Health reinsurance	26,703	(35,249)
Life reinsurance	412,770	(1,093)
TOTAL	**439,473**	**(36,342)**

(1) Net underwriting result includes the net technical result and net interest on deposits.

A.2.2.3. UNDERWRITING RESULT BY GEOGRAPHICAL AREA

In 2022, SCOR SE generated approximately 69% of its gross written premiums in Europe (2021: 66%), with a significant market position in France, 22% in Asia (2021: 23%) and 9% in the Americas, Africa and the rest of the world (2021: 10%).

Non-Life business

Deteriorated Net underwriting result on EMEA marked by several exceptional developments such as claims related to Nat Cat, the Ukrainian conflict and the reserve increase announced in Q3 2022 to anticipate the impact of the social and economic inflation.

Deteriorated Net underwriting result on Americas mainly driven by the exceptional drought in Brazil.

— SCOR SE – Non-Life

French GAAP *In EUR thousands*	As at December 31, 2022			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	4,209,056	576,283	1,065,100	5,850,439
Net technical result[1]	(140,173)	(255,592)	(29,827)	(425,592)
Internal Management expenses[2]	(229,496)	(24,487)	(29,440)	(283,423)
NET UNDERWRITING RESULT	**(369,669)**	**(280,079)**	**(59,267)**	**(709,015)**

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) Includes all management expenses, 50% of corporate expenses and Cat bond expenses.

— SCOR SE – Non-Life

French GAAP *In EUR thousands*	As at December 31, 2021			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	3,263,498	600,102	924,674	4,788,274
Net technical result[1]	33,890	(127,624)	143,618	49,884
Internal Management expenses[2]	(186,579)	(51,966)	(34,874)	(273,419)
NET UNDERWRITING RESULT	**(152,689)**	**(179,590)**	**108,744**	**(223,535)**

(1) Net technical result includes claims expenses (unallocated loss adjustment expenses or "ULAE").
(2) Includes all management expenses, 50% of corporate expenses and Cat bond expenses.

Life business

The 2022 positive net underwriting result is benefiting from a strong underlying performance, active in-force management and the release of excess reserve margins.

As a reminder, the 2021 negative net underwriting result was mainly due to Covid-19 impact.

— SCOR SE – Life

French GAAP *In EUR thousands*	As at December 31, 2022			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	2,524,910	284,448	1,039,739	3,849,097
NET UNDERWRITING RESULT[1]	**125,187**	**270,784**	**43,502**	**439,473**

(1) Net underwriting result includes the net technical result and net interest on deposits.

— SCOR SE – Life

French GAAP *In EUR thousands*	As at December 31, 2021			
	EMEA	Americas	Asia-Pacific	Total
Gross written premiums	2,524,679	273,506	1,095,964	3,894,149
NET UNDERWRITING RESULT[1]	**(16,268)**	**(62,208)**	**42,134**	**(36,342)**

(1) Net underwriting result includes the net technical result and net interest on deposits.

A.3. INVESTMENT PERFORMANCE

A.3.1. SCOR GROUP

A.3.1.1. INVESTMENT INCOME AND EXPENSES

Investment income and expenses by asset class

Investment income by nature

— **SCOR Group**

IFRS *In EUR thousands*	2022	2021
Investment income	**704,524**	**822,138**
Interest revenue on financial assets not measured at FVPL(1)	516,410	424,792
Other investment revenue(2)	246,096	403,608
Net impairment losses(3)	(57,982)	(6,262)
INVESTMENT MANAGEMENT EXPENSES(4)	**(63,896)**	**(85,146)**

(1) See Section 4.6.19. Note 19.1 in URD 2022.
(2) See Section 4.6.19. Notes 19.2 & 3 in URD 2022.
(3) See Section 4.6.8. Note 8.6 in URD 2022.
(4) See Section 4.6.5. Note 5 in URD 2022.

Total investment income before management expenses stands at EUR 705 million as at December 31, 2022.

Investment income breaks down as follows by type of income and category of financial asset:

- interest revenue on financial assets not measured at FVPL at EUR 516 million (see table 4.6.19.1 in URD 2022);
- other investment revenue at EUR 246 million in 2022 (see table 4.6.19.2 and 4.6.19.3 in URD 2022) with:
  - interest income on funds withheld and contract deposits EUR 162 million (SP&C EUR 8 million, SL&H EUR 154 million),
  - interest expense on funds withheld and contract deposits EUR (1) million from SL&H,
  - the 2022 foreign exchange loss stands at EUR 28 million resulting from hedging differences (valuation and volume differences), and given the size of the Group balance sheet, these remain well within the expected level of volatility;
- net impairment losses amount to EUR (58) million.

Investment expenses amount to EUR 64 million.

Investment income on invested assets

Compared to total investment income, as shown in the income statement, investment income on invested assets excludes interest on deposits and foreign exchange gains/losses and includes the cost of real estate debt.

The year 2022 was marked by a significant decline in the main asset classes due to the unprecedented monetary normalization policy adopted by most central banks, which thus ended a decade of zero interest rates policy.

The continued rise in inflation, which had long been considered transitory, led central banks to raise their key rates at a speed and magnitude not seen in forty years. Russia's invasion of Ukraine in February 2022 and the resulting increase in commodity prices led to additional inflationary pressures, particularly in Europe.

Thus, after an initial rate hike of 25 bps in March, the Fed raised its rates by 50 bps in May and then by 75 bps in June, the first time this has happened since 1994, bringing Fed Funds to 1.75% at the end of the first half of the year. The ECB, for its part, put an end to ten years of negative or zero rates in July 2022 by announcing a 50 bps increase in its deposit rate.

After the sharp decline in the first half of the year, markets rallied during the summer, fueled by the hope of a pivot by the Fed. Lower energy prices, as well as the first signs of a slowdown in US inflation, after the record level of 9.1% reached in June, contributed to this favorable development.

However, the recovery was only temporary, as Jerome Powell and the other central bankers put an abrupt end to the summer rally in Jackson Hole. The Fed Chairman reaffirmed the need to keep raising rates to contain inflation, whatever the cost to growth. The belief that the normalization of monetary policies would continue at full speed put fears of recession back at the center of discussions and caused a further decline in risky assets. The later ended the third quarter close to their lowest levels of the year, while interest rates started to rise again. The disastrous announcement of the UK mini budget was an additional source of volatility, forcing the Bank of England to make emergency purchases of government bonds to avoid a bankruptcy of its pension funds.

The continued deceleration of US inflation, which seems to have peaked in June, as well as encouraging signs of normalization in the Eurozone, allowed for a relative stabilization of all markets at the end of the year, and in particular the interest rate markets, which were anticipating a slowdown in future key rate hikes. Although the Fed and the ECB confirmed these expectations by raising rates by only 50 bps in December, their still very hawkish rhetoric put pressure on rates again at the end of the year. The prospect of higher terminal rates over an extended period of time, especially in the eurozone, caused rates to rise in the last days of December. This increase was further amplified by the Bank of Japan's decision to begin normalizing its monetary policy.

Emerging countries were also strongly impacted by monetary normalization and the strengthening of the US dollar. The Chinese economy, for its part, continued to suffer from its zero-Covid policy and the deleveraging of its real estate sector.

Against this backdrop, despite the positive performance recorded in the fourth quarter, the S&P 500 recorded its biggest annual drop since 2008 (-18.1%), while the Euro Stoxx 50 index fell by 8.6%. However, corporate results were rather resilient in a context of rising energy prices and a sharp rise in interest rates.

The decline in sovereign bond markets was even more pronounced, driven by the Fed's 425 bps rate hike and the ECB's 250 bps hike. The government bond markets recorded a historic decline in 2022, of around 12.9% for the United States and 18.1% for the Eurozone. The rise in rates was accompanied by high volatility and a significant flattening of the curves, which led to an inversion of the US and EUR curves. US 2-year and 10-year rates rose by nearly 370 bps and 240 bps respectively to 4.4% and 3.9% at the end of December. In the Eurozone, the increase was of similar magnitude, with German 2-year and 10-year rates ending the year at 2.8% and 2.6%. The ECB's action has also caused peripheral spreads to widen. After reaching 250 bps in September, the spread between Italian 10-year government debt and its German peer was above 200 bps at the end of the year (+75 bps compared to the end of 2021).

Despite growing fears of recession, the credit market has shown notable resilience, with limited spread widening (between 40 and 60 bps for investment grade and 165 bps for high yield).

In this particularly difficult environment, commodities and the US dollar were among the few asset classes to post positive performances. Although a large part of the rise caused by the invasion of Ukraine has since been erased, oil rose by 6.7% (US WTI) and 10.5% (Brent), while wheat and corn posted performances of 2.8% and 14.4% respectively. The US dollar, which benefited from the Fed's action and its safe-haven status, appreciated against all G10 currencies.

Income and expenses

Net investment income for the year ended December 31, 2022 amounted to EUR 564 million as compared to EUR 551 million for the year ended December 31, 2021. The change in net investment income in 2022 is driven by strong regular investment income and benefited from a rising interest rate environment supported by the positioning of the portfolio. Gains on Real estate of EUR 24 million have also been realized. Change in fair value was positive at EUR 7 million for the year, thanks to positive performance of other investments and real estate securities.

Impairment, depreciation and amortization charged against invested assets in 2022 stands at EUR 81 million, an increase compared to 2021 (EUR 17 million) mainly driven by Expected Credit Losses allowance (ECL).

The return on invested assets in 2022 was 2.1% as compared to 2.3% in 2021.

Net investment income excludes EUR 22 million related to changes in fair value of the option on own shares granted to SCOR in connection with the Covéa settlement agreement.

— SCOR Group

IFRS *In EUR thousands*	2022
Interest revenue on debt instruments not measured at FVPL[(1)]	453,121
Other regular income (dividends and interest)[(2)]	63,810
Net real estate rental income[(3)]	13,980
Regular income	**530,911**
Realized gains/losses on debt instruments not measured at FVPL[(4)]	(13,596)
Realized gains/losses on Real Estate	23,984
Change in fair value[(5)]	6,723
Investment gains and losses	**17,111**
Real estate amortization and impairment[(6)]	(13,982)
Net impairment loss on financial assets (* change in ECL)[(7)]	(42,603)
Other income[(8)]	(24,499)
Net impairment and amortization	**(81,084)**
TOTAL INVESTMENT INCOME ON INVESTED ASSETS	**466,937**
Income on funds withheld & other deposits	161,288
Investment management expenses	(63,896)
TOTAL NET INVESTMENT INCOME	**564,329**
Foreign exchange gains/losses	28,183
Income on other consolidated entities	7,991
Third party interest on consolidated funds[(9)]	43,093
Income on technical items and other[(10)]	(5,542)
Financing costs on real estate investments	2,574
IFRS INVESTMENT INCOME NET OF INVESTMENT MANAGEMENT EXPENSES	**640,629**
Average invested assets	22,068,068
RETURN ON INVESTED ASSETS *(ROIA AS A %)*	**2.10%**

(1) As at December 31, 2022, Interest revenue on debt instruments not measured at FVPL is presented net of EUR 63 million of revenues attributable to third parties.
(2) As at December 31, 2022, other regular income is presented net of EUR 14 million income attributable to assets not held for investment purposes.
(3) As at December 31, 2022, net real estate income is presented net of EUR 4 million in real estate revenues attributable to third parties and net of EUR 2 million of financing expenses related to real estate investments.
(4) As at December 31, 2022, Realized gains/losses on debt instruments not measured at FVPL is net of EUR 2 million losses attributable to third parties.
(5) As at December 31, 2022, Change in fair value is net of EUR 2 million losses attributable to third parties, net of EUR 8 million of losses related to certain consolidated entities held for investment purposes, as well as net of EUR 22 million losses related to fair value change of the option on own shares granted to SCOR in connection with the Covéa settlement agreement.
(6) As at December 31, 2022, Real estate amortization and impairment is presented net of EUR 3 million impairment/depreciation attributable to third parties.
(7) As at December 31, 2022, Net impairment loss on financial assets are net of EUR 15 million of impairments attributable to third parties.
(8) As at December 31, 2022, other income is presented net of EUR 2 million of other real estate income and EUR 1 million of other income attributable to third parties.
(9) Third party revenues excluded in investment income on invested assets on items (1), (4), (5) and (7).
(10) Income on technical items and other include amongst other technical items all revenues attributable to assets not held for investments purposes and the fair value change of the option on own shares granted to SCOR in connection with the Covea settlement agreement, both excluded from all investment income on invested assets calculation.

— SCOR Group

IFRS *In EUR thousands*	**2021**
Investment revenues on invested asset[1]	372,594
Investment revenues on fixed income	369,827
Investment revenues on dividends	31,714
Investment revenues on real estate	29,997
Investment revenues on others	(58,944)
Realized gains/(losses) on invested asset[2]	133,641
Realized gains/losses on fixed income	94,642
Realized gains/losses on loans	2,179
Realized gains/losses on equities	33,577
Realized gains/losses on real estate[2]	125
Realized gains/losses on other investments	3,118
Change in fair value of investments[5][6][7]	(6,369)
Change in impairment and amortization[3][4]	(16,897)
Change in impairment on fixed income	-
Change in impairment on loans	-
Change in impairment on equities[3]	-
Change in impairment/amortization on real estate[4]	(15,795)
Change in impairment on other investments	(1,102)
Financing costs on real estate investments[8]	(2,132)
Investment income on invested assets	480,837
Net interest income on funds withheld and contract deposits	154,386
Investment management expenses	(84,479)
TOTAL NET INVESTMENT INCOME	**550,744**
Foreign exchange gains/losses	(7,742)
Income/expenses on technical items[9]	7,274
Income from other consolidated entities	127,050
Financing costs on real estate investments	2,132
IFRS INVESTMENT INCOME NET OF INVESTMENT MANAGEMENT EXPENSES	**679,458**
Average investment assets	21,296,455
RETURN ON INVESTED ASSETS *(ROIA AS A %)*	**2.30%**

(1) As at December 31, 2021, investment revenues on invested assets are presented net of EUR 2 million in real estate revenues attributable to third parties and net of EUR 3 million in income received from assets not held for investment purposes.

(2) As at December 31, 2021, realized gains/(losses) on invested assets exclude the EUR 89 million capital gain realized on the Doma transaction, which is a venture capital investment not held for investment purposes, and is net of EUR 8 million in losses on derivative instruments and EUR 4 million in gains on the sale of instruments measured at fair value, included in changes in fair value of invested assets recognized through income.

(3) Impairment of invested assets is net of EUR 5 million in impairment related to assets not held for investment purposes.

(4) As at December 31, 2021, impairment/depreciation of real estate is presented net of EUR 3 million in impairment/depreciation attributable to third parties.

(5) Includes (2).

(6) Changes in fair value of invested assets recognized through income are net of EUR 7 million in losses related to certain consolidated entities held for investment purposes, included in the scope of invested assets.

(7) As at December 31, 2021, Fair value through income on invested assets excludes EUR 41 million related to the option on own shares granted to SCOR in connection with the Covéa settlement agreement (see Section 1.3.3 – Significant events of the year, in the 2021 Universal Registration Document).

(8) Financing costs on real estate investments relate to real estate investments (buildings owned for investment purposes) only, net of financing costs attributable to third parties.

(9) Income/(expenses) on technical items include (1), (3), (4) and (7) as well as other technical items.

During 2022, invested assets decreased to EUR 22,179 million from EUR 22,734 million at December 31, 2021, mainly as a result of cash outflows and unfavorable changes in fair value of fixed income due to increased interest rates, partially offset by positive foreign exchange impacts, and income generated by the invested assets portfolio.

Liquidity, defined as SCOR's share of cash and cash equivalents, short-term government bonds (with maturities above three months and below twelve months) and bank overdrafts, stood at 12% of invested assets as at December 31, 2022, increased compared with the level of 9% observed as at December 31, 2021.

The fixed income portfolio represents a significant portion of SCOR's invested assets with 80% invested in this asset class (stable as compared to year-end 2021) at the end of 2022.

The exposure to government bonds is lower at 23% (26% at year-end 2021). The exposure to corporate bonds is stable at 44%, as well as the exposure to covered bonds and agency mortgage-backed securities at 7% and to structured and securitized products at 2%.

The fixed income portfolio remains of very high quality with an average rating of "A+" at the end of 2022, stable compared to the end of 2021. The duration of the fixed income portfolio stands at 3.2 years at the end of 2022 compared to 3.3 years at the end of 2021.

SCOR's exposure to loans remained stable at 5% of invested assets as at December 31, 2022, as well as the exposure to equity securities at 0%.

The real estate portfolio exposure stands at 3% of invested assets as at December 31, 2022, stable as compared to year-end 2021.

Other investments, comprising mainly insurance-linked securities, private equity and infrastructure funds and non-listed equities remained stable at 4% of invested assets as at December 31, 2022.

A.3.1.2. INVESTMENT GAINS AND LOSSES RECOGNIZED IN EQUITY

Total unrealized gains and losses for the global portfolio of investments decreased by EUR 1,585 million in 2022 as compared to 2021. The key movements are driven by the increase in interest rates.

— SCOR Group

IFRS *In EUR thousands*	2022	2021	Variance YTD
Fixed income	(1,364,758)	101,000	(1,465,758)
Loans	(34,558)	(3,000)	(31,558)
Equities	(8,206)	(11,000)	2,794
Real estate	96,275	130,000	(33,725)
Other investments	-	57,000	(57,000)
TOTAL URGL	**(1,311,247)**	**274,000**	**(1,585,247)**

A.3.1.3. SECURITIZED INVESTMENTS

The table below presents information on the type of securitized investments held within the Group:

— SCOR Group

As at December 31, 2022 *In EUR thousands*	AAA	AA	A	BBB	<BBB and non-rated	Total	Market to Book Value %
Assets-backed securities	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Collateralized loan obligations	**309,500**	**-**	**-**	**-**	**101,071**	**410,571**	**96%**
Collateralized debt obligations	**-**	**14,270**	**-**	**-**	**-**	**14,270**	**118%**
Collateralized mortgage obligations	-	-	-	-	-	-	0%
Mortgage-backed securities	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Agency CMBS	-	-	-	-	-	-	0%
Agency RMBS	885,671	-	-	-	-	885,671	89%
Non-agency CMBS	-	-	-	-	-	-	0%
Non-agency RMBS	-	19	-	-	1,457	1,476	55%
TOTAL	**1,195,171**	**14,289**	**-**	**-**	**102,528**	**1,311,988**	**91%**

— SCOR Group

As at December 31, 2021 *In EUR thousands*	AAA	AA	A	BBB	<BBB and non-rated	Total	Market to Book Value %
Assets-backed securities	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Collateralized loan obligations	**244,727**	**-**	**-**	**-**	**102,544**	**347,271**	**100%**
Collateralized debt obligations	**-**	**13,236**	**-**	**-**	**-**	**13,236**	**118%**
Collateralized mortgage obligations	-	-	-	-	-	-	0%
Mortgage-backed securities	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Agency CMBS	-	-	-	-	-	-	0%
Agency RMBS	840,348	-	-	-	-	840,348	101%
Non-agency CMBS	-	-	-	-	-	-	0%
Non-agency RMBS	-	120	143	-	1,806	2,069	69%
TOTAL	**1,085,075**	**13,356**	**143**	**-**	**104,350**	**1,202,924**	**101%**

A.3.2. SCOR SE

A.3.2.1. INVESTMENT INCOME AND EXPENSES

Investment income and expenses by asset class

— SCOR SE

French GAAP *In EUR thousands*	2022 Related companies	Other	Total
Revenues from securities	714,976	20,571	735,547
Revenues from other investments	33,082	280,982	314,064
Other revenues	-	5,333	5,333
Realized gains	6,464	149,095	155,559
TOTAL INVESTMENT INCOME	**754,522**	**455,981**	**1,210,503**
Management and financial costs	45,529	111,847	157,376
Other investment expenses	-	24,881	24,881
Realized losses	-	185,005	185,005
TOTAL INVESTMENT EXPENSES	**45,529**	**321,733**	**367,262**

Dividends received from subsidiaries amounted to EUR 709 million in 2022, mainly from SCOR Global Reinsurance Ireland (EUR 551 million), SCOR Global Life Americas Holding (EUR 87 million), SCOR Reinsurance Company (Asia) Ltd. (EUR 38 million), SCOR Canada Reinsurance Company (EUR 20 million), SCOR Investment Partners SE (EUR 6 million) and SCOR Africa Ltd. (EUR 5 million).

Dividends received from mutual funds amount to EUR 17 million.

— SCOR SE

French GAAP *In EUR thousands*	2021 Related companies	Other	Total
Revenues from securities	335,802	5,890	341,692
Revenues from other investments	45,404	232,503	277,907
Other revenues	-	14,043	14,043
Realized gains	-	179,784	179,784
TOTAL INVESTMENT INCOME	**381,206**	**432,220**	**813,346**
Management and financial costs	44,181	184,583	228,764
Other investment expenses	-	29,512	29,512
Realized losses	-	134,219	134,219
TOTAL INVESTMENT EXPENSES	**44,181**	**348,314**	**392,495**

Dividends received from subsidiaries amount to EUR 312 million, mainly include SCOR Switzerland AG (EUR 235 million), SCOR Reinsurance Company (Asia) Ltd. (EUR 26 million), SCOR UK Group Ltd. (EUR 18 million), SCOR Canada Reinsurance Company (EUR 16 million), SCOR Africa Ltd. (EUR 10 million) and SCOR Investment Partners SE (EUR 3 million).

Dividends received from mutual funds amount to EUR 17 million.

A.3.2.2. INVESTMENT GAINS AND LOSSES RECOGNIZED IN EQUITY

Not applicable to SCOR SE under French GAAP.

A.3.2.3. SECURITIZED INVESTMENTS

— SCOR SE

Market value *In EUR thousands*	2022 AAA	AA	A	BBB	<BBB and non-rated	Total	Market to Book Value %
Assets-backed securities	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Collateralised loan obligations	**136,996**	**-**	**-**	**-**	**-**	**136,996**	**96%**
Collateralised debt obligations	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
Mortgage-backed securities	**28,808**	**11**	**-**	**-**	**-**	**28,819**	**0%**
Agency CMBS	-	-	-	-	-	-	0%
Agency RMBS	28,808	-	-	-	-	28,808	94%
Non-agency CMBS	-	-	-	-	-	-	0%
Non-agency RMBS	-	11	-	-	-	11	106%
TOTAL	**165,804**	**11**	**-**	**-**	**-**	**165,815**	**89%**

A.4. PERFORMANCE OF OTHER ACTIVITIES

OPERATING LEASE CONTRACTS

Payments for operating leases relate primarily to rental payments for offices and business premises of the Group. They include extension options as well as restrictions regarding subleases. The main lease contracts are for the US and Zurich offices. See Chapter D – Valuation for solvency purposes, Sections D.1.2 – Property, plant and equipment and D.3.5 – Other liabilities of this report for further information.

FINANCE LEASE CONTRACTS

No material finance lease contracts were utilized by SCOR over the reporting period.

OTHER ACTIVITIES

No material income and expenses were incurred by SCOR over the reporting period other than the income and expenses presented above in Sections A.2 – Underwriting performance and A.3 – Investment performance.

A.5. ANY OTHER INFORMATION

No material information is reported regarding SCOR's business and performance, other than presented above in Sections A.1 – Business, A.2 – Underwriting performance and A.3 – Investment performance.

B SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B.1.1. GENERAL GOVERNANCE PRINCIPLES

SCOR has an objective of adopting best practices with regards to governance because good governance contributes to meeting its strategic objectives and ensuring an appropriate management of risks. The governance of SCOR SE and SCOR Group derives from the following objectives:

- compliance with applicable laws in the countries where it operates, and for SCOR SE, with the French Commercial Code, the French Monetary and Financial Code, the AMF's General Regulation and the French Insurance Code;
- pragmatism, simplicity and operating efficiency, allowing for timely and effective decision-making and cost effectiveness;
- clear allocation of roles and responsibilities, including clear reporting lines and accountability;
- checks and balances;
- fostering of cooperation, internal reporting and communication of information at all relevant levels of the Group;
- robust management and internal control leveraging on the consistent application of policies, guidelines, procedures and tools such as IT systems;
- mobilization of skills and expertise;
- balance between strong governance at Group level involving a global vision and global steering of the business and of risk management, and empowerment of local Boards and management teams, allowing for local specificities to be considered;
- multicentricity, with Group functions being carried out in other geographical locations than Paris to benefit fully from the competencies within various locations;
- efficient flow of information bottom-up and top-down.

B.1.2. LEGAL STRUCTURE AND FUNCTIONAL ORGANIZATION OF SCOR GROUP

B.1.2.1. LEGAL STRUCTURE OF THE GROUP

SCOR operates through a number of legal entities, branches and representative offices all around the world.

In addition to the objectives outlined above, the legal structure of the Group is guided by the following principles:

- support the strategic objectives (solvency and profitability) and operations of the Group;
- reduce the number of entities and simplify the organization;
- deliver cost effectiveness;
- optimize capital management by maximizing capital fungibility;
- achieve high financial flexibility;
- comply with local regulations and requirements;
- access local business and be close to clients' needs.

Among the legal entities of the SCOR Group, a number of key subsidiaries around the world have external Board members with a view to meeting high corporate governance standards.

B.1.2.2. FUNCTIONAL ORGANIZATION OF THE GROUP

SCOR operates all around the world through several legal entities, branches or representative offices. In order to ensure an appropriate consolidated vision and management of risks and business issues at Group level, and in line with the other objectives outlined in Section B.1.1 – General governance principles, SCOR has put in place a strong functional organization based on business units and Group functions, as well as on regional Hubs.

B.1.2.3. BUSINESS UNITS AND GROUP FUNCTIONS

The Group is organized around two reinsurance business units, SCOR P&C (Property and Casualty reinsurance) and SCOR L&H (Life and Health reinsurance), plus a business unit dedicated to investments, SCOR Investments:

- Property and Casualty reinsurance operating activities are managed by SCOR's P&C business unit, SCOR P&C (SP&C). These activities include the two following business areas:
  - Reinsurance: Treaty P&C and Global Lines teams provide proportional and non-proportional reinsurance in many forms across Property and Casualty lines of business in EMEA, Americas, and Asia-Pacific,
  - Specialty insurance: teams operate as a federated business composed of SCOR Business Solutions, SCOR Channel, MGA activities in North America, the London Market and Brazil (through Essor),

  and two business enablers:
  - P&C Solutions: acts as a global technical and expertise centre, facilitating business development as well as synergies between underwriting teams,
  - P&C Business Transformations and Operations;
- Life reinsurance operating activities are managed by SCOR's Life and Health business unit, SCOR L&H (SL&H). These activities include the following product lines: Protection, Longevity and Financial Solutions;
- investments activities are managed by SCOR's dedicated business unit, SCOR Investments (SI).

SCOR P&C, the Group's Non-Life business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA region, including France, Spain, Ireland, Italy, Switzerland, the UK, Germany, South Africa, and Russia, the Americas region and the Asia-Pacific region, including Australia, China, India, South Korea, Hong Kong and Singapore.

SCOR L&H, the Group's Life and Health business unit, operates worldwide through the insurance and reinsurance subsidiaries and branches of SCOR SE in the EMEA region including France, Germany, the UK, Ireland, Italy, Spain, Switzerland, Sweden, Belgium, and South Africa, in the Americas region including Canada, the US, and Latin America, and the Asia-Pacific region including Australia, New Zealand, China, Hong Kong, Japan, Singapore, Malaysia, South Korea and India.

SCOR Investments, the Group's third business unit, is in charge of investments of the Group. It is responsible for defining, implementing and controlling the asset allocation of the Group's legal entities investment portfolios on a centralized basis. It is organized around two areas: Group functions and SCOR Investment Partners SE, an AMF-approved portfolio management company, which directly manages the assets of many SCOR Group subsidiaries as well as investment vehicles on behalf of the Group and third-party clients.

In addition to the three business units, Group functions provide services to the whole Group and are described in Section A 1.2.1 – Lines of business and geographical areas.

Beyond legal entity structures and due to the existence of business units and Group functions, the Group's subsidiaries, branches and representative offices are connected through a central network of applications and data exchange platforms (subject to applicable privacy and data protection regulations), which allow local access to centralized risk analysis, underwriting or pricing databases, as well as access to information on local market conditions, to be shared among the Group's subsidiaries, branches and offices. In addition, by regularly rotating personnel across the Group's various offices, SCOR encourages its underwriters, actuaries, modelers, claims management experts and risk controllers to share and exchange experience of its various geographic markets and business lines.

B.1.2.4. HUB STRUCTURE

SCOR has structured its operations around three regional management platforms, or Hubs: the EMEA Hub, the Americas Hub and the Asia-Pacific Hub.

Each Hub has local, regional and Group responsibilities, with the heads of each Hub reporting to the Group Chief Sustainability Officer. Each Hub typically includes the following functions: Legal and Compliance, Information technology support, Finance, Human Resources and General Services. This organization enables:

- SCOR's operational structures and support functions to be optimized by creating service platforms in charge of managing pooled resources, including information technology, human resources, legal and others in the Group's main locations;
- several Group functions to be carried out and managed in geographical locations other than Paris in order to benefit fully from the competencies offered by the different Hubs; and
- the Group to develop a global culture while keeping local specificities.

The Hubs are not responsible for generating revenues or for underwriting or claims management. The local underwriting and claims management teams have direct reporting lines within the respective P&C and L&H business units. Hub-shared service costs are then allocated to the business units.

Management reviews the operating results of the Non-Life and Life operating segments individually to assess the operational performance of the business and to allocate resources. For further details on the operating segments, see Section 4.6 Note 5 – Segment information of the 2022 Universal Registration Document of SCOR SE.

The Hub structure is designed to facilitate access to local markets through a network of local subsidiaries, branches and representative offices, to better identify profit centers in each major reinsurance market, obtain a deeper understanding of the specific features of local risks and develop local management and underwriting expertise, and thereby improve customer service and maintain proximity relationships with clients.

B.1.3. GOVERNANCE STRUCTURE AT GROUP AND LEGAL ENTITY LEVEL

B.1.3.1. GOVERNANCE OF THE GROUP

The parent company of the Group is SCOR SE. The governance bodies of SCOR SE play a key role in the governance of the Group. The governance of SCOR SE is presented in Section B.1.3.2 – Governance of SCOR SE.

To help ensure the consistency of the governance of the Group, the Audit Committee of the Board of SCOR SE receives annually a report on the activities of local audit committees.

Group Executive Committee

The Group Executive Committee is the highest Management Committee of the SCOR Group.

It is responsible for implementing the strategy defined by the Board of Directors, under the Chief Executive Officer's authority.

The Group Executive Committee is composed of executives of SCOR SE and its subsidiaries. It enables:

- the direct involvement of the most senior executives of the Group – in particular the persons effectively running SCOR SE and the Group – in all significant decisions concerning SCOR SE or the Group (as well as its main legal entity SCOR SE), prior to these decisions being taken. Pursuant to Article L. 322-3-2 of the French Insurance Code, insurance and reinsurance companies must apply the "Four Eyes Principle", which specifies that they must be effectively run by at least two separate persons. Since all persons effectively running SCOR SE and the Group belong to the Group Executive Committee, this ensures compliance with the four eyes principle. In addition, the Chief Executive Officer of SCOR SE[1], the Board of Directors designated Jean-Paul Conoscente, Chief Executive Officer of SCOR P&C, and Frieder Knüpling, Chief Executive Officer of SCOR Life & Health;
- the coordination of all major functional entities of the SCOR Group (business units, Group functions, Hubs and legal entities);
- the preparation of the meetings of the Board of Directors of SCOR SE, in particular with respect to strategic decisions, and the coordination of the implementation of its decisions;
- bottom-up reporting (from business units, Group functions and Hubs) to the most senior executives of the Group, including the CEO of SCOR SE, through regular reviews or *ad hoc* presentations of the operations, thereby facilitating the supervision of the Group's activities.

On December 31, 2022 the composition of the Group Executive Committee was as follows:

- the CEO of SCOR SE, who chairs it;
- the CEO of SCOR P&C and his deputy;
- the CEO of SCOR Life & Health and his deputy;
- the CEO of SCOR Investments;
- the Group Chief Financial Officer (CFO);
- the Group Chief Risk Officer (CRO);
- the Group Chief Sustainability Officer (CSO).

In addition to the Group Executive Committee, specialized management committees have been put in place in order to review certain topics in more detail, prepare the work of the Group Executive Committee or perform a similar role on specific issues.

Key functions

Key function holders are designated at SCOR SE and Group level.

The French Insurance Code defines four key governance functions as part of a company's system of governance. These functions contribute to the implementation of an effective system of governance that provides for sound and prudent management.

These functions are the following:

- Risk Management;
- Compliance;
- Internal Audit;
- Actuarial.

The missions, tasks, roles and responsibilities related to these key functions are addressed in the related Group Policies, mainly:

- the Group Policy on Risk Management;
- the Group Compliance Policy;
- the Group Internal Audit Charter;
- the Group Reserving Policy.

(1) The Chief Executive Officer is a person effectively running the Company pursuant to art. R. 322-168 of the French insurance code.

The content of Section B.1.3.2 – Governance of SCOR SE below on SCOR SE's key function holders (roles and responsibilities, freedom from influence, access to the Board, designation, fit and proper and notification requirements, access to information and records, interactions with the other key functions) also apply to them as Group key function holders.

B.1.3.2. GOVERNANCE OF SCOR SE

Legal form and fundamental rules of governance

SCOR SE is incorporated in France, registered with the Paris Trade and Companies Register. It is the parent company of SCOR Group.

It is governed by the provisions of Council Regulation (EC) No. 2157/2001, dated October 8, 2001 on the Statute for a European Company (the "SE Regulation") as well as for all other matters partially covered or not covered by the SE Regulation by the provisions of French law relating to European Companies as well as by the French corporate law provisions applicable to "sociétés anonymes", where not contrary to the specific provisions applicable to European Companies.

The bylaws of SCOR SE (available on www.scor.com) set forth its corporate purpose and the fundamental rules of its governance.

SCOR SE's shares are listed on the Euronext Paris stock market and on the SIX Swiss Exchange (formerly SWX Swiss Exchange) in Zurich.

SCOR SE is subject to applicable French laws and regulations (including, but not limited to, the French Commercial Code, the AMF Regulation, the French Monetary and Financial Code and the French Insurance Code) and is supervised notably by the AMF and the *Autorité de contrôle prudentiel et de résolution* (ACPR). In application of the July 3, 2008 Act implementing the European Union Directive 2006/46/CE of June 14, 2006, SCOR SE refers to the AFEP-MEDEF corporate governance code for listed companies.

SCOR SE is licensed to carry out reinsurance activities in several countries. It operates through a number of subsidiaries, branches and representative offices. Pursuant to a decision of the *Comité des entreprises d'assurance* dated July 15, 2008, the Company holds a license to operate in Non-Life and Life reinsurance in France. The Company is also authorized to operate:

- within the European Union pursuant to the European passporting regulation;
- in other countries where the Company has obtained licenses to write reinsurance business or where operating in reinsurance is not subject to a license.

Board of Directors

Mission of the Board of Directors

In accordance with European law governing European Companies and applicable French law, the principal responsibility of the Board of Directors is to define the strategic guidelines of the Company's business activities and to ensure their implementation, in accordance with its corporate interest, taking into account the social and environmental aspects of its activity. The Board controls the management of the direction of the Company. With the exception of powers explicitly reserved to shareholders in Shareholders' Meetings and within the limits of the corporate purpose, the Board addresses all matters related to the Company's performance and takes decisions regarding business issues concerning the Company. It designates the CEO and the other persons effectively running the Company. It meets with the key function holders for SCOR SE at least annually. It takes part in the sound and prudent management of the Company. If applicable, it proposes any statutory change that it considers appropriate. It regularly reviews, in relation to the strategy it has defined, the opportunities and risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all the information needed to carry out its tasks, notably from the executive officers. It is informed each quarter by management of the financial position, cash position and commitments of the Company. In accordance with legal provisions, it approves the financial statements, proposes dividends, and makes investment and financial policy decisions. It is informed about market developments, the competitive environment and the most important issues at hand, including in the field of corporate social and environmental responsibility. It approves the Own Risk and Solvency Assessment ("ORSA") report and takes it into account when making decisions likely to have a significant impact on the Company. It approves certain policies as well as the SFCR and RSR reports. The Board also carries out the verifications and controls deemed necessary.

Composition of the Board of Directors

SCOR SE's bylaws provide that the Board of Directors shall comprise no fewer than nine and no more than eighteen members. The actual number of directors may be modified by the shareholders at Shareholders' Meetings. The Board of Directors cannot by itself increase the number of its members.

Under French law, a director may be an individual or a legal entity for which an individual is appointed as permanent representative, except for the Chairman, who must be an individual. Pursuant to Article L. 225-20 of the French Commercial Code, the permanent representative of a legal entity is subject to the same conditions, obligations and civil and criminal liabilities as if he or she was director in his or her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The term of office of the directors appointed or renewed, as set forth in SCOR SE's bylaws, shall not exceed three years. By way of exception, and in order to execute or maintain the staggering of director's terms, the Ordinary General Meeting may appoint one or more Board members with a term of office of one or two years. Under SCOR SE's bylaws, directors may hold office until the age of 77. A director who reaches the age of 77 while in office has to retire at the expiry of his or her term of office, as determined at the Shareholders' Meeting. Directors are elected by the shareholders and serve until the expiry of their respective term, or until their resignation, death or removal, with or without cause, by the shareholders. Vacancies on the Board of Directors may, under certain conditions, be filled by the Board of Directors, pending the next Shareholders' Meeting.

The Board of Directors' composition is guided by the following principles:

- application of best-in-class corporate governance practices;
- appropriate number of Board members in order to allow meaningful individual participation;
- majority of independent directors;
- diversity of expertise;
- professional experience;
- diversity of nationalities;
- high proportion of female Board members.

As of December 31, 2022, the membership of the Board of Directors is as follows:

- 78.6% are independent directors (excluding the directors representing employees) (78.6% as at December 31, 2021). The Audit Committee, Risk Committee and Sustainability Committee are fully composed of independent directors (excluding the directors representing employees). The Nomination Committee is composed of 71.4% of independent directors and the Compensation Committee is composed of 80% of independent directors (excluding directors representing employees) and 78.6% in the Strategic Committee;
- 68.8% are directors with past experience in the insurance or reinsurance industry, (75% as at December 31, 2021). The other directors work in the industry, banking, financial and digital sector, legal advisory services and other services;
- 43.8% are non-French directors (37.5% as at December 31, 2021) with directors of American, English, German, Belgian, Chinese, Italian, Swiss and Turkish nationality; and
- 42.8% are women (excluding the directors representing employees) (42.8% as at December 31, 2021). The composition of the Board of Directors is therefore compliant with applicable law.

Directors' duties

Directors are required to comply with applicable law and SCOR SE's bylaws. Under French law, directors are liable for violations of French legal or regulatory requirements applicable to European Companies, violation of a company's bylaws or mismanagement ("faute de gestion"). Directors may be held liable for such actions both individually and jointly with other directors.

Each director has a loyalty obligation towards the Company. He or she shall not act in his or her own interest, against SCOR's interests, and must avoid any situation with risks of conflict of interests.

Pursuant to the Board Internal Charter, each director undertakes not to seek or accept any function, benefit or situation from the Company or from the Group, directly or indirectly, that could jeopardize his or her independence of analysis, judgment or action, during the performance of his or her duties as director. He or she will also dismiss any direct or indirect pressure from other directors, specific groups of shareholders, creditors, suppliers or other third parties.

The Board of Directors of SCOR SE decided, in order to protect the Company's interests, to implement an internal control program to prevent risks of conflict of interest through:

- a review by the Audit Committee of related party transactions;
- an annual review of each director's situation, in order to analyze his or her independent status and the existence of any potential existing conflicts of interests;
- its Board Internal Charter, according to which any director in a situation involving a risk of conflict of interest undertakes to resign from his or her position if the conflict situation is not solved;
- the adoption of a Code of Conduct communicated to all Company's employees. This Code establishes reinforced requirements as regarding the prevention of situations where there are risks of conflict of interests. It is supplemented by a policy defining the alert procedures ("whistleblowing") available to employees and which provides for the reporting of incidents to the Audit Committee;
- the systematic addition of an item to the agenda of each meeting of the Board of Directors on any potential conflict of interest of a director related to a topic on the agenda.

Functioning of the Board of Directors

The Board of Directors' meeting held on March 31, 2004 adopted a Board Internal Charter (the "Board Internal Charter") in order to enhance or specify the rules governing the Board. This Board Internal Charter was amended by successive decisions of the Board of Directors. It is available on the website of the Company (www.scor.com).

The Board meets at least four times a year. It has set up seven Committees in order to examine specific topics, prepare the Board's proceedings and make recommendations to the Board. The Board may also create *ad hoc* committees for the issuance of recommendations on major operations. Moreover, the non-executive directors' session is composed of all voting directors, with the exception of the Chief Executive Officer and the employee directors.

The Strategic Committee

The Strategic Committee's mission is to examine the Group's development strategy, including investments in major organic growth and internal restructuring operations, examine any significant operation falling outside of the strategy announced by the Group and to examine any acquisition, merger, asset contribution or disposal in an amount in excess of EUR 50 million. In addition, any project regarding a sale, in one or more transactions, concerning at least half of the Company's assets over the last two years must be submitted for approval by the Shareholders' Meeting. The Strategic Committee may call upon outside experts.

The Audit Committee

The Audit Committee has two main missions:

- accounting, financial and non-financial responsibilities, including the analysis of periodic financial statements, the review of the relevance of choices and correct application of accounting standards, the review of the accounting treatment of any material transaction, the review of the scope of consolidation, the review of significant off-balance sheet commitments, the control of the selection of Statutory Auditors, the review of any accounting and financial reporting documents before they are made public. The Group audit fees for services rendered during the year are subject to a quarterly review and approval by the Audit Committee, with a specific review for non-audit services. The Audit Committee approves the non-core audit fees to ensure that the auditors' independence is not jeopardized;
- ethical, internal control and compliance responsibilities: the Audit Committee is responsible for ensuring that internal procedures relating to the collection and auditing of data guarantee the quality and reliability of the Group's financial statements. The Audit Committee is also in charge of reviewing agreements with related parties (*conventions réglementées*), analyzing and responding to questions from employees with regard to internal controls, the preparation of financial statements and the treatment of internal accounting books and records. It gives its opinion on the organization of Internal Audit, examines its annual work program, receives internal audit reports and stays informed regarding the implementation of recommendations. Finally, it examines the annual compliance plan and stays informed regarding the Company's compliance activities.

If applicable, the Audit Committee ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose and reports, if applicable, to the Board of Directors.

In the absence of the Chief Executive Officer, the Committee may consult the Chief Financial Officer, the Head of Internal Audit, the Heads of the actuarial and compliance functions and the Statutory Auditors on these issues.

During the 2022 financial year, and for each meeting, it met with the Statutory Auditors and the Group Chief Financial Officer (during the review of the financial statements), in the absence of the Chief Executive Officer. The review of the financial statements was accompanied by a presentation made by the Statutory Auditors highlighting the main results of their work and the accounting methods used, as well as by a presentation made by the Group Chief Financial Officer describing risk exposure and material off-balance sheet liabilities. The review of the financial statements was accompanied by a management presentation describing SCOR's exposure to social and environmental risks.

The Audit Committee may call upon outside experts.

The Risk Committee

The Risk Committee is responsible for examining, notably based on the Own Risk and Solvency Assessment (ORSA), the major risks with which the Company is confronted, both on the assets and liabilities side, and for ensuring that tools for monitoring and controlling these risks are in place. It examines SCOR's risks and its Enterprise Risk Management (ERM) policy. It studies the Group's strategic risks (including emerging risks) as well as the risks relating to the Group's main technical and financial commitments (underwriting, reserving, market, concentration, counterparty, asset-liability management, liquidity and operational risks as well as risks relating to changes in prudential regulations). The Risk Committee may call upon outside experts.

The Nomination Committee

Its missions are to:

- make recommendations to the Board of Directors regarding the composition of the Board of Directors and the appointment of executive corporate officers, and, as part of the selection of one or more Deputy Chief Executive Officer(s), to monitor the implementation of a selection process to ensure the presence of at least one person of each gender among the candidates;
- make recommendations to the Board of Directors on the appointment and dismissal of persons effectively running the Company within the meaning of Articles L. 322-3-2 and R. 322-168 of the French Insurance Code;
- make recommendations to senior management, prior to the decision-making, on the appointment and dismissal of members of the Company's Executive Committee;
- make, based on the proposals of the senior management, recommendations to the Board of Directors regarding the determination of gender diversity objectives on the governing bodies;
- ensure that executive corporate officers implement a policy of non-discrimination and diversity, in particular with regard to the balanced representation of women and men on management bodies. The Committee reports to the Board of Directors on that matter;
- examine proposals related to the composition, organization and operation of the Board of Directors and its committees;
- devise a procedure for selecting future directors;
- determine whether or not it would be desirable to renew expiring terms of office;
- verify, on an annual basis, the situation of each director individually as to whether or not they qualify as an independent director and/or whether or not there is a potential conflict of interest, and report its findings to the Board of Directors;
- prepare a succession plan for corporate officers and the Group's principal executives so as to propose succession solutions to the Board of Directors in the event of an unexpected vacancy. The Chairman of the Board of Directors may be involved in the work of the Committee for the purpose of carrying out this assignment.

The Nomination Committee may call upon outside experts.

The Compensation Committee

Its missions are to:

- make proposals to the Board of Directors with a view to determining the compensation policy of corporate officers;
- propose to the Board of Directors all matters relating to the compensation and personal status of non-executive corporate officers;
- present to the Board of Directors any questions related to compensation and status of executive corporate officers, in particular compensation, pension plans, stock option and performance share allocation plans, as well as terms for their departure;
- set the rules for determining the variable portion of executive corporate officers' compensation and ensure the consistency of these rules with their annual performance evaluation and with the Group's medium-term strategy. The Committee monitors the annual application of these rules;
- be informed, prior to the decision-making, about any questions related to the compensation and personal status of the members of the Group Executive Committee and present to the Board of Directors the terms, amount and apportioning of stock option and performance share allocations to the members of the Group Executive Committee;
- examine the terms, amount and apportioning of stock option and performance share allocations for all Group employees;
- advise the Group senior management on the terms and conditions of compensation for the Group's principal executives;
- review all the compensation and benefits of the executives, of other Group's companies if applicable, including retirement and all other types of benefits;
- verify, on an annual basis, directors' expenses.

The Compensation Committee may call upon outside experts.

The Crisis Management Committee

The Crisis Management Committee meets only when necessary and as many times as it deems necessary.

It is responsible for assisting and advising the Board of Directors and proposing to them any necessary measures and decisions in the event of a crisis affecting the Company, the Group or one of its members, as well as following up on such measures and decisions.

Any member of the Committee must withdraw from all meetings of said Committee linked, directly or indirectly, to a subject that personally concerns him or her.

The Crisis Management Committee may call upon outside experts.

The Sustainability Committee

Its mission is to:

- examine the main sustainability issues faced by the Company;
- examine the sustainability strategy and actions plans, including commitments made by the Company in this regard, monitor their implementation and propose any actions in this respect;
- submit to the Board of Directors any proposals designed to take the sustainability issues faced by the Company into consideration when determining its business orientations;
- examine the sustainability related reports submitted to the Board of Directors in accordance with applicable laws and regulations, particularly the extra-financial performance declaration referred to in Article L. 22-10-36 of the French Commercial Code;
- study the extra-financial ratings obtained by the Company and to define, if necessary, objectives in this area.

The Sustainability Committee may call upon outside experts.

Non-executive directors' session

The non-executive directors' session involves all the directors, with the exception of the Chief Executive Officer and the directors representing employees.

This session brings together the non-executive directors so that they can exchange ideas outside the context of Board of Directors' meetings. It may be called in case of a conflict of interest between the Board and the management team, a non-adherence to the corporate governance code, an inability of the corporate officer to carry out his duties as a result of an accident or his death, or a proven breach of the Code of Ethics on the part of the corporate officer.

Chairman of the Board of Directors

At the General Meeting of June 30, 2021, the Board of Directors decided to separate the roles of Chairman of the Board and Chief Executive Officer and agree to remain Denis Kessler Chairman of the Board of Directors.

Organization of the work of the Board of Directors

The Chairman of the Board of Directors organizes and manages the work of the Board of Directors in order to allow it to carry out all of its duties and reports to the General Meeting. He sets the timetable and agenda of Board meetings.

He may convene the Board at any time.

He ensures that the work of the Board of Directors is well organized, in a manner conducive to constructive discussion and decision-making. He directs the work of the Board of Directors and coordinates its work with that of the specialized committees.

He ensures that the Board of Directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy.

He may ask the CEO or any manager, and in particular, the heads of the control functions, for any information likely to assist the Board and its committees in the carrying out of their duties.

He may hear the Statutory Auditors in order to prepare the work of the Board of Directors and of the Audit Committee.

Relations with the Company's other bodies and with parties outside of the Company

In relations with the Company's other bodies and with parties outside of the Company, the Chairman of the Board of Directors has alone the power to act on behalf of the Board of Directors and to express himself in its name, except in exceptional circumstances, and except where specific assignments or duties are entrusted by the Board of Directors to another director.

The Chairman of the Board of Directors makes sure to maintain a close and trusting relationship with the executive management. He provides them with his assistance and his advice. At the invitation of the CEO, he may also attend to certain meetings of the Executive Committee, in order to provide his insights and his experience on the strategic and operational issues. He organizes his activities to ensure his availability and put his experience at the Company's service. He contributes to promoting the values and the culture of the Company, both within the Group and externally.

At the request of the CEO, he can represent the Group in its high-level relationships, and particularly with major clients, public authorities and the institutions at national, European and international levels.

He ensures that the quality of relations with shareholders is maintained, in close coordination with the work of executive management in this area.

He may answer questions from shareholders, on behalf of the Board of Directors, on matters within the competence of the Board. He reports to the Board of Directors on this mission.

He ensures that principles of corporate governance are defined and implemented.

The Chairman of the Board of Directors is the custodian of the proper functioning of the Board of Directors of the Company.

As such:

- with the support of the Nomination Committee, with the approval of the Board of Directors and of the Annual General Shareholders' Meeting, where appropriate, he endeavors to build an efficient and balanced Board, and to manage replacement and succession plan processes related to the Board of Directors and nominations on which it will have to opine;
- he can attend all Committee meetings of the Board and can add any subject to the agenda of the latter which he considers to be relevant;
- he ensures that the directors have the documentation and information necessary to carry out their duties in a timely manner and in a clear and appropriate form.

Vice-Chairman

The Internal Regulation of the Board of SCOR SE, as amended on June 30, 2021, provides for the appointment of a Vice-Chairman, upon a proposal by the Nomination Committee. He assists the Chairman of the Board of Directors in his missions, notably for the organization and functioning of the Board and its Committees and the monitoring of corporate governance.

He also advises the corporate officers when they are suspected of being in a situation of conflict of interest, he ensures that the new members of the Board of Directors take part in an orientation program and receive proper training, he leads the annual appraisal of the Board of Directors and its committees.

The Vice-Chairman is called to replace the Chairman of the Board of Directors in case of temporary impediment or death. His missions are described in the Board Internal Charter.

Chief Executive Officer

The Chief Executive Officer has executive authority to manage SCOR SE's business, subject to the prior authorization of the Board of Directors or the shareholders for certain decisions as required by law and by the Company's bylaws, and subject to compliance with the French Insurance Code according to which SCOR must be effectively run by at least two persons (cf. "Four Eyes Principle" mentioned in Section B.1.3.1 – Governance of the Group/Group Executive Committee). The Chief Executive Officer has the authority to act on behalf of and in the name of SCOR and to represent SCOR in dealings with third parties, subject only to those powers expressly reserved by law to the Board of Directors (and its Chairman) or the shareholders in application to the laws and bylaws. The Chief Executive Officer determines, and is responsible for, the implementation of SCOR's goals, strategies and budgets, which are reviewed and monitored by the Board of Directors.

The Board of Directors has the power to appoint and remove, at any time and with or without cause, the Chief Executive Officer. Upon a proposal made by the Chief Executive Officer, the Board of Directors may also appoint one or more Deputy Chief Executive Officers (*directeurs généraux délégués*) to assist the Chief Executive Officer in managing the business.

Since March 4, 2015, the powers of the Chief Executive Officer of SCOR SE are limited. During its meeting held on June 30, 2021, the Board of Directors of the Company limited the powers of the Chief Executive Officer by stipulating in the Board's Internal Charter the need for prior Board approval for the following operations:

- organic growth investments and major internal structuring operations;
- any significant operation falling outside of the scope of the strategy announced by the Group;
- any project regarding a sale or acquisition, merger or asset contribution higher than fifty million euros. In addition, any project regarding a sale, in one or more transactions, concerning at least half of the Company's assets over the last two years must be submitted to the Shareholders' Meeting.

Furthermore, in addition to the Chief Executive Officer of SCOR SE, two other persons effectively running SCOR SE and the Group have been appointed. Since January 1, 2016, the effective management of the Company and the Group has been overseen by at least two persons, pursuant to the requirements of the French Insurance Code (*Code des assurances*) (see Section B.1.3.1 – Governance of the Group).

Absence or impediment of a person effectively running the Company

In the event of absence or impediment of a person effectively running SCOR SE for more than two months, due to death, critical illness or any other cause, resulting in the inability of that person to perform his/her duties, the Board of Directors shall be convened within one month to designate a temporary or a permanent replacement as person effectively running the Company so as to ensure the continuity of the effective management of the Company. The Nomination Committee of SCOR SE maintains a list of proposed immediate replacements for each person effectively running SCOR SE in order to facilitate swift decision-making in such event.

Key functions

The four key governance functions defined by the French Insurance Code contribute to the implementation of an effective system of governance that provides for sound and prudent management.

Key functions may be outsourced (if only partially) to other entities, in accordance with the rules laid out in the Group Outsourcing Policy. See Section B.7 – Outsourcing for further details.

Roles and responsibilities

For further information on roles and responsibilities of key functions, please refer to the sections below dedicated to this subject, in particular Section B.3 – Risk management system, Section B.4 – Internal control system and compliance function, Section B.5 – Internal audit and Section B.6 – Actuarial function.

Freedom from influence

The key function holders carry out their duties in an objective, fair and independent manner. They shall be free from any influence that could impair the performance of their duties.

They operate under the ultimate responsibility of the Chief Executive Officer, through the different levels of management.

Each key function holder has a sufficiently high rank in the organization and is in a position to conduct his/her activities in an independent manner. The standing and authority of the key function holders in the main management governing bodies that are relevant with respect to their role allow them to execute their tasks with the level of independence required as set forth by the French Insurance Code. In addition, key function holders interact regularly with the Board members and with the persons effectively running the Company.

Access to the Board

The key function holders meet, at least once a year, with the Board of Directors of SCOR SE, or one of its specialized Committees.

Besides, the Board of Directors of SCOR SE and its specialized Committees may contact the key function holders at their discretion, upon request from their respective Chairmen.

Moreover, the key function holders have a direct access to SCOR SE's Board of Directors in conformance with Article L. 322-3-2 of the French Insurance Code. This procedure involves the key function holder, the Chairman of the Board of Directors and if the matter requires it the Chairman of the relevant Board Committee, and ultimately the Board of Directors. This procedure was approved by SCOR SE's Board of Directors on November 3, 2015.

Designation, fit and proper requirements and notification requirement

SCOR SE's key function holders are designated by the CEO of SCOR SE. They are subject to specific Fit and Proper requirements which are set out in the Group Fit and Proper Policy (see Section B.2 – Fit and proper requirements). Upon designation, key function holders are notified to the ACPR.

Access to information and records

Key function holders are able to communicate on their own initiative with any staff member and to obtain access to any relevant information to carry out their responsibilities. In the event Group key function holders face difficulties in accessing relevant information, they shall refer the issue to the CEO of SCOR SE for arbitration.

Interaction with other key function holders

The key function holders interact with one another, especially in order to exchange information relevant to each other's areas of competence.

For further information on these interactions, refer to the respective dedicated sections below, in particular Section B.3 – Risk management system including the Own Risk and Solvency Assessment (ORSA), Section B.4 – Internal control system, Section B.5 – Internal Audit and Section B.6 – Actuarial function.

Governance of the SCOR P&C business unit

The CEO of the P&C business unit is also a person effectively running the Company. He is assisted by a deputy CEO.

Governance of the SCOR L&H business unit

The CEO of the L&H business unit is also a person effectively running the Company. He is assisted by a deputy CEO.

B.1.4. MATERIAL CHANGES IN GOVERNANCE IN 2022

B.1.4.1. MATERIAL CHANGES AT GROUP AND SCOR SE LEVEL

During the year ending on December 31, 2022, the were no material changes in governance at Group and SCOR SE level.

For information on changes to key functions designated since 2016, see the dedicated sections, in particular Section B.3 – Risk management system including the Own Risk and Solvency Assessment (ORSA), Section B.4 – Internal Control System, Section B.5 – Internal audit and Section B.6 – Actuarial function.

B.1.5. MATERIAL TRANSACTIONS WITH SHAREHOLDERS, PERSONS WHO EXERCISE SIGNIFICANT INFLUENCE OR MEMBERS OF THE AMSB

B.1.5.1. MATERIAL TRANSACTIONS AT GROUP LEVEL

The transactions below have been entered into by the entity SCOR SE as the ultimate parent of SCOR Group. They apply to SCOR as a Group – *i.e.* involving other entities of the Group – and/or to SCOR SE.

Material transactions with shareholders

For the purpose of this section, SCOR SE takes into account shareholders who are submitted to the obligation to declare their shareholding to the Company pursuant to SCOR SE's bylaws, *i.e.* shareholders holding 2.5% or more of the share capital of SCOR SE.

On the basis of this criterion, SCOR SE has had no material transactions with shareholders during the reporting period.

Material transactions with persons who exercise a significant influence

Related party transactions according to the IFRS accounting standard IAS 24

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercises significant influence over the other party in making financial or operational decisions.

The Group's related parties include:

1. key management personnel, close family members of key management personnel, and all entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members;
2. associates.

No shareholder (except key management personnel) meet the criteria of a related party according to IAS 24 – Related Party Disclosures for the 2020, 2021 and 2022 financial years.

SCOR SE is the ultimate parent of the Group.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially the same terms and conditions including interest rates and collateral as those prevailing at the same time for comparable transactions with other parties.

Transactions with associates for the financial year ended December 31, 2022 were realized on an arm's length basis and their volume is not material.

Key management personnel are those individuals having responsibility and authority for planning, directing and controlling the activities of the Group. The Group considers that the members of the Executive Committee and the Board of Directors constitute key management personnel for the purposes of IAS 24.

Agreements and commitments related to the remuneration entitlements of SCOR's CEO

At its meeting of June 30, 2021, the Board of Directors decided to put in place a commitment to severance payments likely to be due upon termination of duties for the benefit of Laurent Rousseau in his capacity as Chief Executive Officer of SCOR SE.

See Section B.1.6.3 – Main components of the Compensation Policy by staff category – Performance criteria.

Material transactions with members of the AMSB (Administrative Management Supervisory Body)

See Section B.1.6.3 – Main components of the Compensation Policy by staff category.

B.1.5.2. MATERIAL TRANSACTIONS AT SCOR SE LEVEL

All material transactions with shareholders reported at Group level are concluded by SCOR SE, as the ultimate parent of the Group. See Section B.1.5.1 – Material transactions at Group level for further information on such transactions.

B.1.6. COMPENSATION POLICY AND PRACTICES REGARDING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES AND EMPLOYEES

B.1.6.1. COMPENSATION POLICY OF THE MEMBERS OF THE BOARD OF DIRECTORS

The individual compensation of the directors is allocated as follows, within the limit of the maximum annual envelope voted by the Shareholder's Meeting (EUR 2,000,000):

- a fixed portion in an annual amount of EUR 28,000, payable at the end of each quarter. For non-French resident directors, an additional EUR 2,000 per year is allocated;
- a variable portion based on the effective presence of the directors at meetings of the Board of Directors and its Committees, in an amount equal to EUR 3,000 per Board or Committee meeting they attend, except for the Chairs of the Audit Committee, Risk Committee, Compensation Committee, Nomination Committee, Corporate Social and Societal Responsibility and Environmental Sustainability Committee, Crisis Management Committee and Non-Executive Directors' Sessions, who receive an amount equal to EUR 6,000 for each meeting they chair.

In addition, in accordance with the recommendations of the AFEP-MEDEF Code, Directors must personally hold a minimum number of shares that is significant in relation to the remuneration allocated. Pursuant to the internal regulations of the Board of Directors of SCOR SE, this significant number of shares corresponds to an amount equivalent to EUR 10,000 at the time of purchase of the shares.

Except for the Chief Executive Officer and the directors representing employees, the members of the Board of Directors are not entitled to Company stock option plans or free share allocation plans, nor to any variable compensation other than the compensation related to their attendance at meetings.

No pension contributions (or commitments) are made on behalf of the directors, in the exercise of their duties.

Lastly, the directors representing employees have an employment contract under which they receive compensation in accordance with the principles of the Group's overall Compensation Policy. They also fall under the policy presented above as part of their duties as directors representing employees.

B.1.6.2. GENERAL PRINCIPLES OF THE GROUP COMPENSATION POLICY

SCOR pursues a human capital policy that is in line with the Group's corporate values, strategic plan and risk appetite. SCOR is committed to:

- maintaining a compensation policy that is fully in line with its controlled risk appetite and discourages taking excessive risks;
- aligning management incentives with shareholder value objectives;
- having an innovative compensation policy which meets the long-term horizon that is part of SCOR's internal model;
- motivating and retaining its pool of talent and having a compensation policy aligned with human capital development;
- fully complying with the regulations and guidelines defined by regulators as regards the compensation policy.

In order to achieve such objectives, SCOR has established a very structured and transparent compensation policy, within an overall framework. It is reviewed and submitted to the Compensation Committee and then to the Board of Directors for approval at least once annually. It was last updated in July 2022.

The Compensation Committee's competencies focus on the compensation of the Chairman and on the compensation of the CEO. It is informed of the compensation of the Group Executive Committee and of Group Key Function Holders. In addition, it makes recommendations to the Board regarding the approval of SCOR's share award and option programs. This Committee is, as a rule, composed of a majority of independent directors.

SCOR has established a "Partners"[1] program. This program which is specific and selective includes information sharing, career development and compensation schemes. There are four main Partner levels: Associate Partners (AP), Global Partners (GP), Senior Global Partners (SGP), and Executive Global Partners (EGP). Partners represent around 25% of the global workforce. The Company has a formal and carefully designed procedure for appointing and promoting Partners. Appointments take place every year during an Executive Committee meeting. Candidates must have consistently demonstrated their skills, leadership and commitment in the past. At December 31, 2022, the proportions of partners by level is as follows: EGPs: 2%, SGPs: 7%, GPs: 27%, APs: 64%.

(1) The Partners are key executives, managers, experts, and high potentials formally identified across the Group. Partners are given specific responsibilities in terms of significant achievements, high impact project management and leadership. Therefore, they benefit from a specific and selective program in terms of information sharing, career development and compensation schemes.

B.1.6.3. MAIN COMPONENTS OF THE COMPENSATION POLICY BY STAFF CATEGORY

Overall compensation components

Staff member category	Fixed compensation	Variable compensation in cash	Equity-based compensation	Pension plan
Chairman of the Board	√	NA	NA	NA
Chief Executive Officer(1)	√	√	Free shares, Stock options, LTIP(3)	√
Group Executive Committee members(2)	√	√	Free shares, Stock options, LTIP	√
Partners	√	√	Free shares, Stock options(4), LTIP	√
Non Partners	√	√	Free shares	√

(1) As a member of the Board of Directors, Chief Executive Officer does not receive any compensation in contrary of the other members of the Board of Directors.
(2) The Executive Committee includes the CEOs of SP&C and SL&H, who are the persons effectively running the Group and SCOR SE in addition to the CEO of SCOR SE. Executive Committee members do not receive compensation in respect of their directorships in companies in which SCOR holds more than 20% of the capital.
(3) Long Term Incentive Plan (LTIP).
(4) Only Executive Global Partners and Senior Global Partners are awarded stock options.

Depending on the country, employees may also receive other benefits such as health coverage and profit sharing.

Fixed compensation

As a global Group with three Hubs located in the world's major financial centers, SCOR pays attractive base salaries in order to be a competitive player on the job market and attract talent. SCOR's compensation is benchmarked against local markets at least every two years.

Base salaries are set according to criteria that consider a variety of factors, such as conditions on the local labor market, education and professional experience before joining SCOR, expertise acquired, and the present position and responsibilities of the employee.

SCOR reviews base salaries on a yearly basis to reward individual performance as well as when new responsibilities are taken on by the job holder. An inflation adjustment is not applied automatically as a general rule and is only granted in the few countries where it is legally required.

Variable cash compensation

Partners

The Partners' cash bonuses are computed on the basis of a percentage of the reference salary. This total percentage ranges from 20% to 100% and increases with seniority in the partnership level. The percentage has two components. The main component (except for EGP's bonuses for whom the individual and collective components are split equally) is directly linked to the individual performance rating. The payout with respect to each component is subject to meeting certain requirements. The payout on the individual component can range from zero (insufficient performance) to 150% (exceeds expectations). The second component is collective and based on the return on equity (ROE) achieved by SCOR in the previous financial year. The payout on the collective component can range from zero (ROE below 30% of the target) to 130% (ROE equal to or above 130% of the target).

The weighting of the individual and collective components is set to better reward the achievement of individual goals at Associate, Global and Senior Global Partner level. Partners can also benefit from an exceptional contribution bonus (ECB) ranging from 0% to 50% of the individual portion of the bonus awarded as a result of a strong contribution to the success of strategic projects or to key strategic achievements.

Other employees

For employees who are not Partners, the SCOR cash bonus rewards individual performance over the previous year. The bonus varies from 0% to 6% of the annual base salary depending on the rating received in the individual appraisal by the employee's direct superior. This scale is increased by a multiplier (2 or 3) in some locations in order to take into account specific local labor markets.

Non-Partners are also eligible for the exceptional contribution bonus, ranging from 0% to 6% of the annual reference salary (the multiplier of two or three mentioned above does not apply to the ECB).

Equity-based compensation

SCOR launched the free share and stock option program in 2004 as a means to encourage the retention of, and to strengthen the bond with, executives, managers and talented employees.

Shares and options can only be granted if the Annual General Meeting of Shareholders approves the resolutions to this effect presented by the Board of Directors.

By delegation of the Annual General Meeting of Shareholders, the Board of Directors determines how shares and stock options will be allocated to key personnel within SCOR.

In 2011, the Board of Directors decided to implement a new compensation scheme (Long-term Incentive Plan, "LTIP") for selected managers and executives of the Group in order to:

- ensure retention of its key employees while extending the performance measurement period;
- involve SCOR's key employees in the Group's long-term development.

Partners

The allocation of free shares and stock options to Partners is primarily designed to retain and create loyalty amongst key Group employees. An allocation will not necessarily occur every year and not every Partner is guaranteed an allocation.

The vesting of shares and options is subject to satisfying the condition of presence (three to six years depending on the nature of the plan) and performance conditions fully aligned with the objectives of the strategic plan (ROE and Solvency ratio) and a Total Shareholder Return (TSR) criterion. Moreover, beneficiaries must fully comply with the Group's Code of Conduct (clawback policy) and complete a training on CSR-related topics every year. For more information on the performance conditions of 2022 plans, see Section 2.2.3.4 – Plans providing employee profit sharing of the 2022 Universal Registration Document.

Other employees

Performance shares can be granted individually to certain employees who are not Partners.

Pension plans

While respecting national differences, SCOR offers attractive pension plans to its employees that also cover accident and disability in certain countries.

Although SCOR pension plans are not aligned globally, they are set up to meet local needs and legal requirements. They are calibrated in such a way as to allow for attractive total compensation packages.

Generally, SCOR uses defined contribution pension plans.

As is the case for all senior executives employed in France, the members of the Executive Committee who joined SCOR before June 30, 2008 and are employed in France are entitled to a guaranteed pension plan conditional notably upon a minimum five years of service with the Group, the payment of which is based on their average compensation over the last five years. This pension plan was closed to employees hired after June 30, 2008.

Executive Committee members that are not employed in France benefit from the collective pension schemes in place in their entity and do not have any specific plan.

For Executive Committee members under French contracts and hired before June 30, 2008 or under a Swiss contract, the amount of the additional pension guaranteed by the Group varies from 5% to 50% (with a maximum growth of 5% per year) of the average compensation over the last five years, depending on seniority acquired in the Group at retirement, less any pension benefits acquired under other collective and mandatory pension schemes. Moreover, this amount may under no circumstances exceed 45% of the average compensation over the last five years.

B.1.6.4. COMPENSATION POLICY AND PRACTICES AT SCOR SE LEVEL

SCOR SE conforms strictly to Group Policies with possible local adaptation in accordance with local regulations at branch level.

B.2. FIT AND PROPER REQUIREMENTS

The Fit and Proper standards of the SCOR Group are embedded in the SCOR Group Fit and Proper Policy. These standards consist of Fit and Proper principles, and criteria to be used to assess whether a person could be considered as Fit and Proper. The policy also includes an assessment process to be complied with. These elements are further detailed below.

B.2.1. OBJECTIVES AND GENERAL PRINCIPLES

SCOR commits to high "Fit and Proper" standards.

Standards are adapted to the category of work performed by each individual.

A person is considered as Fit and Proper when he or she fulfils the following requirements at all times:

- his or her educational background, qualifications and professional experience are adequate to enable sound and prudent management (fitness); and
- he or she is of good repute and integrity (propriety). SCOR assumes that an individual is proper if there is no obvious evidence suggesting otherwise. Some criminal, civil or disciplinary sanctions are antagonistic with meeting propriety requirements, with no possible remediation. Such sanctions can occur both in an individual's private life and professional activities.

Fit and Proper standards must be met at all times. Triggering events may require interim reassessments between annual evaluations.

B.2.2. SCOPE OF SCOR'S FIT AND PROPER PRINCIPLES

Standards are adapted to the work performed by each individual. Fit and Proper standards are defined hereinafter for the following categories:

- category A: Board members (hereafter directors) and Chief Executive Officers of legal entities subject to the Solvency II Directive or where the Board includes external Board members. This category also includes "persons effectively running the Company" under the Solvency II Directive;
- category B: key function holders (Actuarial, Internal Audit, Risk Management and Compliance) under the Solvency II Directive;
- category C: employees in the European Insurance Distribution Directive (IDD) scope (employees of insurance and reinsurance undertakings who are located in the EU and directly involved in insurance or reinsurance distribution activities in relation to risks and commitments within the European Union, as well as persons within the management structure responsible for insurance or reinsurance distribution);
- category D: Board members or employees of SCOR entities operating in jurisdictions not subject to Solvency II where local fit and proper requirements apply to them;
- category E: other staff.

Fit and Proper standards apply to each individual for the tasks assigned to them.

Fitness standards for Board members are assessed collectively: in particular, the SCOR SE Board is deemed to be fit if, for each subject matter, at least one member is individually fit.

B.2.3. FITNESS CRITERIA

SCOR considers that fitness is an appropriate mix of:

- relevant educational background and qualifications; and
- relevant knowledge and professional experience.

B.2.3.1. EDUCATIONAL BACKGROUND AND QUALIFICATIONS

Although a high-quality educational background is desired, professional experience may in some cases compensate for education gained in fields irrelevant to SCOR's activities. However, specific requirements may apply for selected individuals (*e.g.* Chief Actuary).

SCOR expects individuals to hold the following qualifications:

Applicable to	Qualification requirements
Category A (directors, Chief Executive Officer and "persons effectively running the Company")	**Master's degree or equivalent which relates at least to one of the following areas:** • strategy or business management; • finance; • risk management; • actuarial science; • engineering; • economy; • law. If an individual does not meet the above criteria, further consideration will be given to the individual's professional experience (see below).
Category B (key function holders)	**Master's degree or equivalent** If the diploma is not related to his/her field of professional activity, further consideration will be given to his/her professional experience (see below). At Group level, the Chief Actuary, holder of the actuarial function, shall have appropriate formal actuarial qualifications and be a Fellow or Accredited Member of a recognized professional body (such as the Institute of Actuaries in France).
Category C (Employees in the IDD scope)	Qualification criteria are defined in the job profiles.
Category D (Board members or employees of SCOR entities operating in jurisdictions not subject to Solvency II where local fit and proper requirements apply to them)	Qualification criteria are defined by the local regulations.
Category E (other staff)	Qualification criteria are defined in the job profiles.

B.2.3.2. PROFESSIONAL EXPERIENCE

Professional experience in a field directly relevant to SCOR's activities or to the tasks assigned to the individuals is key.

SCOR's directors, CEOs and "other persons effectively running the Company" are expected to have long-standing experience in their respective fields. When assessing the prior experience of an individual, consideration is given to such criteria: length of the former service, nature and complexity of the business where the position was held, former decision-making powers, responsibilities and number of subordinates.

Each individual must demonstrate:

Applicable to	Qualification requirements
Category A (directors, Chief Executive Officer and "persons effectively running the Company")	**Board members:** • a recently acquired relevant experience (within the last five years); • at least one member must have relevant knowledge and professional experience in each of the following fields: — understanding of (re)insurance markets, — (re)insurance company strategy and business model, — financial markets, — regulatory framework, — financial analysis, — actuarial, — risk management, — governance, — accounting. **CEOs and "other persons effectively running the Company":** • a recently acquired five or more-year long relevant experience (within the last five years): — in an insurance or reinsurance company, or — in a field directly relevant to his/her field of responsibility.
Category B (key function holders)	• a recently acquired relevant experience (within the last five years); • the Actuarial key function holder shall have an appropriate actuarial experience with an insurance or reinsurance company; • the Risk Management key function holder shall have appropriate experience of risk management in the financial industry; • the Compliance key function holder and the Internal Audit key function holder shall have appropriate experience in their field of responsibility (Audit, Finance, Law & Compliance, Underwriting, Claims Handling, etc.).
Category C (Employees in the IDD scope)	• professional experience criteria are defined in job profiles; • minimum of 15 hours per year of continuous professional training and development.
Category D (Board members or employees of SCOR entities operating in jurisdictions not subject to Solvency II where local fit and proper requirements apply to them)	• professional experience criteria are defined by the local regulations.
Category E (other staff)	• professional experience criteria are defined in the job profiles, depending on the position.

B.2.4. PROPRIETY CRITERIA

B.2.4.1. PROPRIETY ASSUMPTION

An individual may be considered as of good repute and integrity if there is no obvious evidence to suggest otherwise.

SCOR ensures, using the tools described in Section B.2.5 – Fit and proper assessment process, that there is no evidence of offenses that can adversely affect the good repute and integrity of this person. If evidence is gained of past behaviors casting doubt on an individual's good repute and integrity, remediation actions shall be taken as appropriate.

SCOR also takes actions to prevent conflicts of interest.

Proper considerations are relevant for all employees of an undertaking. However, any assessment needs to take into account their level of responsibility within the undertaking and will differ proportionately, according to whether or not, for example, they are "persons effectively running the Company" or have other key functions.

B.2.4.2. REMEDIATION

Some criminal, civil or disciplinary sanctions will preclude an individual from meeting propriety requirements (*e.g.* disciplinary penalties by supervisory authorities, non-petty criminal or civil penalties related to gross misconduct in the management of a company, commercial or professional activities, or related to his/her personal management such as money laundering, market manipulation, insider dealing and usury, any offences of dishonesty such as fraud or financial crime). Others may not.

If an individual is subject to pending legal proceedings that may eventually lead to such penalties, he must inform the company concerned.

Other circumstances than court decisions and ongoing judicial proceedings, which may cast doubt on the repute and integrity of the person, may also be considered (current investigations or enforcement actions, imposition of administrative sanctions for non-compliance with provisions governing banking, financial, securities or insurance activity, securities markets, securities or payment instruments).

The following factors are taken into account to waive an impropriety ban: the seriousness of, and circumstances surrounding the offence, the explanation presented by the individual, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation, the level of appeal (definitive vs. non-definitive convictions) and the person's subsequent conduct.

B.2.4.3. TIME AVAILABILITY

Time availability must also be ensured: individuals holding concurrently several responsibilities/roles must have appropriate time to dedicate to the functions under the scope of SCOR's Fit and Proper Policy.

B.2.5. FIT AND PROPER ASSESSMENT PROCESS

The assessment process shall allow SCOR to ensure that persons/bodies subject to Fit and Proper requirements fulfil the above criteria both before and after their appointment to the position under the scope of the Fit & Proper Policy.

The main stakeholders of the initial assessment process are listed below:

Applicant to	Assessor
Board/Chief Executive Officer/Other "persons effectively running the Company"	• Board(1) Based on a proposal made by the Corporate Secretary with the support of Human Resources for applicants who are also SCOR employees
Key function holders	• Chief Executive Officer Based on a proposal made by Human Resources
Employees	• Direct Managers Based on a proposal made by Human Resources

(1) With prior analysis by the Nomination Committee when it exists.

According to the applicant level, the identified assessors are in charge of:

- collecting supporting documents about the applicant (*e.g.* CV), including the Fit and Proper assessment form;
- deciding if the applicant complies with the "Fit & Proper" requirements.

Each year, the Corporate Secretary/HR Department/Direct Managers update their information with an annual fit and proper questionnaire collected from directors, CEOs, other "persons effectively running the Company", key function holders and employees in the IDD scope.

Furthermore, when the Corporate Secretary/HR Department receives notification of any changes affecting an individual's propriety, it updates the latest assessment.

Some specific situations trigger a re-assessment of the fitness and propriety of a person: reasons to believe that a person will impede the undertaking from pursuing the business in a way that is consistent with applicable legislation, reasons to believe that a person will increase the risk of financial crime, *e.g.* money laundering or financing of terrorism, reasons to believe that sound and prudent management of the business of the undertaking is at risk.

B.2.6. SCOR SE – INFORMATION ON FIT AND PROPER REQUIREMENTS

SCOR SE complies strictly with the Group's Fit and Proper Policy, as described in the section above, with possible local adaptation in accordance with local regulations at branch level.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The risk management principles, mechanisms and processes, described hereafter, are defined at Group level and applied consistently across the Group, in line with the proportionality principle, without prejudice to further and/or more stringent requirements from applicable laws, regulations or policies.

SCOR's risk management system is composed of two interconnected parts:

- the risk appetite framework, including risk appetite, risk preferences and risk tolerances;
- the Enterprise Risk Management (ERM) framework composed of various risk management mechanisms which help to ensure that the risk profile is dynamically optimized while remaining aligned with the risk appetite framework.

B.3.1. RISK APPETITE FRAMEWORK

SCOR's risk appetite framework is an integral part of the Group's strategic plan. It is approved by the Board of Directors upon the review of new strategic plans, based on recommendations from the Group's Executive Committee and the Risk Committee of the Board of Directors. The Board of Directors may vary the amount and the composition of risk that the Group is prepared to take.

SCOR's risk appetite framework encompasses the concepts of risk appetite, risk preferences and risk tolerances, and footprint scenarios.

This framework is defined for the Group as a whole. Where appropriate (*i.e.* for material entities or where regulations require), legal entities have their own Board approved risk appetites, preferences and tolerances with which to comply.

B.3.1.1. RISK APPETITE

Risk appetite defines the quantity of risk that SCOR is willing to accept to achieve a desired level of profitability. This determines where the Group wishes to position itself on the assumed risk-expected return spectrum, between extremely risk averse (low risk-low return) and extreme risk taker (high risk-high return).

SCOR uses a target solvency ratio as well as a target expected profitability. These two components provide a comprehensive definition of its risk appetite. The Group actual solvency ratio and profitability profile are reported on a regular basis to the Board of Directors through the Risk Committee.

B.3.1.2. RISK PREFERENCES

Risk preferences are qualitative descriptions of the risks, which SCOR is willing to accept. Based on its risk appetite SCOR Group pursues an approach of thorough risk selection to optimize its risk profile and aims to:

- actively seek risks related to reinsurance and selected primary insurance;
- assume a moderate level of interest rate risks, credit risks, FX and other market risks;
- minimize its own operational and reputational risks;
- minimize underwriting of cedent's asset-related risks.

B.3.1.3. RISK TOLERANCES

The risk tolerances define the limits set out in order to ensure that the Group's risk profile remains aligned with the Group's risk appetite framework. The Board of Directors defines and approves risk tolerance limits for the Group by risk driver, extreme scenario and investment, in order to ensure that the Group's risk profile remains aligned with its risk appetite framework.

SCOR uses various risk assessment measures to verify that its exposures remain within these limits. These measures can take several forms depending on the technical constraints or the level of information available and are based on either internal model outputs, scenarios or expert opinions.

B.3.1.4. FOOTPRINT SCENARIOS

Footprint scenarios are an innovative and complementary risk management tool. Whereas risk drivers and extreme scenarios are probability-based, the footprint approach consists of carrying out an impact assessment at the level of the Group using a deterministic scenario. This approach is complementary to a probability-based view.

Considering SCOR's current exposure and all risk mitigation instruments, footprint scenarios provide impact assessments of past events on the Group's actual solvency ratio, liquidity, and current operations. SCOR regularly produces and evaluates footprint scenarios, providing comfort that the impact of such events on the Group's current solvency would be limited.

For further information on specific risk management strategies, processes and reporting on each risk category, see Chapter C – Risk Profile.

B.3.2. ERM FRAMEWORK

The Chief Risk Officer (CRO) area relies on an ERM framework composed of various risk management mechanisms as described in the following sections. These mechanisms are adapted to business units and legal entities when appropriate. Some mechanisms are only relevant at Group or business unit level and are not implemented specifically at the legal entity level, in line with materiality principles.

B.3.2.1. INTERNAL ENVIRONMENT

Dedicated departments from within the CRO area facilitate the definition and monitoring of the internal environment and the governance of risk management. A primary focus of the CRO area is to develop and manage ERM mechanisms and to promote ERM concepts throughout the Group, in addition to providing risk management challenge and support for reinsurance underwriting and investments.

A key component of the governance of risk management is the establishment of Group Policies and Guidelines.

These Group Policies are not intended to enumerate all the rules governing SCOR's activities in the different countries in which the Group operates, but rather to establish certain principles intended to ensure that SCOR Group companies and employees share a common understanding of the Group's standards and that they work in compliance with these standards. When approved, these documents are all made available to employees on a platform fully dedicated to the policies in force and accessible *via* the SCOR intranet page.

Compliance with local regulations and constraints is ensured by Hub General Counsels.

See Section B.1 – General information on the system of governance for further details on SCOR's organization and governance structure.

B.3.2.2. SETTING OF OBJECTIVES

The strategic plans establish the Group's risk appetite framework from which the Group's strategy stems.

The Executive Committee defines the procedures for implementing the strategy approved by SCOR's SE Board of Directors and reviews the consistency of the operational plans or policies (*e.g.* underwriting, finance, retrocession, information technology) with the strategic plan. The Executive Committee also ensures that there is an optimal capital allocation based on the risks taken considering the effects of diversification. Under the responsibility of the Group Chief Risk Officer, the Capital Shield Strategy sets risk limits to ensure a protection of the Group's capital in line with the strategic plan's objectives. The Capital Shield Strategy is approved and monitored by the Group Risk Committee and the Board Risk Committee.

The clarity and detailed description of strategic objectives and their implementation within the Group facilitate the identification, evaluation and control of risks, whatever their nature (*e.g.* underwriting risk, market risk, and operational risk), possibly caused by these objectives.

B.3.2.3. IDENTIFICATION AND ASSESSMENT OF RISKS

Different techniques and initiatives for identifying and assessing risks have been implemented to analyze risks from all angles and to deal with them in an exhaustive manner. These include:

- a risk information process: every quarter, the Group Risk Committee and the Board of Directors review the "Group Risk Dashboard" which describes and assesses the major risks to which the Group is exposed. This report assembles various risk assessments from different identification and assessment processes for all risk categories;
- a process for the monitoring of risk exposures compared to risk tolerances, *i.e.* the limits established in order to ensure that the Group's risk profile remains aligned with the risk level validated by SCOR SE's Board of Directors. The Group uses various risk measures to define these exposures, which are measured based on either model outputs and/or expert opinions, depending on the technical constraints and the level of information available. This includes:
  - a "risk driver" system that enables the Group to manage the annual aggregate exposure to each major risk. The objective is to avoid overconcentration of risk and hence maximize diversification benefits. For the majority of SCOR's risk drivers, the amount of post-tax retained annual exposure per main risk driver (with a probability of one in 200 years) is limited to a percentage of the Group's available capital. Other risk drivers have limits expressed in terms of reduction in the Group's solvency ratio or duration for invested assets,
  - an "extreme scenario" system designed to prevent the Group's over-exposure to one single event. The amount of post-tax retained exposure to each defined extreme scenario (with a probability of one in 200 years) is limited to 10% of available capital,
  - sub-limits for invested assets,
  - limits per risk which are set in the underwriting and investment guidelines;
- "footprint scenarios", which aim to review and assess the potential impact of selected deterministic scenarios on the Group. This process provides an alternative perspective on the Group's exposures. Working groups dedicated to specific subjects are composed of experts across the Group. These groups perform quantitative studies which are summarized in specific reports;
- an emerging risks process which is part of SCOR's ERM framework and is linked to other risk management methods, such as the use of "footprint scenarios". Potential emerging risks are identified and individual risk assessments are carried out by experts from the business units and the Group functions. Significant emerging risks are then reported to the Group Executive Committee and Board. SCOR, as a member of the CRO Forum, also actively participates and contributes to the CRO Forum Emerging Risks Initiative (ERI) alongside other major insurers and reinsurers;
- SCOR's ORSA (Own Risk and Solvency Assessment), which provides SCOR SE's Board and those of the European legal entities regulated by the Solvency II Directive, the Group Executive Committee and senior management of these legal entities, with forward-looking information on the respective risk and capital positions of the Group and legal entities;
- SCOR's internal model, which is deeply embedded in SCOR's risk management system and contributes to the assessment of risks. SCOR uses its internal model for determining economic capital. Its results are used to implement SCOR's underwriting and investments policies and guidelines.

Where relevant, the analyses from these processes are reported to the Group Risk Committee, the Board Risk Committee and the Board of Directors on a regular basis.

B.3.2.4. MAIN CONTROL ACTIVITIES

Because of its activities, SCOR is exposed to many risks: reinsurance and insurance related risks, market risks and other risks (*e.g.* liquidity, rating). These risks are detailed in Chapter C – Risk profile. These activities rely on the control mechanisms including adequate reporting mechanisms to the main governance bodies throughout the Group.

This section summarizes the principal activities and participants of risk control for the following important areas:

- key functions;
- activities related to (re)insurance;
- investments;
- accounting management.

The control activities described below are considered as the principal activities for controlling risks specific to those areas. In accordance with SCOR's internal control system approach, these control activities are performed on Group or Company level, on core business and investment process level, or on support process level.

Key functions

Four key governance functions, as defined by the French Insurance Code, play an important role in the Company's system of governance. These functions contribute to the implementation of an effective system of governance that provides for sound and prudent management. Further information is presented below regarding the risk function:

- Risk Coverage ensures the identification, assessment and monitoring of ''assumed-risks" *i.e.* those risks related to SCOR's P&C and L&H reinsurance business, as well as operational risks, and supports the development of the Risk Appetite Framework as well as actions to ensure exposures remain within their limits. Risk Coverage maintains and enhances business proximity by providing risk expertise and in-depth analyses of risk across the Group;

- Prudential & Regulatory Affairs advises the Group on prudential regulations. It ensures the Group actively positions itself in relation to the different jurisdictions and requirements to which it is exposed or could be exposed and continuously develops and promotes SCOR's leading risk management expertise through regular dialogue with internal and external stakeholders, including our staff, clients, supervisors, the (re)insurance industry, academia and the public. Prudential and Regulatory Affairs also provides specialist expertise to SCOR colleagues *via* the Solvency II Center of Excellence and prepares the Group for the adoption of major new prudential regulations;
- Central Pricing sets in place an overarching governance framework for pricing methods, models and tools, defines consistent global pricing policy, parameters and assumptions, provides assurance through peer reviews for Pricing Risk Referrals on material transactions and selected deep dives in pricing approaches and parameter settings of critical lines of business;
- Risk Capital operates SCOR's internal model and provides a detailed quantitative analysis on the modeled range of changes in economic value. It provides reports to management on risk assessment and actively assists the Company in its various uses of the internal model. The risk reporting team within Risk Capital ensures that regular external and internal risk reports are provided in line with defined governance;
- Risk Modelling ensures that the internal model is appropriate for SCOR's risk profile, proportionate and complete to the risks. It continuously improves and maintains the internal model by collecting change requests, proposing priorities, and implementing model changes. The team also provides analyses of change including sensitivity analyses and model documentation;
- the Group Chief Actuary and his team report to the Chief Risk Officer. See Section B.6 – Actuarial function for further information on the role and responsibilities of the actuarial key function.

Activities related to reinsurance

The operating and control procedures concerning underwriting, pricing, administration of reinsurance contracts and claims management are validated by SCOR P&C and SCOR L&H and are applied to all underwriting segments of the company in question, regardless of location.

For further information on how the main underwriting risks related to the P&C and L&H business are managed, please see Section C.2 – Underwriting risks.

Investments

The Prudent Person Principle requires that the security, quality, liquidity and profitability of the portfolio as a whole be considered. This is enabled through the investment governance, strategy, operational framework and reporting and monitoring processes that SCOR implements.

Governance and principles

The Group has harmonized the principles governing the management of its assets based on three documents:

- the "Group Policy on Invested Assets" defines the Group's policy and governance regarding invested assets;
- the "Sustainable Investment Policy" defines the main orientations of the sustainability approach of the Group in its asset management;
- "Group Investment Guidelines" determines the limits for concentration risk exposure to different asset classes as well as the conditions under which SCOR Investments will implement the Group Investment Policy as defined by the Group Investment Committee.

These three documents are rolled out across all SCOR entities to ensure consistency across the Group. Together, these documents set the rules to be applied by all internal and external asset managers on behalf of the legal entities.

The Group Investment Committee meets at least once every quarter. Its role is to define the investment strategy on a Group level and to supervise the implementation of this strategy regarding the regulatory and contractual constraints. At the local level, local investment committees supervise the implementation of the investment strategy relating to their legal entities as well as the compliance of the portfolios' positioning with the local investment guidelines.

Investment strategy

As far as invested assets are concerned, the primary investment objective of SCOR is to generate recurring financial income in accordance with the risk appetite framework of the Group and its sustainability preferences, and ensure that the Group:

- is able to meet its claims and expense payment obligations at all times; and
- creates value for its shareholders in line with the objectives set out in the strategic plan;

while,

- preserving the Group liquidity and level of solvency;
- protecting the capital;
- allowing the Group to operate on a day-to-day basis as well as over the long-term horizon; and
- contributing to SCOR's *raison d'être*;

in compliance with legal entities investment regulations, risk appetites and regulatory capital requirements (level of capital and type of admissible assets), and Group and local Investment Guidelines.

Operational framework

SCOR SE has outsourced its asset management activities to SCOR Investment Partners under a Master Investment Management Agreement ("MIMA"). The asset management company is managing the portfolios for all legal entities listed in the MIMA. SCOR Investment Partners may sub-delegate part of its investment services to third parties following the rules defined in the Manual of Group Investment Guidelines. The Head of Asset Owner Office is process owner of the outsourcing and of the MIMA.

For legal entities not listed in the MIMA, when possible and subject to local regulation, SCOR Investment Partners may act as an investment advisor.

In some cases, the asset management of entities is directly outsourced to external asset managers under an Investment Management Agreement. In this framework, the process owner of the Investment Management Agreement is defined locally. With the support of the Asset Owner Office, the Hub CFO co-ordinates the specifications, implementation and monitoring of the service provided.

Reporting and risk monitoring

The Asset Owner Office monitors the asset allocation at Group level, including positions held by the entities which have delegated their asset management to external asset managers. It produces reporting on invested assets performance, invested assets risks and invested assets compliance on a quarterly basis.

In particular, a quarterly reporting is sent to the Group Investment Committee describing:

- the development of the portfolio of invested assets over the quarter;
- the changes in the Tactical Asset Allocation;
- the IFRS and total return performance of the invested assets;
- key metrics on risks including stress tests and capital consumption;
- the implementation of the sustainable investment strategy.

Additionally, the Asset Owner Office produces reports for the local investment committees in order to provide the legal entity boards and regulators the required information to monitor their asset portfolios and associated invested assets risks.

Accounting management

The Solvency II reporting process is built upon the Group-wide IFRS reporting process and ensures quality and consistency of legal entity and Group solvency reporting. It therefore benefits from controls over the accounting and consolidation process, as presented in the 2022 Universal Registration Document, and their extension to solvency reporting.

B.3.2.5. INFORMATION AND COMMUNICATION

The 2022 Universal Registration Document is produced *via* a specific process that ensures the contribution of all relevant departments and the consistency of the information provided. A final review is performed by members of the Executive Committee.

Similarly, for the Solvency and Financial Condition Report and other Solvency II reporting, a specific process has been implemented to coordinate the contribution of all relevant departments and the consistency of the information provided. A final review is performed by senior management, members of the Executive Committee(s) and the Board(s).

B.3.2.6. MONITORING OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The monitoring of the internal control and risk management systems is ensured by a number of complementary mechanisms with the support of several departments across the Group.

SCOR implements dedicated processes and tools to identify, assess and monitor its risk exposure on a regular basis and has dedicated risk management mechanisms in the three business units in order to evaluate the appropriateness and effectiveness of controls and propose risk management and mitigation measures. See Section B.3.2.3 – Identification and assessment of risks.

SCOR operates an Internal Control System Competence Center ("ICS-CC"). The core objective of the ICS-CC is to pool ICS expertise in order to foster a consistent ICS approach and application of ICS standards across the Group. For more information on the Internal Control System, see Section B.4.1 – Description of the internal control system.

In addition, and in accordance with its risk-based audit plan and through its periodic assignment, Group Internal Audit provides independent and objective assessments on the adequacy, effectiveness and efficiency of the internal control system for the scopes audited. Any findings lead to recommendations and management remediation actions, which are followed up by Group Internal Audit. When Group Internal Audit concludes that management has accepted a level of risk that may be unacceptable to the organization, it must discuss the matter with the Executive Committee. If the Head of Group Internal Audit determines that the matter has not been resolved, he/she must communicate the matter to the Audit Committee.

For more information, see Section B.5 – Internal Audit.

Furthermore, the Finance area manages the "internal management representation letters" process, which also incorporates certain points related to the internal control of accounting and financial reporting.

B.3.3. INTERNAL MODEL CONTRIBUTION TO THE ERM FRAMEWORK

Subject to regulatory approval, an internal model can be used to determine the SCR. SCOR has used its experience and knowledge to develop an internal model which reflects SCOR`s risk profile as a global reinsurer. For more details on the internal model and how it differs from the standard formula, see Section E.1.4.7 – Key differences between the standard formula and the internal model.

The top-level risk categories reported out of the internal model include P&C underwriting risk, L&H underwriting risk, market risk, credit risk and operational risk.

For further information on risks included in SCOR's internal model, see Chapter E – Capital Management.

SCOR is exposed to other risks not modeled within the internal model, including strategic, liquidity and emerging risks. These risks are not expected to have an immediate impact on the Solvency Ratio and are monitored and managed through specific processes.

B.3.3.1. ROLE OF THE INTERNAL MODEL IN THE RISK MANAGEMENT SYSTEM

SCOR's internal model is a key feature of SCOR`s risk management; see Sections E.1.4.1 – Overview of the internal model and E.1.4.3 – Uses of the internal model, for a description of the internal model and some of its uses.

B.3.3.2. INTERNAL MODEL GOVERNANCE

The internal model governance framework forms an important component of the risk governance at SCOR and seeks to ensure the appropriate management and supervision of the internal model and its outputs.

The governance framework includes in its scope the operational run of the model, model changes and independent validation as outlined in their own respective policies. The Internal Model Management Committee is responsible for ensuring that the internal model operates properly on a continuous basis. It approves internal model results and provides recommendations to the Group Executive Committee on model changes.

The development and use of SCOR's internal model are managed through the following three key policies:

- Group Internal Model Policy;
- Group Policy on Model Change;
- Group Internal Model Validation Policy.

The Group Internal Model Policy sets out the overarching principles and governance of the internal model. The Group Policy on Model Change sets out the principles and governance for managing the development of the model, and the Group Internal Model Validation Policy sets out the principles and governance for the independent validation of the use and development of the internal model.

There were no material changes in the internal model governance during the reporting period.

B.3.3.3. INTERNAL MODEL VALIDATION PRINCIPLES AND TOOLS

SCOR maintains a robust process for the validation of its internal model. This process applies to the Group and the European legal entities regulated by the Solvency II Directive, and where the solvency capital requirement is calculated by means of the internal model. It is performed based on the principles stated in the validation policy and fully complies with Solvency II internal model validation standards.

General principles

The validation of the internal model aims to review the reasonableness and accuracy of the internal model, and the results thereof.

The main principles governing the validation process are:

- independence and expertise: the validation is performed by qualified experts who are independent from the design, implementation and run of the model;
- proportionality: the validation work on the various components of the model is proportionate to the materiality of their impact on the results.

Governance

The Internal Model Independent Validation governance follows the overall internal model governance described above in Section B.3.3.1 – Role of the internal model in the risk management system.

B.3.4. ORSA CONTRIBUTION TO THE RISK MANAGEMENT SYSTEM

SCOR's ORSA is a key mechanism of the ERM framework and is an integral part of the risk management system. It leverages the capital management and strategic planning processes.

The ORSA provides forward-looking information on the respective risk and capital positions, of the Group and legal entities, taking into account SCOR's strategy and risk appetite and includes:

- descriptions of the risk profiles and the main risks the Group and/or legal entities are exposed to;
- overviews of expected changes in the risk profiles over the ORSA time horizon; and
- prospective assessments of overall capital needs, based on the internal model, over the ORSA time horizon, taking into account SCOR's strategy and risk profile, including an analysis of any excess or shortfall in the Eligible Own Funds. For further information on capital management processes, see Section E.1.1 – Own funds.

SCOR performs the Group-wide ORSA for the Group and its legal entities subject to Solvency II. The ORSA is based on clearly defined principles and objectives, close cooperation between Group and legal entity teams and regular involvement of Group and legal entity senior management, as well as involvement of the Board of SCOR SE and the Boards of the relevant legal entities.

It is performed at least annually or more frequently when significant changes in the risk profile occur and the ORSA results are approved by the relevant Boards (see Section B.1.3 – Governance structure at Group and legal entity level).

B.3.5. SCOR SE – INFORMATION ON THE RISK MANAGEMENT SYSTEM

The risk management principles, mechanisms and processes, described above, are defined at Group level and applied consistently at SCOR SE level, in line with the proportionality principle, without prejudice to further and/or more stringent requirements from local applicable laws or regulations.

B.4. INTERNAL CONTROL SYSTEM

B.4.1. DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) standards are embedded in the Group Policy on ICS. These standards consist of ICS principles and mechanisms to be applied to assess the effectiveness of the internal control system. The ICS is defined at Group level and applied consistently across the Group, in line with the proportionality principle, without prejudice of further and/or more stringent requirements from local applicable laws, regulations or policies.

The core objective of the Internal Control System Competence Center (ICS-CC) is to pool the ICS expertise in order to foster a consistent ICS approach and application of ICS standards across the Group. The ICS-CC consists of experts, who work to coordinate the internal control formalization activities within the Group, its business units and entities, and support the business process owners where necessary.

The ICS standards are applied based on the principle of proportionality. ICS processes have been documented accordingly, focusing on those considered the most critical. The ICS documentation is being maintained across the Group and regularly reviewed for continuous improvement.

The approach used to develop and maintain the ICS is specified in the ICS Group Policy. The policy sets out the reference framework and details the Group principles, the responsibilities of the different participants in internal control and the quality requirements.

The principal characteristics of the internal control system are as follows:

- a risk-based approach, *i.e.* addressing critical operational risks that, if not controlled, could significantly impact SCOR's franchise, balance sheet or statement of income and indirectly its solvency. The optimal risk response is obtained through appropriately designed key controls;
- on a process level, appointment of process owners responsible for documenting processes, identifying the related critical risks, defining the appropriate key controls and ensuring their deployment and application either at Group, business unit or legal entity levels. Process owners are also responsible for assessing processes, risks and key controls;
- monitoring, upon completion of the initial documentation, through a self-assessment procedure on the maturity (quality) of control processes based on pre-defined criteria set by their owners.

The monitoring of the internal control and risk management systems is ensured by a number of complementary mechanisms with the support of several departments across the Group.

SCOR implements dedicated processes and tools to identify, assess and monitor its risk exposures on a regular basis. In addition, SCOR implements dedicated risk management mechanisms across the three business units in order to evaluate the appropriateness and effectiveness of controls and propose risk-management and mitigation measures.

In addition, and in accordance with its risk-based audit plan and through periodic assignments, Group Internal Audit (GIA) provides independent and objective assessments on the adequacy, effectiveness and efficiency of the ICS for the scopes audited. Any findings lead to recommendations and management remediation actions which are followed up by GIA.

B.4.2. COMPLIANCE FUNCTION

B.4.2.1. ORGANIZATION OF THE COMPLIANCE FUNCTION

It is SCOR's policy to ensure compliance with all applicable laws and regulations and the SCOR Group Code of Conduct wherever it conducts business. SCOR holds itself to high standards when carrying on its business and always strives to observe the spirit as well as the letter of the law by continuously seeking to improve the effectiveness of its compliance management framework.

Compliance activities are mostly performed by the compliance function, which is composed of the legal and compliance teams (Group General Secretariat including the Compliance team and the Legal Department, Business Unit Chief Legal Counsels, regional legal and compliance teams, and local compliance officers). There are also other departments responsible for specific areas (*e.g.* Prudential and Regulatory Affairs, Human Resources, Finance, IT security), in line with the organizational structure of SCOR.

At Group level and for Solvency II-related legal entities, compliance function holders are responsible for the Compliance key function.

It is also the responsibility of all employees to abide by the laws and regulations relevant to their day-to-day activities and the SCOR policies and guidelines applicable to them.

B.4.2.2. POSITION AND INDEPENDENCE PRINCIPLES

At SCOR, the Compliance function both at Group and local level operates free of any influences that may compromise its ability to perform its duties in an objective, fair and independent manner.

At the Group level, the Group Compliance key function holder has direct access to the Chairman and to the Chief Executive Officer. The Group Compliance key function holder reports at least annually to the Audit Committee and the Board of Directors regarding material compliance breaches that may impact the Group's operations.

The Compliance function has free and unfettered access to any records or staff member, as necessary to carry out its responsibilities.

B.4.2.3. COMPLIANCE FRAMEWORK

SCOR follows a risk-based approach to compliance in accordance with the SCOR Group Policy on Risk Management. This involves identifying areas of high risk within SCOR and prioritizing dedicated efforts and resources around these risks according to severity and probability, and establishing ongoing procedures aimed at Prevention, Detection and Response.

Prevention

Preventing compliance breaches includes:

- monitoring compliance-related regulatory developments, assessing their impact on SCOR and disseminating this information to the relevant governing bodies and employees;
- identifying, assessing and monitoring compliance risks;
- issuing compliance-related policies and guidelines;
- providing training to employees;
- providing advice to employees regarding specific compliance matters;
- implementing and maintaining compliance tools;
- maintaining a Code of Conduct awareness and confirmation process;
- introducing controls as part of SCOR's internal control system (ICS);
- providing reports on compliance matters.

Detection

Compliance breaches may be detected by any of the following:

- employee awareness: all employees are responsible for ensuring compliance with applicable laws, regulations and policies in their daily duties at all times as well as for escalating any actual or suspected compliance breach;
- reporting concerns process: The SCOR Group has established a process to allow employees and third parties to make good faith reports of suspected or actual misconduct on certain practices or actions that are believed to be inappropriate, unethical or illegal, as set out in more detail in the SCOR Group Policy on Reporting Concerns. SCOR is committed to investigate such allegations in a confidential and comprehensive manner and ensures that any person at the origin or otherwise concerned with the investigation will not be retaliated against;
- controls as part of ICS procedures;
- cross-reviews, whereby an operational team operating in a different region from the entity subject to the review performs, checks and reviews compliance-related topics;
- audits conducted by Group Internal Audit;

- audits by external auditors (*e.g.* accounting and tax);
- operational loss events;
- complaints or litigation initiated by third parties against SCOR.

Response

In response to compliance breaches, SCOR aims to take appropriate corrective actions to mitigate the consequences of the breach, and to prevent further reoccurrences of similar breaches in the future.

Employees who are found in breach of, or fail to comply with, applicable laws or regulations or the principles of this policy may be subject to disciplinary action in compliance with the laws applicable in the country of employment and/or may be subject to criminal/regulatory proceedings.

In addition, the Group Remuneration Policy includes a reference to compliance with the Code of Conduct as a performance condition to be satisfied.

B.4.3. SCOR SE – INFORMATION ON THE ICS AND THE COMPLIANCE FUNCTION

B.4.3.1. INTERNAL CONTROL SYSTEM

SCOR SE applies the ICS principles as defined at Group level and leverages processes implemented across the Group. Where deemed appropriate, SCOR SE has adapted the processes defined at Group or business unit level or implemented own local processes in order to reflect specific local requirements.

B.4.3.2. COMPLIANCE FUNCTION

The Compliance function and framework, as defined and implemented at Group level, similarly apply to SCOR SE, both as a legal entity and as the parent company of the SCOR Group.

B.5. INTERNAL AUDIT

B.5.1. INTERNAL AUDIT ORGANIZATION AT GROUP LEVEL

B.5.1.1. GENERAL PRINCIPLES

All functions and operations carried out by SCOR are included in the Group Internal Audit's audit universe. Group Internal Audit has no direct operational responsibility or authority over any of the activities it can review. Accordingly, Group Internal Audit does not develop or install systems or procedures, prepare records, take the place of management who owns and makes decisions to manage its respective risks, or engage in any other activity which it can review.

Group Internal Audit assists the Board of Directors in providing independent, objective assurance and consulting services designed to assess the adequacy, effectiveness and efficiency of SCOR governance, policies and guidelines, risk management and internal control systems, as well as the compliance of operations with applicable policies and guidelines, in order to ensure the safeguarding and integrity of SCOR's assets (*e.g.* financial assets, human resources, systems and data), to ensure the effective use of resources and identify opportunities for process improvement.

Vis-a-vis SCOR subsidiaries and legal entities, Group Internal Audit is the outsourced provider of the internal audit function of legal entities in the scope of the Group Internal Audit Charter, to the extent it is compliant with local laws and regulations. If local obligations related to internal audit matters are not covered by the Group Internal Audit Charter, the Head of Group Internal Audit and legal entities' representatives must act in a timely manner for implementing complements or adjustments as deemed adequate by the appropriate departments and described in an Internal Audit Charter Addendum.

B.5.1.2. ORGANIZATION WITHIN THE GROUP

Group Internal Audit is composed of Regional and specialized Internal Audit Units, managed by Deputy Heads who report directly to the Head of Group Internal Audit. There is no reporting line to the regional or other management.

Planning, Auditing and Monitoring: Regional/legal entities' Internal Audit Plans are integrated in the Group Internal Audit Plan. The Head of Group Internal Audit leads the Internal Audit Department activities globally in order to avoid silo effects and ensure that (1) the same audit framework and methodologies are applied Group-wide for each audit engagement and recommendations monitoring, (2) the auditors' assignments are based on skills in line with the audit objectives, benefiting from Group Internal Audit's resources and comply with rotating principles.

Reporting: The Head of Group Internal Audit can delegate to Regional Deputies the duties related to the internal audit reporting to pre-defined affiliates' Audit Committees and Supervisory Bodies. The Head of Group Internal Audit ensures that the reported information is aligned and consistent across the Group.

Exceptions: In specific cases where the general principles above are not applied, the case must be submitted for approval to the relevant Audit Committee, Group CEO and the Chairman of the Audit Committee of the Board of SCOR SE and other bodies as deemed necessary.

The Head of Group Internal Audit or a delegate (Deputy Head) is invited to, attends and reports during the regular Audit Committees meetings on the internal audit activities and performance and meets privately with the Chairperson of the relevant Audit Committee (at least annually). For entities having no specific Audit Committee, the Head of Group Internal Audit is invited to, attends and reports during the Board meeting. The Head of Group Internal Audit issues an annual report when requested by the Audit Committee or required by laws or regulations.

B.5.1.3. INDEPENDENCE PRINCIPLES

Within SCOR, the Head of Group Internal Audit reports directly to the Group CEO, to provide the necessary independence, and allow it the greatest possible freedom of investigation, while at the same time ensuring the effective and timely implementation of its recommendations and management actions. The Head of Group Internal Audit also reports functionally to the Chairman of the Audit Committee of the Board of SCOR SE, who approves decisions regarding his/her appointment and removal and makes appropriate enquiries to ensure that audits are performed within an appropriate scope with adequate resources and may steer Group Internal Audit's activities in a specific direction.

The Head of Group Internal Audit submits a written report to the Board Audit Committee at least annually on the organizational independence of the Group Internal Audit function. If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure should depend upon the impairment. This principle is applied in the same manner for SCOR Group entities.

Group Internal Audit must and does have unrestricted access to all information, people, relevant systems and data regarding audit assignments and consulting projects, including easy access to and open communication with the audited department and management.

B.5.2. SCOR SE – INFORMATION ON THE INTERNAL AUDIT FUNCTION

The principles and organization as defined and implemented at Group level apply similarly to SCOR SE's Internal Audit function. Similarly, the scope of internal audit engagements issued during the reporting period and audit plan defined at SCOR SE level are the same as the ones issued and defined at Group level.

B.6. ACTUARIAL FUNCTION

B.6.1. IMPLEMENTATION OF THE ACTUARIAL FUNCTION

An Actuarial key function has been defined for the Group and all legal entities subject to the Solvency II Directive. These key functions are conducted under the responsibility of a key function holder.

The role of the Actuarial key function is to:

- coordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the Administrative, Management and Supervisory Body (AMSB) of the reliability and adequacy of technical provisions;
- oversee the calculation of technical provisions in case of insufficient data of appropriate quality inducing the use of appropriate approximations, including case-by-case approaches, in the calculation of best estimates;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements;
- contribute to the effective implementation of the risk-management system, in particular with respect to the risk modeling underlying the calculation of the capital requirements, and to the Own Risk and Solvency Assessment; and
- produce an annual written actuarial function report submitted to the management, the Board and/or related committees on actuarial matters of the Group and the corresponding legal entities. The report includes a description of tasks undertaken by the Actuarial key function, an opinion on the technical provisions, overall underwriting policy and the adequacy of reinsurance arrangements, a description of any deficiency and recommendations on how such deficiencies can be remedied.

This role is undertaken by the Actuarial Function Holder (AFH) supported by members of the reserving teams, with the involvement of other teams within SCOR (Underwriting teams, Retrocession teams, Risk Modeling teams, Capital Management Department).

The Actuarial key function holder for the Group is in charge of coordinating the implementation of Solvency II standards related to the Actuarial key function throughout SCOR.

The cooperation with the three other key functions (Risk Management, Internal Audit and Compliance key functions) is ensured *via* quarterly interactions with the teams performing the tasks in the scope of these functions.

B.6.2. SCOR SE – INFORMATION ON THE ACTUARIAL FUNCTION

SCOR SE's Actuarial key function is organized along the lines of the Actuarial key function of the Group.

B.7. OUTSOURCING

B.7.1. OUTSOURCING PRINCIPLES AND ORGANIZATION

SCOR has put in place a SCOR Group Policy on Outsourcing which sets forth the principles, framework and rules to be followed by SCOR employees considering the outsourcing of critical or important functions by any SCOR entity to another entity, within or outside the SCOR Group.

The SCOR Group Outsourcing Policy is supplemented by the SCOR Group Guidelines on Outsourcing (the "Guidelines"). The Guidelines provide an easy step by step process when considering outsourcing as covered by such Policy and Guidelines.

When outsourcing a critical or important function, a SCOR entity shall use appropriate and proportionate systems, resources and procedures in line with the risks involved in order to select a specific service provider. In particular, prior to entering into any such outsourcing relationship, a SCOR entity shall conduct a due diligence that is adequate and commensurate with the risks involved.

A SCOR entity shall monitor and review the quality of the service provided and shall maintain internally the competence and ability to assess whether the service provider delivers the service according to the outsourcing agreement.

Pursuant to Solvency II requirements, specific rules apply to the outsourcing of critical or important functions by SCOR EU entities. A SCOR EU entity is an insurance or reinsurance undertaking incorporated in and supervised by a regulator with jurisdiction in a country located in the European Union. As of the date of this report, SCOR SE, SCOR Global Reinsurance Ireland DAC, SCOR Ireland DAC and SCOR Europe SE fall into the definition of SCOR EU entities.

A critical or important function is defined in the Group Policy as a function essential to the operation of the relevant SCOR entity, *i.e.* a function the interruption of which would be considered as likely to have a significant impact on:

- the activity of such an entity;
- the entity's ability to effectively manage risks; or
- the entity's regulatory authorization,

in view of the following:

- the cost of the outsourced activity;
- the financial and operational impact as well as the impact on the reputation of the SCOR entity as to the inability of the service provider to fulfill its obligations on time;
- the difficulty of finding another service provider or resuming live activity;
- the ability of the SCOR entity to meet regulatory requirements in case of problems with the service provider; and
- the potential losses for insured parties, policyholders or recipients under contracts or reinsured businesses in case of default by the service provider.

The outsourcing of a critical or important function by a SCOR entity that is a SCOR EU entity shall be subject to the following process:

- a cost/risk/benefit analysis of the possible outsourcing will be conducted and the business case associated with such possible outsourcing will be reviewed by the appropriate governing body of the relevant SCOR entity;
- the outsourcing of a critical or important function will be supervised by a process owner for the entire duration of the outsourcing;
- the process owner will carry out adequate financial, technical and compliance and regulatory due diligences in accordance with the guidelines;
- a specific review of existing or potential sub-outsourcing relationships will be carried out;
- a review of the adequacy of the service provider contingency plan will be conducted;
- an outsourcing agreement will be executed including specific provisions allowing the SCOR entity to adequately control and monitor the quality of the critical or important functions outsourced,

being specified that specific additional steps/requirements may also apply, as the case may be, to arrangements involving the outsourcing of a critical and important function to a cloud service provider.

B.7.2. MAIN ACTIVITIES OUTSOURCED TO EXTERNAL SERVICE PROVIDERS

As of the date of this report, critical or important functions outsourced by SCOR EU entities to external service providers include the following:

- certain IT systems and services are outsourced by SCOR GIE Informatique (which pools and manages the IT needs of SCOR entities worldwide) to large IT companies which have developed an expertise that SCOR would not be able to develop internally at a reasonable cost. Each outsourced relationship is closely monitored by the SCOR IT Department, with a specific focus on service quality, IT security and business continuity in France and various other jurisdictions;
- claims handling activities of certain space and aviation risks have been outsourced by SCOR SE and SCOR Europe SE to specialized agencies located in France and the UK. SCOR Europe SE has outsourced underwriting and claims handling of certain construction risks to specialized agencies in Norway and of certain transactional risks to a specialized agency in Germany. These outsourcing are due to the specific nature of these lines of business requiring large, dedicated teams and scale, which exceeds the SCOR resources available to develop these lines of business. A SCOR manager and a SCOR underwriter specialized in the review of these risks closely monitor these outsourced relationships through attendance of regular technical meetings, frequent reporting and audits;
- underwriting data capture services are provided by a key industry player located in the UK to SCOR SE in order to improve efficiency. This outsourced service is closely monitored by the Technical Management Team of the Underwriting Department;
- the asset management function relating to specific jurisdictions, especially in Asia-Pacific and North America, is outsourced to large expert asset managers when regulatory hurdles or lack of scale would prevent SCOR Investment Partners SE, SCOR's wholly owned asset manager, to provide adequate asset management services to relevant local operational unit. Among the external expert asset managers are well known and reputable asset managers located in Singapore, Canada, China and Hong Kong.

These outsourcing relationships are documented through adequate outsourcing agreements and closely monitored by the designated person of the relevant SCOR EU entity in charge of monitoring.

B.7.3. MAIN INTRAGROUP OUTSOURCING ARRANGEMENTS

The SCOR Group operates through a Hub structure, whereby certain Hub employees provide services to SCOR Group entities operating in the relevant Hub jurisdictions. In addition, the SCOR Group has developed centers of expertise for certain services, located in some Hubs, which provide expertise to all SCOR Group entities.

As a result, parts of certain critical or important functions may be outsourced to the SCOR staff responsible for carrying out tasks in support of the execution of the critical or important function, in the Hubs in which the relevant SCOR EU entity operates.

These outsourcing relationships are documented through adequate outsourcing agreements and closely monitored by (i) the key function holder of the relevant SCOR EU entity for the specific key function, or (ii) the duly designated person of the relevant SCOR EU entity in charge of monitoring.

The structuring and validation of the internal model, when relevant, is outsourced by certain SCOR EU entity to the Group Financial Modeling & Risk Analysis team of SCOR Switzerland Services AG and to the Group Actuarial Modeling team of SCOR SE respectively. Other SCOR EU entities may provide services in support of the execution of this function, when necessary. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the risk management key function holder of the relevant SCOR EU entity.

The compliance function is partly outsourced by certain SCOR EU entities to the relevant legal and compliance teams based in the jurisdictions and regions where they operate, notably the Hub legal and compliance teams. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the compliance key function holder of the relevant SCOR EU entity.

The internal audit function of each SCOR EU entity (other than SCOR SE) is outsourced to the Group Internal Audit team hosted by SCOR SE. In the execution of its mission, the Group Internal Audit team of SCOR SE relies on all its staff employed in various SCOR entities. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the internal audit key function holder of the relevant SCOR EU entity.

The actuarial function is partly outsourced by certain SCOR EU entities to the Group Financial Modeling & Risk Analysis team in Switzerland and/or to the Life Economic Valuation team of SCOR SE. Other SCOR entities may provide services in support of the execution of this key function, when necessary. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the actuarial key function holder of the relevant SCOR EU entity.

Certain underwriting and claims activities are outsourced by SCOR Europe SE to SCOR SE. Claims handling activities are outsourced by SCOR Global Reinsurance Ireland DAC and SCOR Ireland DAC to some extent and when relevant to various SCOR entities (notably to SCOR Global Life Americas). These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the designated person of the relevant SCOR EU entity.

The asset management activities are partly outsourced by SCOR SE to SCOR Investment Partners SE. Each other SCOR EU entity outsources its asset management activities to SCOR SE. These outsourcing relationships are documented through adequate outsourcing agreements and are closely monitored by the designated person of the relevant SCOR EU entity.

Certain accounting activities are outsourced by SCOR Europe, SCOR Global Reinsurance Ireland DAC and SCOR Ireland DAC to the relevant accounting teams based in the jurisdictions and regions where they operate. These outsourcing relationships are documented through adequate outsourcing agreements and are monitored by the designated person of the relevant SCOR EU entity.

IT is outsourced by each SCOR EU entity (except for SCOR SE) to SCOR SE. In the execution of its mission, the SCOR IT Department hosted by SCOR SE relies on its staff employed in various SCOR entities. These outsourcing relationships are documented through adequate outsourcing agreements and are closely monitored by the designated person of the relevant SCOR EU entity.

B.7.4. SCOR SE – INFORMATION ON OUTSOURCING

SCOR SE's outsourcing principles and organization are defined along the same lines as those of the Group. See Section B.7.1 – Outsourcing principles and organization for further information.

The main activities outsourced to external service providers at SCOR SE's level relate to certain IT systems and services, the asset management activity relating to China and India. See Section B.7.2 – Main activities outsourced to external service providers for further information.

Within the Group, SCOR SE outsources its key functions to some extent. See Section B.7.3 – Main intragroup outsourcing arrangements for further information.

B.8. OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE

On January 26, 2023, Laurent Rousseau, who succeeded Denis Kessler as CEO on June 30, 2021, has resigned from his position as CEO and from his position on the Board. François de Varenne, Executive Committee member in charge of Investments, Technology, Transformation and Group Corporate Finance, has been appointed Interim CEO of SCOR SE with immediate effect until Thierry Léger takes up his post as CEO of SCOR SE with effect from May 1, 2023.

C RISK PROFILE

C.1. INTRODUCTION

C.1.1. GENERAL INTRODUCTION

The Group regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial situation or its results (or capacity to reach objectives) and considers that no other significant risk than those disclosed in the section below exists. This section outlines management's current view of SCOR's main risks and main risk management mechanisms currently in place at the level of the Group and its parent company, SCOR SE.

The Group has identified the following categories of risks, also applicable to legal entities:

- underwriting risks related to the P&C and L&H businesses;
- market risks;
- credit risks;
- liquidity risks;
- operational risks;
- strategic risks (see Section C.7.1 – Strategic risks).

These risks, further described in this chapter, are managed through a variety of mechanisms in SCOR's ERM framework.

SCOR's ERM framework is further described in:

- Section B.1 – General information on the system of governance for a description of the role of the administrative and management bodies involved in the risk management system and related control functions;
- Section B.3 – Risk management system including the ORSA for a wider description of the Group risk management system as well as the role of the main stakeholders involved in risk management and relevant procedures and control activities.

Although risk management mechanisms have been designed and rolled out across the Group in order to prevent all risks from having a significant impact, there is no guarantee that these mechanisms achieve their intended purpose. Many of SCOR's methods for managing risks and exposures are based on observed historical market behavior, statistics based on historical models, or expert judgment. As a result, these methods may not fully predict future exposures, which may be significantly greater than estimated, particularly in unstable or volatile markets and environments. Other risk management methods involve assessing information regarding markets, clients, natural catastrophes or other matters that is publicly available or otherwise accessible to SCOR. This information may not always be accurate, complete, up-to-date or properly evaluated. Therefore, the Group cannot rule out the possibility of SCOR's risk exposure exceeding risk tolerance limits due to an incorrect estimation of these risk exposures.

If the risks disclosed in this section were to occur, they could potentially have a significant effect on SCOR's present and future business, cash flows, eligible own funds and solvency position.

SCOR may also be exposed to emerging risks, which include new threats or constantly changing current risks with a high degree of uncertainty. They may arise from the numerous changes to the environment in which the Group operates, such as changes in professional practices or in legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions.

Emerging risks may adversely affect SCOR business due to either a change in interpretation of the contracts leading to extensions of covers beyond what was expected (*e.g.* due to the inapplicability or interpretation of certain clauses) or by increasing the frequency and/or severity of claims. Such risks may also lead to higher fluctuations than expected in macroeconomic indicators such as interest rates and price level, or disruptions in financial markets, further impacting SCOR's business. In addition, emerging risks may also have a direct impact on SCOR's operations, for instance by generating unexpected additional expenses.

Environmental, social and governance (ESG) trends may also negatively impact SCOR's business and operations. In particular, major environmental and social issues such as global climate change and environmental degradation have a potential to create new risks or exacerbate existing risks within the risk categories identified above. Risks that are originated by ESG trends are also referred to as "sustainability risks". Where relevant, identified sustainability risks and the management thereof are described in the respective subsections.

Specifically, climate change creates a number of challenges for the re/insurance industry and therefore for SCOR. Climate change is likely to impact the risks associated with SCOR's strategy, underwriting, investments and operations due to physical climate risks (*e.g.* effects of broad climate trends or "chronic" risks and the frequency and/or severity of natural catastrophes or "acute" risks), the creation of transition risks (due to the shift towards a low-carbon economy) and the potential to negatively impacting the Group's reputation.

As mentioned in Section B.3.3 – Internal model contribution to the ERM framework, the risk categories reported in the internal model include P&C underwriting and reserving risk for the Group and P&C related legal entities, L&H underwriting and reserving risk for the Group and L&H related legal entities, Market risks including interest rate risks and currency risks, credit risks, and operational risks.

For further information on risks included in SCOR's internal model, at both SCOR Group and SCOR SE level, see Chapter E – Capital Management.

SCOR is exposed to other risks not modelled within the internal model including strategic, liquidity and emerging risks. These risks are not expected to have an immediate impact on the Solvency Ratio over a one-year time horizon and are monitored and managed through specific processes.

For quantitative information on all risk categories, including changes over the reporting period, see Section E.1.2.1 – Solvency capital requirement by risk category.

War in Ukraine

SCOR is exposed to the impacts of the war in Ukraine through direct effects on its business portfolios, investments and operations and through secondary effects, including those from adverse future economic, trade, interest rate and inflation developments. Given the uncertainty related to both the magnitude and the duration of the conflict, it is difficult to assess the consequential impacts for SCOR. The main uncertainties revolve around three themes: economic, political and social, and their effects on the (re)insurance business. Each factor is subject to significant unknowns, and, in many cases, the factors interact with each other. This means that the range of collateral effects and resulting financial impacts on SCOR is very wide and challenging to assess.

The economic effects from the Russian invasion of Ukraine add to the downward pressures on economic growth and inflationary pressures. Depending on the military success of the warring parties and measures taken by them and by third parties (*e.g.* sanctions, weapon shipments), the conflict could last over different time horizons with secondary economic effects of different scales. Its impact on the availability and price of certain materials and goods, as well as on financial systems, could lead to a continued weakening of the euro, credit spread increases, persistent high inflation in the US and stagflation in Europe.

In addition, there are numerous political and social uncertainties, *e.g.* regarding the number of refugees, their location, integration into host societies, and their eventual repatriation.

C.1.2. SENSITIVITY ANALYSIS

SCOR maintains a resilient solvency position. SCOR monitors its Solvency Ratio sensitivity to the economic assumptions which could have the most significant impact on the Solvency Ratio over the coming year.

Where appropriate, SCOR also monitors some of these sensitivities at the underlying legal entity level.

The Group's estimated Solvency Ratio sensitivities to market risks are as follows:

Sensitivities – impact on Solvency Ratio	Impact in % points
+50 bps Interest rate	6
-50 bps Interest rate	(8)
+50 bps Corp Credit spread	(2)
+50 bps Govt Credit spread	(0)
-25% Equity returns	(3)
+10% USD/EUR	(2)
-10% USD/EUR	2

The sensitivities are expressed in percentage points of the Solvency Ratio. The methodology used to calculate the economic sensitivity is based on stressing the underlying economic variable and re-computing the value of the Solvency Ratio under this stress scenario.

Sensitivity to underwriting risks is evaluated through a variety of mechanisms explained in Section B.3.2.3 – Identification and assessment of risks. The most significant exposure for SCOR Group on these measures are long term mortality deterioration, pandemics, P&C long-tail reserves deterioration and natural catastrophes.

C.1.2.1. SENSITIVITY ANALYSIS AT SCOR SE LEVEL

The results for SCOR SE are the same as those for the Group when considered on a look-through basis. Sensitivities to various risks, including market risks, are monitored and analyzed on a regular basis as described above.

C.2. UNDERWRITING RISKS

The main risk the Group faces in relation to insurance and reinsurance contracts is that the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates. The frequency of claims, their severity, the actual payments made, the development of long-tail claims (whether they be litigated or not), and long-term mortality trends as well as external factors (such as those listed below), are all beyond the Group's control. Additionally, the Group is dependent on the quality of underwriting of its cedents for certain reinsurance treaties, and on the quality of claims management by these companies and the data provided by them. In view of these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Generally, SCOR's ability to increase or maintain its portfolios of insurance and reinsurance risks in the P&C and L&H business units may depend on external factors such as professional practices, legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions. These factors create uncertainties and may adversely affect SCOR's business due to either an interpretation of the contracts leading to an extension of coverage (*e.g.* through inapplicability or interpretation or overriding of treaty clauses) or by increasing the frequency and/or severity of claims beyond what was anticipated at the time of the underwriting.

SCOR mitigates its underwriting risks related to the P&C and Life reinsurance businesses through the purchase of risk mitigation covers, both on the traditional retrocession market and on the capital markets *via* alternative risk transfer solutions (*e.g.* the multi-year securitization of catastrophic risk in the form of Insurance-Linked Securities («ILS»)). However, there is a risk that SCOR may not be able to transfer its liabilities through the purchase of such instruments on economically viable terms and conditions in the future. For further details on retrocession and other risk mitigation techniques within SCOR, see Section C.2.4 – Retrocession and other risk mitigation techniques.

Consistent with the Group's strategy of selective market and business unit development, SCOR seeks to maintain a portfolio of business risks that is strategically diversified geographically, by line and class of business and over time (short and long-tail). The Group's insurance risk exposure is mitigated by diversification across a large portfolio of reinsurance contracts. The volatility of risks is reduced by careful business selection, implementation of underwriting guidelines, the use of retrocession and other risk transfer arrangements and proactive claims handling as well as underwriting, claims and administration audits at ceding companies.

SCOR underwrites reinsurance covers in P&C and L&H and occasionally in direct P&C and L&H insurance.

SCOR writes direct insurance, primarily on a business-to-business basis to cover large corporate risks through the Specialty Insurance domain of SCOR's P&C business unit, including through the participation in Lloyd's syndicates including the Channel Syndicate, for which SCOR is the sole capital provider, as well as through some participations in Business Ventures and Partnerships.

C.2.1. P&C BUSINESS

The main risks linked to the P&C reinsurance and insurance business underwritten by SCOR's P&C business unit are P&C long-tail risks (such as large liability losses), natural catastrophes, and some other P&C short-tail risks (such as acts of terrorism), as well as other risks beyond its direct control, such as systemic crises or the cyclicality of the business.

For quantitative information on P&C underwriting risks, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement.

C.2.1.1. P&C LONG-TAIL RISKS

Long-tail lines of business, such as casualty lines (including general liability, professional liability and financial lines, and medical malpractice), inherent defect and construction warranty, motor (first and third-party liability) and workers' compensation, are exposed to the risk of material reserve deterioration (or long-tail reserve deterioration). This is due to the time required for claims materialization and settlement.

Long-tail reserve deterioration occurs when the frequency and severity of P&C claims are higher than assumed in the initial calculation of the Best Estimate Liabilities (BEL). For casualty business, the frequency and severity of claims and the related amounts of indemnities paid can be affected by several factors.

One of the most significant factors is claims inflation, mainly influenced by general economic inflation and the changing regulatory and legal environment, including developments in legislation and litigation (often referred to as "social inflation"), such as the recent revival statutes enacted by certain US states. Such legislative changes allowing previously time-barred claims to be brought up again in legal suits, or changes extending the statute of limitations retroactively, can materially impact the frequency and severity of claims on long-tail business lines.

For further information on risks related to technical provisions, please see Section C.2.3 – Risks related to technical provisions.

Casualty loss events

The specific nature of the catastrophic casualty loss events to which SCOR is exposed can vary widely, from systemic liability events caused by the negative impacts of commonly used materials on human health (with asbestos as a typical example) to massive product liability losses emanating from items produced by a single manufacturer, or cyber-risk events, such as ransomware and data theft. Casualty events can also be triggered by a single disastrous event (*e.g*. Deepwater Horizon oil rig explosion), which may also simultaneously lead to material losses on property or other lines of business.

Casualty catastrophes are likely to emerge gradually and the full extent of the losses is often not known for a significant time. This leads to loss estimates being uncertain, especially in the early stages of loss emergence.

C.2.1.2. NATURAL CATASTROPHES

SCOR's property business is exposed to multiple insured losses arising from single or multiple natural events. Natural catastrophes, such as but not limited to hurricanes, typhoons, windstorms, floods, hail, severe winter storms and earthquakes can generate material insured losses in property, engineering, agriculture and possibly other lines of business.

The most material natural catastrophes to which SCOR is exposed include hurricanes in North America, windstorms in Europe, and earthquakes in North America and Japan.

With respect to climate change, SCOR's P&C underwriting business could be exposed to physical climate risks, caused by changes in the frequency and severity of certain natural catastrophe events that are predicted in global warming scenarios. Although scientific understanding of the precise causal mechanisms between global warming and the occurrence of particular natural phenomena are still being established, catastrophe events that are potentially impacted include hurricanes (including storm surges and pluvial flooding), floods (both river flooding and pluvial flooding), heatwaves, wildfires and droughts. SCOR's long-term profitability and the ongoing insurability of certain classes of business could be negatively impacted in the event that climate change causes an increase in the frequency and/or severity of these natural phenomena if there is no timely adaptation in the strategy.

C.2.1.3. P&C OTHER SHORT TAIL RISKS

SCOR's property business is exposed to multiple insured losses arising from single or multiple man-made events. The short-tail lines of business mostly exposed to man-made catastrophes are property (excluding natural catastrophes), engineering, marine, credit and surety, and aviation and space.

Man-made catastrophes refer to negligent or deliberate human actions, *e.g.* a large explosion and/or fire at a major industrial site or acts of terrorism. These events can have major consequences on businesses, property and lives: acts of terrorism often target large cities and key landmarks such as international airports and governmental facilities.

SCOR is exposed to single or multiple terrorist attacks through some P&C treaties and national terrorism pools. The US market, in particular, is exposed to significant terrorism risks due to the insurance obligation stipulated by law. However, federal aid is also provided by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") which runs until the end of 2027.

C.2.1.4. OTHER RISKS

Other factors could have an adverse impact, such as systemic crises, which could be generated by transition risks resulting from action to tackle climate change, cyclicality of the business and concentration risks related to its brokered business.

Systemic crises

Historically, reinsurers have experienced significant fluctuations in operating income due to volatile and unpredictable developments, many of which are beyond the control of the reinsurer including general economic conditions, amounts of capacity offered by the reinsurance market, competition with regards to pricing, and changes in regulations and societal attitudes (for instance regarding the support of industry sectors that contribute to climate change). In particular, some of SCOR's lines of business which are directly linked to financial activities are more exposed to global economic recessions (*e.g*. the 2007-2008 Global Financial Crisis), for example credit and surety or liability risk such as errors and omissions and directors and officers liability.

Cyclicality of the business

P&C insurance and reinsurance businesses are cyclical. The primary consequences of a softening of the reinsurance market are a reduction in P&C reinsurance premium volumes in the market, driven by an increase in competition within the reinsurance market. This could potentially lead to a loss of profitability for SCOR.

Beyond the general trends, the premium rate cycle affects certain geographic markets and/or certain lines of business in different ways and to a varying extent, independently of each other. Insurance market cycles can also be disconnected from reinsurance market cycles; a diversified portfolio including reinsurance and insurance activities can help mitigate the effects of such cycles.

Risk concentrations

The accumulation of risks, such as by regions, by lines of business or by exposure to individual events, may produce risk concentrations. Material concentration of risk in the P&C business portfolio particularly relates to accumulation of exposures to natural catastrophes. In terms of individual events, the largest concentrations of exposure are to North Atlantic Hurricane and European Windstorm.

SCOR generates its P&C business through both brokers and direct relationships with insurance company clients. The risk for SCOR is mainly the concentration of premiums written through a limited number of brokers. A significant reduction in the business generated through these brokers could potentially reduce premium volume and net income.

C.2.1.5. MANAGEMENT OF UNDERWRITING RISKS RELATED TO THE P&C BUSINESS

SCOR's CRO area and the P&C business unit are organized to enable them to assess and control P&C underwriting risks at each level of its business.

- Most of the business underwritten is periodically renewed at agreed dates, which allows for portfolio management actions to be implemented where needed. Business is renewed based on annual underwriting plans, which are approved by senior management.
- P&C underwriters manage client relationships and offer reinsurance support after a careful review and assessment of the clients' exposures and management procedures. They are responsible for writing treaty or facultative business in their respective territories within the limits of their individually delegated underwriting authority and the scope of underwriting guidelines.
- Underwriting and pricing guidelines specify the underwriting capacities delegated to each underwriter in each entity for each line of business, as well as the underwriting principles and pricing parameters to be applied. These guidelines are subject to a regular review and approval process. SCOR's underwriting guidelines are more restrictive regarding certain areas that are subject to increased uncertainty, for instance on claims activity or in the legal environment:
  - underwriting guidelines in place within the P&C business unit specify (i) the underwriting rules and principles to be complied with: (ii) the underwriting capacities individually delegated to the underwriters in each of the markets and lines of business in which the Group operates as well as (iii) the relevant maximum acceptable commitments per risk and per event and (iv) points of attention in the contract wordings, including recommended clauses for some aspects;
  - pricing guidelines and parameters apply to all treaties priced within the P&C business unit. These guidelines seek to ensure that the analyses provide: i) a best estimate of the costs and profitability of a treaty as well as the uncertainty surrounding estimates; ii) assistance with underwriting decisions and iii) the suitable outputs needed for the risk management process, in particular the internal model. The guidelines aim to provide consistency and continuity across the organization while taking into account differences in the underlying risks. Parameters are revised at least once a year. Contracts that meet certain thresholds are subject to mandatory peer reviews that have to be performed and documented before pricing is completed.
- The P&C underwriting teams are supported by a Central Underwriting Management Department. This department provides worldwide treaty and facultative underwriting guidelines, policies regarding the delegation of capacity, underwriting support to specific lines of business or individual risks when required, ceding company portfolio analysis and risk surveys, and is responsible for the monitoring and referral of non-standard business and for authorizing exceptions to the underwriting guidelines. This centralized underwriting management process allows for consistent application of underwriting guidelines throughout the Group.
- Business opportunities going beyond the stipulations of the guidelines previously defined are subject to special referral procedures at two levels: (i) by the Central Underwriting Management Department and, where applicable, by Legal and/or Finance; (ii) and for cases which may have a significant impact on the balance sheet (thresholds and/or conditions defined in a procedure or specific guidelines) by the CRO area.
- Pricing & Modeling teams are responsible for the pricing of the reinsurance and insurance business at individual contract level and the insurance business. Guidelines, methods and tools are set and maintained centrally and are used by the local pricing teams across the SCOR offices. Delegation authorities specify criteria under which the underwriters may price certain contracts still subject to the use of the Pricing Guidelines and tools. Pricing actuaries work closely with underwriters and modelers by market or line of business.
- Accumulations across all lines of business are monitored by a dedicated team. Gross exposures to earthquake and storm risks are measured using proprietary vendor models from industry-leading catastrophe model suppliers, including Risk Management Solutions RiskLink® ("RMS") and AIR Worldwide Catrader® ("AIR"). These tools enable the Group to quantify its exposure in terms of a probable maximum loss ("PML") at various levels of probability for each peril and geographic location as well as its overall aggregate annual PML per peril, allowing for potential multiple events, providing information required to determine the appropriate level of retrocession and other alternative risk transfer solutions (*e.g.* catastrophe bonds).

- In relation to climate change, the models used to price natural catastrophe business are calibrated using recent claims data as well as other inputs such as results from available scientific studies. As such, changes in frequency and severity of the natural perils that SCOR underwrites, whether related to climate change indications or not, are considered in the pricing of contracts. In terms of managing climate transition risks, SCOR has already made certain underwriting commitments that are a strong step towards reducing the Company's exposure to certain carbon-intensive sectors. In addition, SCOR has introduced referral procedures and environmental, social and governance (ESG) scoring components for the underwriting of insurance and facultative reinsurance within the mining and energy sectors.
- For non-Nat Cat business, per-risk accumulation limits are defined in the underwriting guidelines. Underwriting functions are responsible for the application of these guidelines within their business unit. Terrorism exposures are monitored on a worldwide basis as a fully integrated part of the Underwriting Management Framework. Underwriting guidelines stipulate the rules and procedures relating to the terrorism risks to which Reinsurance and Specialty Insurance are exposed.
- In order to mitigate its gross risk exposure, the Group retrocedes a portion of the risks it underwrites. See Section C.2.4 – Retrocession and other risk mitigation techniques for further information on how these instruments are managed.
- Claims handling is performed by dedicated claims teams, which review, process and monitor reported claims. This team is responsible for the implementation and overview of the overall claims handling and commutation management policy for the P&C business unit, implementing worldwide control and reporting procedures and managing commutation of portfolios and commitments. It supports and oversees day-to-day activity and takes up the direct management of large, litigious, serial and latent claims. In addition, periodic audits are conducted on specific claims and lines of business, and claims processing and procedures are examined at the ceding companies' offices with the aim of evaluating their claims adjustment process, valuation of case reserves and overall performance. When needed, recommendations are given to underwriters and local management.
- Risks specific to the administration of contracts are subject to checks performed at the subsidiary and branch level through the "Internal Control System" framework. The application of this framework is regularly controlled by Group Internal Audit. SCOR's Group Information System includes multiple automatic checks and additional tools.
- The adequacy of the P&C business unit's reserves is controlled based on specific procedures. For further information on how risks related to reserves are managed, see Section C.2.3.2 – Management of risks related to technical provisions.
- A quarterly review of technical results is performed by business area (Reinsurance, Specialty Insurance, Business Ventures and Partnerships) and region. The review enables the analysis of technical results by underwriting year, nature and line of business.
- Risk-related topics of the P&C business unit are discussed at dedicated quarterly meetings at several levels of the Company (P&C Risk and Capital Comittee, Group Risk and Board Risk committees).
- Cross reviews are conducted to assess the quality of underwriting, pricing and claims handling of particular market areas or lines of business. This includes an evaluation of the appropriateness and effectiveness of controls and proposals for additional risk management measures, including mitigating actions. The selection process to define the order of priority of cross reviews is guided by a risk-based approach.

C.2.2. L&H BUSINESS

The main underwriting risks for SCOR's L&H business unit are described below. For quantitative information on Life underwriting risks, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement.

C.2.2.1. LONG-TERM MORTALITY DETERIORATION

Long-term mortality deterioration risk refers to potential negative deviations in future mortality relative to current best-estimate assumptions, due to a higher-than-anticipated number of deaths (*i.e.* increased mortality rates) among the portfolio of lives reinsured by SCOR. This could result from inherent volatility, incorrect estimation of the expected claim level or an adverse long-term trend.

SCOR's long-term mortality reserves are based on a number of assumptions and information provided by third parties, which, if incorrect and/or incomplete, could have an adverse effect on the Group.

C.2.2.2. PANDEMIC

In L&H reinsurance, a severe pandemic is a major risk. In the past century, three major outbreaks of influenza occurred and claimed millions of lives. The occurrence of a similar event could cause large losses to SCOR due to increased mortality far beyond the usual volatility. A lethal virus strain not only of influenza but of any other communicable disease could lead to a material increase in mortality rates and increased medical costs which could significantly impact SCOR's results.

C.2.2.3. LONGEVITY

Longevity risk refers to the risk of a negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing or reserves. This risk could have an impact on longevity swaps, annuity and long-term care covers and on other longevity protection products.

C.2.2.4. POLICYHOLDER BEHAVIOR RISKS

SCOR's L&H business unit is also exposed to risks related to policyholder behavior, including risks such as lapsation and adverse selection.

Lapses refer to either non-payment of premiums by the policyholder or to policies which are terminated by the policyholder before the maturity date of the policy. Depending upon the product design, higher or lower policyholder lapses than assumed in the pricing or reserving may reduce the expected future income of the L&H business unit.

Adverse selection refers to the problem of asymmetry of information between the insured and the insurer. An individual applying for Life or Health insurance cover usually has better knowledge about his or her own state of health than the insurer. The risk to the (re)insurer is of policyholders deliberately deciding among other things to:

- take out a policy in the knowledge that either their chance of claiming is high or higher than average;
- terminate a policy in the knowledge that their chance of claiming is low or lower than average; or
- choose and exercise a policy option which increases the policyholder's expected benefit.

This might lead to a portfolio composition which differs from the one assumed during pricing and might imply lower than expected profits for both the direct insurer and the reinsurer.

C.2.2.5. MORBIDITY RISKS

Products such as Critical Illness, Short-Term and Long-Term Disability and Long-Term Care, which all contain morbidity risk, are subject to the risk of negative trends in health, as well as to the consequences of improved medical diagnosis capabilities which increase the number of claims due to conditions that otherwise may have remained undetected. Medical progress may in the future enable better treatment, resulting in higher claims, since certain diseases would have otherwise led to a much shorter life expectancy of the insured. Products providing cover for medical expenses are, in particular, subject to the risk of higher-than-expected incidence and inflation of medical costs.

C.2.2.6. OTHER RISKS

Risk concentrations

Accepting large amounts of risks may produce risk concentrations, such as exposure to certain regions or events. The largest concentration of risk in the L&H business are in relation to long-term mortality deterioration, longevity and mortality shock events (*e.g.* pandemics).

Other risk considerations

Other factors could have an adverse impact, whether related to policyholder behavior such as the resale or purchase of policies by third parties with no insurable interest, or other risk factors such as risks related to product guarantees.

Climate change could also have impacts on the L&H reinsurance business which could manifest both in adverse events and in long-term trends. For instance, increases in the frequency and severity of extreme heat events have the potential to negatively influence mortality and morbidity through, for example, the aggravation of cardiovascular and respiratory illnesses. Natural catastrophes, such as wildfires and hurricanes, may claim more lives with increasing severity. Over a longer time-horizon, rising temperatures could change the patterns of disease distribution, for example through expansion in the geographic range of disease vectors such as mosquitoes.

C.2.2.7. MANAGEMENT OF UNDERWRITING RISKS RELATED TO THE L&H BUSINESS

SCOR's CRO area, along with the L&H business unit, has implemented mechanisms to mitigate certain risks specific to the Life business:

- claims deterioration risks are mitigated through yearly renewable terms for parts of the mortality business, and through premium adjustment clauses for some products;
- lapse risks are mitigated through appropriate reinsurance treaty clauses, as well as product, client and market diversification;
- adverse selection risks are mitigated through careful product design and a well-defined medical and financial underwriting process.

SCOR's L&H business unit is organized so that the assessment and control of its risks can be performed at each level of its business.

- Generally, the L&H reinsurance business is underwritten throughout the year and is monitored on a quarterly basis against prior year development. In addition, the business plan and regular updates are provided to the Executive Committee.
- Underwriting of the L&H business within the Group is under the worldwide responsibility of SCOR's L&H business unit. Clients are served by SCOR's specialized underwriters and actuaries who are familiar with the specific features of the markets in which they operate, particularly the local lines of business and policy conditions, as well as the technical specifics such as mortality tables, morbidity incidence rates and persistency rates. In the L&H underwriting process, consideration is typically given to the quality of the client's medical and financial underwriting standards, the target clientele of the ceding company, as well as past experience to the extent that credible data is available.
- The L&H business is underwritten following internal underwriting and pricing guidelines. Mandates for underwriting Life reinsurance business are assigned to teams on a mutually exclusive basis and individual business acceptance authorities are centrally managed and regularly reviewed.
- In order to ensure that the L&H business unit is continually up to date with biometric trends and scientific developments, the expertise of specialists is used to analyze and assess the key factors underlying mortality, longevity, morbidity and policyholder behavior. These teams provide recommendations for the implementation of the research results into the pricing, underwriting and determination of exposure limits. Regarding the potential impacts of climate change, SCOR's specialists perform regular reviews of the medical literature to identify the links between climate change and certain medical conditions and diseases. Where appropriate, this information is fed into decisions related to current and future underwriting, pricing and the valuation of reserves.
- Guidelines and other documents defined by the L&H business unit specify the underwriting rules and principles to be complied with, underwriting capacities delegated to the underwriters and pricing actuaries in each of the markets in which the Group operates, as well as maximum acceptable commitments per risk and event. These guidelines outline contract types and terms and conditions of acceptance. Furthermore, they set out the level of retention of SCOR's L&H business unit for various risks and types of cover. Revisions and updates follow a formalized approval process.
- Business opportunities going beyond the stipulations of these guidelines and documents are subject to a special referral process in order to ensure that the business complies with established risk-adjusted return criteria and risk tolerance limits. These cases are examined at the L&H business unit level by the Business Acceptance Department and where applicable, the Finance Department. Cases which may have a significant impact on the Group's balance sheet are submitted for a second review by the CRO area.
- Accumulations of risk particularly exposed to catastrophes in the L&H business are regularly assessed in "footprint" scenarios and local catastrophe scenarios. Specific tools are used to monitor known Group cover accumulation in selected geographical areas. Specifically, designed retrocession programs aim at protecting the L&H reinsurance business. One program protects assumed catastrophe excess of loss acceptances; another protects the net retained lines in respect of proportional and per-risk acceptances. SCOR uses the RMS model for infectious diseases in order to assess the potential exposure to risk arising from global pandemics.
- Maximum underwriting capacities are established to limit SCOR's L&H business unit's exposure from various types of treaties underwritten, whether proportional or non-proportional, covering individual or Group Policies. These capacities are reviewed each year, considering the capacities obtained by retrocession coverage. The exposure is monitored throughout the year against SCOR's defined risk limits and used for decisions on mitigating measures. Monitoring of peak exposures is included in L&H regular risk reporting. For further information on how these instruments are managed, see Section C.2.4 – Retrocession and other risk mitigation techniques.
- Claims handling is performed by local claims teams that handle and monitor claims. Claims exceeding a predefined threshold are reviewed by the L&H business unit's global medical underwriting and claims specialists. In addition, where deemed appropriate, audits are conducted on claims or specific lines of business at the ceding companies' offices.
- The adequacy of the L&H business unit's technical provisions is monitored based on specific procedures. For further information on how risks related to technical provisions are managed, see Section C.2.3 – Risks related to technical provisions.
- Risks specific to the management of contracts are mitigated by specific controls supported by SCOR's IT systems which include numerous automatic controls and additional tools.
- A review of technical results is performed on a quarterly basis.
- Risk-related topics of the L&H business unit are discussed at the quarterly Life Risk Committee meeting.

- Cross reviews are conducted to assess the quality of underwriting, pricing and claims handling of particular market areas or lines of business. This includes an evaluation of the appropriateness and effectiveness of controls and proposals for additional risk management measures, including mitigating actions. The selection process to define the order of priority of cross reviews is guided by a risk-based approach.

C.2.3. RISKS RELATED TO TECHNICAL PROVISIONS

C.2.3.1. SCOR'S RISKS RELATED TO TECHNICAL PROVISIONS

SCOR's technical provisions are established based on the information it receives from its cedent insurance companies, including their own assessments, as well as on the basis of its knowledge of the risks, the studies it conducts and the trends it observes on a regular basis. As part of the technical provisions process, SCOR reviews available historical data and tries to anticipate the impact of various factors such as changes in laws and regulations, judicial decisions, social and political attitudes, trends in mortality and morbidity, and changes in general economic conditions.

If some information were incorrect and/or incomplete, this could have an adverse effect on the Group. The Group is then dependent on the provision assessment made by the companies with which it does business.

As is the case for all other reinsurers, the inherent uncertainties in estimating technical provisions are compounded by the significant periods of time that often elapse between the occurrence of an insured loss and the reporting of the loss to the primary insurer and ultimately to SCOR.

The fact that some of SCOR's activities are long-tail in nature, such as Long-Term Care, whole Life products, longevity, worker's compensation, general liability or medical malpractice, is another factor of uncertainty. In the past, SCOR has had to revise estimated potential loss exposure on such lines of business.

C.2.3.2. MANAGEMENT OF TECHNICAL PROVISION RISKS

With regards to technical provisions risk, SCOR seeks high confidence in their adequacy based on the implementation of generally accepted actuarial methodologies, fit for purpose tools and robust processes, controls and reconciliation validated by extensive risk management actions, in particular on assumptions, expert judgment, model, data quality and results. This also includes independent internal and external reviews.

External consulting firms can be mandated to review the P&C and L&H technical provisions.

Within Group Actuarial, the heads of P&C and L&H Reserving are responsible for coordinating the production of the technical provisions of the P&C and L&H businesses, respectively, to assure appropriateness in the methods and parameters used and to enhance technical provisions governance. The Group Chief Actuary is in charge of providing an independent opinion on the adequacy of the technical provisions, as well as the independent validation and testing of actuarial tools, workflows, assumptions and processes linked to technical provisions.

All these processes and controls tend to minimize the risk of inadequate technical provisions.

Solvency II Technical Provisions

The Solvency II technical provisions are composed of Best Estimate Liabilities (BEL) and the Risk Margin. The Group Actuarial Function coordinates the calculation of technical provisions across the Group. It relies upon the existing processes and controls as provided in the Actuarial Function Report (AFR). The AFR provides evidence that the duties of the Actuarial Function are being fulfilled, which are specifically to:

- coordinate the calculation of the technical provisions;
- ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- oversee the calculation of technical provisions in the cases set out in Article 82 of the Solvency II Directive;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions.

For further information on how technical provisions are valued, see Chapter D – Valuation for solvency purposes, Section D.2 – Technical provisions.

The contribution of the actuarial function to the management of the risk on technical provisions includes additional specific controls:

- for P&C business, externally audited IFRS reserves (loss reserves and undiscounted IBNR) are the starting point for calculating the Solvency II technical provisions (before discounting). Thereafter, the adjustments made to move from IFRS reserves to the Solvency II technical provisions are reviewed internally and across functions according to the area of expertise of the appropriate stakeholders;
- for L&H business, the BEL is computed centrally based on projected Best Estimate cash flows. Consistency checks on projected cash flows are carried out, as well as analyses on changes in the BEL compared to previous periods;

- the risk margin is calculated in SCOR's internal model, which is subject to an independent validation (for further information on the internal model related governance, see Section B.3.3 – Internal model contribution to the ERM framework). The methodology used is aligned with Solvency II requirements and reviewed by the Group Actuarial Function Holder.

For further information on how the Actuarial Function contributes to the effective implementation of the risk management system, see Section B.6 – Actuarial function.

C.2.4. RETROCESSION AND OTHER RISK MITIGATION TECHNIQUES

Reinsurers typically purchase reinsurance to cover their own risk exposures. Reinsurance of a reinsurer's business is called retrocession. SCOR remains primarily liable to the direct insurer on all risks reinsured, while the retrocessionaire is liable to the Group to the extent of the cover limits purchased.

The level of retrocession is set each year to ensure that SCOR's adopted risk profile complies with the Group risk appetite framework and to help the Group achieve its return on capital and solvency objectives.

SCOR aims to diversify its retrocession and risk mitigation instruments, as well as its counterparties in order to take advantage of all different sources of capacities on the market. This enables the retrocession and risk mitigation program to be constructed with complementary mitigation effects offering optimal efficiency and avoids overdependence on a small number of counterparties.

SCOR has implemented a "Capital Shield Strategy", which combines the following solutions:

- traditional retrocession (proportional or non-proportional);
- capital markets solutions and alternative risk transfer solutions (3rd party capital, collateralized retrocession, Insurance-Linked Securities including catastrophe bonds);
- solvency buffer: SCOR has set out a solvency scale with clear and well-defined buffers safeguarding the Group's franchise.

Retrocession procedures are centralized within the retrocession teams of the P&C and L&H business units: SCOR's P&C and Life Retrocession Departments establish and implement the external retrocession plans for the P&C and Life businesses. These departments are responsible for ensuring the plan is properly applied, monitoring the solvency of retrocessionaires as well as related counterparty risk and, when necessary, recovering overdue balances.

The availability and efficiency of SCOR's retrocession and risk mitigation program is regularly monitored at Group level in order to ensure that the Group's overall exposure remains within predefined risk tolerances.

For further information on how credit risk related to retrocessionaires is managed, see Section C.4.1.2 – Credit risk related to retroceded liabilities.

In addition to externally placed retrocession, SCOR uses intragroup reinsurance/retrocession mainly in order to:

- manage legal entities' net risk profiles, required solvency capital and volatility of results;
- preserve its ability to offer SCOR's clients access to the Group underwriting capacity in each legal entity;
- organize an internal pooling of risks to transfer to the external retrocession covers.

C.2.5. CONTINGENT CAPITAL FACILITIY

SCOR has put in place a contingent capital facility, designed as tools of last-resort, to partially replenish the Group's capital base in the occurrence of very remote, pre-defined events. The current contingent capital guaranteed equity line provides the Group with EUR 300 million coverage and provides protection against natural catastrophes and extreme mortality events.

C.2.6. SPECIAL PURPOSE VEHICLES

The Group sponsors a number of special purpose and alternative risk transfer vehicles designed to reduce SCOR's exposure to natural catastrophe events.

For further information, see Section C.2.4 – Retrocession and other risk mitigation techniques.

C.2.7. UNDERWRITING RISKS AT SCOR SE LEVEL

SCOR SE's underwriting risks are the same as those of the Group. They arise primarily through its interest in other SCOR Group entities, as well as through its direct exposure (direct P&C insurance, reinsurance business underwritten). It relies on the organization defined within the Group. See Sections C.2.1 – P&C business, C.2.2 – L&H Business, C.2.3 – Risks related to technical provisions and C.2.4 – Retrocession and other risk mitigation techniques for further details.

SPECIAL PURPOSE VEHICLES

SCOR SE transfers part of its risk exposures to special purpose and alternative risk transfer vehicles. For further information, see Section C.2.4 – Retrocession and other risk mitigation techniques.

C.3. MARKET RISKS

C.3.1. OVERVIEW OF MARKET RISKS

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market prices or macroeconomic variables. This risk includes:

- interest rate risks;
- currency risks;
- equity risks;
- real estate risk, to which SCOR is exposed through its investments; and
- credit spread risk on these invested assets.

For further information on credit risk, see Section C.4 – Credit risks.

Market risks can be influenced by various overarching factors, including political, macroeconomic, monetary, societal and environmental trends. Environmental trends include risks linked to sustainability, including those consequential to climate change, which can impact any of the market risks listed above. Specifically, climate risks correspond to the risk that the value of assets could be negatively impacted by acute physical risks, risks linked to the transition to a low-carbon economy, and the possibility that investment choices may result in risks to SCOR's reputation. Longer-term uncertainties, mainly concerning policy responses to transition risks and climate change for physical risks may lead to higher volatility in assets valuations.

For further information on how macroeconomic changes (such as changes in the general price level from its current trend) may impact SCOR's assets, see Section C.7.1.1 – Risks related to the geopolitical macroeconomic environment affecting SCOR's strategy.

For quantitative information on market risk on invested assets, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement. The presentation of SCOR's assets giving rise to market and credit risks is provided in Section D.1 – Assets. For quantitative information on interest rate risks on liabilities and currency risks, see Section C.1 – Introduction.

C.3.1.1. INTEREST RATE RISKS

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument fluctuates because of changes in interest rates. Interest rate fluctuations have direct consequences on both the market value and the return on SCOR's investments as the level of unrealized capital gains or losses and the return on securities held in its portfolio both depend on the level of interest rates. Floating-rate instruments expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

Interest rates are very sensitive to several external factors, including monetary and budgetary policies, the national and international economic and political environment, and the risk aversion of economic actors. Interest rates across most large economies experienced significant increase in 2022 following major central banks rates hikes to counteract the elevated inflation observed during the year.

An increase in interest rates usually leads to a fall in the market value of fixed income securities that SCOR holds. In the case of a need for cash, SCOR may be obliged to sell fixed income securities, possibly realizing in capital losses.

On the other hand, during periods of declining interest rates, income from investments is likely to fall due to investment of net cash flows and reinvestments of redemptions at rates lower than those of the existing portfolio (dilutive effect of new investments). For callable bonds for which the issuer has an option to redeem earlier than the ultimate maturity, the probability of having to reinvest the early proceeds at lower interest rates is increased. While 2022 was marked by significant interest rate increases, the risk of declining interest rates in 2023 and beyond remains in place.

SCOR's underwriting business is also exposed to interest rate risk.

The value of (re)insurance contracts, the risk margin and deposits with cedents are also subject to discounting. The discounting impact from a change in interest rates on assets and liabilities will offset to some extent depending on the duration mismatch between assets and liabilities.

As such, changes in interest rates can affect the Eligible Own Funds, the Solvency Capital Requirement and the Solvency Ratio of the Group. For information on the sensitivity of the Group's Solvency Ratio to interest rate movements, see Section C.1.2 – Sensitivity analysis.

C.3.1.2. CURRENCY RISKS

Currency risk is the risk of loss arising due to adverse changes in or volatility of foreign exchange rates. This would impact the value of SCOR's assets (*e.g.* through direct investments in assets denominated in various currencies) and liabilities (*e.g.* reinsurance treaties with liabilities denominated in specific currencies).

SCOR's main non-French legal entities are located in Ireland, North America, the UK and Asia. The Eligible Own Funds relating to these entities are denominated mainly in Euros, US dollars, British pounds and Canadian dollars.

SCOR has issued debt instruments in currencies other than the Euro, currently US dollars. These debt instruments are either hedged naturally (assets kept in the same currency as the liability) or with derivatives to mitigate the risk of exchange rate movements. Some events, such as catastrophes, can have an impact on the asset-liability matching in a given currency, which can generate a temporary unmatched position which is not covered by currency contracts or hedges.

C.3.1.3. EQUITY RISKS

Equity prices are likely to be affected by risks which affect the market as a whole (uncertainty regarding economic conditions in general, such as anticipated changes in growth, inflation, interest rate fluctuations, sovereign risk, etc.) and/or by risks which influence a single asset or a small number of assets (specific or idiosyncratic risk). This may lead to a decrease in prices of the equity held by SCOR and may impact its realized or unrealized gains and losses. A material or long-lasting decline in the prices of SCOR's equity holdings may also result in the impairment of its equity portfolio which would affect its net income.

The Group's exposure to the equity market results from direct purchases of stocks or investments in equity funds.

C.3.1.4. REAL ESTATE RISKS

Real estate risks, either for properties owned directly or through funds, are risks arising from a variation in the real estate market valuation or a change in rental market conditions, the two being closely linked.

Rental income from the property portfolio is exposed to the variation in the indices on which the rents are indexed (for instance, the Construction Cost Index in France) as well as risks related to the rental market (changes in supply and demand, changes in vacancy rates, impact on market rental values or rent renewals) and lessee default. On the other hand, the indexation may provide an attractive hedge against inflation.

The value of property assets is exposed to the risk of regulatory obsolescence of properties (regulatory developments related to the accessibility of buildings for people with a disability, on the reduction of energy consumption and the production of carbon dioxide, etc.) which would lead to losses of value in the event of a sale of the assets or to additional expenditure to restore the value of the property.

C.3.1.5. CREDIT SPREAD RISKS

Credit spread risk on invested assets is the risk of incurring a financial loss as a result of a change in market assessment of the counterparty risk of the financial instruments or counterparties. Credit spread variations could have a direct impact on the market value of fixed-income securities and loans and as a consequence, on the realized or unrealized capital gains or losses of the fixed-income securities held in the portfolio.

C.3.2. MANAGEMENT OF MARKET RISKS

C.3.2.1. OVERVIEW OF RISK MANAGEMENT OF ASSETS

The Group's investment strategy is prudent, with the majority of assets held in cash and fixed income securities. It is defined in line with the Group's risk appetite and its risk tolerance limits and considers the economic and market environment and the asset-liability matching process.

Investment Guidelines at Group and local levels outline the investment universe and limits, including concentration limits, in line with the objectives of the strategic plan. They are approved by the Board or Executive Management at Group or local level.

SCOR has outsourced the implementation of its investment strategy to its asset management company "SCOR Investment Partners SE" and to external asset managers. They are provided with the Investment Guidelines.

Exposures to major risks are monitored on a weekly basis and stress tests measure the impact of parametric or footprint scenarios on the invested assets portfolio. These scenarios cover changes in interest rates, inflation, equities, credit spreads and the real estate market. Analysis of portfolio sensitivity to major risks is an important management tool which is performed when making portfolio reallocation or hedging decisions.

In currency and geographic terms, SCOR is mainly exposed to the USD denominated assets with a strong focus on fixed income. For more information regarding the principles applied to invest the assets in a prudent manner, see Section B.3.2.4 – Main control activities – Asset Management.

To better address climate risks and improve the resilience of its invested asset portfolios, SCOR carefully monitors environmental, social and governance (ESG) criteria when managing invested assets, based on exclusions of issuers most exposed to sustainability risks and ESG screening of assets in which the Group invests.

C.3.2.2. MANAGEMENT OF INTEREST RATE RISKS

Interest rate risk is managed from a holistic point of view. The Group monitors the interest rate sensitivity in the Economic Balance Sheet (EBS). Stress tests and regular monitoring enable the exposures to be compared with risk tolerance limits set by the Group or by local entities.

The Group aims to maintain an appropriate mix of fixed and variable rate instruments. It also manages the maturities of interest-bearing financial assets.

Interest rate risk is managed within the Group primarily at two levels. At the level of each entity, the Group takes account of regulatory and accounting constraints. At the Group level, SCOR reviews its consolidated investment portfolios in order to identify the overall level of risk and return. It uses analytical tools which guide both its strategic allocation and local distribution of assets. Sensitivity to changes in interest rates is analyzed on a weekly basis.

In addition, SCOR has entered into interest rate swaps to cover its exposure to financial debt with variable interest rates.

C.3.2.3. MANAGEMENT OF CURRENCY RISKS

SCOR does not actively hedge the EOF through financial instruments. A variation in interest rates or exchange rates will impact the Eligible Own Funds. Such economic variations would also affect the SCR. The resulting impact on the solvency ratio from a variation in interest or exchange rate would depend on the relative variation of both the EOF and the SCR. SCOR regularly publishes economic sensitivities of its solvency ratio.

C.3.2.4. MANAGEMENT OF EQUITY RISKS

At Group level, the equity exposure is set and reviewed at least quarterly by the Group Investment Committee. SCOR's exposure to listed equities is below 1% of the invested assets as of end of December 2022.

C.3.2.5. MANAGEMENT OF REAL ESTATE RISKS

SCOR has adopted an active strategy in the selection of its core buildings and takes environmental quality into account during the decision-making process.

C.3.2.6. MANAGEMENT OF CREDIT SPREAD RISKS

SCOR applies strict limits in terms of concentration by asset class but also within a single asset class and actively diversifies its portfolio (by type of investment, by issuer, by country and by sector). The application of these limits also helps to mitigate the counterparty default risk arising from investments.

C.3.3. MARKET RISKS AT SCOR SE LEVEL

SCOR SE's market risks are the same as those of the Group, as described in Section C.3.1 – Overview of market risks. They arise primarily through its participation in other SCOR Group entities, as well as through its own investment portfolio. It relies on the risk management mechanisms defined by the Group, as detailed in Section C.3.2 – Management of market risks.

C.4. CREDIT RISKS

For quantitative information on credit risk, see Section C.1 – Introduction and Section E.1.2 – Solvency Capital Requirement. The presentation of SCOR's assets giving rise to market and credit risks is provided in Section D.1 – Assets.

C.4.1. OVERVIEW OF CREDIT RISKS

Credit risk is the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty.

This includes credit default risk which is the risk that one party to a financial instrument or other asset will cause a financial loss to the other party by unexpectedly failing to discharge, either partially or fully, an obligation. Credit risk also includes credit migration risk, which is the risk of incurring a financial loss, due to a change in the value of a contractual agreement following unexpected changes in the credit quality of SCOR's counterparties.

SCOR is mainly exposed to the following credit risks or the accumulation of such risks in a single counterparty, the same sector of activity or the same country: from bond and loan portfolios, retroceded liabilities also called share of retrocessionaires in contract liabilities, deposits with cedents, future cash flows from Life reinsurance treaties, cash deposits at banks and default of members of pools which SCOR is a member of. SCOR is also exposed to credit risk on its Credit and Surety portfolio in the form of underwriting losses which may accumulate under severe adverse economic conditions.

Credit risk is actively monitored and managed. The processes for managing the respective credit risks and the methods used to measure these risks are further described below. For further information on risk concentrations, see Section C.7.2 – Significant risk concentrations at the level of the Group.

C.4.1.1. CREDIT RISKS RELATED TO BOND AND LOAN PORTFOLIOS

A deterioration in the financial situation of an issuer (sovereign, public or private) or borrower can, for example, lead to its insolvency and to the partial or total loss of coupons and of the principal invested or lead to a loss in value.

This risk also applies to loan transactions in which the Group invests. A deterioration in the solvency position of a borrower may lead to a partial or total loss of the coupons and the nominal invested by SCOR.

The financial situation of companies to which SCOR is exposed through its invested asset portfolio could be affected by physical and transition risks from global climate change. Physical risks relate to exposures to climate-related extreme events (acute) or to global trends due to climate change (chronic). Transition risks mainly concern carbon-intensive industry sectors or companies working with carbon-intensive industries that may have stranded assets if new regulations are not anticipated.

C.4.1.2. CREDIT RISKS RELATED TO RETROCEDED LIABILITIES

SCOR transfers a portion of its risk to retrocessionaires *via* retrocession programs in exchange for the payment of premiums. The retrocessionaires then assume the losses related to claims covered by the retrocession contracts. If a retrocessionaire defaulted, or if its financial situation deteriorated, SCOR could lose part or all of the coverage provided by its retrocessionaire whereas it would retain its liability towards the cedent for the payment of all claims covered under the reinsurance contract.

SCOR could also lose receivables from the defaulting retrocessionaire (receivables are due to a timing difference between statement accounts received and real payment due for positive balances of retrocessionaire accounts).

C.4.1.3. CREDIT RISKS RELATED TO DEPOSITS WITH CEDENTS

SCOR may be exposed to credit risk in relation to amounts deposited with ceding companies in respect of reinsurance reserves which cover its liabilities. However, depositing these amounts does not in principle discharge the Group of its liability towards the cedent in cases where it is unable to recover all or part of these amounts in the event of a cedent default or a deterioration in the financial situation of that cedent. In principle, it is therefore possible that the Group will remain liable for claims due under the reinsurance treaty without being able to offset all or part of the corresponding deposits.

C.4.1.4. CREDIT RISKS RELATED TO FUTURE CASH FLOWS OF LIFE REINSURANCE TREATIES

Under most of its Life reinsurance contracts, SCOR expects to receive premiums from its cedents over several years. These often exceed expected future payments for claims, commissions, etc., meaning that SCOR expects to receive future positive cash flows.

Credit risk on future cash flows from Life reinsurance policies arises from two risk factors:

- the payment of future cash flows expected under Life reinsurance contracts requires that the cedent is financially sound. Therefore, SCOR risks a reduction in the value of its portfolio of Life contracts in the event of a deterioration in the financial strength of the cedent;
- a reduction in the value of future cash flows could arise from material unexpected lapsation of policies following a deterioration of the cedent's credit rating or standing or an event which has a negative effect on the cedent's reputation.

C.4.1.5. CREDIT RISKS RELATED TO CASH DEPOSITS AT BANKS

SCOR is exposed to the risk of losing all or part of any cash deposited with banks, in the event that such a bank is no longer able, due to insolvency, to honor its commitments (*e.g.* following liquidation). The current main risk for the Group is the significant concentration of deposits in a small number of banks. This risk is a direct result of the selection of the most stable banks.

C.4.1.6. OTHER CREDIT RISKS

For special and highly technical risk categories such as terrorism, nuclear, aviation or pollution, SCOR chooses to participate in various market dedicated groups of insurers and reinsurers ("pools") aimed at pooling the relevant risks among the members of each group, which offers the best available expertise and risk sharing at market level. In the event of a total or partial default by one of the members of a group, in the cases of joint liability of the members, all or part of the liabilities of the defaulting member may need to be assumed.

SCOR is also exposed to credit risk on its Credit and Surety portfolio in the form of underwriting losses which may materialize under severe adverse economic conditions.

C.4.2. MANAGEMENT OF CREDIT RISKS

Management of credit risks related to bond and loan portfolios

SCOR mitigates the credit risk related to bond and loan portfolios by careful analysis and selection of issuers, and by a policy of geographic sector diversification. SCOR maintains its investment policy in high-quality assets and in countries with the lowest sovereign risk.

Exposure analyses are performed on a regular basis (sector, geographical area, counterparty and rating) and enables critical risks to be identified and evaluated so that appropriate action can be taken.

SCOR uses different approaches to assess climate-related risks and other sustainability risks in investment activities, including quantitative models and simulations, scenarios and stress-testing, and portfolio screening. SCOR excludes certain activities or issuers from its investment universe in line with its Sustainability policy. The list of exclusions is communicated to all investment managers. New investments in excluded activities or issuers are prohibited and the remaining positions are actively managed in order to accelerate their liquidation.

Management of credit risks related to retroceded liabilities

SCOR selects retrocessionaires carefully, considering their financial strength, and regularly monitors the Group's exposure to retrocessionaires by taking into account all relevant accounting balances (estimated and actual claims, premiums, reserves, deposits and pledges). SCOR typically requires unrated retrocessionaires to pledge assets or provide other forms of collateral (cash deposits or letters of credit) to the value of their maximum potential contract liability, even if the retrocessionaire's actual liability to SCOR in the balance sheet is lower.

Management of credit risks related to deposits with cedents

SCOR favors deposit arrangements with the ability to offset liabilities against deposits with high legal certainty.

Deposits with cedents are monitored through a quarterly analysis of exposure and associated risks. Actions aiming at reducing or limiting the exposure (*e.g. ad hoc* legal opinions, introduction of offset clauses) can be implemented where needed.

Management of credit risks related to future cash flows from L&H reinsurance treaties

SCOR monitors the development of its cedents' financial situation through regular contact, which enables SCOR to take appropriate action when deemed necessary. In addition, credit risk on future cash flows from Life reinsurance policies is mitigated by industry-wide protection solutions in several countries, such as "Protektor" in Germany.

Management of credit risks related to cash deposits at banks

SCOR selects bank counterparties according to their rating and credit quality. Concentration risk from cash deposits at banks is mitigated by setting counterparty exposure limits. SCOR takes into consideration the public assistance (*e.g*. loans, guarantees of deposits, nationalizations) which certain banks may benefit from during a financial crisis, as they are important in the economy of their respective countries.

For further information on how risks related to invested assets are managed, see Section C.3 – Market risks.

Management of other credit risks

In the event of joint liability of the members in pools in which SCOR participates, the risk of default of other pool members is carefully monitored by SCOR:

- through its appointment as director and *via* the participation of its senior management in dedicated committees such as Audit and Risk Committees and Technical Committees, for the pools in which SCOR's participation is the most significant; and
- *via* the careful consideration of the financial situation of other pool members. This contributes to the application of sound and robust governance.

C.4.3. CREDIT RISKS AT SCOR SE LEVEL

SCOR SE's credit risks are the same as those for the Group. They arise primarily through its interests in other SCOR Group entities, as well as through its direct exposures (P&C direct insurance, reinsurance business directly underwritten or own investment portfolio). It relies on the organization defined within the Group, detailed in Sections C.4.1 – Overview of credit risks and C.4.2 – Management of credit risks, in order to be able to assess and control its risks.

C.5. LIQUIDITY RISKS

C.5.1. OVERVIEW OF LIQUIDITY RISKS

Liquidity risk is the risk of not having sufficient financial resources available to meet obligations as they fall due, or only being able to secure them at excessive cost.

C.5.1.1. LIQUIDITY NEEDS

SCOR needs liquidity to pay claims, operating expenses, interest payments and redemptions on its debts and declared dividends on its share capital. Without sufficient liquidity, the Group may be forced to curtail its operations, and business will suffer. In the case of catastrophe claims, in particular, it may need to settle amounts which exceed the amount of available liquidity in a reduced timeframe. SCOR's liquidity needs to cover catastrophe exposures are calibrated using the Group's gross (before retrocession) Nat Cat annual loss distributions, on top of other regular liquidity needs as listed above.

Liquidity needs may also arise from increased collateral requirements. Some of the facilities that SCOR uses to grant letters of credit to cedents require 100% collateral from SCOR, for example in case of default (non-compliance with financial covenants, a significant decrease in the Group's financial strength rating, etc.), which would result in a deterioration of the Group's liquidity level. In addition, cedents have the right to draw down on letters of credit issued by a bank in SCOR's name at any time; however, the impact on their relationship with SCOR would be considered. The risk of this occurring would increase if cedents' concerns of SCOR not honoring its obligations increase. In a severe scenario for SCOR, multiple cedents could draw down on letters of credit simultaneously, requiring SCOR to provide the total amount of required cash or fungible assets, resulting in a liquidity strain for SCOR. Collateral arrangements are also used by SCOR when operating business in a jurisdiction or jurisdictions that demand a higher level of reserves than under IFRS. This is especially the case in the US for business falling under the NAIC Model Regulation XXX or Valuation of Life Insurance Policies Model Regulation, commonly referred to as Regulation XXX (or Triple X). Letters of Credit carry the risk of a duration mismatch, *i.e.* that short-term letters of credit are covering long-term business and might have to be renewed under less favorable conditions, creating additional costs.

C.5.1.2. SOURCES OF LIQUIDITY

The principal internal sources of the Group's liquidity are reinsurance premiums, cash flows from its investment portfolio and other assets, consisting mainly of cash or assets that are readily convertible into cash.

External sources of liquidity in normal markets include a variety of short and long-term instruments, such as repurchase agreements, commercial paper, medium-and long-term debt, junior subordinated debt securities, capital securities and raising additional funds in the equity markets.

SCOR's ability to access external sources of liquidity may be subject to adverse capital and credit market conditions.

Liquidity risks are increased when capital and credit markets experience extreme volatility or disruption, as SCOR may need to sell a significant portion of its assets quickly and on unfavorable terms, particularly if current internal resources do not satisfy its liquidity needs. A catastrophic event that impacts financial markets and leads to large (re)insurance losses for SCOR could result in material liquidity risks.

This risk may be increased due to the characteristics of certain assets held by SCOR, whose liquidity may be limited due to contractual or regulatory constraints (*e.g.* investments in corporate, real estate or infrastructure loans).

The availability of additional financing will depend on a variety of factors. These notably include market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, SCOR's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of SCOR's long-or short-term financial prospects if the Group incurs large investment losses or if the level of SCOR's business activity decreases due to a market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative action that could penalize SCOR. The liquidity of several asset classes owned by SCOR may also be negatively impacted by changes to regulations or by non-conventional monetary policies. If so, these factors could prevent SCOR from successfully obtaining additional financing on favorable terms.

C.5.2. MANAGEMENT OF LIQUIDITY RISKS

SCOR's liquidity position is closely monitored from two points of view: timing and transferability.

Timing

SCOR assesses liquidity risks arising from both short-term and long-term liquidity needs. SCOR manages these risks *via* different mechanisms which consider:

- actions to be taken by the (re)insurance business areas to take into account both short-term and long-term liquidity risk; and
- the appropriateness of the composition of the assets in terms of nature, duration and liquidity in order to meet obligations as they fall due.

Short-term liquidity, or cash management, includes the day-to-day cash requirements under normal business conditions.

Liquidity considerations over the long-term are assessed in a way which takes into consideration the possibility of various unexpected and potentially adverse business conditions where assets may not be sold for current market values. SCOR estimates the level of its immediately tradable assets (*i.e.* non-pledged assets) which could be sold within a reasonable timeframe.

Transferability

In addition, SCOR monitors the level of transferability of immediately tradable assets between entities, depending on local and regulatory constraints.

The Group has also been granted credit facilities from several banks to support the reinsurance activities of various subsidiaries. The Group regularly adapts and renews these facilities to support its business needs.

Additional information on the timing of repayments and liquidity risk are included in the 2022 Universal Registration Document, Section 3.1.5 – Liquidity risks. Quantitative information on liquid assets of SCOR Group is provided in the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 8 – Insurance business investments.

C.5.3. EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS

SCOR Group's expected profit included in future premiums (EPIFP) as at year-end 2022 amounts to EUR 5,657 million. EPIFP results are produced by SCOR for the purposes of QRT reporting. They are not used for internal processes regarding capital management, the details of which are provided in Chapter E – Capital Management.

C.5.4. LIQUIDITY RISKS AT SCOR SE LEVEL

C.5.4.1. LIQUIDITY RISKS AND RISK MANAGEMENT MECHANISMS

SCOR SE's liquidity risks are the same as those for the Group, as described in Section C.5.1 – Overview of liquidity risks. It relies on the organization defined within the Group, as described in Section C.5.2 – Management of liquidity risks, in order to be able to assess and control its risks.

C.5.4.2. EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS

SCOR SE's EPIFP as at year-end 2022 amounts to EUR 1,839 million. EPIFP results are produced by SCOR for the purposes of QRT reporting. They are not used for internal processes regarding capital management, the details of which are provided in Chapter E – Capital Management.

C.6. OPERATIONAL RISKS

C.6.1. OVERVIEW OF OPERATIONAL RISKS

For quantitative information on operational risk, see Section C.1 – Introduction and Chapter E – Section 1.2 – Solvency Capital Requirement.

Operational risks are inherent to all businesses, including SCOR's. Operational risks may be split into four main causes further described below: risks related to staff, systems or facilities, processes or external events.

C.6.1.1. RISKS RELATED TO STAFF

Risks related to staff can arise as follows:

- incidents (incl. erroneous capturing of data) due to mistakes or non-compliance with instructions, guidelines or policies; these could also be caused by additional strain on staff resulting from heavy backlog of tasks and multiple project involvements;
- malicious or fraudulent acts from internal staff mandated by SCOR with authorized access to SCOR's offices or systems, or taking advantage of SCOR's assets for personal gain, *e.g.* through the misappropriation of assets, intentional mismarking of positions or bribery;
- intentional damage to assets (including data) required by SCOR to perform its operations by internal or external staff, which could lead to significant remediation costs (including those related to rebuilding databases or systems);
- the failure to attract or retain key personnel or the loss of crucial information/skills concentrated in a single person, or of a whole team.

C.6.1.2. RISKS RELATED TO SYSTEMS OR FACILITIES

Risks related to systems or facilities can arise as follows:

- a malfunction or a major breakdown in SCOR's IT systems, outages, disruptions due to viruses, attacks by hackers, thefts or data breaches and erroneous data processing. This can occur within SCOR's own environment or to a third party providing services or data to SCOR;
- interruption of any of SCOR's IT systems leading to loss of data, delays in service or in a loss of efficiency of teams, which could lead to remediation costs, loss of contracts or damage to the Group's reputation. In addition, these incidents could increase other operational risks such as external fraud or human error (*e.g.* delay in the recognition of adverse business development). The interruption of these systems could damage commercial activities including underwriting, pricing, reserving, premium and claims payment, commercial support, and asset management;
- in addition, the facilities in which SCOR operates might be impacted by natural or man-made hazards. They could also be affected by legal or management decisions (*e.g.* due to the pandemic or social conflicts). The offices might need to be closed for a period of time potentially resulting in a loss of productivity and business opportunity, as well as remediation costs.

C.6.1.3. RISKS RELATED TO PROCESSES

SCOR's risk management policies, procedures and controls may not be appropriate or sufficient. In particular, any additional workload to the planned activities could reduce the effectiveness of some processes and controls. For example, the creation of a new entity, the development of a new line of business, or any other project, may lead to an accumulation of operational risks.

Some of SCOR's and SCOR subsidiaries' processes are partially or fully outsourced. Failed outsourced processes could lead to direct losses and other operational incidents.

Since SCOR remains responsible for commitments or services contracted, including for outsourced activities, an inappropriate client relationship management or inadequate level of service and/or product quality provided by SCOR to its clients or breach of contract may lead to a loss of profitable business relationships.

In addition, SCOR may be involved in legal and arbitration proceedings due to third parties challenging the terms of a contract, which could lead to an unfavorable outcome.

For further details on the main current regulatory developments which may have an impact on SCOR, please see Section C.7.1.3. – Risks related to legal and regulatory developments.

C.6.1.4. RISKS RELATED TO EXTERNAL EVENTS

SCOR may be exposed to an unfavorable business environment such as evolving or additional regulatory constraints potentially hindering its business model.

Legal and regulatory risks in SCOR's operating environment

As an international group, SCOR must comply with national and international laws, regulations and applicable accounting standards. This includes all applicable economic sanctions, programs relating to anti-corruption, anti-money laundering, in addition to anti-terrorism laws, and laws and regulations applicable to its operations. Laws and regulations applicable to some of SCOR's operations refer inter alia to the economic trade sanction laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) and to certain laws administered by the United States Department of State. They also refer to applicable economic trade sanction laws, regulations and directives of the European Union and its member states. Other directives with which SCOR complies apply to anti-money laundering, corruption, terrorism financing and insider trading. Regarding anti-corruption laws and regulations, in particular, SCOR must comply with the provisions of the French anti-corruption law Sapin II, the Foreign Corrupt Practices Act (FCPA) and other laws such as the UK Bribery Act. Additionally, SCOR must comply with regulatory requirements regarding data management (both SCOR's data and that of its clients), in particular the European Union General Data Protection Regulation (GDPR), the Brazilian General Data Protection Law (LGPD), the Chinese Personal Information Protection Law (PIPL), and the California Privacy Rights Act (CPRA).

The level of legal, regulatory, tax or accounting requirements depends on several factors including the type of business (*e.g.* primary insurance or reinsurance business), the location and the legal structure of SCOR. The large number of different regulatory environments in which SCOR operates, as well as changes in present and future regulations, increase the complexity and risks of the related Group processes. Any violation of laws, regulations or accounting requirements could potentially expose SCOR to fines, class actions with compensation payments, account reinstatements or business restrictions, and reputational damage.

Other risks related to external events

Risks related to external fraud

SCOR is exposed to external fraud which is characterized by the theft of certain SCOR assets by third parties or by cedents. External fraud may be committed using various means including cyber attacks and usually target cash or data. Should an act of fraud succeed in bypassing the controls or protection measures in place, this could generate a direct loss for the Group.

Risks related to cyber attacks

SCOR is exposed to cyber attacks which can be very diverse in their sophistication and execution. The main targets are system functions, data and cash management. Immediate repercussions include:

- systems could be slowed down, corrupted or stopped, potentially resulting in loss of productivity, corrupted data and remediation costs;
- funds could be stolen through fraudulent wire transfers;
- data could be stolen, deleted or corrupted, or made public in violation of SCOR's regulatory or contractual obligations.

Any of the above could inflict significant damage to SCOR's systems or data, create a reputational risk, give rise to a breach of SCOR's legal responsibility, and may also result in regulatory sanctions depending on the level of sensitivity of the data or system that is successfully attacked. A cyber attack could also assist those who commit external fraud, resulting in a financial loss.

C.6.2. MANAGEMENT OF OPERATIONAL RISKS

The process owners are responsible for managing operational risks within the processes. To meet high quality standards, the Group relies on highly qualified staff to manage processes and the risks within these processes.

In order to support the staff, SCOR has developed Internal Control System (ICS) standards. According to these ICS standards, process owners should be in a position to identify the critical operational risks within the processes assigned to their area of responsibility. The process owners design, implement and operate appropriate key controls and maintain the net risk exposure at or below an acceptable level of possible damage.

Experienced staff members collect relevant information and analyses on operational risks, on a qualitative and quantitative basis. When relevant, they develop key indicators, with support from Risk Coverage. The Group has also implemented regular risk reporting mechanisms in order to provide an overview of operational risks across the Group.

In addition, through its assignments, Group Internal Audit (GIA) contributes to the oversight of operational risk management.

Outsourcing some activities or processes may improve or streamline some aspects of a process, but SCOR is still expected to deliver the same level of service. Principles to properly manage potential operational risks stemming from outsourcing of certain functions are set out in dedicated policies and guidelines.

For risks which may develop rapidly, such as external fraud, SCOR adapts its risk management, for example, by organizing specific training programs and sending regular warnings and detailed instructions to its employees.

Some operational risks are transferred in whole or in part to direct insurers as follows:

- the properties and other main physical assets of SCOR and its subsidiaries are covered locally through property damage policies;
- risks which are mostly covered at Group level include civil liability risks related to the operation of the company caused by employees and real estate, professional liability risks, civil liability risks of directors and officers, and cyber risks.

Nevertheless, these insurance covers could prove to be insufficient and some losses could fall into the scope of the exclusion clauses (or interpreted as such by the insurance company).

C.6.3. OPERATIONAL RISKS AT SCOR SE LEVEL

SCOR SE's operational risks are the same as those for the Group, as described in Section C.6.1 – Overview of operational risks. It relies on the organization defined within the Group, as detailed in Section C.6.2 – Management of operational risks.

C.7. OTHER MATERIAL RISKS

C.7.1. STRATEGIC RISKS

Strategic risks can be defined as the risks related to losses arising from an unsuccessful strategy or objectives. Strategic risks can arise as a consequence of either the strategy itself (such as the accumulation of or development of risks in lines of business or less known markets), from external risks (such as an adverse economic environment), or from internal risks (such as certain causes of operational risk). Therefore, many of the risks discussed throughout Chapter C – Risk profile, in addition to emerging risks, could also impact the success of the strategy.

The main strategic risks to which SCOR is exposed are described below.

C.7.1.1. RISKS RELATED TO THE GEOPOLITICAL AND MACROECONOMIC ENVIRONMENT AFFECTING SCOR'S STRATEGY

The main risks are related to the uncertain geopolitical and economic environment, particularly with regards to the future development of economic growth, interest rates and inflation, due to the effects of current geopolitical tensions, the war in Ukraine and the Covid-19 pandemic that may affect SCOR's growth, in both emerging and advanced economies, and the poor returns on financial markets exacerbating the adverse competitive environment.

A deterioration of financial markets and the global economy will have significant implications for SCOR's activities and results

The Group's results could be significantly affected by the economic and financial situation in Europe and other countries around the world. The economic environment has become increasingly volatile due to the combination of the depressive shock from the war in Ukraine, the further increase in public debt, the continuous acceleration of inflation and the tightening monetary policy.

While there have been signs of stabilization in the US, inflation continues to soar in Europe due to the war and resulting energy crisis. However, more worryingly, core inflation shows no signs of abating as service costs continue to rise at a rapid pace both in the US and in Europe. In this context, central banks are determined to bring inflation back on target at all costs. At the same time, governments have put in place short-term support programs to ease the burden of soaring energy prices on households and corporates, potentially fueling more inflation pressures. The US Federal Reserve currently appears committed to fighting inflation, even if this comes at a significant cost to the US economy, forcing other central banks to follow the same path and thereby increasing the risk of (severe) recessions, especially in Europe. The impact of these factors could be intensified in the event of a total embargo on Russian trade. The risk of a severe recession, especially in Europe, is very high.

Impact on SCOR's Investment activities

In the event of extreme prolonged market events, such as global credit crises, SCOR could incur significant losses given its large investment portfolio.

Impact on SCOR's reinsurance business

The Group's premiums could decline in the event of an unfavorable macroeconomic environment and its profit margins could erode. In an economic downturn, the demand for SCOR's and its clients' products could be adversely affected. Factors such as government and consumer spending, corporate investment, the volatility and strength of both debt and equity markets, and inflation, all affect the business and economic environment and ultimately, the size and profitability of SCOR's business. The level of interest rates also plays a significant role in the total amount of reinsurance capital and hence capacity and prices; low interest rates lead to an inflow of alternative capital into the industry which contributes to a softening of the reinsurance market.

The Group may also experience an elevated incidence of claims or be impacted by a decrease in demand for reinsurance and increased surrenders of policies from cedents (see paragraph on lapse risk in Section C.2.2.4 – Policyholder behavior risk) that could affect the current and future profitability of its business.

SCOR is exposed to significant and protracted deviations of inflation from its current trend

The Group's liabilities are exposed to the risk of a significant increase in the rate of inflation (prices and salaries) which would require an increase in technical provisions, in particular in respect of P&C long-tail business, *e.g.* general liability (medical among others) and motor bodily injury claims. For further information on P&C long-tail technical provision deterioration, see Section C.2.1.1 – P&C long-tail risks.

SCOR's assets are also exposed to the risk of increased inflation or raised inflationary expectations, accompanied by a rise in the yield curve with a subsequent reduction in the market value of its fixed income portfolios. Increased inflation could also have a negative impact on the solvency of bond issuers; a widening of credit spreads would lead to a loss of value for the issuers' bonds.

Finally, depending on the macroeconomic environment, an increase in inflation could also reduce the value of SCOR's equity portfolio. Any negative fluctuations in equity values or increase in the cost of claims would lead to a similar decrease in Eligible Own Funds.

In light of current volatility and uncertainty, both inflation and deflation risks must be considered.

Inflation increased significantly across the globe in 2022 and reached levels not seen in decades in most developed countries. Despite the significant central bank tightening of monetary policy observed in 2022 to bring inflation back on target, the risk of a prolonged period of strong inflation remains high, at least in the short term. The risk that the economy could experience a period of stagflation, comprising a decline in activity and a surge in prices, remains despite resilient activity and manufacturing levels. In the event of stagflation, underwriting volumes would also be negatively impacted, and with them the Group's net combined ratio, net income and net asset value.

The risk of deflation, defined as a fall in prices and usually associated with an economic slowdown, cannot also be ruled out in the current environment, characterized by the imminent risk of depression and a lack of room for maneuver in relation to economic policies.

A prolonged period of deflation could impact the Group in several ways. For example, the value of SCOR's invested assets would be impacted if deflation is associated with a fluctuation in interest rates and corporate credit spreads. Another scenario could be that a fall in prices, leading to a decrease in premiums for a given amount of risk, combined with a decrease in organic growth due to the economic slowdown, would result in a drop in the volume of newly acquired premiums.

In conclusion, both high inflation and a protracted period of deflation could have a material adverse impact on SCOR.

The Reinsurance Industry and SCOR's activities and results could be significantly impacted by heightened geopolitical tensions and trends

Geopolitical risks may impact SCOR's activities and results directly and indirectly in the short and medium term, while certain trends may materially impact SCOR's strategy and the wider (re)insurance industry on a medium- to long-term basis.

Direct and indirect impacts would mainly result from specific geopolitical escalations such as direct conflict or war, sanctions and countersanctions, or from other national or regional measures put in place that restrict global trade and capital flows. These events and their secondary impacts on the economy and financial or (re)insurance markets could result in losses in the (re)insurance business, losses or impairment on invested and other assets, and/or restrict or impact SCOR's operations.

Longer-term geopolitical trends such as increased nationalism and a slowdown or reversal of globalization could materially impact the (re)insurance industry as a whole and SCOR's strategy more specifically as a result of an increased risk of conflict, higher trade and capital barriers, and a higher base level of inflation from reshoring of production and supply chains.

More local risks related to social and political instability are also relevant, particularly in emerging markets where these risks are prevalent, and where both business units operate. These risks could lead to significantly reduced business growth in these target markets.

Management of risks related to the macroeconomic environment affecting SCOR's strategy

These risks are monitored *via* a robust strategic planning approach and regular risk reporting mechanisms throughout the Group, including complementary risk analyses on *ad hoc* topics, where deemed necessary. Potential impacts on SCOR's risk profile are managed through a variety of dedicated and transversal risk management mechanisms.

C.7.1.2. RISKS RELATED TO THE COMPETITIVE ENVIRONMENT

SCOR operates in a highly competitive sector and would be adversely affected by losing competitive advantage or if adverse events had an impact on the reinsurance industry

Reinsurance is a highly competitive sector. The Group competes for business in the European, American, Asian and other international markets with numerous international and domestic reinsurance companies, some of which have a larger market share than SCOR, greater financial resources, state backing, and, in certain cases, higher ratings from the rating agencies.

Therefore, SCOR remains exposed to the risk of losing its competitive advantage, particularly, when available reinsurance capacity, *via* traditional reinsurers or capital markets, is greater than the demand from ceding companies. Its competitors, in particular (re)insurers with higher ratings than SCOR or other competitors in alternative capital markets, may be better positioned to enter new contracts and gain market share at SCOR's expense. Competitors may be quicker at integrating innovative solutions into their business, products and services, or make choices which have a bigger impact on future reinsurance trends, which may result in SCOR losing its competitive advantage.

Finally, the Group's reputation is sensitive to reinsurance sector information. It can be affected by adverse events concerning competitors but also by its own business activity, such as financial difficulties following a major market event. Loss of reputation due to internal risks would also weaken SCOR's competitive position.

Consolidation in the insurance and reinsurance industries could adversely impact SCOR

Consolidated insurance entities may use their enhanced market power and broader capital base to negotiate price reductions for SCOR's products and services, and reduce their use of reinsurance, and as such, the Group may experience price declines and possibly underwrite less business.

Within the reinsurance industry, such external growth activity could potentially enhance these players' competitive position, allowing them for example to offer greater capacity or broader product offerings, which could enable them to gain market share at SCOR's expense.

Additionally, SCOR's strategy and competitive position might be impacted by climate change. Due to possible future pressures on certain carbon-intensive sectors to either reduce or suspend their operations because of their impact on global carbon emissions linked to climate change, the demand for (re)insurance in these sectors may decline in the future. If SCOR has not sufficiently developed business (either client relations or expertise) in other sectors to replace this loss of revenue (*e.g.* in renewable energy sectors), it may lose its competitive advantage over its market peers.

Management of risks related to the competitive environment

As for risks related to the macroeconomic environment, risks related to the competitive environment are monitored *via* a robust strategic planning approach and regular risk reporting mechanisms throughout the Group, including complementary risk analyses on *ad hoc* topics, where deemed necessary. For further information on risk reporting mechanisms and roles and responsibilities of SCOR's main governance bodies, see Section B.3 – Risk management system including the ORSA and Section B.1.3 – Governance structure at Group and legal entity level.

C.7.1.3. RISKS RELATED TO LEGAL AND REGULATORY DEVELOPMENTS

Main risks related to legal and regulatory developments

SCOR is subject to comprehensive and detailed regulations and to the supervision of the insurance and reinsurance competent authorities in every country in which it operates. Some of these authorities are considering or may in the future consider enhanced or new regulatory requirements. These tightened measures of control and higher capital requirements, intended to further strengthen the protection of policyholders and/or financial stability, could affect the calculation of the local solvency ratio and have a material adverse impact on the Group, including a restricted underwriting capacity. Insurance and reinsurance supervisory authorities have broad administrative powers over many aspects of the reinsurance industry and SCOR cannot predict the timing or form of any future regulatory initiatives. While the material uncertainties listed below relate to known legal and regulatory developments that generally follow a predictable timeline, the risk remains that some material developments may be proposed and enacted into law in a short and unpredictable timeframe.

Known regulatory uncertainties include those stemming from protectionist trends and the ongoing Solvency II review.

The ongoing Solvency II review could lead to additional requirements for insurance and reinsurance undertakings. The European Commission proposal for an Insurance Recovery and Resolution Directive (IRRD) may lead to additional requirements and supervisory powers on recovery and resolution as well as industry funding of resolution financing mechanisms. The regulatory impetus on systemic regulation emerging from the International Association of Insurance Supervisors (IAIS) holistic framework and the Solvency II review may lead to additional liquidity risk management requirements, including scenario testing. Restrictions and additional reporting on internal model capital requirements may also emerge from the Solvency II review.

Restrictions on dividends may be re-imposed in future crisis situations, bearing in mind that in 2020, EIOPA and the ACPR called for regulated entities to suspend dividend distributions.

As part of the IAIS common framework for Internationally Active Insurance Groups (IAIGs), the "ComFrame", the IAIS intends to develop Insurance Capital Standards (ICSs) to be applied by all IAIGs, with full implementation in 2025. This could jeopardize the scope of recognition of diversification effects and the use of internal models and involve risks in terms of fair competition.

Similarly, changes in tax legislation and regulations, or in their interpretation, may have a negative impact on SCOR's performance, including its financial results and business model.

Additionally, SCOR's strategy might be impacted by future legal or regulatory developments related to environmental, social or governance (ESG) issues, particularly climate change or biodiversity loss. Tighter regulatory controls and/or government legislation introduced to significantly curb carbon emissions may in turn place restrictions on the business that SCOR can underwrite (*e.g.* carbon-intensive industries such as coal first and foremost, but possibly extending to other non-renewable energy sectors over time).

Other legal and regulatory developments

The reinsurance sector has been exposed in the past, and may be exposed in the future, to involvement in legal proceedings, regulatory inquiries and actions initiated by various administrative and regulatory authorities, as well as to regulations concerning certain practices adopted in the insurance sector.

More generally, adverse changes in laws or regulations or an adverse outcome of any legal proceeding could negatively impact SCOR. Particularly, large and material contractual agreements may expose SCOR to the risk of financial impacts in the event of non-performance of the contracts and related potential disputes. In this respect, SCOR (*via* its Irish entities) has initiated arbitration proceedings on November 10, 2022 against Covéa Coopérations regarding the retrocession agreements concluded pursuant to the settlement agreement of June 10, 2021 between SCOR and Covéa.

For further information on risks related to current legislation and regulations and their impact on SCOR's operations, see Section C.6.1.4 – Risks related to external events – Legal and regulatory risks in SCOR's operating environment.

Management of risks related to legal and regulatory developments

SCOR has extensive experience in managing risks related to the continuous evolution of laws and regulations. SCOR takes an active position in relation to the requirements to which it is exposed or could be exposed in the different jurisdictions where it operates, for example through associations and forums.

In particular, developments in existing or emerging prudential regulations (such as Solvency II, ComFrame or the regulations on systemic risk) are monitored at Group level by the Prudential and Regulatory Affairs Department. Regulations relating to corporate law and business compliance are monitored by the General Secretariat and, within it, the Legal Department.

C.7.1.4. DOWNGRADE RISKS

Overview of SCOR's downgrade risks

The Group's reinsurance activities are affected by the way its existing and prospective clients perceive its financial strength, particularly through its ratings, as ceding companies wish to reinsure their risks with companies that have a satisfactory financial position. For further details on the current rating of the Group, see the 2022 Universal Registration Document, Section 1.2.4 – Ratings information. Due to parental support, the rating of SCOR's main subsidiaries, including SCOR SE, SGRI and SCOR UK is aligned with that of the Group. Therefore, the downgrade risk of SCOR's main subsidiaries is equivalent to the downgrade risk of SCOR Group. The impact of a downgrade on SCOR's subsidiaries is also quite similar.

Impact on SCOR's reinsurance business

Some of the credit models or reinsurance guidelines of SCOR's cedents face regulatory capital requirements or depend on their reinsurers' credit rating. If SCOR's rating deteriorates, cedents could be forced to increase their capital requirement in respect of their counterparty risk on SCOR. This could result in a loss of competitive advantage for SCOR.

Many of SCOR's reinsurance treaties, notably in the US and in Asia, and also increasingly in Europe, contain clauses concerning the financial strength of the Company and/or its operating subsidiaries, and provide the possibility of early termination for its cedents if the rating of the Company and/or its subsidiaries is downgraded. Early termination may also occur when the Company's net financial position falls below a certain threshold, or if it carries out a reduction in share capital.

Impact on the Group's letters of credit

Many of the Group's reinsurance treaties contain a requirement to put in place letters of credit ("LOC") as a general requirement or when triggered by a downgrade of SCOR or one of its subsidiaries. In certain circumstances, the cedent has the right to draw down on a LOC issued by a bank in SCOR's name.

Some LOCs issued by banks providing such facilities may be collateralized with securities. The value of the collateral can be different from the amount of the LOC. For some facilities, initial collateral requirements may be increased following a downgrade of SCOR's rating or if other conditions about its financial position are not met, impacting the Group's liquidity level. In the case of a LOC being drawn by a cedent, the bank has the right to request a cash payment from this collateral, up to the amount drawn by the cedent.

In the case of a large number of LOCs being drawn simultaneously, SCOR could encounter difficulties in providing the total amount of required cash or fungible assets, *i.e.* exposing itself to a liquidity risk.

For more details on liquidity risks, see Section C.5 – Liquidity risks.

Impact on capital resources

A significant multiple-notch downgrade of the Group could negatively impact the ability of entities in the Group to generate new business or retain in-force business, potentially leading to a reduction in Eligible Own Funds due to a reduction in expected future cash flows under existing reinsurance treaties (*e.g.* Life business).

Management of downgrade risks

SCOR is currently rated by Standard & Poor's at "A+/Stable", by Fitch at "A+/Stable", by Moody's at "A1/Stable" and by AM Best at "A/Stable". A downgrade by one notch would have a limited impact on its future business development, its liquidity position or its capacity to raise funds. For further information on SCOR's current rating, see Section 1.2.4 – Ratings information of the 2022 Universal Registration Document.

SCOR monitors its ratings assigned by the top four rating agencies *via* a dedicated team placed under the supervision of the Group CFO.

This team analyzes rating agencies' methodologies, and reports published on the reinsurance market, on SCOR and its main competitors, in order to anticipate any potential rating actions. It also monitors specific qualitative and quantitative Key Performance Indicators developed by the four main rating agencies and performs analyses of selected deterministic scenarios. The team also monitors the capital adequacy level as measured by the capital models developed by rating agencies.

C.7.1.5. OTHER STRATEGIC RISKS

SCOR may be exposed to other less significant strategic risks described below.

Risks related to capital

Overview of risks related to capital

Capital may not be completely fungible between different regulated legal entities, which may have negative consequences

SCOR's regulated entities must satisfy local regulatory capital requirements. There could potentially be some local regulatory constraints, which in certain circumstances could affect SCOR's ability to transfer capital from one entity to another, and in particular from one subsidiary or branch to another, or to the parent legal entity. This may have negative consequences for the entity concerned and could have a material adverse impact on SCOR.

Adverse capital and credit market conditions may significantly affect SCOR's ability to access capital and/or liquidity or increase the cost of capital

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Group's access to the capital required to operate its business, most significantly its insurance operations. Such market conditions may limit its ability to:

- refinance, in a timely manner, maturing debts;
- access the capital needed to grow its business;
- satisfy statutory and regulatory capital requirements and maintain a Solvency Ratio in line with its risk appetite framework.

As such, SCOR may be forced to delay raising capital, issue shorter term securities than it prefers, or bear an unattractive cost of capital which could decrease its profitability and significantly reduce its financial flexibility.

Management of risks related to capital

Risks related to capital are managed *via* specific principles and processes throughout the Group. SCOR ensures maximum capital fungibility within the Group through:

- a reduced number of subsidiaries enhancing fungibility while supporting local business presence. It is facilitated by the *Societas Europaea* ("SE") structure supported by an efficient branch set-up in Europe, enabling integrated supervision at Group parent company level through SCOR SE, focusing on communication with a limited number of supervisors with whom SCOR can share its global strategy, while taking advantage of the benefits of diversification;
- an integrated supervision of regulatory constraints at Group level and an optimal capital allocation.

SCOR efficiently manages its capital allocation and fungibility between subsidiaries within legal and regulatory constraints. SCOR is continuously leveraging, in its day-to-day business, various tools that are integral to the reinsurance business (such as intragroup reinsurance, intragroup financing, portfolio transfer, capital transfer or collateral posting).

For further information on capital management, see Chapter E – Capital Management.

Risks related to acquisitions

Overview of risks related to SCOR's acquisitions

SCOR has made a number of acquisitions around the world. Acquisitions involve risks that could adversely affect its operating results, including the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions. Acquisitions could also result in additional indebtedness, costs, contingent liabilities, impairment and amortization expenses related to goodwill and other intangible assets. In addition, acquisitions may expose SCOR to operational challenges and various risks.

A failure to successfully manage such operational challenges could adversely affect the Group.

Management of risks related to acquisitions

SCOR adheres to stringent internal standards for acquisition processes, governance and integration, based on an approach approved by its Executive Committee.

SCOR retains outside legal, accounting, tax, actuarial, regulatory and financial counsel for its due diligence, valuation and integration assessments and execution, led by experienced employees in various multi-jurisdictional disciplines. These include, but are not limited to, underwriting, structuring, valuation, accounting, tax, actuarial, risk management, legal, audit, strategy, claims management, regulatory, rating agencies, and asset management. SCOR's governance includes a Group Steering Committee and the involvement of members of SCOR's Executive Committee. Any progress, assessments and offers made to third parties are generally presented and approved by the Strategic Committee of SCOR's Board of Directors.

All planned acquisition projects that may have an impact on SCOR's risk profile are reviewed in collaboration with SCOR's risk management teams. The planning for integration of acquired businesses typically begins during the due diligence phase. SCOR integration plans typically take into account all systems, procedures, commitments and constraints, as well as employees, clients, suppliers and contractual third parties, and focuses on closing day and post-closing objectives. While SCOR has experience in managing acquisitions and carefully plans and executes these operations, the outcomes may not always meet expectations.

Risks related to the valuation of SCOR's deferred tax assets

Changes in the valuation of its deferred tax assets may have a material adverse impact on SCOR

The recognition of deferred tax assets, *i.e.* the likelihood of recognizing sufficient profits in the future to offset losses, depends on the performance of each entity concerned as well as applicable tax laws, regulatory requirements and accounting methods. The occurrence of events, such as actual operating earnings being lower than projections or losses continuing over a longer period than originally anticipated or changes in tax legislation, regulatory requirements, or accounting methods, could lead to the derecognition of some of the deferred tax assets for accounting and/or regulatory purposes.

Management of risks related to the valuation of SCOR's deferred tax assets

Valuation risks related to SCOR's deferred tax assets are managed through robust processes and controls throughout the Group. For further information on how valuation risks are managed, see Section C.6 – Operational risks, Section B.4.1 – Description of the internal control system, and Section D.1 – Assets.

C.7.2. SIGNIFICANT RISKS CONCENTRATIONS AT THE LEVEL OF THE GROUP

Risk concentrations mainly impact three categories of risk, individually or collectively:

- underwriting risks, in particular through catastrophes and other accumulation risks across lines of business or within certain geographical areas. For further information on SCOR's exposure to catastrophes and how these risks are managed, see Section C.2.1 – P&C business and C.2.2 – L&H business;
- market risks, in particular in case of major events impacting specific types of assets to which SCOR is exposed. For further information on market risks and how they are managed, see Section C.3 – Market risks;
- credit risks, in case of major events impacting certain types of counterparties or certain individual counterparties to which SCOR is exposed. For further information on credit risks and how they are managed, see Section C.4 – Credit risks.

For further information on the accumulation of risks within SCOR and how these risks are managed, see Section B.3.2.3 – Identification and assessment of risks.

C.7.2.1. OVERVIEW OF CURRENT RISKS CONCENTRATIONS AT GROUP LEVEL

SCOR aims to preserve a high level of diversification throughout its activities, while controlling exposure concentrations to a single counterparty, type of asset, geographical area or industry sector. The US government is the most significant counterparty SCOR is exposed to through its investments in government or government assimilated bonds. The exposure to the US government is less than 10% of total assets and is highly liquid.

Risk concentrations are monitored to ensure they remain in line with risk tolerances, *i.e.* below the limits set out in order to ensure that the Group's risk profile remains aligned with the Group's risk appetite framework. The definition of the risk appetite framework aims to strike an appropriate balance between risk, capital adequacy and return, while respecting SCOR's key stakeholders' expectations. For further information on the risk appetite framework and risk tolerances, see Section B.3.1 – Risk appetite framework. Losses arising from such risk concentrations may also significantly increase SCOR's liquidity needs. SCOR assesses liquidity risks arising from a deviation from its liquidity needs over the short-, medium-or long-term. For further information on these risks and how they are managed, see Section C.5 – Liquidity risks.

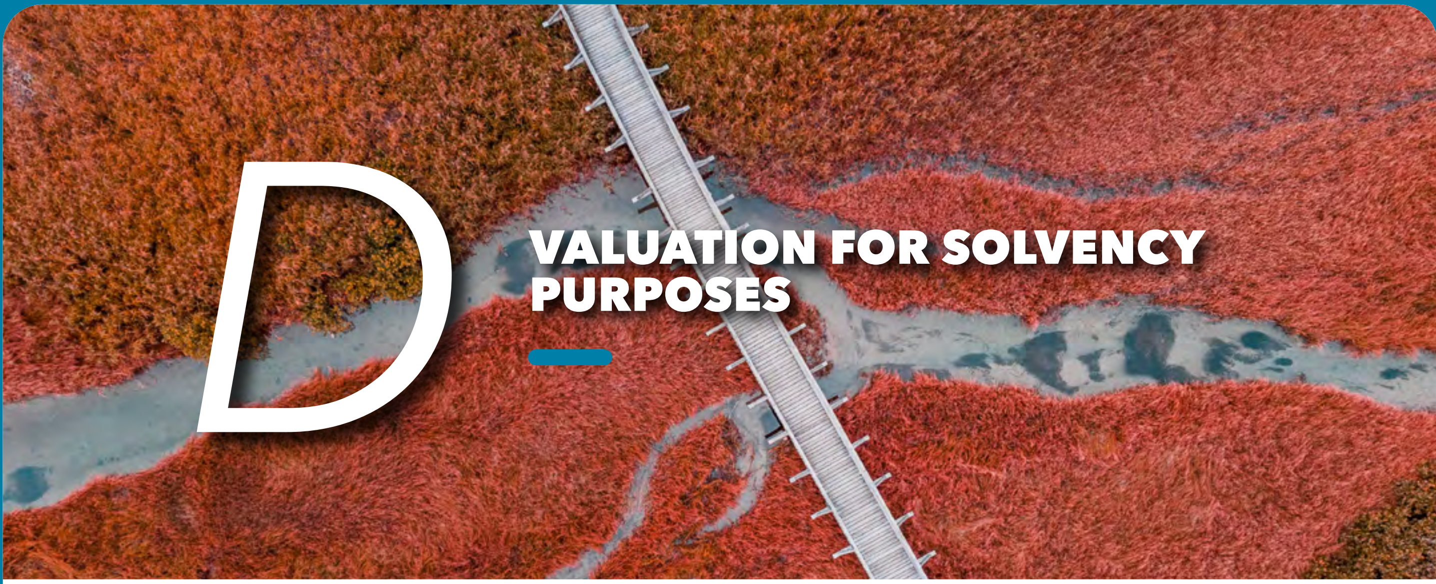
C.7.3. OTHER MATERIAL RISKS AT SCOR SE LEVEL

SCOR SE's strategic risks are the same as those for the Group. It relies upon the organization defined within the Group, detailed above, in order to be able to assess and control its risks. See Section C.7.1 – Strategic risks for further details.

On an economic basis, SCOR SE is exposed to the same types of risk exposure and concentrations as the Group.

C.8. ANY OTHER INFORMATION

No other material information is reported regarding SCOR's risks profile other than that presented above in Sections C.1 – Introduction to C.7 – Other material risks.



D VALUATION FOR SOLVENCY PURPOSES

Solvency II requires SCOR to produce an economic balance sheet (EBS) representing a market view of its assets and liabilities as at the reporting date. The Solvency II regulations require the EBS to include assets valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction and liabilities valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction. In addition, liabilities are not adjusted to take account of the credit standing of the reporting entity.

The details of the valuation principles applied in the EBS, including the differences between the valuation principles and those applied in the financial statements, are outlined in this chapter.

In the EBS both assets and liabilities relating to in-force business are recognized at market-consistent values which constitute the valuation for solvency purposes. SCOR's EBS as at December 31, 2022 has been prepared based on the assumption that the Group and all solo entities will continue as a going concern, in line with the preparation of the consolidated and legal entities' financial statements. SCOR Group prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). SCOR SE prepares its financial statements under French GAAP.

The preparation of the EBS requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of assets and liabilities and the additional disclosures. Management reviews these estimates and assumptions periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement captions for which the Group and EEA regulated entities use estimates and assumptions are reinsurance reserves, receivables and liabilities relating to reinsurance operations, the fair value and impairment of financial instruments, intangible assets, retirement and other defined benefit plans and deferred taxes.

The consolidated economic balance sheet of SCOR Group is prepared using the same principles applied to its consolidated financial statements (as described in Section D.1.3 – Participations). All material intragroup balances and transactions including the result of inter-company transactions are eliminated.

The EBS for the Group and SCOR SE are presented in Quantitative Reporting Templates S.02.01 (see Appendices A and B). The relevant extracts of the EBS are included at the beginning of each section, together with a clear reference to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

The principles for the valuation for solvency purposes of assets, technical provisions and other liabilities as presented in this chapter have been applied consistently by SCOR Group and its subsidiaries, including third-country undertakings. The specific information related to SCOR SE is included in the relevant sub-sections (D.1.10, D.2.3, D.3.6 and D.4.2), as well as in Appendix B, and should be read in conjunction with the Group-wide information.

D.1. ASSETS

The table below presents the assets of SCOR Group as per EBS together with references to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

— SCOR Group

Assets as at December 31, 2022 *In EUR thousands*	EBS Solvency II	Section
Goodwill	**-**	**D.1.1.**
Deferred acquisition costs	**-**	**D.1.5.**
Intangible assets	**163,063**	**D.1.1.**
Deferred tax assets	**894,542**	**D.1.6.**
Pension benefit surplus	**-**	**D.1.7.**
Property, plant and equipment held for own use	**900,755**	**D.1.2.**
Investments	**20,510,312**	
Property (other than for own use)	808,827	D.1.2.
Participations and related undertakings	1,598	D.1.3.
Equities	462,669	D.1.4.
Bonds	17,926,885	D.1.4.
Collective Investments Undertakings	906,308	D.1.4.
Derivatives	267,582	D.1.4.
Deposits other than cash equivalents	136,443	D.1.4.
Other investments	-	D.1.4.
Assets held for index-linked and unit-linked contracts	**-**	**D.1.4.**
Loans and mortgages	**2,767,956**	**D.1.9.**
Loans on policies	21,096	
Loans and mortgages to individuals	-	
Other loans and mortgages	2,746,860	
Reinsurance recoverables	**1,455,221**	**D.1.5.**
Non-Life and Health similar to Non-Life	2,334,031	
Non-Life excluding Health	2,319,631	
Health similar to Non-Life	14,400	
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(878,810)	
Health similar to Life	31,856	
Life excluding Health and index-linked and unit-linked	(910,666)	
Life index-linked and unit-linked	-	
Deposits to cedents	**8,279,997**	**D.1.5.**
Insurance and intermediaries receivables	**3,102,234**	**D.1.5.**
Reinsurance receivables	**638,151**	**D.1.5.**
Receivables (trade, not insurance)	**423,386**	**D.1.9.**
Own shares	**52,979**	**D.1.8.**
Cash and cash equivalents	**1,891,815**	**D.1.4.**
Any other assets, not elsewhere shown	**18,495**	**D.1.9.**
TOTAL ASSETS	**41,098,906**	

D.1.1. GOODWILL AND OTHER INTANGIBLE ASSETS

— **SCOR Group**

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Goodwill	-	810,006	(810,006)
Intangible assets	163,063	1,546,588	(1,383,525)
TOTAL INTANGIBLE ASSETS	**163,063**	**2,356,594**	**(2,193,531)**

Valuation for solvency purposes

Intangible assets in the EBS represent only those intangible assets that can be sold separately and where a value for the same or similar assets can be derived from quoted market prices in active markets.

In its EBS, SCOR recognizes the following intangible assets at their market value.

Lloyd's Syndicate participations (EUR 149 million)

The syndicate rights entitle SCOR to underwrite business through various Lloyd's syndicates in the next year of account. These rights are traded through a regular auction process organized by the Society of Lloyd's.

Through the auction process, existing syndicate members are able to realize any value attaching to the disposal of all or part of their right to participate on a traded syndicate for subsequent years of account. The auction also enables participants to gain access to syndicates where capacity is available.

Information on transactions made is provided after each auction and includes the volume of capacity matched, the relevant tender premium for each syndicate and the average weighted price achieved for all capacity transferred in that auction.

The market value of the syndicate participations has been established based on the results from latest trades. For actively traded syndicates' capacities, the last traded average price was used. For other cases an annual average of traded prices was used with an additional discount in order to take into account potential forced sale conditions, the illiquidity of the market and, when applicable, the uncertainty of participation beyond the contractual end date.

US insurance licenses (EUR 14 million)

These assets represent the value of insurance licenses and surplus lines authorizations held by SCOR, through its US subsidiaries, to write insurance business in various states.

The market value of the licenses follows an external valuation, which was based on similar transactions. It was performed with the assumption that a sale of an insurance company is structured as a "clean shell" transaction, meaning that no existing underwriting risk is transferred.

Comparison with the valuation in the financial statements

IFRS allows for the recognition of a variety of other intangible assets. SCOR's consolidated balance sheet includes: goodwill, value of business acquired (VOBA) and other intangible assets.

For further details on IFRS balances and valuation methods applied to goodwill and intangible assets, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 6 – Goodwill, Note 7 – Value of business acquired and Note 10.1 – Other intangible assets.

Under IFRS, goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. It is measured at cost less any accumulated impairment. Goodwill has a nil value in the EBS, as required by Article 12 of the Delegated Act.

VOBA relates to Life reinsurance portfolios acquired in a business combination. It is capitalized as the present value of the stream of expected future cash flows. These estimates are inherently considered in the calculation of the Life best estimate liabilities (BEL) in the EBS (see D.2 – Technical provisions), as such there is no VOBA intangible asset retained in the EBS under Solvency II (see also comments under D.1.5 – Insurance technical assets).

Other intangible assets retained under IFRS consist of customer-related intangible assets arising from Non-Life business combinations, US insurance licenses, purchased software and acquired Lloyd's syndicate participations.

For IFRS, other intangible assets are carried at cost less any accumulated amortization and impairment losses. The difference between the EBS and IFRS value is driven by: (a) no recognition of intangibles that cannot be sold separately (decrease of EUR 385 million) and (b) revaluation of the retained intangibles (syndicate participations) to market value (increase of EUR 145 million).

D.1.2. PROPERTY, PLANT AND EQUIPMENT

— **SCOR Group**

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Own use property	900,755	719,872	180,883
Investment property	808,827	699,756	109,071
TOTAL PROPERTY	**1,709,582**	**1,419,628**	**289,954**

Valuation for solvency purposes

Property, plant and equipment (referred to as property) is distinguished in the EBS between property held for own use by SCOR and property other than for own use (investment property).

Property held for own use primarily relates to buildings used by SCOR as offices, office furniture and equipment, and building fixtures and fittings. It also includes property for own use under construction. The properties held by the Group and considered as investment property consist of office and retail buildings.

Leases are recognized on the balance sheet as a "right-of-use asset" for lease contracts and as lease liability reflecting the present value of future lease payments. Right-of-use assets are included in the balance sheet line item "Own use property". Lease liabilities are included on the EBS item "Financial Liabilities". Depreciation of the right-of-use assets and interest expense on the lease liability in accordance with the effective interest rate method are recognized in the income statement. For certain short-term leases and leases of low-value assets, SCOR uses the exemptions and continues to recognize the lease payments for those contracts as an expense on a straight-line basis. The main leases consist of leased office space used by the Group, car leases and office equipment. For further details on leases, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 10 – Miscellaneous assets.

All property is valued at market using appropriate techniques. Every five years, each investment property is subject to an in-depth analysis of its market value by an independent appraiser, with recent experience in the location and category of the investment property assessed and approved by the supervisor (ACPR in France). Annually, the appraised market value is updated by the same independent appraiser according to changes in the local market and/or the property's rental and technical conditions.

The valuation methods applied include a market comparison (current prices in an active market for similar properties or recent prices of similar properties on less active markets, with appropriate adjustments) and income capitalization (discounted cash flow projections based on reliable estimates). The cash flows are supported by the terms of any existing lease and other contracts and, when possible, by external evidence such as current market rents for similar properties in the same location and condition and use discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Comparison with the valuation in the financial statements

Properties held by SCOR are carried in the consolidated financial statements at cost, net of accumulated depreciation and impairment losses. The difference between the EBS and IFRS value is driven by the revaluation of property held at cost to market value (increase of EUR 290 million), consistent with the amounts disclosed in the notes to the consolidated financial statements.

For further details on IFRS balances and valuation methods applied to property, plant and equipment, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 10.2 – Right of use assets, Note 10.3 – Property, plant and equipment and related commitments and Note 8.4 – Real estate investments. These notes also provide further information on the operating and finance lease arrangements of the Group.

D.1.3. PARTICIPATIONS

Consolidated EBS and comparison with the valuation in the financial statements

For IFRS, all material entities, over which SCOR has control are fully consolidated. The Group's investments in associates are recorded using the equity method. Associates are companies in which the Group exercises significant influence but no control or joint control. Significant influence generally occurs when the Group owns, directly or indirectly, between 20% and 50% of the outstanding voting rights. Business Ventures, where there is joint control, are accounted for using the equity method. Investment funds and real estate entities are fully consolidated or recorded using the equity method. The non-controlling interest in fully consolidated investment funds is presented in "Other liabilities". All material intragroup balances and transactions including the results of inter-company transactions are eliminated.

The consolidated economic balance sheet of SCOR Group is prepared using the same principles as for IFRS as there are no material financial sector institutions, other than (re)insurance companies which would require a change in the consolidation method applied. SCOR Investment Partners (SIP) is an investment management firm with no material assets and liabilities. All investments of SCOR Group held in investment funds managed by SIP or in wholly-owned real estate companies are fully consolidated or recorded using the equity method in the EBS and IFRS consolidated financial statements to reflect the underlying investments of the reinsurance undertakings within SCOR Group.

The participations value in the EBS represents SCOR's share in related companies. The value of these unconsolidated related undertakings is the same under the Solvency II consolidated EBS and the consolidated financial statements, representing the Company's share in the related undertaking valued using the equity method for both IFRS and Solvency II.

For further details on IFRS balances and valuation methods applied to investments in associates, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 3 – Scope of consolidation and Note 23 – Related party transactions.

D.1.4. CASH AND INVESTMENTS, OTHER THAN PROPERTY AND PARTICIPATIONS

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Equities	462,669	183,651	279,018
Bonds	17,926,885	20,665,683	(2,738,798)
Collective investments undertakings	906,308	906,310	(2)
Derivatives	267,582	269,570	(1,988)
Deposits other than cash equivalents	136,443	116,822	19,621
Other investments	-	-	-
Cash	1,891,815	1,829,421	62,394
TOTAL INVESTMENTS AND CASH	**21,591,702**	**23,971,457**	**(2,379,755)**

Valuation for solvency purposes

Investments in the EBS include financial assets such as equities, bonds (corporate bonds, government bonds, structured notes, collateralized securities), collective investment undertakings, derivatives, deposits, other investments (hedge funds, insurance linked securities and SPVs) and cash. SCOR does not hold any assets in index-linked or unit-linked funds.

The economic value of financial assets that are traded in an active financial market is determined by reference to quoted market bid prices, at the close of business on the reporting date. Quotations are considered as active market prices if the quoted prices or rates represent actual and regularly occurring transactions that are available from a stock exchange, dealer or broker.

Financial assets valued using quoted prices comprise listed equities, government, covered and agency bonds, corporate bonds, as well as short term investments. For collective investment funds and derivative financial instruments, fair value is determined by reference to either published bid values, or values based on models prepared by internal and external experts using observable market inputs.

If quoted prices in active markets for identical assets or liabilities are not available, the following valuation methods may be used:

- quoted market prices in active markets for similar assets, with adjustments to reflect specific factors (including the condition or location of the asset or volume or level of activity in the markets within which the inputs are observed);
- other models based on market inputs; and
- models using inputs which are not based on observable market data.

As SCOR is responsible for determining the economic value of its investments, regular analysis is performed to check whether prices received from third parties are reasonable estimates of market value. The analysis includes: (i) a review of price changes made in the investment management systems, (ii) a regular review of pricing deviations between dates exceeding predefined pricing thresholds per investment category, and (iii) a review and approval of extraordinary valuation changes noted.

The Group may conclude that prices received from third parties are not reflective of current market conditions. In those instances, SCOR may request additional pricing quotes or apply internally developed valuations. Similarly, the Group may value certain derivative investments using internal valuation techniques based on observable market data.

Equities

For unlisted equity instruments, the economic value is determined according to commonly used valuation techniques.

Bonds (government, corporate, structured notes, collateralized securities)

Structured products other than securities issued by government agencies for which the market is considered active, hybrid and tier 1 and tier 2 corporate debt, private placements, inflation-inked government-assimilated bonds, and specific alternative investments are valued based on models prepared by internal and external experts using observable market inputs.

Collective investment undertakings

For some collective investment funds (unlisted), the economic value is determined by reference to values based on models prepared by internal and external experts using observable market inputs. The economic value of hedge funds managed by third parties is based on their net asset value (NAV) as issued by external asset managers. This NAV is regularly audited, at least annually.

Derivatives (assets and liabilities)

All derivative instruments are carried as assets when the economic values are positive and as liabilities when the economic values are negative.

The Group uses the following derivative instruments to reduce its exposure to various risks: swaps based on interest rates, mortality indices and real estate indices, foreign currency forward purchase and sale contracts, caps and floors, and puts and calls on insurance linked securities (ILS).

For some derivative financial instruments primarily relating to the Atlas catastrophe bonds, the economic value is determined based on models prepared by internal and external experts using observable market inputs.

Catastrophe bonds

Catastrophe bonds are valued using a cumulated expected loss model that is based on a combination of market inputs to the extent that trades in these instruments are active, and catastrophe modeling tools developed by third-party service provider (AIR/RMS). The significant unobservable inputs used in the valuation model are:

— SCOR Group

Unobservable inputs	Atlas Capital UK 2019 PLC	Atlas capital Re 2020 DAC
Expected loss from US named storms, based on AIR model	2.27%	3.31%
Expected loss from US and Canadian earthquakes, based on AIR model	1.34%	2.29%
Expected loss from European windstorms, based on AIR model	1.57%	NA

A significant catastrophic event (US or Canadian Earthquake or a US Named Storm or a Europe Windstorm) that would occur during the coverage period of the respective bond would lead to a change in the fair value of the derivative instrument.

Interest rate swaps and cross-currency swaps

SCOR has entered into interest rates swaps to cover its exposure to financial liabilities with variable interest rates relating to real estate investments. Additionally, in order to hedge the foreign exchange risk associated with certain debts issued in USD, SCOR entered into cross-currency swaps which exchange the principals and the coupons on the notes from USD to EUR. The economic value of the swaps is obtained from the banking counterparty and is based on market inputs. As part of the usual accounts analysis processes, these third-party valuations are checked for reasonableness against internal models.

Forward currency contracts

SCOR purchases and sells forward currency contracts to reduce its overall exposure to foreign exchange balances held in currencies other than the functional currencies of its subsidiaries. The contracts are recorded at their fair value from valuations provided by banking counterparties using market inputs.

Call option on SCOR shares granted by Covéa

In connection with the settlement agreement, Covéa granted a call option to SCOR on the shares it holds, at an exercise price of EUR 28 per share and for a period of five years. The exercise price is subject to amendment in certain conditions. The call option is transferable to any third party designated by SCOR, so that SCOR can organize the change in the best interest of its shareholders. The option was recognized as a derivative instrument at fair value as determined by an external valuation and the carrying amount of the option as at December 31, 2022 amounts to EUR 19 million (2021: EUR 41 million).

Cash and cash equivalents

SCOR applies the same definition of cash for both IFRS and Solvency II reporting purposes, which means that cash includes cash, net bank balances and short-term deposits or investments which have a maturity of less than three months at the reporting date. Accordingly, deposits include amounts due from credit institutions that have a maturity date of more than three months. The carrying value of deposits approximates their market value.

Comparison with the valuation in the financial statements

The valuation method applied to financial assets in the Solvency II EBS does not differ from IFRS. The reclassifications between investment categories result from the difference between the Solvency II definitions and those used in the consolidated financial statements. The reclassification does not result in any valuation changes. The total difference included in the table below is net of the loans and mortgages category due to presentation changes – see Section D.1.9 – Other assets, including loans receivables and trade receivables.

For further details on IFRS balances, classification and valuation methods applied to investments, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 8.1 – Accounting principles for valuation of financial assets, Note 8.9 – Derivative instruments and Note 12.1 – Cash and cash equivalents.

D.1.5. INSURANCE TECHNICAL ASSETS

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Deferred acquisition costs (DAC)	-	1,794,982	(1,794,982)
Reinsurance recoverables	1,455,221	4,740,137	(3,284,916)
Non-Life	2,334,031	3,411,017	(1,076,986)
Life	(878,810)	1,329,120	(2,207,930)
Deposits to cedents	8,279,997	8,591,940	(311,943)
Insurance and intermediaries receivables	3,102,234	6,280,436	(3,178,202)
Reinsurance receivables	638,151	638,151	-
TOTAL INSURANCE TECHNICAL ASSETS	**13,475,603**	**22,045,646**	**(8,570,043)**

Valuation for solvency purposes

Insurance technical assets are balances that relate to reinsurance and direct insurance contracts.

In the EBS, assumed and ceded technical provisions are recognized in line with Solvency II methodology (see Section D.2 – Technical provisions). The calculation of the Solvency II best estimate liabilities and risk margin takes into account all cash flow projections related to existing insurance and reinsurance contracts, including premiums, benefits and expenses payments. As a result, some balances that exist in the IFRS balance sheet are either cancelled or adjusted on transition to the EBS, as follows:

DAC

DAC which represents the deferral of costs directly associated with the acquisition of new contracts (mainly commission) is not recognized in the EBS. Reimbursements of initial incurred acquisition costs are included in future premiums and thus included in the calculation of technical provisions.

Reinsurance recoverables

Reinsurance recoverables (ceded technical provisions) reflect the estimated amounts which are recoverable under reinsurance contracts (retrocession) in respect of the outstanding claims reported under reinsurance liabilities assumed.

Reinsurance recoverables in the EBS are calculated using essentially the same methodology, systems and processes as the best estimate liabilities (see Section D.2 – Technical provisions). Assumptions are set based on the type of business retroceded and the valuation takes into consideration the recoverability of the balance, where appropriate.

Deposits to cedents

These balances represent deposits made at the request of ceding companies as collateral for SCOR's reinsurance commitments. SCOR measures its deposits to cedents (or funds held) at fair value by discounting the future cash flows of the funds where IFRS does not already represents market values. In order to achieve a full economic valuation of the contracts, all cash flows in respect of the contracts are considered, including the cash flows in respect of assets deposited with the cedent. The calculation of these cash flows is based on the characteristics of the underlying contracts, in particular the reimbursement of interest thereon.

Insurance, intermediaries' and reinsurance receivables

Insurance and intermediaries' receivable balances included separately in the EBS represent amounts linked to insurance business that are due (and overdue) from policyholders, intermediaries and other insurers, but that are not included in the projected cash flows used for the calculation of technical provisions.

Reinsurance receivables are amounts linked to reinsurance (retrocession) due (and overdue) from reinsurers which are not included in reinsurance recoverables. The receivables include amounts due from reinsurers relating to settled claims. Receivables are carried at cost (with allowance for recoverability) as it is a good approximation of their market value.

Value of business acquired (VOBA)

As per Solvency II regulations, VOBA is inherently considered in the calculation of the Life best estimate liabilities (BEL) in the EBS. For further details, see Section D.1.1 – Goodwill and other intangible assets.

Comparison with the valuation in the financial statements

As explained above, technical cash flows are considered within the Solvency II best estimate liabilities. As a result, acquisition costs and insurance receivables that are included in the projected cash flows used for the calculation of technical provisions are not recognized separately in the EBS. Adjustments to the value of deposits to cedents are calculated consistently with the adjustments to best estimate liabilities. Insurance and intermediaries' receivables include a reclassification of assumed outstanding claims estimates from IFRS Life contract liabilities, as these are not included in Solvency II Technical Provisions. For the remaining insurance technical assets, the valuation method applied in the Solvency II EBS does not differ from IFRS.

For further details on IFRS balances and valuation methods applied to insurance technical assets, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 9 – Accounts receivable from and payable on assumed and ceded insurance and reinsurance transactions, Note 11 – Deferred acquisition costs and Note 16 – Net contract liabilities.

D.1.6. DEFERRED TAX ASSETS

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Deferred tax assets	894,542	894,542	-
Deferred tax liabilities	(892,877)	(198,161)	(694,716)
NET DEFERRED TAX (ASSETS)/LIABILITIES	**1,665**	**696,381**	**(694,716)**

Valuation for solvency purposes

Deferred taxes in the EBS are recognized using the balance sheet liability method for all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount in the EBS.

The main temporary differences arise from tax losses carried forward and the revaluation of certain financial assets and liabilities including derivative contracts, certain insurance contract liabilities, provisions for pensions and other post-retirement benefits. In addition, temporary differences arise on acquisitions due to the difference between the fair values of the net assets acquired and their tax base.

Deferred tax assets are recognized on net operating losses carried forward to the extent that it is probable that future taxable income will be available against which they can be offset. Management makes assumptions and estimates related to income projections of probable future profits used to recover deferred taxes on asset. SCOR uses a discounted cash flow model comprised of an earnings model, which considers forecast earnings, and other financial ratios of legal entities based on Board-approved business plans, which incorporate key drivers of the underwriting results. On the French tax perimeter, for this purpose income projections are based on latest available operating plan (financial baseline) and in addition include a set of management actions to increase profits or reduce expenses. The "financial baseline" is the standard plan over the next years. Further, management actions consist of initiatives related to business actions, restructuring of business transactions and transformation & simplifications. Business plans include assessments of gross and net premium expectations, expected loss ratios and expected general expenses ratios, together with actuarial assumptions. To the extent that net operating losses carried forward cannot be utilized or expire, deferred income tax expenses may be recorded in the future. Further, on the French tax perimeter considering the actual result the decision was made to take a prudent approach and recognize a tax risk provision.

Deferred tax assets and liabilities are assessed at the tax rate applicable in the fiscal year in which the asset will be realized or the liability settled, based on the tax rates (and tax regulations) that have been enacted or substantially enacted at the reporting date.

As at December 31, 2022, the operating tax losses available for carryforward expire as follows:

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Available tax losses carried forward	Tax losses carried forward for which no DTA is recognized	Deferred tax assets recognized
2023	2,226	(6,286)	(772)
2024	11,059	(22,216)	(2,198)
2025	996	(2,698)	(335)
2026	80,199	(40,780)	7,829
Thereafter	1,352,097	(210,073)	239,714
Indefinite	2,898,442	(930,582)	478,526
TOTAL	**4,345,019**	**(1,212,635)**	**722,764**

The recognition of deferred tax assets for tax loss carryforwards is assessed based on the availability of sufficient future taxable income and local tax rules, *e.g.* unlimited carry forward in France but the utilization of tax losses is capped at EUR 1 million plus 50% of the remaining current year's taxable result, 20-year carryforward period for US Non-Life companies, 15-year carryforward for losses incurred before 2018 and unlimited carry forward for losses incurred after 2018 (but utilization limited to 80% of the current year's taxable income) for US Life companies. Considering SCOR's activity and in particular its exposure to natural catastrophes, the time horizon over which the Group expects to utilize its losses carryforward can evolve. SCOR remains confident it will utilize all recognized tax loss carryforwards prior to their expiration.

Deferred tax assets not recognized in relation to tax losses carried forward (EUR 1,214 million) amount to EUR 297 million. Operating losses which have not been recognized as deferred tax assets relate primarily to the French Tax Group and Switzerland.

The impact of Solvency II adjustments to bring IFRS figures to EBS market value is an overall increase in net assets, therefore all deferred tax impacts arising from the recording of economic adjustments are reflected in the deferred tax liability. Deferred taxes retained on the EBS are recorded in accordance with IAS 12 Income Taxes.

Comparison with the valuation in the financial statements

Measurement of deferred taxes for the Solvency II EBS is generally consistent with IFRS, the difference being the fact that the deferred tax asset or liability is established based on the difference between the values ascribed to assets and liabilities recognized in the EBS and their values recognized for tax purposes (instead of the differences between the asset or liability carrying amount in the IFRS balance sheet and its tax base).

For the purpose of the EBS, the appropriate deferred tax effect of all adjustments between the IFRS balance sheet and the EBS is recognized using the applicable local tax rates. Deferred tax balances are adjusted for the impacts of the differences between the IFRS and Solvency II valuation bases – the main difference being driven by revaluation of technical provisions, but also for other differences like property at amortized cost restated to fair value.

For further details on IFRS balances and the valuation method applied to deferred taxes, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 18 – Income taxes.

D.1.7. PENSION BENEFIT SURPLUS

Valuation for solvency purposes and comparison with the valuation in the financial statements

On December 31, 2022, SCOR did not recognize any pension benefit surplus related to employee pension schemes. See Section D.3.1 – Pension benefit obligations.

D.1.8. OWN SHARES

Valuation for solvency purposes and comparison with the valuation in the financial statements

Own shares (EUR 53 million) held by SCOR have been acquired in the context of anticipated awards to employees and officers as part of a share allotment plan, and to a lesser extent, as part of a liquidity contract with an external financial intermediary that ensures the liquidity of trades in SCOR shares on the market.

On October 27, 2021, SCOR launched a share buyback of EUR 200 million. It has been fully executed in the market and completed on March 3, 2022. The repurchased shares have been cancelled.

In the consolidated financial statements, own (treasury) shares are valued at cost and presented as a deduction from shareholders' equity. In the EBS, own shares have been reclassified from shareholders' equity to assets. In the Solvency II EBS, own shares are stated at market value.

For further details on IFRS balances and the valuation method applied to own shares, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 13 – Information on share capital, capital management, regulatory framework and consolidated reserves.

D.1.9. OTHER ASSETS, INCLUDING LOANS RECEIVABLES AND TRADE RECEIVABLES

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Loans and mortgages	2,767,956	30,268	2,737,688
Loans on policies	21,096	21,096	-
Loans and mortgages to individuals	-	-	-
Other loans and mortgages	2,746,860	9,172	2,737,688
Receivables (trade, not insurance)	423,386	409,263	14,123
Any other assets	18,495	19,659	(1,164)
TOTAL OTHER ASSETS	**3,209,837**	**459,190**	**2,750,647**

Valuation for solvency purposes

This section covers all other assets recognized in the EBS, including loans and mortgages, trade receivables and any other assets. Most of these assets are carried at amortized cost using the effective interest rate method, as it is a good approximation of their market value.

Loans and mortgages in the EBS represent loans on policies and other loans and mortgages.

Trade receivables include amounts receivable from employees, various business partners and the sovereign states (*e.g.* current tax) that are not insurance or reinsurance related.

Any other assets consist primarily of accruals.

Comparison with the valuation in the financial statements

The difference in the table above is presentational and reflects a reclassification from the investment categories – see Section D.1.4 – Cash and investments, other than property and participations. Other assets are carried at a value that is not materially different from market value and hence there is no valuation difference between the consolidated financial statements and the EBS.

D.1.10. SCOR SE – ADDITIONAL INFORMATION ON THE VALUATION OF ASSETS

The table below presents the assets of SCOR SE as per the EBS together with references to the relevant section within this chapter explaining the valuation bases and methods used for Solvency II purposes.

The valuation principles applied by SCOR SE in its EBS are the same as those applied by SCOR Group and explained in Sections D.1.1 – Goodwill and other intangible assets to D.1.9 – Other assets, including loans receivables and trade receivables above. Any additional information on assets specific to SCOR SE is included in the relevant sub-sections below.

— SCOR SE

Assets as at December 31, 2022 *In EUR thousands*	EBS Solvency II	Sections	
Goodwill	**-**	**D.1.1.**	**D.1.10.1.**
Deferred acquisition costs	**-**	**D.1.5.**	**D.1.10.5.**
Intangible assets	**108,818**	**D.1.1.**	**D.1.10.1.**
Deferred tax assets	**606,405**	**D.1.6.**	**D.1.10.6.**
Pension benefit surplus	**-**	**D.1.7.**	
Property, plant and equipment held for own use	**194,154**	**D.1.2.**	**D.1.10.2.**
Investments	**15,132,735**		
Property (other than for own use)	-	D.1.2.	D.1.10.2.
Participations and related undertakings	8,364,886	D.1.3.	D.1.10.3.
Equities	97,699	D.1.4.	D.1.10.4.
Bonds	3,833,042	D.1.4.	D.1.10.4.
Collective Investments Undertakings	2,502,172	D.1.4.	D.1.10.4.
Derivatives	222,154	D.1.4.	D.1.10.4.
Deposits other than cash equivalents	112,782	D.1.4.	D.1.10.4.
Other investments	-	D.1.4.	D.1.10.4.
Assets held for index-linked and unit-linked contracts	**-**	**D.1.4.**	
Loans and mortgages	**1,596,509**	**D.1.9.**	**D.1.10.8.**
Loans on policies	-		
Loans and mortgages to individuals	-		
Other loans and mortgages	1,596,509		
Reinsurance recoverables	**2,394,141**	**D.1.5.**	**D.1.10.5.**
Non-Life and Health similar to Non-Life	3,772,549		
Non-Life excluding Health	3,741,199		
Health similar to Non-Life	31,350		
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(1,378,408)		
Health similar to Life	(64,728)		
Life excluding Health and index-linked and unit-linked	(1,313,680)		
Life index-linked and unit-linked	-		
Deposits to cedents	**7,414,868**	**D.1.5.**	**D.1.10.5.**
Insurance and intermediaries receivables	**641,318**	**D.1.5.**	**D.1.10.5.**
Reinsurance receivables	**222,649**	**D.1.5.**	**D.1.10.5.**
Receivables (trade, not insurance)	**212,259**	**D.1.9.**	**D.1.10.8.**
Own shares	**52,979**	**D.1.8.**	**D.1.10.7.**
Cash and cash equivalents	**548,125**	**D.1.4.**	**D.1.10.4.**
Any other assets, not elsewhere shown	**6,558**	**D.1.9.**	**D.1.10.8.**
TOTAL ASSETS	**29,131,518**		

D.1.10.1. GOODWILL AND OTHER INTANGIBLE ASSETS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Goodwill	-	293,703	(293,703)
Intangible assets	108,818	351,871	(243,053)
TOTAL INTANGIBLE ASSETS	**108,818**	**645,574**	**(536,756)**

The statutory balance sheet of SCOR SE includes goodwill and renewal rights (EUR 646 million) recognized under French GAAP. These assets have a value of nil in the EBS (see Section D.1.1 – Goodwill and other intangible assets).

For further details on French GAAP balances and valuation methods applied to intangibles, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.1 – Intangible assets, for accounting principles and methods and Section 5.2.2 – Other assets, for other disclosures.

D.1.10.2. PROPERTY, PLANT AND EQUIPMENT

SCOR SE does not own any investment properties directly, investments in real estate companies are recognized as participations.

Equipment for own use held by SCOR SE is carried in the financial statements at cost, net of accumulated depreciation and impairment losses.

For further details on French GAAP balances and valuation methods applied to property, plant and equipment, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.3 – Property, plant and equipment and related commitments, for accounting principles and methods and Section 5.2.2 – Other assets, for other disclosures.

D.1.10.3. PARTICIPATIONS

The participations value in the EBS represents SCOR SE's share in related companies.

For the purpose of its solo EBS, SCOR SE values its holdings in related undertakings (subsidiaries and other) using the adjusted equity method. The value of the participation reflects the solo entity's share of the excess of assets over liabilities of the related undertaking valued in accordance with Solvency II rules.

The participations are recognized in the financial statements of SCOR SE at cost less accumulated impairment charges. The difference between the EBS and the statutory value is therefore driven by the revaluation to market value, as explained above, and the different treatment of acquisition costs.

For further details on French GAAP balances and valuation methods applied to investments in associates, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.2 – Investments, for accounting principles and methods and Section 5.2.1 – Investments, for other disclosures.

D.1.10.4. CASH AND INVESTMENTS, OTHER THAN PROPERTY AND PARTICIPATIONS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Equities	97,699	2,971,263	(2,873,564)
Bonds	3,833,042	4,400,767	(567,725)
Collective investments undertakings	2,502,172	-	2,502,172
Derivatives	222,154	256,735	(34,581)
Deposits	112,782	112,782	-
Other investments	-	-	-
Cash	548,125	320,639	227,486
TOTAL INVESTMENTS AND CASH	**7,315,974**	**8,062,186**	**(746,212)**

In the financial statements, equities held by SCOR SE are carried at cost less impairment charges. Bonds are carried at amortized cost.

The difference between the value of investments in the EBS and in the statutory financial statements is mainly driven by the revaluation to market value. Information on valuation principles used in the EBS is provided in Section D.1.4 – Cash and investments, other than property and participations. In addition, some reclassifications occur between the EBS and the statutory financial statements, particularly, for equities and cash, where short terms investments are reclassified due to their high liquidity.

For further details on French GAAP balances and valuation methods applied to investments, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.2 – Investments, for accounting principles and methods and Section 5.2.1 – Investments, for other disclosures.

D.1.10.5. INSURANCE TECHNICAL ASSETS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Deferred acquisition costs (DAC)	-	493,465	(493,465)
Reinsurance recoverables	2,394,141	6,177,151	(3,783,010)
Non-Life	3,772,549	5,855,213	(2,082,664)
Life	(1,378,408)	321,938	(1,700,346)
Deposits to cedents	7,414,868	7,068,296	346,572
Insurance and intermediaries receivables	641,318	2,839,894	(2,198,576)
Reinsurance receivables	222,649	216,229	6,420
TOTAL INSURANCE TECHNICAL ASSETS	**10,672,976**	**16,795,035**	**(6,122,059)**

Insurance technical assets relate to assumed and retroceded reinsurance contracts.

As explained in Section D.1.5 – Insurance technical assets, technical cash flows are considered within Solvency II best estimate liabilities. As a result, acquisition costs and insurance receivables that are included in the projected cash flows used for the calculation of technical provisions are not recognized separately in the EBS. The same principles apply to retrocession operations through the assessment of reinsurance recoverables.

Adjustments to the value of deposits to cedents are consistent with the adjustments to the best estimate liabilities.

For the remaining insurance technical assets (insurance and reinsurance receivables), the method of valuation applied in the Solvency II EBS does not differ from statutory financial statements.

For further details on French GAAP balances and valuation methods applied to insurance technical assets, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Sections 5.1.7 – Recording of reinsurance transactions, 5.1.8 – Underwriting reserves and 5.1.9 – Acquisition costs of reinsurance transactions, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

D.1.10.6. DEFERRED TAX ASSETS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Deferred tax assets	606,405	-	606,405
Deferred tax liabilities	(773,743)	-	(773,743)
NET DEFERRED TAX (LIABILITIES)/ASSETS	**(167,338)**	**-**	**(167,338)**

Deferred taxes in the EBS are recognized using the balance sheet liability method for all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying value in the EBS. In addition, deferred tax assets are recognized on net operating losses carried forward by SCOR SE, to the extent that it is probable that future taxable profit will be available to utilize those net operating losses carried forward. Management makes assumptions and estimates related to income projections, which are similar to that of the Group but within the French Tax Group scope, to determine the availability of sufficient future taxable income (see D.1.6 – Deferred tax assets).

The Group in France is consolidated for tax purposes and is composed of SCOR SE as the parent company of the Tax Group, SCOR Investment Partners SE, SCOR Europe SE, ReMark France SAS, SCOR Real Estate SAS (formerly SCOR Auber SAS), Mondot Immobilier SAS, Marbot Real Estate SAS, DB Caravelle SAS, SCOR Capital Partners SAS, SCOR Développement SAS, Château Mondot SAS, Les Belles Perdrix de Troplong Mondot EURL, SCOR IP Holdco SAS, SCOR Capital Partners 2 BV Paris Branch, SV One SAS, Marbot Management 2 SAS, SCOR Opérations and SCOR Telemed SLU French Branch. Under the tax agreement, SCOR SE benefits from the tax loss carryforwards of its subsidiaries, and tax benefits are transferred back to the individual subsidiary concerned in the case of future profits. Total tax losses of the consolidated French Tax Group are EUR 2,193 million as at December 31, 2022. Deferred tax assets not recognized in relation to tax losses carried forward (EUR 906 million) amount to EUR 234 million.

No deferred tax is recognized under French GAAP, therefore the difference between the EBS and the statutory value is driven by the recognition of deferred tax in line with Solvency II rules (as described in Sections D.1.6 – Deferred tax assets and D.3.3 – Deferred tax liabilities).

D.1.10.7. OWN SHARES

Own shares in the EBS (EUR 53 million) represent treasury shares held by SCOR SE, acquired in the context of anticipated awards to employees and officers as part of a share allotment plan; as part of a planned capital reduction through share cancellation; and to a lesser extent, as part of a liquidity contract with an external financial intermediary that ensures the liquidity of trades in SCOR shares on the market. In the statutory financial statements own shares are valued at cost. Own shares are classified as assets in the EBS and stated at market value.

For further details on French GAAP balances and valuation methods applied to own shares, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.2.2 – Other assets.

D.1.10.8. OTHER ASSETS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Loans and mortgages	1,596,509	1,504,054	92,455
Receivables (trade, not insurance)	212,259	281,432	(69,173)
Any other assets	6,558	6,734	(176)
TOTAL OTHER ASSETS	**1,815,326**	**1,792,220**	**23,106**

Other assets are generally carried at amortized cost as it is a good approximation of their market value. The difference between the value of other assets in the EBS and in the statutory financial statements is mostly driven by the different presentation of certain assets in line with the Solvency II definitions than those used in the SCOR SE statutory financial statements.

For further details on French GAAP balances and valuation methods and balances applied to loans, trade receivables and other assets, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.2 – Investments, for accounting principles and methods and Sections 5.2.1 – Investments and 5.2.2 – Other assets, for other disclosures.

D.2. TECHNICAL PROVISIONS

SCOR's technical provisions are calculated as the sum of best estimate liabilities (BEL) and risk margin (RM). BEL is valued as the net present value of future cash-flows. SCOR determines the risk margin under Solvency II according to the specified cost-of-capital method, using the risk-free rate for discounting and the cost of capital rate. In order to estimate future SCRs, SCOR uses its internal model for its main subsidiaries. Consistent with the prescribed transfer scenarios, the projected SCRs capture underwriting, credit and operational risks.

A business unit specific methodology then allocates the calculated risk margin to the underlying lines of business. All entities carrying reinsurance contracts are in scope. EEA entities are modelled consistently with Solvency II methodology and represent the majority of the Group's business. The model aggregates the smaller non-EEA entities outside the EEA, and this provides a non-material additional diversification benefit.

This chapter provides an overview of the technical provisions at year-end 2022. In addition, the bases, methods and assumptions used for the calculations are described including an analysis of significant simplifications and the related uncertainties. Where deemed appropriate, the valuation of deposits to cedents and from retrocessionaires are commented on as they are closely linked to the BEL calculation.

The risk-free interest rates used are those provided by EIOPA. For some minor currencies, no risk-free rate is provided by EIOPA, and SCOR derives risk-free rates using the methodology specified by EIOPA. Unadjusted risk-free rates are used with no transitional or long-term guarantee measures (*e.g.* volatility adjustments).

D.2.1. NON-LIFE TECHNICAL PROVISIONS

The table below presents the Non-Life technical provisions of SCOR Group.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS
Non-Life technical provisions (TPs)	**17,564,026**
TPs – Non-Life (excl. Health)	17,334,340
Best estimate	16,926,928
Risk margin	407,412
TPs – Health similar to Non-Life (NSLT)	229,686
Best estimate	222,019
Risk margin	7,667
Non-Life reinsurance recoverables	**(2,334,031)**
Non-Life (excl. Health)	(2,319,631)
Health NSLT	(14,400)
NET NON-LIFE TECHNICAL PROVISIONS	**15,229,995**

D.2.1.1. SEGMENTATION BY LINES OF BUSINESS

The table below shows the valuation of P&C net technical provisions of SCOR Group as at December 31, 2022, presented by line of business (LoB) as defined for Solvency II reporting purposes.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Income protection insurance	87,256	(13,990)	850	74,116
Workers' compensation insurance	39,922	(444)	3,054	42,532
Motor vehicle liability insurance	1,067,248	(142,913)	30,554	954,889
Marine, aviation and transport insurance	733,107	(111,726)	13,747	635,128
Fire and other damage to property insurance	3,321,315	(712,801)	66,354	2,674,868
General liability insurance	3,643,798	(215,705)	104,218	3,532,311
Credit and suretyship insurance	524,242	(32,253)	16,273	508,262
Miscellaneous financial loss	175,998	625	6,695	183,318
Non-proportional Health reinsurance	94,841	34	3,763	98,638
Non-proportional casualty reinsurance	3,921,932	(16,604)	61,109	3,966,437
Non-proportional marine, aviation, transport reinsurance	205,327	(53,352)	7,949	159,924
Non-proportional property reinsurance	3,333,961	(1,034,902)	100,513	2,399,572
TOTAL	**17,148,947**	**(2,334,031)**	**415,079**	**15,229,995**

The P&C net technical provisions of EUR 15,230 million correspond to the sum of P&C best estimate liabilities net of reinsurance recoverables of EUR 14,815 million and a risk margin of EUR 415 million.

The P&C net best estimate liabilities of EUR 14,815 million (comprising gross best estimate liabilities of EUR 17,149 million and reinsurance recoverables of EUR 2,334 million, as presented in the above table) are composed of two parts: net claims provisions (EUR 14,798 million) and net premiums provisions (EUR 17 million). The expected future premiums and premium estimates net of commissions are not shown on the assets side of the EBS but are netted down from the future claims on the liability side.

D.2.1.2. BEST ESTIMATE LIABILITY

Claims provisions methodology and assumptions

The elements of claims provisions (EUR 14,798 million) recognized within best estimate liabilities in the SCOR Group EBS are described below:

- IBNR corresponds to the reserves for claims incurred but not yet reported and not sufficiently reserved. It is calculated in the SCOR system at actuarial segment/underwriting year level using Best Estimate Ultimate Loss Ratios which are based on an annual analysis conducted each year by the local actuaries;
- outstanding claims are the same as under IFRS with the following exceptions: SCOR US with the cancellation of the workers' compensation discount (specifically recognized under US GAAP and IFRS), French motor liability and a specific medical malpractice program written in France with cancellation of the discount on loss reserves. The impact on the final BEL number is minimal because the discount cancellation on case reserves is compensated by a longer payment pattern;
- claims estimates mainly correspond to the loss corridor clause, which is a feature of the contract defining a range of loss ratios between which the reinsurer will pay a percentage defined in the contract. An estimation of the amounts to be paid is computed according to the best estimate loss ratios;
- premium estimates that are already earned are reallocated from premium reserves to claim reserves. These amounts come as a reduction of claims estimates;
- in calculating the unallocated loss adjustment expenses (ULAE) and overhead expenses, SCOR takes into account all cash flows arising from expenses that will be incurred in servicing the recognized insurance and reinsurance obligations over the lifetime thereof. This includes administrative expenses, investment management expenses and claims management handling expenses;
- claims discount represents the adjustment for the time value of money linked to claims estimates, outstanding claims, IBNR and ULAE reserves. The discount on claims reserves is calculated using underwriting years' claims patterns calculated by SCOR and risk-free rates yield curves published by EIOPA;
- the underwriting claims patterns gross of retrocession are estimated each year by local actuaries at actuarial segment level. In most cases, patterns are calculated using the Chain-Ladder method, derived from the claims paid triangles;
- each and every year, relevant assumptions made in the calculation of best estimates are reviewed and updated, especially for the annuities discount. SCOR considers market exogenous information such as medical inflation and interest rates.

Premium provisions methodology and assumptions

The elements of Solvency II premium provisions are described below:

- future premiums correspond to the part of the premiums not yet written and relate to the difference between EGPI (Estimated Gross Premium Income) and written premiums for bound and incepted contracts only;
- future commissions correspond to commissions on future premiums;
- future claims are the claims reserves related to future premiums and IFRS unearned premium reserves. The best loss ratio used for future claims calculation is derived by P&C reserving actuaries from either pricing loss ratios or experience loss ratios;
- the premium estimates correspond to the portion of written premiums not yet received in cash. Premium estimates include reinstatement and burning cost premiums which are calculated using the projected claims ultimate (so including IBNR). Given that IBNR under IFRS and EBS are not necessarily the same, reinstatement premiums and burning cost premiums will also vary;
- premium overdue amounts on facultative contracts have been removed from the BEL and are now booked as receivables. Overdue premiums are premiums that have reached maturity and not been yet received at valuation date;
- premium estimates that are already earned are reallocated from premium reserves to claim reserves;
- the commission estimates correspond to the commissions on premium estimates. Commission estimates include sliding scale commissions and profit commissions, which are calculated using the projected claims ultimate;
- bound but not incepted contracts (BBNI) corresponding to contracts written before the valuation date but incepting after the valuation date are now included in the BEL;
- ULAE on future claims is calculated in the same way as ULAE for Claims Provisions;
- discount: claims discount principles apply to the premium discount.

Comparison to prior period

The main change compared to previous period is now the inclusion of BBNI reserves in the BEL.

List of the most commonly used methods

To assess the IFRS and Solvency II Best Estimate, the Group uses generally accepted actuarial methods, which take into account quantitative loss experience data, together with qualitative factors and exogenous data, where appropriate. The reserves are also adjusted to reflect reinsurance treaty terms and conditions, and the variety of claims processing that may potentially affect the Group's commitment over time.

SCOR uses in particular:

- deterministic methods (*e.g.* Chain Ladder, Bornhuetter-Ferguson, Average cost or Loss ratio methods) for Best Estimate and patterns assessment;
- stochastic approaches (*e.g.* Mack model, Bootstrap) for reserves' volatility estimates;
- experts' judgments (*e.g.* exogenous a priori loss ratios provided by SCOR P&C pricing or underwriting, market benchmark such as Reinsurance Association of America patterns);
- tailor made solutions: depending on data availability and portfolio complexity, SCOR develops tailor made solutions. Some parameters used in these models can be subject to dedicated studies. These parameters include, but are not limited to, interest rates, legal development and inflation.

D.2.1.3. LEVEL OF UNCERTAINTY

In the P&C business, the uncertainty arises primarily from:

- the level of ultimate loss ratios used to compute the reserves. Some reserving methods require the use of *a priori* ultimate loss ratios. Pricing loss ratios are often used; sensitivities around these ratios are tested;
- the level of the case reserves which is tested through two tests: the first tests the tail development and the second tests outstanding claims reserves;
- the legal precedent. For some contracts (especially bodily injuries), the level of uncertainty arises from the annuities payment parameters such as mortality table and capitalization rate. These parameters can vary over time due to the economic environment, market changes and legal precedents.

The results of the above stress tests fall within a reasonable range of potential loss deviations from the best estimate and are absorbable by usual reserve volatility.

D.2.1.4. REINSURANCE RECOVERABLES

SCOR transfers part of its risks to retrocessionaires *via* retrocession programs. The retrocessionaires then assume, in exchange for the payment of a premium by SCOR, the losses related to claims covered by the retrocession contracts.

Retrocession IBNR

For proportional retrocession, the cession rate is applied to assumed best estimate IBNRs and retrocession IBNR amounts are automatically calculated.

For non-proportional retrocession under the Solvency II framework, it is considered that the retrocession IBNRs booked under IFRS reflect the best estimates position.

Retrocession discount

For proportional retrocession, the pattern of the corresponding assumed segments is used for proportional retrocession.

For non-proportional retrocession, the pattern linked to the LoB retrocession is used to calculate the cash flows of the retrocession contract.

Adjustment for expected losses due to counterparty default (bad debts)

Reinsurance Bad Debt is estimated at contract/section/underwriting year/retrocessionaire level using the rating of its retrocessionaires. The rating is associated with an expected default probability and a recovery rate provided by EIOPA in Article 199 of the delegated acts.

Retrocession segmentation

For proportional retrocession, the allocation by line of business follows the assumed segmentation.

For non-proportional retrocession, rules starting from the retrocession contract criteria are used.

D.2.1.5. RISK MARGIN

The general risk margin methodology is described in Section D.2 – Technical provisions.

D.2.1.6. COMPARISON WITH THE VALUATION IN THE FINANCIAL STATEMENTS

The main differences between IFRS and EBS reserves (excluding risk margin) as at December 31, 2022 are shown in the following tables, which are split between claims and premium reserves:

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS Claims provisions	IFRS claims provisions	Difference
Income protection	75,831	44,578	31,253
Workers' compensation	39,577	46,314	(6,737)
Motor vehicle liability	859,883	833,536	26,347
Marine, aviation and transport	615,552	697,126	(81,574)
Fire and other damage to property	2,580,331	2,844,593	(264,262)
General liability	3,440,452	3,868,914	(428,462)
Credit and suretyship	537,562	750,169	(212,607)
Miscellaneous financial loss	180,371	213,070	(32,699)
Non-proportional Health	96,818	95,850	968
Non-proportional casualty	3,894,251	4,633,037	(738,786)
Non-proportional marine, aviation and transport	153,483	193,166	(39,683)
Non-proportional property	2,324,347	2,572,446	(248,099)
TOTAL	**14,798,458**	**16,792,799**	**(1,994,341)**

The main differences between IFRS and Solvency II best estimate liabilities arise from the reserve adequacy amount, the claims discount, the reallocation of earned premium accruals from premium reserves to claim reserves, as well as a broader scope of the ULAE definition. Regarding ULAE, the IFRS definition includes only claims expenses, whereas the EBS definition also includes administrative and investment expenses.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS Premium provisions	IFRS Premium provisions	Difference
Income protection	(2,565)	8,695	(11,260)
Workers' compensation	(99)	1,696	(1,795)
Motor vehicle liability	64,452	327,308	(262,856)
Marine, aviation and transport	5,829	301,067	(295,238)
Fire and other damage to property	28,183	1,081,203	(1,053,020)
General liability	(12,359)	886,729	(899,088)
Credit and suretyship	(45,573)	355,912	(401,485)
Miscellaneous financial loss	(3,748)	105,019	(108,767)
Non-proportional Health	(1,943)	954	(2,897)
Non-proportional casualty	11,077	238,164	(227,087)
Non-proportional marine, aviation and transport	(1,508)	47,386	(48,894)
Non-proportional property	(25,288)	424,375	(449,663)
TOTAL	**16,458**	**3,778,508**	**(3,762,050)**

The main differences between IFRS and Solvency II best estimate liabilities arise from the inclusion of premium/commission estimates within technical provisions and future positions, the reallocation of earned premium accruals from premium reserves to claim reserves, the inclusion of BBNI contracts in the BEL and the removal of fac premium overdue from the BEL. Regarding the premium estimates, it is due to a difference of position in the balance sheet: the premium estimates are included in assets under IFRS whereas they are included in technical provisions in a Solvency II view.

The future positions do not exist in the IFRS balance sheet but replace the Unearned Premium Reserves and DAC (booked on the assets side under IFRS). They also include future cash flows relating to contract boundaries, which are not integrated into the consolidated financial statements (see Section D.2.1.2 – Best Estimate Liability).

D.2.2. LIFE TECHNICAL PROVISIONS

The table below presents the Life technical provisions of SCOR Group.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS
Life technical provisions	**6,240,049**
TPs – Life (excl. Health and unit linked)	3,062,095
Best estimate	528,088
Risk margin	2,534,007
TPs – Health SLT	3,177,954
Best estimate	2,451,372
Risk margin	726,582
Life reinsurance recoverables	**878,810**
Life (excl. Health and unit linked)	910,666
Health SLT	(31,856)
NET LIFE TECHNICAL PROVISIONS	**7,118,859**

D.2.2.1. SEGMENTATION BY LINES OF BUSINESS

Life technical provisions are segmented in the economic balance sheet into Life (excl. Health and unit-linked) and Health similar to life (SLT). These correspond to the assumed reinsurance Life and assumed reinsurance Health lines of business as required under Solvency II.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Reinsurance Life	528,088	910,666	2,534,007	3,972,761
Reinsurance Health	2,451,372	(31,856)	726,582	3,146,098
TOTAL	**2,979,460**	**878,810**	**3,260,589**	**7,118,859**

D.2.2.2 BEST ESTIMATE LIABILITY

Life best estimate liabilities (BEL) are calculated as the net present value of future cash flows in respect of assumed reinsurance contracts (*i.e.* gross of retrocession), projected deterministically using best estimate assumptions. Amounts recoverable from reinsurance contracts are projected separately and follow the same valuation methodology as Life BEL.

The cash flows considered for the BEL cover all liability cash flows related to premiums, benefits and expenses including the time value of options and guarantees. In general, cash flows are projected using actuarial valuation models that reflect the specific contractual conditions.

Actuarial bases and methodologies

Cash flows are projected using SCOR's best estimate assumptions. For the vast majority of SCOR's exposure, projections are based on recent data of individual policyholders reinsured under the reinsurance contracts, with modeling either at an individual policyholder level (seriatim models) or based on aggregated model points derived from individual policyholder data.

The term of the projection usually corresponds to the projected run-off of the block of business until natural expiry of the policies (subject to contract boundaries), or 65 years if shorter.

All technical cash flows arising from the reinsurance contracts are projected with an allowance for relevant expenses.

Cash flows are generally calculated and reported in the relevant original currency, with some minor exposures mapped to similar currencies and discounted at the assumed risk-free rate for the relevant currency.

Best estimate assumptions

The main categories for best estimate assumptions are related to biometric risks, policyholder behavioral risks, expenses associated with the management of reinsurance contracts including investment management expenses and economic assumptions. Assumptions are regularly reviewed and updated, where appropriate, based on the best available information at the date of valuation, including both internal and publicly available information. The information and data used to set assumptions for material portfolios are re-evaluated annually. Assumptions are derived by actuarial modeling teams and relevant experts and are subject to independent reviews.

The main biometric assumptions are for mortality (*e.g.* mortality rates, mortality improvement, impact of selection and anti-selection), longevity and morbidity (*e.g.* claims incidence rates, recovery rates).

Policyholder behavior is modeled by the use of assumptions related to lapse, surrender and premium payment patterns.

Expected future cedent actions that would impact SCOR's future cash flows are also considered.

SCOR's total actual expenses are subdivided between maintenance, covering administrative and claims management expenses, acquisition, investment and one-off expenses based on the related activities. Projected cash flows include projected maintenance expenses, with an allowance for future inflation, and projected investment expenses.

Collateral costs are projected using assumptions based on the characteristics of the relevant collateral.

Economic assumptions (inflation rates, exchange rates, interest rates, implied volatility rates) have been calibrated to the prices of relevant financial market instruments observable at the date of valuation.

Foreign exchange rates used at the valuation date are consistent with IFRS closing rates, assuring consistency with the IFRS balance sheet, which forms the basis for the EBS as of that date.

Comparison to prior period

Compared to last year, the main changes were impact of new business, model and assumption changes, additional management actions as well as economic impacts.

D.2.2.3. SIGNIFICANT SIMPLIFIED METHODS USED

SCOR uses simplified methods to value approximately 10% of its Life and Health portfolio, measured in terms of the present value of projected future claims. These simplified methods either rely on model polices which are not derived from recent seriatim policy data; or are purely based on the historic aggregate accounting data of a treaty, extrapolating existing accounting data history under a duration and run-off assumption; or are models with other simplifications. Adjustments may be made to better reflect treaty conditions.

D.2.2.4. LEVEL OF UNCERTAINTY – SENSITIVITIES

The key area of uncertainty associated with the value of the technical provisions arises from the setting of best estimate assumptions. Assumptions are therefore reviewed on a regular basis, updated based on the best available information and are subject to independent reviews. In particular, while some assumptions can be reliably observed from market information or derived from recent experience data, other assumptions must be set for periods far in the future and so must allow for the development of trends and external influences, or for exposures for which less experience data are available. In these cases, SCOR applies expert judgment to enrich data, derive parameters for the forecast, and reduce uncertainty in estimations. SCOR applies expert judgment within a framework to make sure that its application is proportionate to the quantity and quality of data available, and to its potential impact.

The sensitivity of the BEL to the best estimate assumptions is analyzed through sensitivity tests. Their impacts are described below.

Mortality sensitivity

The most significant set of parameters in determining SCOR's Life portfolio technical provisions are those for the projection of current and future mortality rates. A deterioration of expected mortality would cause a significant increase in Life technical provisions, as mortality risk is a core element of SCOR's Life risk appetite.

Some reduction in technical provisions would be observable on the annuity business in the case of a mortality increase. However, this is less material compared to the potential impact from the mortality business for the comparable scenario.

Morbidity sensitivity

A deterioration of expected morbidity would increase Life and Health technical provisions. The impact would be far lower than a comparable change to expected mortality, as the exposure of the L&H business unit portfolio to morbidity risk is lower.

Lapse sensitivity

Technical provisions for L&H business would increase and the market value of deposits would decrease with an increase in assumed future lapse rates. Lapse rates can change due to the influence of external factors.

Interest rate sensitivity

A parallel upward shift in the yield curve would reduce the L&H business unit technical provisions. This would be partly offset by a decrease in the market value of deposits.

A parallel downward shift would have the opposite impact.

D.2.2.5. REINSURANCE RECOVERABLES

SCOR transfers part of its risks to retrocessionaires *via* retrocession programs. The reinsurance recoverables associated with these programs are calculated using the same methodology, systems and processes as the underlying BEL of assumed reinsurance treaties. Special purpose vehicles are not in place for SCOR's life portfolio retroceded. The exposure to default risk on the retrocession recoverables is minor, as in most Life retrocessions, positive cash flows are expected to be ceded.

D.2.2.6. RISK MARGIN

The general risk margin methodology is described in Section D.2 – Technical provisions.

D.2.2.7. COMPARISON WITH THE VALUATION IN THE FINANCIAL STATEMENTS

This section presents the main differences between the Life Solvency II net technical balances and the corresponding IFRS balances for SCOR Group reported as at December 31, 2022, which are shown in the table below.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
VoBA	-	1,143,197	(1,143,197)
Net deferred acquisition costs	-	1,670,015	(1,670,015)
Net deposits	7,551,117	7,856,730	(305,613)
Reinsurance recoverables	(878,810)	1,329,120	(2,207,930)
(Re)insurance receivables/payables	1,610,125	4,121,769	(2,511,644)
Technical provisions/BEL	(2,979,460)	(11,542,417)	8,562,957
Risk margin	(3,260,589)	-	(3,260,589)
TOTAL NET LIFE TECHNICAL BALANCES	**2,042,383**	**4,578,414**	**(2,536,031)**

The analysis of valuation differences between economic valuation and IFRS in the table above considers BEL, risk margin and market value adjustment on deposits in comparison to the corresponding consolidated IFRS amounts. A neutral element is the difference in (re)insurance receivables/payables, which represents a reclassification of the IFRS technical provision component, which is not modeled in BEL. As mentioned in Sections D.1.1 – Goodwill and other intangible assets and D.1.5 – Insurance technical assets, VOBA (value of business acquired) and DAC (deferred acquisition costs) recognized in IFRS are eliminated for the purpose of EBS, as underlying cash-flow projections are already considered in best estimate liabilities and reinsurance recoverables.

In addition to the above, valuation differences are due to discrepancies:

- in the methodology for assessing the reserves;
- prudency margins, both implicit and explicit, allowed for under IFRS but not under Solvency II;
- between best estimate and static non-economic assumptions;
- in interest rate assumptions;
- in allowances for specific fees; and
- in allowances for internal administration expenses.

The main sources of valuation differences are the methodology used and the difference in non-economic assumptions.

At the level of reserves recognized in IFRS balance sheet and EBS, the following table provides a view by line of business.

— SCOR Group

As at December 31, 2022 *In EUR thousands*	IFRS net contract liabilities	IFRS claims estimates paid	IFRS net contract liabilities excl. CEP	EBS net BEL	EBS RM	EBS net Technical Provision	Difference
Assumed reinsurance Life	6,139,333	695,565	5,443,768	1,438,754	2,534,007	3,972,761	1,471,007
Assumed reinsurance Health	6,049,088	1,279,559	4,769,529	2,419,516	726,582	3,146,098	1,623,431
TOTAL	**12,188,421**	**1,975,124**	**10,213,297**	**-**	**3,260,589**	**7,118,859**	**3,094,438**

IFRS contract liabilities are eliminated and replaced by technical provisions. In that process, IFRS claims estimates paid are reclassified to payables and receivables without any revaluation. The remaining differences by line of business are as explained above.

For further details on IFRS valuation methods and balances please refer to the 2022 Universal Registration Document, Section 4.6. – Notes to the consolidated financial statements, Note 16 – Net contract liabilities.

D.2.3. SCOR SE – ADDITIONAL INFORMATION ON THE VALUATION OF TECHNICAL PROVISIONS

The table below presents the technical provisions of SCOR SE:

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS
Non-Life technical provisions	**11,087,640**
TPs – Non-Life (excl. Health)	10,967,857
Best estimate	10,763,235
Risk margin	204,622
TPs – Health similar to Non-Life (NSLT)	119,783
Best estimate	116,520
Risk margin	3,263
Life technical provisions	**4,233,307**
TPs – Health SLT	2,749,297
Best estimate	2,399,196
Risk margin	350,101
TPs – Life (excl. Health and unit linked)	1,484,010
Best estimate	1,094,736
Risk margin	389,274
Reinsurance recoverables	**(2,394,141)**
Non-Life	(3,772,549)
Life	1,378,408
NET TECHNICAL PROVISIONS	**12,926,806**

D.2.3.1. SEGMENTATION BY LINES OF BUSINESS

The valuation of technical provisions corresponds to the approach described for SCOR Group above (Sections D.2.1 – Non-Life technical provisions and D.2.2 – Life technical provisions).

— SCOR SE – Non-Life

As at December 31, 2022 *In EUR thousands*	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Income protection insurance	74,837	(22,245)	633	53,225
Workers' compensation insurance	18,740	(1,797)	1,938	18,881
Motor vehicle liability insurance	760,036	(288,172)	13,590	485,454
Marine, aviation and transport insurance	543,320	(235,949)	8,696	316,067
Fire and other damage to property insurance	1,967,211	(916,262)	26,502	1,077,451
General liability insurance	1,236,690	(195,078)	37,518	1,079,130
Credit and suretyship insurance	349,199	(138,802)	6,736	217,133
Miscellaneous financial loss	45,277	(4,856)	5,085	45,506
Non-proportional Health reinsurance	22,943	(7,308)	692	16,327
Non-proportional casualty reinsurance	2,936,331	(535,522)	35,633	2,436,442
Non-proportional marine, aviation, transport reinsurance	178,282	(111,856)	7,227	73,653
Non-proportional property reinsurance	2,746,889	(1,314,702)	63,635	1,495,822
TOTAL	**10,879,755**	**(3,772,549)**	**207,885**	**7,315,091**

— SCOR SE – Life

As at December 31, 2022 *In EUR thousands*	Best estimates liabilities (BEL)	Reinsurance recoverables	Risk margin	Total net technical provisions
Reinsurance Life	1,094,736	1,313,680	389,274	2,797,690
Reinsurance Health	2,399,196	64,728	350,101	2,814,025
TOTAL	**3,493,932**	**1,378,408**	**739,375**	**5,611,715**

D.2.3.2. LEVEL OF UNCERTAINTY – SENSITIVITIES

Due to the relatively comparable nature of the risks carried by SCOR Group and SCOR SE, sensitivity tests performed on SCOR SE follow a similar approach as for the Group's Non-Life technical provisions (see Section D.2.1.3 – Level of uncertainty) and the Group's Life technical provisions (see Section D.2.2.4 – Level of uncertainty – sensitivities).

D.2.3.3. COMPARISON WITH THE VALUATION IN THE FINANCIAL STATEMENTS

This section presents the main differences between the Solvency II net technical balances and the corresponding French GAAP balances for SCOR SE reported as at December 31, 2022, which are shown in the table below.

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Net deferred acquisition costs	-	299,379	(299,379)
Net deposits	5,651,504	5,298,602	352,902
Reinsurance recoverables	2,394,141	6,177,151	(3,783,010)
(Re)insurance receivables/payables	618,747	993,897	(375,150)
Technical provisions/BEL	(14,373,686)	(23,319,973)	8,946,287
Non-Life	(10,879,754)	(15,189,918)	4,310,164
Life	(3,493,931)	(8,130,056)	4,636,125
Risk margin	(947,261)	-	(947,261)
TOTAL NET TECHNICAL BALANCES	**(6,656,555)**	**(10,550,944)**	**3,894,389**

The total amount of difference between French GAAP and Solvency II net technical balances is EUR 3,894 million, including EUR 947 million of risk margin. The differences between French GAAP and Solvency II net technical provisions are related to the same drivers as outlined in Sections D.2.1 – Non-Life technical provisions and D.2.2 – Life technical provisions as the majority of SCOR SE business is comparable in nature to the business carried by SCOR Group.

The differences between EBS and French GAAP[1] Non-Life technical provisions include all the adjustments already mentioned in Section D.2.1 – Non-Life technical provisions for the Group with regards to IFRS.

In addition to this, the difference with statutory valuation comparing to EBS technical provisions include the equalization funds (considered in French GAAP but not in line with best estimates principles) and a reclassification of the claims estimates account (described in Section D.2.1.2 – Best estimate liability) in the debtor/creditor accounts of the French GAAP balance sheet instead of technical provisions.

(1) For further details on French GAAP valuation, method and balances please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.8 – Underwriting reserves, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

The main differences between French GAAP and EBS reserves (excluding risk margin) as at December 31, 2022 are shown in the following tables, which are split between claims and premium reserves:

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS Claims provisions	French GAAP claims provisions	Difference
Income protection	56,152	21,216	34,936
Workers' compensation	16,941	20,065	(3,124)
Motor vehicle liability	476,897	398,803	78,094
Marine, aviation and transport	313,750	330,326	(16,576)
Fire and other damage to property	1,099,231	1,205,603	(106,372)
General liability	1,095,870	1,265,996	(170,126)
Credit and suretyship	247,261	309,896	(62,635)
Miscellaneous financial loss	43,763	64,481	(20,718)
Non-proportional Health	16,952	19,578	(2,626)
Non-proportional casualty	2,415,889	2,819,182	(403,293)
Non-proportional marine, aviation and transport	69,652	82,134	(12,482)
Non-proportional property	1,468,293	1,529,287	(60,994)
TOTAL	**7,320,651**	**8,066,567**	**(745,916)**

The main differences between French GAAP and Solvency II best estimate liabilities come from the reserve adequacy amount, the claims discount, the reallocation of earned premium accruals from premium reserves to claim reserves as well as a broader scope of the ULAE definition. Regarding ULAE, the French GAAP definition includes only claims expenses, whereas the EBS definition also includes administrative and investment expenses.

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS Premium provisions	French GAAP Premium provisions	Difference
Income protection	(3,560)	3,954	(7,514)
Workers' compensation	2	63	(61)
Motor vehicle liability	(5,033)	132,724	(137,757)
Marine, aviation and transport	(6,379)	136,234	(142,613)
Fire and other damage to property	(48,282)	323,084	(371,366)
General liability	(54,258)	300,125	(354,383)
Credit and suretyship	(36,864)	165,420	(202,284)
Miscellaneous financial loss	(3,342)	16,224	(19,566)
Non-proportional Health	(1,317)	189	(1,506)
Non-proportional casualty	(15,080)	131,185	(146,265)
Non-proportional marine, aviation and transport	(3,226)	29,549	(32,775)
Non-proportional property	(36,106)	181,905	(218,011)
TOTAL	**(213,445)**	**1,420,656**	**(1,634,101)**

The main differences between French GAAP and Solvency II best estimate liabilities arise from the inclusion of premium/commission estimates within technical provisions and future positions, the reallocation of earned premium accruals from premium reserves to claim reserves, the inclusion of the expected result on bound but not incepted (BBNI) business and the removal of Fac premium overdue from the BEL. Regarding the premium estimates, it is due to a difference of position in the balance sheet: the premium estimates are included in assets under French GAAP whereas they are included in technical provisions in a Solvency II view.

The future positions do not exist in the French GAAP balance sheet but replace the Unearned Premium Reserves and DAC (booked on the assets side under French GAAP). They also include future cash flows relating to contract boundaries, which are not integrated into the French GAAP financial statements (see Section D.2.1.2 – Best estimate liability).

D.3. OTHER LIABILITIES

The table below presents the liabilities of SCOR Group as per the EBS together with references to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

— SCOR Group

Liabilities as at December 31, 2022 *In EUR thousands*	EBS Solvency II	Section
Technical provisions – Non-Life	17,564,026	D.2.1.
Technical provisions – Life (excluding index-linked and unit-linked)	6,240,049	D.2.2.
Other technical provisions	-	D.3.2.
Contingent liabilities	-	D.2.5.
Provisions other than technical provisions	12,148	D.3.5.
Pension benefit obligations	108,390	D.3.1.
Deposits from reinsurers	728,879	D.3.2.
Deferred tax liabilities	892,877	D.3.3.
Derivatives	36,839	D.3.4.
Debts owed to credit institutions	526,363	D.3.4.
Financial liabilities other than debts owed to credit institutions	670,532	D.3.4.
Insurance and intermediaries payables	1,852,110	D.3.2.
Reinsurance payables	278,150	D.3.2.
Payables (trade, not insurance)	2,791,272	D.3.5.
Subordinated liabilities	2,422,778	D.3.4.
Subordinated liabilities not in basic own funds	-	
Subordinated liabilities in basic own funds	2,422,778	
Any other liabilities, not elsewhere shown	265,590	D.3.5.
TOTAL LIABILITIES	**34,390,003**	

D.3.1. PENSION BENEFIT OBLIGATIONS

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Pension benefit surplus	-	-	-
Pension benefit obligations	108,390	108,390	-
TOTAL PENSION BENEFIT OBLIGATIONS	**108,390**	**108,390**	**-**

Valuation for solvency purposes

Pension benefit obligations are split between retirement provisions (EUR 104 million) and long-term service award provisions (EUR 4 million). They represent the net obligation in relation to defined benefit employee pension plans operated by SCOR. No surplus was recognized across the plans operated by SCOR as at December 31, 2022.

The Group provides retirement benefits to its employees, in accordance with the laws and practices of each country. The main plans are in France, Switzerland, the US and Germany.

Defined benefit plans are those where a sum is paid to the employee upon retirement, which is dependent upon one or several factors such as age, years of service and salary. Defined benefit obligations and contributions are calculated annually by independent qualified actuaries using the projected unit credit method, taking into consideration actuarial assumptions, salary increases, retirement age, mortality, turnover and discount rates. The assumptions are based on the macroeconomic environment of each country in which the Group operates. In assessing its liability for these plans, the Group uses external actuarial valuations which involve critical judgments and estimates of mortality rates, rates of employee turnover, disability, early retirement, discount rates, future salary increases and future pension increases. These assumptions may differ from actual results due to changing economic conditions, higher or lower departure rates or longer or shorter life spans of the participants. These differences may result in the variability of pension income or expenses recorded in future years. Actuarial gains and losses arising from experience adjustments and the effects of changes in actuarial assumptions are reflected in shareholders' equity.

The obligation recognized in the EBS (EUR 108 million) minus the asset ceiling amount of EUR 17 million represents the present value of the defined benefit obligation (EUR 389 million) at the reporting date, less the market value of any plan assets (EUR 298 million), where appropriate, both adjusted for actuarial gains and losses and unrecognized past service costs.

The following table includes the allocation of plan assets as at December 31, 2022:

— **SCOR Group**

As at December 31, 2022 *In EUR thousands*	Amount by class of assets	% by class of assets
Equities	87,717	29%
Debt securities	137,302	46%
Property	41,079	14%
Insurance contracts	12,205	4%
Other	20,189	7%
TOTAL	**298,492**	**100%**

Comparison with the valuation in the financial statements

The valuation method applied to defined benefit pension plans in the EBS does not differ from IFRS.

For further details on IFRS balances and valuation methods applied to pension benefit obligations, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 15 – Employee benefits and other provisions.

D.3.2. INSURANCE TECHNICAL LIABILITIES

— **SCOR Group**

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Deposits from reinsurers	728,879	735,210	(6,331)
Insurance and intermediaries payables	1,852,110	1,852,110	-
Reinsurance payables	278,150	944,708	(666,558)
Other technical provisions	-	124,967	(124,967)
TOTAL INSURANCE TECHNICAL LIABILITIES	**2,859,139**	**3,656,995**	**(797,856)**

Valuation for solvency purposes

Insurance technical liabilities are balances that are related to the reinsurance and direct insurance contracts, other than technical provisions.

In the EBS, assumed and ceded technical provisions are recognized in line with Solvency II methodology (see Section D.2 – Technical provisions). The calculation of the Solvency II best estimate liabilities and risk margin takes into account all cash flow projections related to existing insurance and reinsurance contracts, including premium, benefit and expenses payments. As a result, some liability balances that exist in the IFRS balance sheet are either cancelled or adjusted on transition to the EBS.

Deposits from reinsurers

Deposits from reinsurers are deposits received from or deducted by a reinsurer as collateral in relation to SCOR's outwards reinsurance (retrocession) contracts. SCOR measures its deposits from retrocessionaires (or ceded funds held) at fair value by discounting the future cash flows of the funds (further explained in Section D.2 – Technical provisions).

Insurance, intermediaries and reinsurance payables

Most payables related to insurance and reinsurance contracts are taken into account in the net best estimate liabilities as Solvency II requires the transfer of future cash flows from (re)insurance receivables/payables to technical provisions.

The insurance and intermediaries payable balances included separately in the EBS represent amounts linked to insurance business due to policyholders, intermediaries and other insurers, but that are not included in the cash flows of technical provisions.

The reinsurance payables are amounts linked to retrocession costs which have been invoiced, but not yet settled and therefore cash flows are still due to the reinsurer or the broker.

The payables are carried at amortized cost as it is a good approximation of their market value.

Other technical provisions

DAC assets are not recognized in the EBS (see D.1.5 – Insurance technical assets) and the same applies to the reinsurers' share of these costs as all acquisition costs and related reinsurance recoveries are covered in the calculation of net technical provisions. This non-recognition drives the decrease in other technical provisions as ceded DAC is included in the IFRS balance.

Comparison with the valuation in the financial statements

As explained above, technical cash flows that are taken into account in Solvency II net best estimate liabilities are not recognized separately in the EBS. Adjustments to the value of deposits from reinsurers follow the corresponding adjustments to reinsurance recoverables.

For the remaining insurance technical liabilities, the valuation method applied in the Solvency II EBS does not differ from IFRS.

For further details on IFRS balances and valuation methods applied to insurance technical liabilities, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 9 – Accounts receivable from and payable on assumed and ceded insurance and reinsurance transactions and Note 16 – Net contract liabilities.

D.3.3. DEFERRED TAX LIABILITIES

— **SCOR Group**

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Deferred tax liabilities	892,877	198,161	694,716

Valuation for solvency purposes and comparison with the valuation in the financial statements

Deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where it is probable that the difference will not reverse in the foreseeable future.

For further information on the valuation of deferred tax liabilities, see Section D.1.6 – Deferred tax assets.

D.3.4. FINANCIAL LIABILITIES, INCLUDING SUBORDINATED LIABILITIES

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Derivatives	36,839	38,827	(1,988)
Debts owed to credit institutions	526,363	444,349	82,014
Financial liabilities other than debts owed to credit institutions	670,532	670,532	-
Subordinated liabilities	2,422,778	2,635,299	(212,521)
Subordinated liabilities not in BOF	-	-	-
Subordinated liabilities in BOF	2,422,778	2,635,299	(212,521)
TOTAL FINANCIAL LIABILITIES	**3,656,512**	**3,789,007**	**(132,495)**

Valuation for solvency purposes

Financial liabilities in the EBS include derivatives, debts owed to credit institutions (incl. overdrafts) and other financial liabilities, as well as subordinated liabilities. Lease liabilities are recognized under financial liabilities following application of the IFRS 16 standard on lease contracts (refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 14.3 – Other financial liabilities).

Derivative instruments are carried as liabilities when the economic values are negative. The Group uses the following derivative instruments to reduce its exposure to various risks: swaps on interest rates, mortality indices and real estate indices, foreign currency forward purchase and sale contracts, caps and floors, and puts and calls on insurance linked securities (ILS).

Subordinated liabilities are debts which rank after other debts when the company is liquidated. Those subordinated liabilities that are classified as basic own funds (BOF) are presented separately in the EBS.

The economic value of financial liabilities that are traded in active financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date. Quotations are considered as active market prices if the quoted prices or rates represent actual and regularly occurring transactions that are available from a stock exchange, dealer or broker.

Financial liabilities valued using quoted prices include derivatives. If quoted prices in active markets for identical liabilities are not available, the alternative valuation methods are used to arrive at market value.

All borrowings, except for subordinated debt, are measured at amortized cost using the effective interest rate method which approximates their fair value.

Some financial liabilities, in particular subordinated debts, are measured at fair value that is determined on the valuation date and then corrected to neutralize the impact of changes in the credit spread between the issue date and the valuation date of each instrument. The revised valuation is provided by a model which uses the initial credit spread. The valuation of quoted external debts is performed using a Bloomberg valuation tool for structured products which uses the initial credit spread and considers the term structure dynamics from available market data: (i) the yield curve and its volatility, (ii) adjusted option spreads and their volatility, and (iii) convexity adjustments.

Comparison with the valuation in the financial statements

Generally, the valuation method applied to financial liabilities in the Solvency II EBS does not differ from IFRS, except for the change from amortized cost to fair value for subordinated debt and the elimination of changes in the Group's own credit standing.

For further details on IFRS balances, classification and valuation methods applied to financial liabilities, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 14 – Financial liabilities.

D.3.5. OTHER LIABILITIES

— SCOR Group

As at December 31, 2022 *In EUR thousands*	EBS	Consolidated – IFRS	Difference
Provisions (other than technical)	12,148	12,148	-
Payables (trade, not insurance)	2,791,272	2,740,036	51,236
Any other liabilities	265,590	265,590	-
TOTAL OTHER LIABILITIES	**3,069,010**	**3,017,774**	**51,236**

Valuation for solvency purposes

This section covers all other liabilities recognized in the EBS, including provisions, trade payables and any other liabilities.

Trade payables include amounts due to employees, suppliers, and sovereign states (*e.g.* current tax) that are not insurance or reinsurance related.

Operating lease commitments exist primarily in the form of rental obligations for offices and business premises of the Group. They include extension options as well as restrictions regarding subleases. Any other liabilities primarily include accruals. Trade and other liabilities are carried at amortized cost as it is a good approximation of their market value.

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions related to pension benefits are presented separately (see D.3.1 Pension benefit obligations). Provisions are measured at the expected present value of future cash flows required to settle the obligation.

Contingent liabilities are also recognized if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reliably estimated. As at December 31, 2022, SCOR had no material contingent liabilities that could be recognized in the EBS.

Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable events, for example from lawsuits or tax disputes, on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of events, management bases its assessment on external legal assistance and established precedents.

Comparison with the valuation in the financial statements

Provisions and other liabilities are carried at their fair value for IFRS and there is no valuation difference between the IFRS financial statements and the EBS.

For further details on IFRS balances and valuation methods applied to other liabilities, please refer to the 2022 Universal Registration Document, Section 4.6 – Notes to the consolidated financial statements, Note 14.3 – Other financial liabilities and Note 15 – Employee benefits and other provisions. Note 15 provides information about the nature of the provisions, expected timing of any outflows of economic benefits and on uncertainties surrounding the amount or timing of the outflows.

D.3.6. SCOR SE – ADDITIONAL INFORMATION ON THE VALUATION OF OTHER LIABILITIES

The table below presents the liabilities of SCOR SE as per the EBS together with references to the relevant sections within this chapter explaining the valuation bases and methods used for Solvency II purposes.

The valuation principles applied by SCOR SE in its EBS are the same as those applied by SCOR Group and explained in Sections D.3.1 – Pension benefit obligations to D.3.5 – Other liabilities above. Any additional information on other liabilities specific to SCOR SE is included in the relevant sub-sections below. For details on technical provisions see Sections D.2.1 – Non-Life technical provisions, D.2.2 – Life technical provisions and D.2.3 – SCOR SE – Additional information on the valuation of technical provisions.

— **SCOR SE**

Liabilities as at December 31, 2022 *In EUR thousands*	EBS Solvency II	Sections	
Technical provisions – Non-Life	11,087,640	D.2.1.	D.2.3.
Technical provisions – Life (excl. index-linked and unit-linked)	4,233,307	D.2.2.	D.2.3.
Other technical provisions	-	D.3.2.	D.3.6.2.
Contingent liabilities	-	D.3.5.	
Provisions other than technical provisions	7,079	D.3.5.	D.3.6.4.
Pension benefit obligations	98,237	D.3.1.	D.3.6.1.
Deposits from reinsurers	1,763,364	D.3.2.	D.3.6.2.
Deferred tax liabilities	773,743	D.3.3.	D.3.6.3.
Derivatives	20,757	D.3.4.	D.3.6.4.
Debts owed to credit institutions	71,881	D.3.4.	D.3.6.4.
Financial liabilities other than debts owed to credit institutions	1,219,008	D.3.4.	D.3.6.4.
Insurance and intermediaries payables	457,201	D.3.2.	D.3.6.2.
Reinsurance payables	(211,982)	D.3.2.	D.3.6.2.
Payables (trade, not insurance)	413,441	D.3.5.	D.3.6.4.
Subordinated liabilities	2,458,113	D.3.4.	D.3.6.4.
Subordinated liabilities not in in basic own funds	35,335		
Subordinated liabilities in basic own funds	2,422,778		
Any other liabilities, not elsewhere shown	117,505	D.3.5.	D.3.6.4.
TOTAL LIABILITIES	**22,509,294**		

D.3.6.1. PENSION BENEFIT OBLIGATIONS

Pension benefit obligations are split between retirement provisions (EUR 38 million) and supplementary retirement benefits (EUR 60 million).

SCOR SE provides retirement benefits to its employees, in accordance with the laws and practices of each country. The main plans are in France, the UK and Germany.

The valuation method applied to defined benefit pension schemes in the EBS (see Section D.3.1 – Pension benefit obligations) does not differ from that used in the statutory financial statements. Defined benefit obligations and contributions are calculated annually by independent qualified actuaries using the projected unit credit method, taking into consideration actuarial assumptions, salary increases, retirement age, mortality, turnover and discount rates. The assumptions are based on the macroeconomic environment of each country in which SCOR SE operates.

The obligation recognized in the EBS (EUR 98 million) represents the present value of the defined benefit obligation (EUR 118 million) at the reporting date, less the market value of any plan assets (EUR 20 million), where appropriate, both adjusted for actuarial gains and losses and unrecognized past service costs.

The following table includes the allocation of plan assets as at December 31, 2022:

— **SCOR SE**

As at December 31, 2022 *In EUR thousands*	Amount by class of assets	% by class of assets
Equities	14,416	48%
Debt securities	2,102	7%
Corporate bonds	-	0%
Property	-	0%
Insurance contracts	12,205	40%
Other	1,581	5%
TOTAL	**30,304**	**100%**

For further details on French GAAP balances and valuation methods applied to pension benefits, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.5 – Pension and other employee benefit liabilities, for accounting principles and methods and Section 5.2.6 – Contingency reserves, for other disclosures.

D.3.6.2. INSURANCE TECHNICAL LIABILITIES

— **SCOR SE**

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Deposits from reinsurers	1,763,364	1,769,695	(6,331)
Insurance and intermediaries payables	457,201	901,412	(444,211)
Reinsurance payables	(211,982)	1,160,814	(1,372,796)
Other technical provisions	-	194,087	(194,087)
TOTAL INSURANCE TECHNICAL LIABILITIES	**2,008,583**	**4,026,008**	**(2,017,425)**

Insurance technical liabilities are balances that relate to reinsurance and retrocession contracts.

As explained in Section D.3.2 – Insurance technical liabilities, technical cash flows are taken into account in Solvency II best estimate liabilities. As a result, ceded deferred acquisition costs (shown in Other technical provisions in the above table) are included in the projected cash flow used for the calculation of technical provisions in the EBS while they are included in other technical provisions in the financial statements. Adjustments to the value of deposits from cedents and reinsurers follow the corresponding adjustments to the best estimate liabilities. For the remaining insurance technical liabilities, the method of valuation applied in the Solvency II EBS does not differ from the statutory financial statements.

For further details on French GAAP balances and valuation methods applied to insurance technical liabilities, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Sections 5.1.7 – Recording of reinsurance transactions, 5.1.8 – Underwriting reserves and 5.1.9 – Acquisition costs of reinsurance operations, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

D.3.6.3. DEFERRED TAX LIABILITIES

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Deferred tax liabilities	773,743	-	773,743

Deferred taxes in the EBS are recognized using the balance sheet liability method, for all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying value in the EBS.

No deferred tax is recognized under French GAAP, therefore the difference between the EBS and the statutory financial statements is driven by the recognition of deferred tax assets and liabilities in line with Solvency II rules as described in Sections D.3.3 – Deferred tax liabilities and D.1.6 – Deferred tax assets.

D.3.6.4. FINANCIAL AND OTHER LIABILITIES

— SCOR SE

As at December 31, 2022 *In EUR thousands*	EBS	Statutory French GAAP	Difference
Provisions other than technical provisions	7,079	82,684	(75,605)
Derivatives	20,757	167,791	(147,034)
Debts owed to credit institutions	71,881	683,939	(612,058)
Financial liabilities other than debts owed to credit institutions	1,219,008	(1)	1,219,009
Payables (trade, not insurance)	413,441	492,549	(79,108)
Subordinated liabilities	2,458,113	2,672,653	(214,540)
Any other liabilities, not elsewhere shown	117,505	117,293	212
TOTAL FINANCIAL AND OTHER LIABILITIES	**4,307,784**	**4,216,908**	**90,876**

Financial liabilities

The EBS valuation of quoted external debts and internal loans between SCOR entities that mirror external debt terms and conditions is performed using a Bloomberg valuation tool for structured products which uses the initial credit spread and considers the term structure dynamics from available market data: (i) the yield curve and its volatility, (ii) adjusted option spreads and their volatility, and (iii) convexity adjustments.

As the Bloomberg tool is only available for quoted instruments, for other internal loans, SCOR uses a simple cash flow modeling approach that discounts future cash flows using the swap rate yield curve as at December 31, 2022 plus the frozen credit spread at issuance. This cash flow valuation approach has been validated for external debt instruments by benchmarking it with the valuation performed using the Bloomberg model, leading to non-material differences.

Financial liabilities, including derivatives, intragroup and external debts, are measured at cost less amortized issue costs under French GAAP. The difference between the value of financial liabilities in the EBS and in the statutory financial statements is therefore driven by the revaluation to market value.

For further details on French GAAP balances and valuation methods applied to financial liabilities, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.1.6 – Financial liabilities and similar benefits, for accounting principles and methods and Section 5.2.9 – Transactions with subsidiaries, affiliates and others, for other disclosures.

Other liabilities

Other liabilities are generally carried at amortized cost as it is a good approximation of their market value.

While provisions for ongoing tax audits include the expected impact on deferred tax assets under IFRS, provisions for ongoing tax audits under French GAAP encompass current income tax impacts only, since no deferred tax assets are recognized under French GAAP (see Section D.3.5 – Other liabilities).

For further details on French GAAP balances and valuation methods applied to other liabilities, please refer to the 2022 Universal Registration Document, Appendix B – 5. Notes to the corporate financial statements, Section 5.2.9 – Transactions with subsidiaries, affiliates and others.

D.4. ALTERNATIVE METHODS FOR VALUATION

As noted in Sections D.1 – Assets and D.3 – Other liabilities, in certain circumstances for some assets and liabilities, SCOR uses alternative valuation methods (including models) to estimate the market value. These methods are applied where the valuation is not possible using the default method (valuation based on quoted prices in active markets for the same assets or liabilities) or using quoted market prices in active markets for similar assets and liabilities with adjustments to allow for specific differences. All valuation methodologies applied by SCOR are explained within the relevant sections: in Sections D.1 for assets, D.2 for technical provisions and D.3 for other liabilities.

D.4.1. SCOR GROUP

Please see Sections D.1 – Assets and D.3 – Other liabilities for information on the alternative valuation methods used by SCOR Group.

D.4.2. SCOR SE – ADDITIONAL INFORMATION ON ALTERNATIVE METHODS OF VALUATION

Please see Sections D.1.10 – SCOR SE – Additional information on the valuation of assets and D.3.6 – SCOR SE – Additional information on the valuation of other liabilities for information on the alternative valuation methods used by SCOR SE.

D.5. ANY OTHER INFORMATION

SCOR SE has collateral arrangements with a total value below 60% of total assets. The threshold of 60% is defined in Art. 192(2) of the delegated regulation 2015/35. This information is relevant to calculate the counterparty risk with respect to SCOR SE in the Solvency II standard formula.

No other material information was identified by SCOR over the reporting period other than the valuation of assets and liabilities presented in Sections D.1 – Assets to D.4 – Alternative methods for valuation.

E CAPITAL MANAGEMENT

E.1. SCOR GROUP

This section provides an overview of the year-end 2022 capital position for the SCOR Group.

The table below includes the key results as at December 31, 2022 and December 31, 2021, respectively.

— SCOR Group

In EUR thousands	2022	2021	Variance
Eligible Own Funds (EOF)	8,765,899	10,057,507	(1,291,608)
Solvency Capital Requirement (SCR) Internal Model	4,120,329	4,457,554	(337,225)
Excess Capital (EOF – SCR)	4,645,570	5,599,953	(954,383)
SOLVENCY RATIO	**213%**	**226%**	**-13%**

The Solvency ratio decreased from 226% at year-end 2021 to 213% at year-end 2022. This decrease of 13% percentage points is the result of the decrease in the Eligible Own Funds (13% compared to December 31, 2021) exceeding the positive impact from the decrease in the SCR (8% compared to December 31, 2021). Further details on the contributors to these changes are given in Section E.1.1.1 – Own funds structure and E.1.2.1 – SCR by risk components below.

E.1.1. OWN FUNDS

Capital management is at the core of SCOR's strategy. SCOR's goal is to manage its capital in order to maximize its profitability, while maintaining solvency in its "optimal" target range, being between 185% and 220% in line with its risk/return strategy as defined in SCOR's current strategic action plan, focusing on one-year horizon and the previous strategic plan "Quantum Leap".

SCOR has had strong capital management governance and processes in place with integrated supervision of regulatory constraints at Group level for many years, ensuring an optimized use of capital and fungibility of capital within the Group. On a quarterly basis, SCOR monitors and updates all Group and legal entity capital and regulatory solvency positions (actuals and one-year projections) to detect any material changes over each quarter and to anticipate necessary actions to maintain adequate solvency. This detailed capital planning exercise is based on the Group's bi-annual financial operating plan and is broken down at legal entity level. SCOR also performs three-year capital projections, including IFRS, regulatory capital, and rating capital projections.

For more information on own funds please also refer to Quantitative Reporting Template S.23.01.22 – Own funds, presented in Appendix A.

E.1.1.1. OWN FUNDS' STRUCTURE

SCOR Group own funds eligible to cover the SCR amounted to EUR 8,766 million as at December 31, 2022 (December 31, 2021: EUR 10,058 million).

— SCOR Group own funds

	As at December 31, 2022			
In EUR thousands	Tier 1	Tier 2	Tier 3	Total
Basic own funds	**7,271,133**	**1,493,101**	**1,665**	**8,765,899**
Ordinary share capital	1,415,266	-	-	1,415,266
Share premium	462,688	-	-	462,688
Reconciliation reserve(1)	4,463,502	-	-	4,463,502
Revaluation reserves	583,618	-	-	583,618
Consolidation reserves	4,471,369	-	-	4,471,369
Net loss for the year	(300,387)	-	-	(300,387)
Equity based instruments	32,910	-	-	32,910
Own shares	(72,468)	-	-	(72,468)
Foreseeable dividends	(251,540)	-	-	(251,540)
Subordinated liabilities	929,677	1,493,101	-	2,422,778
Net deferred tax assets	-	-	1,665	1,665
Total available own funds	**7,271,133**	**1,493,101**	**1,665**	**8,765,899**
Total eligible own funds to cover the Group SCR (after limits deductions)	**7,271,133**	**1,493,101**	**1,665**	**8,765,899**
Total eligible own funds to cover the minimum to the Group SCR	**7,271,133**	**614,401**	**-**	**7,885,534**

(1) Includes a deduction of non-available minority interest of EUR 42 million.

— SCOR Group own funds

	As at December 31, 2021			
In EUR thousands	Tier 1	Tier 2	Tier 3	Total
Basic own funds	**8,335,253**	**1,713,962**	**8,292**	**10,057,507**
Ordinary share capital	1,472,178	-	-	1,472,178
Share premium	609,315	-	-	609,315
Reconciliation reserve(1)	5,272,425	-	-	5,272,425
Revaluation reserves	1,479,964	-	-	1,479,964
Consolidation reserves	3,918,488	-	-	3,918,488
Net income for the year	456,822	-	-	456,822
Equity based instruments	53,752	-	-	53,752
Own shares	(313,947)	-	-	(313,947)
Foreseeable dividends	(322,654)	-	-	(322,654)
Subordinated liabilities	981,335	1,713,962	-	2,695,297
Net deferred tax assets	-	-	8,292	8,292
Total available own funds	**8,335,253**	**1,713,962**	**8,292**	**10,057,507**
Total eligible own funds to cover the Group SCR (after limits deductions)	**8,335,253**	**1,713,962**	**8,292**	**10,057,507**
Total eligible own funds to cover the minimum to the Group SCR	**8,335,253**	**717,907**	**-**	**9,053,160**

(1) Includes a deduction of non-available minority interest of EUR 23 million.

SCOR Group considers that there is no significant restriction affecting fungibility and transferability of its basic own funds for covering the Group SCR (except in case of sanctions).

Solvency II own funds are classified into three tiers depending on whether it is a basic or ancillary own funds item, and on whether it is permanently available to absorb losses on a going concern basis and/or is subordinated such that it is available to absorb losses in the event of a winding-up, and as described in Articles 71, 73, 75 and 77 of the Delegated Acts.

The table above presents the components of basic own funds. SCOR Group does not recognize any ancillary own funds.

Ordinary paid-in share capital and the related share premium of SCOR SE are classified as tier 1 basic own funds.

The components of the reconciliation reserve are also classified as tier 1 basic own funds. The reconciliation reserve includes revaluation reserves as presented in the SCOR Group's IFRS consolidated financial statements, net of any adjustments, and economic valuation differences. The reserve is adjusted for foreseeable dividends and own shares. The economic valuation differences result from adjustments made to the Group IFRS balance sheet to arrive at economic value of all assets and liabilities recognized in the Solvency II Economic Balance Sheet (EBS). The foreseeable 2022 dividend is based on the proposed dividend level to be made by the Board of SCOR SE to the Annual Shareholders' Meeting held in 2023 of EUR 1.40 per share (total of EUR 252 million).

Total Eligible Own Funds as at December 31, 2022 (EUR 8,766 million) decreased by EUR 1,292 million compared to the balance as at December 31, 2021 (EUR 10,058 million). The main contributors of this decrease of Group own funds during 2022 relate to the increase in the consolidation reserves (EUR 530 million), the change in the foreseeable dividends (EUR 71 million) and the change in share capital and own shares following the completion of the share buy-back (EUR 38 million). Moreover, the positive progress in the SII economic adjustments is mitigated by the adverse effects of the negative change in revaluation reserves (EUR (874) million) and the net loss for the year (EUR (302) million).

On October 27, 2021, SCOR launched a share buyback of EUR 200 million. It has been fully executed in the market and completed on March 3, 2022. The repurchased shares have been cancelled.

The share buy-back was carried out under the authorization granted by the General Meeting of June 30, 2021. To carry out the program, SCOR granted mandates to independent investment services providers.

Eligible own funds include EUR 895 million of deferred tax assets, relating mainly to tax losses carry forward. These are almost completely offset by the recognized deferred tax liabilities of EUR 893 million. As a result, the Group is in a net deferred tax asset position.

For more details on the deferred taxes and the valuation, please refer to the Chapter D – Valuation for Solvency purposes, Section D.1.6.

The consolidation reserves correspond to the consolidated reserves as reported in the SCOR Group's IFRS consolidated financial statements.

Subordinated liabilities represent debt issued by SCOR Group that meet the own funds recognition criteria. Subordinated liabilities are classified into tiers based on terms and conditions as specified in each debt instrument's prospectus. One subordinated debts of SCOR SE, issued in 2014, could have been used to meet up to 50% of the solvency margin under Solvency I rules. Therefore, it can be classified as tier 1 capital under Solvency II until 2025. Subordinated debt issued in 2015, 2016 and 2020 meet Solvency II tier 2 criteria as defined by Article 73 of the Delegated Acts. The deeply subordinated debt issued in 2018 and 2019 meets Solvency II tier 1 criteria as defined by Article 71 of the Delegated Acts.

The table below presents the subordinated debt issued and included in basic own funds.

— **SCOR Group**

As at December 31, 2022 *In EUR thousands*	Outstanding amount in local currency	Issue date	Maturity date	Tier	Optional redemption	
					First call date	Call dates thereafter(2)
EUR 250 million Perpetual Subordinated Debt	250,000	10/01/2014	Perpetuity	1(1)	10/01/2025	Yearly
EUR 250 million Dated Subordinated Debt	250,000	06/05/2015	06/05/2047	2	06/05/2027	Yearly
EUR 600 million Dated Subordinated Debt	600,000	12/07/2015	06/08/2046	2	06/08/2026	Yearly
EUR 500 million Dated Subordinated Debt	500,000	05/27/2016	05/27/2048	2	05/27/2028	Yearly
USD 625 million Perpetual Subordinated Debt	625,000	03/13/2018	Perpetuity	1	03/13/2029	Bi-annually
USD 125 million Perpetual Subordinated Debt	125,000	12/17/2019	Perpetuity	1	03/13/2029	Bi-annually
EUR 300 million Dated Subordinated Debt	300,000	09/17/2020	09/17/2051	2	09/17/2031	Yearly

(1) Benefitting from transitional measures for Tiering of Subordinated liabilities until 2025.
(2) At any interest payment date.

On March 13, 2018, SCOR SE issued perpetual deeply subordinated notes in the amount of USD 625 million eligible as tier 1 own funds.

On December 17, 2019, SCOR SE issued perpetual deeply subordinated notes in the amount of USD 125 million. These new notes are assimilated and form a single series with the existing USD 625 million perpetual deeply subordinated notes issued on March 13, 2018. The new issued notes bear the same terms and conditions as the original notes and consequently are eligible as tier 1 own funds.

On September 17, 2020, SCOR issued EUR 300 million in dated Tier 2 subordinated notes. The coupon has been set at 1.375% until September 17, 2031 and resets every 10 years at the prevailing 10-year EUR mid-swap rate +2.6% (until September 17, 2051, the final redemption date).

On October 20, 2020, SCOR redeemed the CHF 125 million perpetual subordinated debt with an early redemption date.

E.1.1.2. ELIGIBILITY OF OWN FUNDS

For the purposes of compliance with the SCR, tier 1 capital must account for at least half of the required capital (50% of the SCR), the sum of eligible tier 2 and tier 3 capital must account for a maximum of 50% of the SCR, and eligible amount of tier 3 capital must account for less than 15% of the SCR.

Within those limits, the total of subordinated liabilities (with or without benefiting from the transitional measures) eligible as tier 1 capital must be less than 20% of total tier 1 capital.

The application of the above limits determines SCOR Group's Eligible Own Funds. As at December 31, 2022, none of these limits are exceeded by the SCOR Group.

E.1.1.3. RECONCILIATION WITH SHAREHOLDERS' EQUITY

The table below presents the differences between SCOR's consolidated shareholders' equity presented in accordance with IFRS and the net assets over liabilities as calculated for solvency purposes and presented in the Group EBS.

The differences represent revaluations necessary to remeasure all of SCOR Group's assets and liabilities calculated in accordance with IFRS as economic values under Solvency II rules. For further details on valuation principles and differences, see Chapter D – Valuation for solvency purposes.

— **SCOR Group**

In EUR thousands	2022
IFRS – Shareholders' equity[(1)]	**5,191,677**
Economic adjustments	**1,517,226**
Goodwill	(810,006)
Other intangible assets	(240,328)
Investments	289,540
Net technical balances	2,815,130
Net technical balances, excluding risk margin – Life	4,117,836
Net technical balances, excluding risk margin – Non-Life	2,372,962
Risk margin – Life	(3,260,589)
Risk margin – Non-Life	(415,079)
Financial liabilities	212,521
Deferred taxes	(694,716)
Own shares	(2,759)
Other assets and liabilities	(52,156)
Excess of assets over liabilities in the Solvency II EBS	**6,708,903**
Subordinated liabilities	2,422,778
Own shares	(72,468)
Deductions for foreseeable dividends	(251,540)
Non controlling interest	(41,774)
TOTAL AVAILABLE OWN FUNDS	**8,765,899**

(1) IFRS shareholders' equity after reclassification of own shares to the asset side of the balance sheet.

E.1.1.4. GROUP CONSOLIDATION

SCOR Group's EBS and consequently own funds have been derived from consolidated data, as prepared for the Group's IFRS consolidated financial statements, with additional valuation adjustments applied. Any intragroup transactions between entities within the SCOR Group have been eliminated to present a consolidated EBS.

As a result, data used in the calculation of Group own funds consist of the fully consolidated data of subsidiary insurance and reinsurance undertakings, holding companies and ancillary service undertakings and adjusted equity method data of other participations; net of any intragroup transactions.

The Group own funds calculation process ensures that all relevant rules have been followed. Thus, the Group net assets reflect the economic value of assets and liabilities established in accordance with Solvency II valuation rules (Article L. 351-1 of the French Insurance Code). Appropriate procedures and controls are in place to confirm that SCOR Group own funds as calculated are free from encumbrances, any use of subscribed but not paid-up capital, any own funds item which has not been duly authorized; whereas any solvency deficits recorded by a subsidiary is duly taken into account in the Group and legal entity own funds calculation.

E.1.1.5. GROUP CONSIDERATIONS

The Group structure has been optimized over time to maximize fungibility of capital through:

- a reduced number of subsidiaries enhancing fungibility while supporting local business presence. This is facilitated by the "*Societas Europaea*" ("SE") structure that allows an efficient branch set-up in Europe, enabling integrated supervision at Group parent company level through SCOR SE, focusing on communication with a limited number of supervisors with whom SCOR can share its global strategy, while mutualizing diversification benefits;
- an integrated supervision of regulatory constraints at Group level and an optimal capital allocation through three pools of capital; and
- efficient management of its capital allocation between subsidiaries, and the fungibility of the capital. SCOR is continuously leveraging, in its day-to-day activity, on various tools that are core to the reinsurance activity (such as intragroup reinsurance, intragroup financing, portfolio transfer, VIF (Value in-Force) securitization, or collateral posting) demonstrating its ability to transfer own funds within the Group. In case a fungibility issue is identified SCOR would be able to implement a mitigation plan, leveraging on these tools, to make the necessary own funds available to the Group within an acceptable timeframe.

E.1.2. SOLVENCY CAPITAL REQUIREMENT

The solvency capital requirement (SCR) of the SCOR Group is calculated using its approved internal model. This section provides a breakdown of the SCR by risk category. This is followed by an overview of the internal model, including a description of the risk categories.

This section is linked to the Quantitative Reporting Template (QRT) S.25.03.22 – SCR – for groups on full internal models in Appendix A.

E.1.2.1. SCR BY RISK COMPONENTS

The Group SCR is EUR 4,120 million as at December 31, 2022 and has decreased by 8% or EUR 337 million over the year from EUR 4,458 million as at December 31, 2021.

The table below shows the standalone 0.5% Value-at-Risk (VaR) for each risk category, and the diversification and tax components. Risk categories are described in Section E.1.4.1 – Overview of the internal model.

— SCOR Group

In EUR thousands	0.5% VaR As at December 31, 2022	0.5% VaR As at December 31, 2021	Changes from 2021 to 2022
P&C underwriting	3,270,989	3,702,380	(431,390)
L&H underwriting	3,155,222	3,235,045	(79,824)
Market	2,325,901	2,433,560	(107,659)
Credit	993,130	977,511	15,619
Operational	416,675	577,767	(161,092)
Required capital before diversification	**10,161,917**	**10,926,263**	**(764,346)**
Diversification	(5,701,109)	(6,104,760)	403,651
Loss absorbing capacity of deferred taxes	(340,480)	(363,949)	23,469
SCR	**4,120,329**	**4,457,554**	**(337,226)**

The standalone required capital, before diversification between risk categories and tax, has decreased by EUR 764 million compared to December 31, 2021 as a result of the following:

- P&C underwriting standalone risk has decreased by EUR 431 million from December 31, 2021. This net decrease results from the planned changes in new business, as well as improved profitability, and higher interest rates, which is slightly offset by higher reserves and a stronger USD against the EUR;
- L&H underwriting standalone risk has decreased by EUR 80 million from December 31, 2021. This decrease is driven by the economic developments over the reporting period, in particular the strong increase in interest rates. The overall decrease is offset by increased exposure in various lines of business, and the L&H model refinements;
- Market standalone risk includes invested assets, FX, interest rate, and credit spread risks. It has decreased by EUR 108 million compared to December 31, 2021. This decrease is mainly due to higher interest rates and consequent reduction in exposure to spread and FX risk;
- Credit standalone risk includes default risk and credit rating migration risk on assets. It has increased by EUR 16 million from December 31, 2021, primarily from the internal model refinements and higher credit exposures, offset by the reduction from higher interest rates;
- Operational standalone risk has decreased by EUR 161 million from December 31, 2021, mainly due to model refinements.

The loss absorbency benefit of deferred taxes has decreased and lowered the SCR by EUR 23 million compared to December 31, 2021.

The minimum of the consolidated Group Solvency Capital Requirement referred to in Article 230(2) of Directive 2009/138/EC amounts to EUR 3,072 million as at December 31, 2022, which is a decrease of EUR 518 million from the prior year-end.

E.1.3. USE OF THE DURATION-BASED EQUITY RISKS SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

SCOR does not use a duration-based equity risks sub-module in the calculation of the SCR for the Group.

E.1.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The following sections describe SCOR`s internal model and show how it is used within SCOR.

E.1.4.1. OVERVIEW OF THE INTERNAL MODEL

SCOR developed its internal model to ensure that its solvency is properly measured: the model is part of a comprehensive solvency framework which seeks to ensure that SCOR is solvent now and will continue to be solvent in the future. It is deeply embedded in SCOR's Risk Management system and used extensively for strategic purposes and business steering. The model is materially complete in its coverage of risk and entities. For this purpose, "material" is defined as being at a level above which information could influence the decision-making or judgment of the intended users of that information.

Since 2003 SCOR has used its experience and knowledge to develop an internal model which accurately reflects SCOR`s risk profile as a global reinsurer. SCOR received approval from relevant supervisors to use its internal model for the calculation of its Solvency II SCR from the effective in-force date of Solvency II (January 1, 2016).

This section gives an overview of the internal model. Section E.1.4.2 – Consolidation approach describes the global nature of the internal model. Section E.1.4.3 – Uses of the internal model gives examples of how SCOR utilizes the internal model. Section E.1.4.4 – Probability distribution forecasts provides more details on the operation of the internal model, describing how SCOR forecasts the probability distributions for its risks. Section E.1.4.5 – Diversification shows how SCOR captures the capital benefits of being a global and diversified group and Section E.1.4.6 provides further information about the loss absorbing capacity of deferred taxes. Section E.1.4.7 describes the key differences between the standard formula and SCOR's internal model.

Summary of the approach

The internal model produces a probability distribution of SCOR`s economic balance sheet at a date one year in the future. It does this by calculating, for many thousands of scenarios, the value of the balance sheet items exposed to risk. SCOR leverages its experience to forecast a probability distribution for each of these risks and to determine how the different risks interact. SCOR then uses this to produce a single probability distribution of the change in economic value. See Section E.1.4.4 – Probability distribution forecasts for more details. The model allows for diversification (see Section E.1.4.5 – Diversification) and for the loss absorbing effect of deferred taxes.

Scope of the internal model

Business units

The internal model is a global model and operates under the same standards across the Group, within and outside the Solvency II regime. SCOR manages its business using a Group and business unit approach as described in Section A.1.1.5 – Governance, organizational and legal structure of the Group, under which the activities of the L&H and P&C business units are represented alongside SCOR Investments.

The internal model covers the entirety of SCOR's worldwide (re)insurance activities. It is therefore designed to include all known material quantifiable risks to which the Group is exposed and SCOR has robust processes in place to ensure the continued adequacy of the internal model to its risk profile.

The internal model is used to calculate the Solvency II SCR of the Group and the following Solvency II regulated entities: SCOR SE, SGRI and SI.

Risk measure and time period

The risk measure used to determine the Solvency Capital Requirement is the Value-at-Risk (VaR) of the change in basic own funds over a one-year period with a confidence level of 99.5% (*i.e.* VaR 0.5%).

Risk categories

SCOR groups the risks modeled into five categories, P&C underwriting, L&H underwriting, market, credit and operational risks. The definitions of the risk categories are as follows:

- **P&C underwriting** risk is the risk of change in the value of non-life liabilities. It also includes related risks such as those associated with expenses, deposits to cedents, reinsurance recoverables and reinsurance payables;
- **L&H underwriting** risk is the risk of change in the value of life and health liabilities. It also includes related risks such as those associated with deposits to cedents, reinsurance recoverables and reinsurance payables, and interest income on funds withheld;
- **Market** risk is the risk of loss to balance sheet items (for instance provisions, payables, investments and debt) from changes in the level of market prices;
- **Credit** risk is the risk resulting from the default or changes in the creditworthiness of insurance or investment counterparties;
- **Operational** risk is the risk of loss from inadequate or failed internal processes, personnel or systems or from external events. Operational risk includes legal risks and excludes risks arising from strategic decisions and reputational risks.

Underwriting risks cover risks from business written to date and business planned to be written over the next year.

The risk categories are reported before tax and diversification. In addition, the following items are shown:

- **Diversification.** This is the impact of determining the joint capital requirements of the five risk categories. The aggregated capital requirement is less than the sum of the individual capital requirements because of SCOR`s diversified portfolio which significantly reduces the likelihood of simultaneous occurrence of adverse experience, and because losses in one area are offset by gains in another. See Section E.1.4.5 – Diversification for more details;

- **Loss absorbing capacity of deferred taxes.** For each modeled scenario, the internal model calculates the tax impact of the change in economic value. In unprofitable scenarios, like the 1-in-200 loss scenario associated with the SCR, it captures the loss absorbing capacity of deferred taxes by modeling the change in value of the deferred tax positions which reduces the impact of the loss on the basic own funds. See Section E.1.4.6 – Loss absorbing capacity of deferred taxes for more details.

Data used in the internal model

The probability distribution forecast of SCOR`s economic balance sheet requires forecasts to be made for the economic background, for each risk factor, and for the dependencies between the various risk factors. These forecasts rely on actuarial, economic, financial and business portfolio assumptions and data. Because the accuracy and appropriateness of this data are important, SCOR carefully manages data to ensure its proper and structured storage, reliability and accessibility. SCOR applies a data quality management framework to identify key data affecting internal model results, in particular the SCR, and data quality criteria to all of this data. Section E.1.4.4 – Probability distribution forecasts describes in more detail the data used for each risk category and how SCOR ensures that the data is appropriate.

In some areas, there is little data available or the data lacks credibility. In these cases, SCOR applies expert judgment to enrich data, derive parameters for the forecast, and reduce uncertainty in internal model estimations – see for example the approach to supplementing data on extreme events for P&C underwriting described in Section E.1.4.4 – Probability distribution forecasts.

E.1.4.2. CONSOLIDATION APPROACH

SCOR follows Solvency II standards for the uses of the internal model described below, whether within the Solvency II regime, for internal management reporting purposes, or for externally presenting the business results.

SCOR determines its Group solvency position using consolidated data. Both the own funds and SCR are calculated using the accounting consolidation-based method (method 1).

SCOR consolidates small non-insurance companies where SCOR has significant influence but no control, other small non-controlled related (re)insurance undertakings and participations in investment firms. This consolidation is based on their net asset value (the "adjusted equity method"). The SCR does not include any additional amounts for these entities as such amounts would be immaterial.

E.1.4.3. USES OF THE INTERNAL MODEL

The internal model is used to support the Group's business initiatives and to provide input for management decisions. See for example Sections B.3.1.3 – Risk tolerances, B.3.2.3 – Identification and assessment of risks and C.2.3 – Risks related to technical provisions. Other examples are as follows:

- SCOR uses the internal model to determine solvency and profitability and for economic and solvency capital assessment. The internal model is used to produce distributions of scenarios for changes in basic own funds over the coming year for SCOR Group and material Group entities, in accordance with Solvency II principles;
- SCOR uses the internal model for strategic solvency management. The internal model is the core tool for setting and maintaining SCOR's strategic solvency target to align shareholder returns, business growth, profitability and solvency protection for clients;
- the internal model plays an important role in SCOR's System of Governance and Risk Management System and helps to optimize shareholder return. SCOR designed and developed the model specifically for its own risks, so the internal model provides a better understanding of its risk profile than an industry-standard or standard formula approach;
- SCOR's Capital Shield strategy, see Section C.2.4 – Retrocession and other risk mitigation techniques, uses a range of protection mechanisms to ensure that the retained risk profile remains in line with the risk appetite framework and risk tolerances;
- SCOR's SCR is mainly driven by its underwriting risks, with high diversification through well-balanced L&H and P&C portfolios. Full distribution modeling and capital allocation steer SCOR's risk return profile to the optimum allocation of economic capital to business units and lines of business, and to new business. Thus, the pricing of new business with an understanding of the resulting capital allocation assists SCOR in targeting business which is expected to provide an attractive return on capital;
- SCOR uses the internal model for risk analysis to support acquisitions and other major decisions and to assess the impact on the Group's (and relevant entity's) solvency.

E.1.4.4. PROBABILITY DISTRIBUTION FORECASTS

This section describes how SCOR forecasts the probability distribution for each risk category. The approach can be summarized as follows:

- SCOR determines the exposure of the economic balance sheet items exposed to risk using the economic characteristics of its portfolio;
- SCOR analyses each risk category into a number of risk factors and generates probability distributions for each of these risk factors, using its own experience and expertise applied to internal, external and market data;
- SCOR uses Monte-Carlo simulation techniques to produce the full probability distribution forecast for each risk category.

P&C Underwriting Risk

The business covered by the P&C risk category is all external and internal non-life re/insurance and retrocession contracts from both in-force business and new business within the one-year time period. The forecasts are determined for three categories of business (Treaty, Facultative and Natural Catastrophe) and for reserve risk.

SCOR leverages its own experience to understand its P&C risks and to derive observed statistical characteristics of these risks, particularly probability distributions, the nature of the dependencies between them and their expected behavior over the next year. Particular attention is paid to extreme events and SCOR uses a statistical (Bayesian) method to supplement the data on these. This method (PrObEx) combines expert judgment with existing industry and economic data, both internal and external, and improves SCOR's understanding of adverse scenarios.

Probability distributions are generated for each of the three different categories of business and for reserve risk, based on the nature of the underlying risks and forecast using claim inflation curves and economic trends.

L&H Underwriting Risk

To model its life and health risks SCOR combines global expertise and significant amounts of experience, including data from acquisitions. It uses this to derive the statistical characteristics of these risks, particularly their current probability distributions, the nature of the dependencies between them and their expected behavior over the next year.

Probability distribution functions are chosen to model the underlying risk factors such as mortality, longevity and policyholder behavior. SCOR applies expert judgment and scenario analyses where experience data are relatively scarce, for example lapse and morbidity risks.

The internal model takes future management actions into account, reflecting the optionality available to SCOR on certain blocks of business in the event of adverse mortality or critical illness experience.

Market Risk

The market risk category comprises a number of risk factors, including interest rates, credit spreads, inflation and currency exchange rates (FX).

SCOR applies probability distributions for these risk factors to the values of economic balance sheet items. Within this risk category SCOR also applies probability distributions for interest rates to the modeled values of discounted best estimate liabilities and deposits to cedents.

SCOR forecasts the probability distributions of the risk factors, and the dependencies between them, using economic scenarios for a number of major currencies. These economic scenarios are created by SCOR`s Scenario Generator Model (SGM), which produces scenarios representing various plausible states of the world specified in terms of L&H and economic risk factors, to determine how the economic balance sheet would react under these various scenarios.

The internal model determines, for each scenario, the impact on the underlying economic balance sheet item. Repeating this exercise many times for different future scenarios gives the full probability distribution forecast for market risk.

Credit Risk

The probability distribution forecast for credit risk includes migration and default risk and is determined in two stages. Firstly, the rating migrations (including defaults) of every counterparty are simulated, Secondly, given these rating states, the P&L is determined from the exposure of every counterparty. The calibration of this model is based on historical data and a strong link to the economic risk factors used for the market risk exist.

Operational Risk

SCOR models annual losses at the entity level and by operational areas. There are two main data sources for modeling operational risk: scenario analyses from experts and historical losses. The methodology for modeling losses for each operational risk area is based on a Bayesian approach. This allows for the combination of several input data sources for each modeled operational risk area to obtain credible data.

Other

Minor balance sheet items, such as intangible assets or debt, are assumed to carry a low intrinsic risk. These are modeled in a simplified way and included in the relevant risk category.

E.1.4.5. DIVERSIFICATION

SCOR is a global Group with significant presence in the Americas, EMEA and Asia-Pacific regions. Its portfolio is diversified with a balanced mix of L&H and P&C business. Diversification benefit arises because the risks from different parts of the portfolio are independent of, weakly correlated or negatively correlated with the risks from other parts. This is particularly important for the interaction between the L&H and P&C risk categories, but there are further areas where SCOR benefits from diversification. SCOR benefits from a geographical spread of risks. Major adverse events are unlikely to occur simultaneously on a global scale. Within L&H underwriting, long-term risks such as trend risks are largely independent of shock risks such as pandemics, and longevity risk is negatively correlated with mortality risk.

At December 31, 2022, the sum of the capital requirements before diversification was EUR 10,162 million. Allowing for diversification between risk categories, the capital requirement decreased by EUR 5,701 million. SCOR can achieve this level of diversification thanks to its specific business mix.

E.1.4.6. LOSS ABSORBING CAPACITY OF DEFERRED TAXES

The modeled economic balance sheet includes deferred tax assets and deferred tax liabilities recognized at valuation date. For each modeled scenario, the internal model calculates the tax impact of the change in economic value (*i.e.* economic profit or loss).

In unprofitable scenarios, like the 1-in-200 scenario associated with the SCR, it captures the loss absorbing capacity of deferred taxes by modeling the change in value of the deferred tax positions which reduces the impact of the loss on the modelled basic own funds. The internal model determines this item by modeled entity and by scenario. The Group tax effects represent the aggregated tax effects of the modeled entities. A recoverability test is performed based on an estimated evolution of profits in future years to verify that they are sufficient to support the amount of deferred tax assets. This is calculated based on assumptions about the future profitability, which includes a prudent allowance for the increasing uncertainty over time. The tax model parameters are calibrated on the basis of expert judgment provided by experts from the Finance, Tax and Risk Management functions.

At December 31, 2022, the loss-absorbing capacity of deferred taxes reduces the SCR by EUR 340 million (or 8% of the SCR before tax), which is expected to be recoverable based on the projected future profits.

E.1.4.7. KEY DIFFERENCES BETWEEN THE STANDARD FORMULA AND THE INTERNAL MODEL

SCOR uses its approved internal model to calculate its SII SCR (see Section E.1.4.1), as opposed to the Solvency II standard formula. SCOR designed and developed the internal model specifically for its own risks, so it provides a better understanding of its risk profile than an industry-standard or standard formula approach.

SCOR's internal model is similar to the standard formula in that both use a risk category approach, apply diversification between the risk categories, and calculate the SCR at a 99.5% VaR. However, in contrast to the simplified factor approach of the standard formula, the full distribution is modeled in the internal model (including stochastically modelling tax).

SCOR's internal model structure reflects geographical market specificity by use of appropriate risk factor calibration. The standard formula uses generic diversification factors for all (re) insurers, whereas the SCOR internal model reflects the benefits of risk diversification specific to a global reinsurer as compared to a less diversified local insurance undertaking.

Additional key differences are summarized below by risk category:

- for P&C underwriting, SCOR determines the probability distributions and models natural catastrophe risk using sophisticated proprietary tools applied to SCOR`s own portfolio. The internal model also captures the specific characteristics of non-proportional reinsurance;
- for L&H underwriting, a wider range of risk factors than considered in the standard formula is modeled. In addition, for L&H underwriting the standard formula only covers risks from business in-force, whereas the SCOR internal model also includes risks from future business expected to be written over the next year according to the business plan;
- for Market risk, SCOR uses its own scenario generator which reflects dependencies over the full range of outcomes (not just those at the 99.5th percentile) between the different components of market risk modeled;
- for Credit risk, SCOR models migration and default risk comprehensively for marketable securities and covers default of future profits from cedents. Migration risk reflects a potential loss in the book value of assets due to changes in the creditworthiness of counterparties, despite no actual default;
- for Operational risk, SCOR adopts a granular approach, which reflects actual historical operational loss data from key operating areas.

E.1.5. NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

As at December 31, 2022, SCOR Group and all its legal entities are compliant with the requirements regarding the coverage of the minimum capital requirement and solvency capital requirement.

E.1.6. ANY OTHER INFORMATION

No other material information is reported regarding SCOR Group's capital management other than that presented above in Section E.1 – SCOR Group.

E.2. SCOR SE

This section provides an overview of the year-end 2022 internal model capital position for SCOR SE.

The table below includes the key results as at December 31, 2022 and December 31, 2021, respectively.

— SCOR SE

In EUR thousands	2022	2021	Variance
Eligible Own Funds (EOF)	8,720,994	10,069,138	(1,348,144)
Solvency Capital Requirement (SCR) Internal Model	4,120,329	4,457,554	(337,225)
Excess Capital (EOF – SCR)	4,600,665	5,611,584	(1,010,919)
SOLVENCY RATIO	**212%**	**226%**	**-14%**

The Solvency ratio decreased from 226% at year-end 2021 to 212% at year-end 2022. This decrease of 14 percentage points is the result of the decrease in the Eligible Own Funds (13% compared to December 31, 2021) exceeding the decrease in the SCR (8% compared to December 31, 2021). Further details on the contributors to these changes are given in Sections E.2.1.1 – Own funds structure and E.2.2.1 – SCR by risk category below.

E.2.1. OWN FUNDS

This section is linked to Quantitative Reporting Template S.23.01.01 – Own funds, presented in Appendix B.

E.2.1.1. OWN FUNDS STRUCTURE

In addition to its operational activities, SCOR SE is the holding company of the SCOR Group. The structure of its own funds is similar to that of the Group, as described above. SCOR SE's own funds structure is presented in the table below.

SCOR SE own funds eligible to cover the SCR amounted to EUR 8,721 million at December 31, 2022 (December 31, 2021: EUR 10,069 million).

— SCOR SE

In EUR thousands	As at December 31, 2022 Tier 1	Tier 2	Tier 3	Total
Basic own funds	**7,227,893**	**1,493,101**	**-**	**8,720,994**
Ordinary share capital	1,415,266	-	-	1,415,266
Share premium	462,688	-	-	462,688
Reconciliation reserve	4,420,262	-	-	4,420,262
Revaluation reserves	4,546,345	-	-	4,546,345
Net income for the year	197,925	-	-	197,925
Own shares	(72,468)	-	-	(72,468)
Foreseeable dividends	(251,540)	-	-	(251,540)
Subordinated liabilities	929,677	1,493,101	-	2,422,778
Net deferred tax assets	-	-	-	-
Total available own funds	**7,227,893**	**1,493,101**	**-**	**8,720,994**
Total eligible own funds to cover the SCR (after limit deductions)	**7,227,893**	**1,493,101**	**-**	**8,720,994**
Total eligible own funds to cover the MCR (after limit deductions)	**7,227,893**	**370,830**	**-**	**7,598,723**

— SCOR SE

In EUR thousands	As at December 31, 2021 Tier 1	Tier 2	Tier 3	Total
Basic own funds	**7,993,766**	**1,713,962**	**361,410**	**10,069,138**
Ordinary share capital	1,472,178	-	-	1,472,178
Share premium	609,314	-	-	609,314
Reconciliation reserve	4,930,939	-	-	4,930,939
Revaluation reserves	5,639,191	-	-	5,639,191
Net income for the year	(71,651)	-	-	(71,651)
Own shares	(313,947)	-	-	(313,947)
Foreseeable dividends	(322,654)	-	-	(322,654)
Subordinated liabilities	981,335	1,713,962	-	2,695,297
Net deferred tax assets	-	-	361,410	361,410
Total available own funds	**7,993,766**	**1,713,962**	**361,410**	**10,069,138**
Total eligible own funds to cover the SCR (after limit deductions)	**7,993,766**	**1,713,962**	**361,410**	**10,069,138**
Total eligible own funds to cover the MCR (after limit deductions)	**7,993,766**	**401,180**	**-**	**8,394,946**

Total Eligible Own Funds as at December 31, 2022 (EUR 8,721 million) decreased by EUR 1,348 million compared to the balance as at December 31, 2021 (EUR 10,069 million). The main changes in the composition of own funds during 2022 are described in the Group Section E.1.1.1 – Own funds structure. Movements of SCOR SE Own-funds are largely similar to the Group Own-funds movements (EUR 1,292 million), notably through the net income of the year and indirectly through the change in revaluation reserves from SCOR SE's participations.

SCOR SE considers all its basic own funds, identified in line with Solvency II rules and resulting from economic adjustments made to SCOR SE's equity under IFRS, as available and eligible to cover the SCR.

The economic balance sheet includes EUR 606 million of deferred tax assets, relating mainly to tax losses carry forward. These are more than offset by the recognized deferred tax liabilities of EUR 774 million. As a result, SCOR SE is in a net deferred tax liability position of EUR 168 million.

For details on each own fund item's classification by tier, the change in capital instruments, subordinated liabilities and dividend assumptions, see the Group Section E.1.1.1 – Own funds structure.

E.2.1.2. ELIGIBILITY OF OWN FUNDS

Regulatory capital under Solvency II is classified into three tiers as described in the Group Section E.1.1.1 – Own funds structure.

The application of certain limits (as described in the Group Section E.1.1.2 – Eligibility of own funds) determines SCOR SE's Eligible Own Funds.

For the purposes of compliance with the SCR, as at December 31, 2022 and 2021 respectively, none of the limits are exceeded by SCOR SE.

For the purposes of compliance with the MCR, tier 1 capital must account for at least 80% of the minimum required capital. The sum of eligible tier 2 and tier 3 capital must account for a maximum of 20% of the MCR. As at December 31, 2022, this limit was not exceeded by SCOR SE. For the year ended December 31, 2021 an amount of EUR 1,674 million was not eligible to cover the MCR.

E.2.1.3. RECONCILIATION WITH SHAREHOLDERS' EQUITY

The table below presents the differences between shareholders' equity in the financial statements of SCOR SE prepared under French GAAP and the net assets over liabilities as calculated for solvency purposes and presented in the EBS (see Appendix B presenting the SCOR SE EBS in QRT S.02.01.02).

— SCOR SE

In EUR thousands	2022
Statutory French GAAP – Shareholders' equity[(1)]	**3,368,523**
Economic adjustments	**3,253,701**
Goodwill	(293,703)
Other intangible assets	(243,053)
Investments	373,422
Net technical balances	3,894,390
Net technical balances, excluding risk margin – Life	3,368,563
Net technical balances, excluding risk margin – Non-Life	1,473,088
Risk margin – Life	(739,375)
Risk margin – Non-Life	(207,886)
Financial liabilities	(392,410)
Deferred taxes	(167,338)
Own shares	(2,759)
Other assets and liabilities	85,152
Excess of assets over liabilities in the Solvency II EBS	**6,622,224**
Subordinated liabilities	2,422,778
Own shares	(72,468)
Deductions for foreseeable dividends	(251,540)
TOTAL AVAILABLE OWN FUNDS	**8,720,994**

(1) Shareholders' equity considering reclassification of own shares to the asset side of the balance sheet.

The economic adjustments represent revaluations necessary to restate all the assets and liabilities of SCOR SE calculated in accordance with French GAAP to the economic values required under Solvency II rules. For further details on valuation principles and differences, please see Chapter D – Valuation for solvency purposes for SCOR SE.

E.2.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.2.1. SCR BY RISK CATEGORY

SCOR SE`s total SCR is the same as that of SCOR Group and the split of SCOR SE`s SCR by risk category on a look-through basis[1] is the same as for SCOR Group, as set out in Section E.1.2.1 – SCR by risk components of this report.

E.2.2.2. MINIMUM CAPITAL REQUIREMENT

The table below presents the MCR calculations as at December 31, 2022 and 2021, respectively:

— SCOR SE

In EUR thousands	December 31, 2022	December 31, 2021	Variation	% Variation
MCR Minimum (25% of SCR)	1,030,082	1,114,389	(84,306)	-8%
MCR Linear	2,119,376	2,077,450	41,926	2%
MCR Maximum (45% of SCR)	1,854,148	2,005,899	(151,752)	-8%
MCR WITH INTERNAL MODEL CAP & FLOOR	**1,854,148**	**2,005,899**	**(151,752)**	**-8%**

Minimum capital requirement (MCR) calculations include non-life and life exposures. The non-life exposures used for the MCR calculation are the net premium amounts written in the previous 12 months and the net best estimate technical provisions, both split by line of business. Predefined regulatory factors are applied to the premium and technical provision elements and added up to obtain the non-life linear MCR. Similarly, the life linear MCR is obtained by applying predefined factors to the net best estimate technical provisions classified by product type as well as to the capital at risk for all life exposures.

The MCR is the result of this prescribed linear formula subject to a floor of 25% and a cap of 45% of the SCR. For SCOR SE, the MCR is equal to the cap (45% of SCR).

E.2.3. USE OF THE DURATION-BASED EQUITY RISKS SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

SCOR SE does not use the duration-based equity risks sub-module in the calculation of the solvency capital requirement.

E.2.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

SCOR applies the same internal model across the Group. The description of the internal model and differences compared to the standard formula are provided in the Group Section E.1.4 – Differences between the standard formula and any internal model used, and applies to the entire Group, including SCOR SE.

E.2.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

As at December 31, 2022, SCOR SE is compliant with the requirements regarding the coverage of the minimum capital requirement and solvency capital requirement.

E.2.6. ANY OTHER INFORMATION

SCOR SE is the ultimate parent entity for the SCOR Group. To support a global credit rating and to provide the same level of security to all clients globally, SCOR SE issues direct and indirect parental guarantees to all legal entities and economically carries the full risk and obligations of the subsidiaries. This is fully reflected in the internal model and the capital requirements disclosed. As described in Section E.1.4.2 – Consolidation approach, SCOR calculates the SCR at both Group and individual entity level using the same model, data and standards.

(1) A look-through basis is where risk exposures arising from SCOR SE's participations are allocated to the underlying risk categories.

Appendix A

SCOR GROUP PUBLIC DISCLOSURE QRTS

S.02.01.02 – BALANCE SHEET

— SCOR Group

Assets as at December 31, 2022 *In EUR thousands*	Solvency II value
Intangible assets	**163,063**
Deferred tax assets	**894,542**
Pension benefit surplus	**-**
Property, plant and equipment held for own use	**900,755**
Investments	**20,510,312**
Property (other than for own use)	808,827
Participations and related undertakings	1,598
Equities	462,669
Equities – listed	23,916
Equities – unlisted	438,753
Bonds	17,926,885
Government bonds	5,686,789
Corporate bonds	10,917,811
Structured notes	4,864
Collateralised securities	1,317,421
Collective Investments Undertakings	906,308
Derivatives	267,582
Deposits other than cash equivalents	136,443
Other investments	-
Assets held for index-linked and unit-linked contracts	**-**
Loans and mortgages	**2,767,956**
Loans on policies	21,096
Loans and mortgages to individuals	-
Other loans and mortgages	2,746,860
Reinsurance recoverables	**1,455,221**
Non-Life and Health similar to Non-Life	2,334,031
Non-Life excluding Health	2,319,631
Health similar to Non-Life	14,400
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(878,810)
Health similar to Life	31,856
Life excluding Health and index-linked and unit-linked	(910,666)
Life index-linked and unit-linked	-
Deposits to cedents	**8,279,997**
Insurance and intermediaries receivables	**3,102,234**
Reinsurance receivables	**638,151**
Receivables (trade, not insurance)	**423,386**
Own shares	**52,979**
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**-**
Cash and cash equivalents	**1,891,815**
Any other assets, not elsewhere shown	**18,495**
TOTAL ASSETS	**41,098,906**

— SCOR Group

Liabilities as at December 31, 2022 *In EUR thousands*	Solvency II value
Technical provisions – Non-Life	**17,564,026**
Technical provisions – Non-Life (excluding Health)	17,334,340
TP calculated as a whole	-
Best estimate	16,926,928
Risk margin	407,412
Technical provisions – Health (similar to Non-Life)	229,686
TP calculated as a whole	-
Best estimate	222,019
Risk margin	7,667
Technical provisions – Life (excluding index-linked and unit-linked)	**6,240,049**
Technical provisions – Health (similar to Life)	3,177,954
TP calculated as a whole	-
Best estimate	2,451,372
Risk margin	726,582
Technical provisions – Life (excluding Health and index-linked and unit-linked)	3,062,095
TP calculated as a whole	-
Best estimate	528,088
Risk margin	2,534,007
Technical provisions – index-linked and unit-linked funds	**-**
TP calculated as a whole	-
Best estimate	-
Risk margin	-
Other technical provisions	**-**
Contingent liabilities	**-**
Provisions other than technical provisions	**12,148**
Pension benefit obligations	**108,390**
Deposits from reinsurers	**728,879**
Deferred tax liabilities	**892,877**
Derivatives	**36,839**
Debts owed to credit institutions	**526,363**
Financial liabilities other than debts owed to credit institutions	**670,532**
Insurance and intermediaries payables	**1,852,110**
Reinsurance payables	**278,150**
Payables (trade, not insurance)	**2,791,272**
Subordinated liabilities	**2,422,778**
Subordinated liabilities not in basic own funds	-
Subordinated liabilities in basic own funds	2,422,778
Any other liabilities, not elsewhere shown	265,590
TOTAL LIABILITIES	**34,390,003**
EXCESS OF ASSETS OVER LIABILITIES	**6,708,903**

S.05.01.02 – NON-LIFE PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

— SCOR Group

	Line of business* for Non-Life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
As at December 31, 2022 *In EUR thousands*	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
Premiums written								
Gross – Direct business	5,293	-	109,152	147,953	1,106,883	592,003	99,993	126,255
Gross – Proportional reinsurance accepted	76,948	3,170	640,599	451,746	1,898,769	1,207,085	566,624	98,176
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	27,834	594	78,951	89,156	529,787	160,990	117,020	17,323
Net	54,407	2,576	670,800	510,543	2,475,865	1,638,098	549,597	207,108
Premiums earned								
Gross – Direct business	5,396	-	92,676	142,239	1,002,411	526,870	64,088	129,240
Gross – Proportional reinsurance accepted	77,967	3,361	602,340	402,179	1,917,733	1,086,613	501,827	69,071
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	27,918	214	77,524	90,564	474,928	222,700	(24,990)	3,168
Net	55,445	3,147	617,492	453,854	2,445,216	1,390,783	590,905	195,143
Claims incurred								
Gross – Direct business	2,725	(967)	60,794	103,429	953,317	529,135	44,819	73,885
Gross – Proportional reinsurance accepted	41,670	(2,795)	466,974	275,887	1,265,570	847,582	205,300	42,830
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	17,487	246	52,826	92,529	631,253	(114,445)	72,493	3,479
Net	26,908	(4,008)	474,942	286,787	1,587,634	1,491,162	177,626	113,236
Changes in other technical provisions								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted								
Reinsurers'share	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-
Expenses incurred	**21,103**	**983**	**191,870**	**149,553**	**779,118**	**467,470**	**223,889**	**46,141**
Other expenses								
TOTAL EXPENSES								

* *This table presents lines of business applicable to SCOR.*

S.05.01.02 – NON-LIFE PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS (CONTINUED)

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Line of business for accepted non-proportional reinsurance Health reinsurance	Casualty reinsurance	Marine, aviation, transport reinsurance	Property reinsurance	Total
Premiums written					
Gross – Direct business					2,187,532
Gross – Proportional reinsurance accepted					4,943,117
Gross – Non-proportional reinsurance accepted	12,173	712,187	142,161	2,020,232	2,886,753
Reinsurers' share	269	50,098	8,742	711,104	1,791,868
Net	11,904	662,089	133,419	1,309,128	8,225,534
Premiums earned					
Gross – Direct business					1,962,920
Gross – Proportional reinsurance accepted					4,661,091
Gross – Non-proportional reinsurance accepted	12,146	653,374	146,995	1,965,356	2,777,871
Reinsurers' share	130	38,099	13,899	710,688	1,634,842
Net	12,016	615,275	133,096	1,254,668	7,767,040
Claims incurred					
Gross – Direct business					1,767,137
Gross – Proportional reinsurance accepted					3,143,018
Gross – Non-proportional reinsurance accepted	(4,908)	860,479	113,203	2,145,503	3,114,277
Reinsurers' share	61	9,202	5,171	797,992	1,568,294
Net	(4,969)	851,277	108,032	1,347,511	6,456,138
Changes in other technical provisions					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	-	-	-	-	-
Net	-	-	-	-	-
Expenses incurred	**2,460**	**132,199**	**31,056**	**335,957**	**2,381,799**
Other expenses					**111,317**
TOTAL EXPENSES					**2,493,116**

S.05.01.02 – LIFE PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Line of business* for Life reinsurance obligations		
	Health reinsurance	Life reinsurance	Total
Premiums written			
Gross	2,658,062	7,056,925	9,714,987
Reinsurers' share	200,380	1,766,835	1,967,215
Net	2,457,682	5,290,090	7,747,772
Premiums earned			
Gross	2,622,233	7,053,388	9,675,621
Reinsurers' share	209,217	1,766,774	1,975,991
Net	2,413,016	5,286,614	7,699,630
Claims incurred			
Gross	1,938,287	6,268,632	8,206,919
Reinsurers' share	210,362	2,488,500	2,698,862
Net	1,727,925	3,780,132	5,508,057
Changes in other technical provisions			
Gross	-	-	-
Reinsurers' share	-	-	-
Net	-	-	-
Expenses incurred	**662,636**	**935,184**	**1,597,820**
Other expenses			**72,941**
TOTAL EXPENSES			**1,670,761**

* *This table presents lines of business applicable to SCOR.*

S.05.02.01 – NON-LIFE PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Home country*	Top 5 countries (by amount of gross premiums written) – Non-Life obligations					Total Top 5 and home country
		(US) United States	(GB) United Kingdom	(CN) China	(DE) Germany	(CA) Canada	
Premiums written							
Gross – Direct business	114,829	1,149,942	286,302	(25)	35,060	69,040	1,655,148
Gross – Proportional reinsurance accepted	581,372	1,205,745	432,176	450,212	204,310	158,922	3,032,737
Gross – Non-proportional reinsurance accepted	282,390	665,592	239,365	45,168	175,165	135,709	1,543,389
Reinsurers' share	731,818	402,534	313,752	1,005	59,849	20,459	1,529,417
Net	246,773	2,618,745	644,091	494,350	354,686	343,212	4,701,857
Premiums earned							
Gross – Direct business	107,521	1,091,911	249,452	71	32,889	45,925	1,527,769
Gross – Proportional reinsurance accepted	551,796	1,165,173	357,981	428,156	195,853	149,246	2,848,205
Gross – Non-proportional reinsurance accepted	275,211	658,443	223,610	50,179	142,782	136,666	1,486,891
Reinsurers' share	681,764	336,402	278,269	1,371	61,858	16,691	1,376,355
Net	252,764	2,579,125	552,774	477,035	309,666	315,146	4,486,510
Claims incurred							
Gross – Direct business	88,891	971,742	177,656	65	3,405	61,591	1,303,350
Gross – Proportional reinsurance accepted	385,334	905,505	268,040	236,727	136,493	65,423	1,997,522
Gross – Non-proportional reinsurance accepted	526,037	1,153,745	223,878	26,953	188,391	84,994	2,203,998
Reinsurers' share	901,516	244,935	221,355	(5)	65,243	10,406	1,443,450
Net	98,746	2,786,057	448,219	263,750	263,046	201,602	4,061,420
Changes in other technical provisions							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	**188,352**	**719,681**	**193,995**	**177,167**	**87,533**	**90,960**	**1,457,688**
Other expenses							**-**
TOTAL EXPENSES							**1,457,688**

* *France.*

S.05.02.01 – LIFE PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Home country*	Top 5 countries (by amount of gross premiums written) – Life obligations					Total Top 5 and home country
		(US) United States	(GB) United Kingdom	(KR) Korea, Republic of	(CN) China	(DE) Germany	
Premiums written							
Gross	631,189	4,271,797	1,233,972	748,444	518,220	274,612	7,678,234
Reinsurers' share	9,555	1,158,315	498,117	84,879	39,127	20,639	1,810,632
Net	621,634	3,113,482	735,855	663,565	479,093	253,973	5,867,602
Premiums earned							
Gross	630,921	4,271,862	1,233,972	746,946	509,272	260,878	7,653,851
Reinsurers' share	9,555	1,158,315	498,056	84,811	46,467	20,654	1,817,858
Net	621,366	3,113,547	735,916	662,135	462,805	240,224	5,835,993
Claims incurred							
Gross	383,460	3,922,914	1,112,040	673,118	348,483	254,837	6,694,852
Reinsurers' share	4,859	1,970,487	476,683	78,469	64,816	5,964	2,601,278
Net	378,601	1,952,427	635,357	594,649	283,667	248,873	4,093,574
Changes in other technical provisions							
Gross	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	**243,297**	**549,147**	**83,057**	**62,207**	**160,852**	**70,793**	**1,169,353**
Other expenses							**57,374**
TOTAL EXPENSES							**1,226,727**

* *France.*

S.23.01.22 – OWN FUNDS

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	1,415,266	1,415,266		-	
Non-available called but not paid in ordinary share capital at Group level	-	-		-	
Share premium account related to ordinary share capital	462,688	462,688		-	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Non-available subordinated mutual member accounts at Group level	-		-	-	-
Surplus funds	-	-			
Non-available surplus funds at Group level	-	-			
Preference shares	-		-	-	-
Non-available preference shares at Group level	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Non-available share premium account related to preference shares at Group level	-		-	-	-
Reconciliation reserve	**4,463,502**	**4,463,502**			
Subordinated liabilities	2,422,778		929,677	1,493,101	-
Non-available subordinated liabilities at Group level	-		-	-	-
An amount equal to the value of net deferred tax assets	1,665				1,665
The amount equal to the value of net deferred tax assets not available at the Group level	-				-
Other items approved by supervisory authority as basic own funds not specified above	-	-	-	-	-
Non available own funds related to other own funds items approved by supervisory authority	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	-	-	-	-	-
Non-available minority interests at Group level	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-	-			
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	-	-	-	-	
Whereof deducted according to art 228 of the Directive 2009/138/EC	-	-	-	-	-
Deductions for participations where there is non-availability of information (Article 229)	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	-	-	-	-	-
Total of non-available own fund items	-	-	-	-	-
Total deductions	**-**	**-**	**-**	**-**	**-**
TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS	**8,765,899**	**6,341,456**	**929,677**	**1,493,101**	**1,665**

S.23.01.22 – OWN FUNDS (CONTINUED)

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	-			-	
Unpaid and uncalled preference shares callable on demand	-			-	-
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Non available ancillary own funds at Group level	-			-	-
Other ancillary own funds	-			-	-
Total ancillary own funds	**-**			**-**	**-**
Own funds of other financial sectors					
Reconciliation reserve	**-**	**-**	**-**	**-**	
Institutions for occupational retirement provision	-	-	-	-	-
Non regulated entities carrying out financial activities	-	-	-	-	
Total own funds of other financial sectors	-	-	-	-	
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	-	-	-	-	-
Own funds aggregated when using the D&A and a combination of method net of IGT	-	-	-	-	-
Total available own funds to meet the consolidated Group SCR (excluding own funds from other financial sector and from the undertakings included *via* D&A)	8,765,899	6,341,456	929,677	1,493,101	1,665
Total available own funds to meet the minimum consolidated Group SCR	8,764,234	6,341,456	929,677	1,493,101	
Total eligible own funds to meet the consolidated Group SCR (excluding own funds from other financial sector and from the undertakings included *via* D&A)	8,765,899	6,341,456	929,677	1,493,101	1,665
Total eligible own funds to meet the minimum consolidated Group SCR	7,885,534	6,341,456	929,677	614,401	
Minimum consolidated Group SCR	**3,072,004**				
Ratio of eligible own funds to minimum consolidated Group SCR	**256.69%**				
Total eligible own funds to meet the Group SCR (including own funds from other financial sector and from the undertakings included *via* D&A)	**8,765,899**	**6,341,456**	**929,677**	**1,493,101**	**1,665**
Group SCR	**4,120,329**				
RATIO OF ELIGIBLE OWN FUNDS TO GROUP SCR INCLUDING OTHER FINANCIAL SECTORS AND THE UNDERTAKINGS INCLUDED *VIA* D&A	**212.75%**				

S.23.01.22 – OWN FUNDS (CONTINUED)

— SCOR Group

As at December 31, 2022 *In EUR thousands*	Total
Reconciliation reserve	
Excess of assets over liabilities	6,708,903
Own shares (held directly or indirectly)	72,468
Foreseeable dividends, distributions and charges	251,540
Other basic own fund items	1,879,619
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
Other non available own funds	41,774
Reconciliation reserve before deduction for participations in other financial sector	**4,463,502**
Expected profits	
Expected profits included in future premiums (EPIFP) – Life business	4,574,437
Expected profits included in future premiums (EPIFP) – Non-Life business	1,082,349
TOTAL EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS (EPIFP)	**5,656,786**

S.25.03.22 – SOLVENCY CAPITAL REQUIREMENT – FOR GROUPS ON FULL INTERNAL MODELS

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
A.1.1	PnC Underwriting Risk	3,270,989
A.2.1	Life Underwriting Risk	3,155,222
A.3.1	Market Risk	2,325,901
A.4.1	Credit Risk	993,130
A.9	Operational Risk	416,675
Calculation of Solvency Capital Requirement (SCR)		
Total undiversified components		10,161,917
Diversification		(5,701,108)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)		
Solvency Capital Requirement excluding capital add-on		**4,120,329**
Capital add-ons already set		-
Solvency Capital Requirement		**4,120,329**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions		-
Amount/estimate of the overall loss-absorbing capacity of deferred taxes		(340,480)
Total amount of Notional Solvency Capital Requirements for remaining part		-
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))		
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios		-
Diversification effects due to RFF nSCR aggregation for Article 304		-
Minimum consolidated group Solvency Capital Requirement		3,072,004
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)		-
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies		-
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions		-
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities		-
Capital requirement for non-controlled participation requirements		-
Capital requirement for residual undertakings		-

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP

	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
1	FRANCE	96950056ULJ4JI7V3752	LEI	SCOR SE	4 – Composite undertaking	*Société européenne*	2 – Non-mutual	ACPR
2	UNITED KINGDOM	213800W8TBHPHBJUGG71	LEI	SCOR UK COMPANY LIMITED	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	PRA & FCA
3	UNITED KINGDOM	SC/12040	LEI	SCOR UK GROUP LTD	5 – Insurance holding company	Private limited company	2 – Non-mutual	Not required
4	UNITED KINGDOM	213800A1PT5R11FGW746	LEI	SCOR UNDERWRITING LIMITED	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	Not required
5	IRELAND	5493004I0CZG2UGXX055	LEI	SCOR Management Services Ireland Ltd	10 – Ancillary services undertaking	Designated Activity Company	2 – Non-mutual	Not required
6	SWITZERLAND	549300MVEPZ34PA36O27	LEI	AH Real Estate Switzerland AG	99 – Other	*AG – Aktiengesellschaft*	2 – Non-mutual	Not required
7	BRAZIL	13.270.050/0001-30	Specific code	M&S Brasil Participacoes Ltda	5 – Insurance holding company	*Sociedade a responsabilidade Limitada*	2 – Non-mutual	Not required
8	FRANCE	969500BUR3L9PILX3R47	LEI	SCOR Capital Partners	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
9	SINGAPORE	201541770C	Specific code	SCOR Realty Singapore Pte Ltd	99 – Other	Private limited company	2 – Non-mutual	Not required
10	FRANCE	815210877	Specific code	SCOR PROPERTIES II	99 – Other	*Société de placement à prépondérance immobilière et à capital variable*	2 – Non-mutual	Not required
11	FRANCE	820924553	Specific code	50 rue La Pérouse SAS	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
12	FRANCE	821740735	Specific code	SAS Euclide	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
13	UNITED STATES	549300IH5PLDE0Z82O22	LEI	SCOR Advantage LLC	3 – Reinsurance undertaking	Limited Liability Company	2 – Non-mutual	Not required
14	FRANCE	830853867	Specific code	MARBOT REAL ESTATE MANAGEMENT SAS	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
15	FRANCE	830942355	Specific code	SCOR DÉVELOPPEMENT	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
16	FRANCE	969500PB3BN0WIF01B32	LEI	SCOR Europe SE	2 – Non-Life insurance undertaking	*Société européenne*	2 – Non-mutual	ACPR
17	SWITZERLAND	549300AHPGPA66UED667	LEI	SCOR Switzerland Asset Services AG	99 – Other	*AG – Aktiengesellschaft*	2 – Non-mutual	Not required
18	SWITZERLAND	549300513226S1CFM291	LEI	SCOR Services Switzerlang AG	10 – Ancillary services undertaking	*AG – Aktiengesellschaft*	2 – Non-mutual	Not required
19	UNITED KINGDOM	SC/20003	LEI	SCOR Services UK Limited	5 – Insurance holding company	Private limited company	2 – Non-mutual	Not required
20	GUERNSEY	19141	Specific code	SCOR CHANNEL LIMITED	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	Guernsey Financial Services Commission

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Legal name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for Group solvency calculation	Yes/ No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
1	SCOR SE	100.00%	100.00%	100.00%		1. Dominant influence				Method 2: Solvency II
2	SCOR UK COMPANY LIMITED	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
3	SCOR UK GROUP LTD	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
4	SCOR UNDERWRITING LIMITED	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
5	SCOR Management Services Ireland Ltd	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
6	AH Real Estate Switzerland AG	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
7	M&S Brasil Participacoes Ltda	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
8	SCOR Capital Partners	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
9	SCOR Realty Singapore Pte Ltd	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
10	SCOR PROPERTIES II	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
11	50 rue La Pérouse SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
12	SAS Euclide	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
13	SCOR Advantage LLC	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
14	MARBOT REAL ESTATE MANAGEMENT SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
15	SCOR DÉVELOPPEMENT	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
16	SCOR Europe SE	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 2: Solvency II
17	SCOR Switzerland Asset Services AG	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
18	SCOR Services Switzerlang AG	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
19	SCOR Services UK Limited	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
20	SCOR CHANNEL LIMITED	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Adjusted equity method

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
21	SOUTH AFRICA	2008/010172/06	Specific code	SCOR AFRICA LIMITED	4 – Composite undertaking	(Proprietary) limited company	2 – Non-mutual	The Prudential Authority
22	FRANCE	969500BBLUW1LJDZ3R87	LEI	IMMOSCOR	99 – Other	*Société Civile Immobilière*	2 – Non-mutual	Not required
23	NETHERLANDS	879902716	Specific code	SCOR Capital Partners 2 BV	99 – Other	*Besloten Vennoost* (similar to a Private Limited Liability Company)	2 – Non-mutual	Not required
24	FRANCE	880039235	Specific code	SV One SAS	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
25	FRANCE	969500J68LALL9PF0K57	LEI	SCOR Capital Partners 4	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
26	FRANCE	969500MMT8KY705B3S38	LEI	SCI LE BARJAC	10 – Ancillary services undertaking	*Société Civile Immobilière*	2 – Non-mutual	Not required
27	FRANCE	969500V0NZO2NQ7KM425	LEI	5 AVENUE KLEBER S.A.S.	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
28	UNITED KINGDOM	213800PVZ898LL2YPT61	LEI	SCOR Lime Street Ltd	10 – Ancillary services undertaking	Private limited company	2 – Non-mutual	Not required
29	FRANCE	382 778 975	Specific code	S.C.I. LÉON EYROLLES CACHAN SCOR	99 – Other	*Société Civile Immobilière*	2 – Non-mutual	Not required
30	UNITED KINGDOM	8461305	Specific code	SCOR ASIA HOUSE LP	10 – Ancillary services undertaking	Limited Partnership	2 – Non-mutual	Not required
31	FRANCE	969500O239Q7517M7V49	LEI	SCOR Real Estate	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
32	FRANCE	969500P17CYK25RRAR44	LEI	SCI MARCO SPADA	99 – Other	*Société Civile Immobilière*	2 – Non-mutual	Not required
33	IRELAND	54930034DJILAVAGB456	LEI	SCOR GLOBAL P&C IRELAND LIMITED	99 – Other	Designated Activity Company	2 – Non-mutual	Not required
34	IRELAND	549300MJBW3JUHL89O66	LEI	SCOR P&C IRELAND HOLDING LIMITED	5 – Insurance holding company	Limited Company	2 – Non-mutual	Not required
35	FRANCE	969500BJLZOGFUSE3D73	LEI	SCOR INVESTMENTS PARTNERS SE	8 – Credit institution, investment firm and financial institution	*Société européenne*	2 – Non-mutual	AMF
36	RUSSIAN FEDERATION	508774666 4 814	Specific code	SCOR PERESTRAKHOVANIYE	4 – Composite undertaking	Общества с ограниченнойответственностью (Limited Liability Company)	2 – Non-mutual	Central Bank of Russia
37	FRANCE	549300DNW09YL97XAJ73	LEI	DB CARAVELLE	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
38	FRANCE	5493003NKIV4184YYE90	LEI	SCI MONTROUGE BRR	99 – Other	*Société Civile Immobilière*	2 – Non-mutual	Not required
39	FRANCE	533136016	Specific code	SCOR PROPERTIES	99 – Other	*Société de placement à prépondérance immobilière et à capital variable*	2 – Non-mutual	Not required
40	FRANCE	969500VXO91LDR3LBV25	LEI	Société Immobilière Coligny SAS	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Legal name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for Group solvency calculation	Yes/ No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
21	SCOR AFRICA LIMITED	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
22	IMMOSCOR	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
23	SCOR Capital Partners 2 BV	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
24	SV One SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
25	SCOR Capital Partners 4	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
26	SCI LE BARJAC	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
27	5 AVENUE KLEBER S.A.S.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
28	SCOR Lime Street Ltd	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
29	S.C.I. LÉON EYROLLES CACHAN SCOR	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
30	SCOR ASIA HOUSE LP	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
31	SCOR Real Estate	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
32	SCI MARCO SPADA	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
33	SCOR GLOBAL P&C IRELAND LIMITED	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
34	SCOR P&C IRELAND HOLDING LIMITED	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
35	SCOR INVESTMENTS PARTNERS SE	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
36	SCOR PERESTRAKHOVANIYE	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
37	DB CARAVELLE	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
38	SCI MONTROUGE BRR	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
39	SCOR PROPERTIES	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
40	Société Immobilière Coligny SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
41	FRANCE	96950047J5JOCUPMHI30	LEI	M.R.M.	99 – Other	*Société anonyme/sociedad cooperative/aktsiaselts*	2 – Non-mutual	Not required
42	FRANCE	833701261	Specific code	Mondot Immobilier SAS	99 – Other	*Société anonyme/sociedad cooperative/aktsiaselts*	2 – Non-mutual	Not required
43	IRELAND	549300H7R6KPWD38L370	LEI	SCOR Ireland DAC	3 – Reinsurance undertaking	Designated Activity Company	2 – Non-mutual	Central Bank of Ireland
44	FRANCE	969500H9H379A2KWOB47	LEI	SCI GARIGLIANO	10 – Ancillary services undertaking	*Société Civile Immobilière*	2 – Non-mutual	Not required
45	FRANCE	969500BV6G26NSETHR33	LEI	SCOR IP HOLDCO SAS	8 – Credit institution, investment firm and financial institution	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
46	FRANCE	879904845	Specific code	SCOR Operations	10 – Ancillary services undertaking	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
47	UNITED KINGDOM	549300ASTBZZ4FP3SU63	LEI	SCOR Investments Partners UK Ltd	8 – Credit institution, investment firm and financial institution	Private limited company	2 – Non-mutual	Financial Conduct Authority
48	FRANCE	9695006HPCIPF2J98806	LEI	MARBOT MANAGEMENT 2 SAS	99 – Other	*Société par Actions Simplifiées Unipersonnelles*	2 – Non-mutual	Not required
49	NETHERLANDS	33106831	Specific code	REMARK GROUP BV	10 – Ancillary services undertaking	*Besloten Vennoost* (similar to a Private Limited Liability Company)	2 – Non-mutual	Not required
50	IRELAND	549300KCPG3666EE4546	LEI	SCOR GLOBAL REINSURANCE IRELAND DAC	3 – Reinsurance undertaking	Designated Activity Company	2 – Non-mutual	Central Bank of Ireland
51	AUSTRALIA	549300U6TCJE8M4VQD28	LEI	SCOR GLOBAL LIFE AUSTRALIA PTY LTD	3 – Reinsurance undertaking	(Proprietary) limited company	2 – Non-mutual	APRA
52	UNITED STATES	5493003NKWLHE2RODN39	LEI	SCOR FINANCIAL LIFE INSURANCE COMPANY (SFLIC)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
53	UNITED STATES	68502	Specific code	SCOR Arizona Reinsurance Company	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Arizona Department of Insurance
54	BRAZIL	03.486.745/0001-09	Specific code	AGROBRASIL	99 – Other	*Sociedade a responsabilidade Limitada*	2 – Non-mutual	Not required
55	UNITED STATES	549300BX1ZDU6Y793Z89	LEI	SCOR REINSURANCE COMPANY	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	NYDFS
56	UNITED STATES	549300706EDPODBM6R10	LEI	SCOR U.S. CORPORATION	5 – Insurance holding company	Corporation	2 – Non-mutual	Not required
57	UNITED STATES	5493007HTE8SZYSOZJ43	LEI	GENERAL SECURITY NATIONAL INSURANCE COMPANY	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	NYDFS
58	UNITED STATES	549300KYQSLWSEO2RR36	LEI	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	2 – Non-Life insurance undertaking	Corporation	2 – Non-mutual	Arizona Department of Insurance
59	CANADA	549300O1A1JWA1USJL37	LEI	SCOR CANADA REINSURANCE COMPANY	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	OSFI
60	BRAZIL	5493000HMAZ5DP3DUY68	LEI	ESSOR SEGUROS S.A.	2 – Non-Life insurance undertaking	*Sociedad Anónima*	2 – Non-mutual	SUSEP – Brazil Insurance Regulator

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Legal name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for Group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
41	M.R.M.	56.63%	100.00%	56.63%		1. Dominant influence	100.00%			Method 1: Full consolidation
42	Mondot Immobilier SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
43	SCOR Ireland DAC	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 2: Solvency II
44	SCI GARIGLIANO	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
45	SCOR IP HOLDCO SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
46	SCOR Operations	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
47	SCOR Investments Partners UK Ltd	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
48	MARBOT MANAGEMENT 2 SAS	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
49	REMARK GROUP BV	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
50	SCOR GLOBAL REINSURANCE IRELAND DAC	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 2: Solvency II
51	SCOR GLOBAL LIFE AUSTRALIA PTY LTD	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
52	SCOR FINANCIAL LIFE INSURANCE COMPANY (SFLIC)	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
53	SCOR Arizona Reinsurance Company	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
54	AGROBRASIL	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
55	SCOR REINSURANCE COMPANY	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
56	SCOR U.S. CORPORATION	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
57	GENERAL SECURITY NATIONAL INSURANCE COMPANY	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
58	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
59	SCOR CANADA REINSURANCE COMPANY	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
60	ESSOR SEGUROS S.A.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

	Country	Identification code of the undertaking	Type of code	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
61	BRAZIL	5493008P41BO4MWZG857	LEI	SCOR Brasil Participações LTDA	5 – Insurance holding company	*Sociedade a responsabilidade Limitada*	2 – Non-mutual	Not required
62	BRAZIL	549300YJWNISPOU0I343	LEI	SCOR Brazil Resseguros S.A.	4 – Composite undertaking	*Sociedade a responsabilidade Limitada*	2 – Non-mutual	SUSEP – Brazil Insurance Regulator
63	CANADA	549300CUNU3K8MC2R460	LEI	REVIOS CANADA LTD.	99 – Other	Corporation	2 – Non-mutual	Not required
64	UNITED STATES	549300YZXF1VIUO2IK19	LEI	SCOR Global Life USA Reinsurance Company	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
65	BARBADOS	549300EUI365W1VSHF93	LEI	SCOR GLOBAL LIFE REINSURANCE INTERNATIONAL (BARBADOS) LTD.	3 – Reinsurance undertaking	Private limited company	2 – Non-mutual	FSC (Financial Services Commission)
66	CANADA	549300TK1QWDEBBRT539	LEI	REVIOS CANADA HOLDING CORP. LTD.	99 – Other	Corporation	2 – Non-mutual	Not required
67	UNITED STATES	549300TL509R6FPAC224	LEI	SCOR Global Life Americas Holding Inc.	5 – Insurance holding company	Corporation	2 – Non-mutual	Not required
68	UNITED STATES	5493000TWAHWPEF04914	LEI	SCOR LIFE REASSURANCE COMPANY (SLRC)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
69	UNITED STATES	5493004FBBK6PONS3K45	LEI	SCOR LIFE ASSURANCE COMPANY (SLAC)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
70	UNITED STATES	549300QWKNABQNOLEX38	LEI	SCOR GLOBAL LIFE AMERICAS Reinsurance Company (SGLA)	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
71	UNITED STATES	549300H2U2C3NB7RYM40	LEI	SCOR GLOBAL LIFE REINSURANCE COMPANY OF DELAWARE	3 – Reinsurance undertaking	Corporation	2 – Non-mutual	Delaware Insurance Department
72	UNITED STATES	549300RQYFY70YSLXV12	LEI	QUANTITATIVE DATA SOLUTIONS (QDS)	99 – Other	Limited Liability Company	2 – Non-mutual	Not required
73	UNITED STATES	549300BD4H7M90WKT443	LEI	SCOR GLOBAL LIFE USA HOLDINGS, INC.	5 – Insurance holding company	Corporation	2 – Non-mutual	Not required
74	HONG KONG	549300PS9VM2EJ32DV96	LEI	SCOR REINSURANCE COMPANY (ASIA) LTD	4 – Composite undertaking	Private limited company	2 – Non-mutual	Insurance Authority
75	SINGAPORE	549300HJN628XFBXRV51	LEI	SCOR REINSURANCE ASIA-PACIFIC PTE LTD	4 – Composite undertaking	Private limited company	2 – Non-mutual	MAS
76	JAPAN	0199-01-069291	Specific code	SCOR SERVICES JAPAN CO. LTD	99 – Other	*Kabushiki Kaisha*	2 – Non-mutual	Not required
77	SINGAPORE	201008452W	Specific code	SCOR SERVICES ASIA-PACIFIC PTE. LTD	10 – Ancillary services undertaking	Private limited company	2 – Non-mutual	MAS
78	FRANCE	519672844	Specific code	Gutenberg Technologies	99 – Other	*Société par Actions Simplifiées*	2 – Non-mutual	Not required

S.32.01.22 – UNDERTAKINGS IN THE SCOPE OF GROUP (CONTINUED)

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Legal name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for Group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
61	SCOR Brasil Participações LTDA	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
62	SCOR Brazil Resseguros S.A.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
63	REVIOS CANADA LTD.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
64	SCOR Global Life USA Reinsurance Company	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
65	SCOR GLOBAL LIFE REINSURANCE INTERNATIONAL (BARBADOS) LTD.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
66	REVIOS CANADA HOLDING CORP. LTD.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
67	SCOR Global Life Americas Holding Inc.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
68	SCOR LIFE REASSURANCE COMPANY (SLRC)	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
69	SCOR LIFE ASSURANCE COMPANY (SLAC)	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
70	SCOR GLOBAL LIFE AMERICAS Reinsurance Company (SGLA)	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
71	SCOR GLOBAL LIFE REINSURANCE COMPANY OF DELAWARE	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
72	QUANTITATIVE DATA SOLUTIONS (QDS)	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
73	SCOR GLOBAL LIFE USA HOLDINGS, INC.	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
74	SCOR REINSURANCE COMPANY (ASIA) LTD	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
75	SCOR REINSURANCE ASIA-PACIFIC PTE LTD	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
76	SCOR SERVICES JAPAN CO. LTD	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
77	SCOR SERVICES ASIA-PACIFIC PTE. LTD	100.00%	100.00%	100.00%		1. Dominant influence	100.00%			Method 1: Full consolidation
78	Gutenberg Technologies	53.26%		53.26%		1. Dominant influence				Other Method

Appendix B SCOR SE PUBLIC DISCLOSURE QRTS

S.02.01.02 – BALANCE SHEET

— SCOR SE

Assets as at December 31, 2022 *In EUR thousands*	Solvency II value
Intangible assets	**108,818**
Deferred tax assets	**606,405**
Pension benefit surplus	**-**
Property, plant and equipment held for own use	**194,154**
Investments	**15,132,735**
Property (other than for own use)	-
Participations and related undertakings	8,364,886
Equities	97,699
Equities – listed	18,110
Equities – unlisted	79,589
Bonds	3,833,042
Government bonds	1,951,480
Corporate bonds	1,847,868
Structured notes	4,864
Collateralised securities	28,830
Collective Investments Undertakings	2,502,172
Derivatives	222,154
Deposits other than cash equivalents	112,782
Other investments	-
Assets held for index-linked and unit-linked contracts	**-**
Loans and mortgages	**1,596,509**
Loans on policies	-
Loans and mortgages to individuals	-
Other loans and mortgages	1,596,509
Reinsurance recoverables	**2,394,141**
Non-Life and Health similar to Non-Life	3,772,549
Non-Life excluding Health	3,741,199
Health similar to Non-Life	31,350
Life and Health similar to Life, excluding Health and index-linked and unit-linked	(1,378,408)
Health similar to Life	(64,728)
Life excluding Health and index-linked and unit-linked	(1,313,680)
Life index-linked and unit-linked	-
Deposits to cedents	**7,414,868**
Insurance and intermediaries receivables	**641,318**
Reinsurance receivables	**222,649**
Receivables (trade, not insurance)	**212,259**
Own shares	**52,979**
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**-**
Cash and cash equivalents	**548,125**
Any other assets, not elsewhere shown	**6,558**
TOTAL ASSETS	**29,131,518**

S.02.01.02 – BALANCE SHEET (CONTINUED)

— SCOR SE

Liabilities as at December 31, 2022 *In EUR thousands*	Solvency II value
Technical provisions – Non-Life	**11,087,640**
Technical provisions – Non-Life (excl. Health)	10,967,857
TP calculated as a whole	-
Best estimate	10,763,235
Risk margin	204,622
Technical provisions – Health (similar to Non-Life)	119,783
TP calculated as a whole	-
Best estimate	116,520
Risk margin	3,263
Technical provisions – Life (excl. index-linked and unit-linked)	**4,233,307**
Technical provisions – Health (similar to Life)	2,749,297
TP calculated as a whole	-
Best estimate	2,399,196
Risk margin	350,101
Technical provisions – Life (excl. Health and index-linked and unit-linked)	1,484,010
TP calculated as a whole	-
Best estimate	1,094,736
Risk margin	389,274
Technical provisions – index-linked and unit-linked funds	**-**
TP calculated as a whole	-
Best estimate	-
Risk margin	-
Other technical provisions	**-**
Contingent liabilities	**-**
Provisions other than technical provisions	**7,079**
Pension benefit obligations	**98,237**
Deposits from reinsurers	**1,763,364**
Deferred tax liabilities	**773,743**
Derivatives	**20,757**
Debts owed to credit institutions	**71,881**
Financial liabilities other than debts owed to credit institutions	**1,219,008**
Insurance and intermediaries payables	**457,201**
Reinsurance payables	**(211,982)**
Payables (trade, not insurance)	**413,441**
Subordinated liabilities	**2,458,113**
Subordinated liabilities not in basic own funds	35,335
Subordinated liabilities in basic own funds	2,422,778
Any other liabilities, not elsewhere shown	**117,505**
TOTAL LIABILITIES	**22,509,294**
EXCESS OF ASSETS OVER LIABILITIES	**6,622,224**

S.05.01.02 – NON-LIFE PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Line of business* for Non-Life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							
	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
Premiums written								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	75,213	2,155	489,479	488,347	1,793,365	729,911	524,010	74,761
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	38,502	1,118	280,392	337,682	823,706	235,580	312,355	22,902
Net	36,711	1,037	209,087	150,665	969,659	494,331	211,655	51,859
Premiums earned								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	76,162	2,061	465,273	431,231	1,707,947	633,449	428,203	54,538
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	36,150	1,041	183,232	219,348	643,497	163,108	186,705	10,374
Net	40,012	1,020	282,041	211,883	1,064,450	470,341	241,498	44,164
Claims incurred								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	41,208	795	348,231	321,261	1,668,859	544,438	198,249	29,687
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	19,912	689	134,881	164,643	558,802	96,679	93,180	9,142
Net	21,296	106	213,350	156,618	1,110,057	447,759	105,069	20,545
Changes in other technical provisions								
Gross – Direct business	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted								
Reinsurers' share	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-
Expenses incurred	**13,517**	**428**	**77,466**	**62,408**	**236,521**	**117,024**	**102,771**	**11,890**
Other expenses								
TOTAL EXPENSES								

* *This table presents lines of business applicable to SCOR.*

S.05.01.02 – NON-LIFE PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS (CONTINUED)

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Line of business for accepted non-proportional reinsurance Health reinsurance	Casualty reinsurance	Marine, aviation, transport reinsurance	Property reinsurance	Total
Premiums written					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					4,177,241
Gross – Non-proportional reinsurance accepted	7,098	502,631	110,386	1,053,083	1,673,198
Reinsurers' share	2,255	218,900	57,953	872,571	3,203,916
Net	4,843	283,731	52,433	180,512	2,646,523
Premiums earned					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					3,798,864
Gross – Non-proportional reinsurance accepted	7,054	446,457	119,647	1,037,340	1,610,498
Reinsurers' share	2,152	168,833	56,991	832,576	2,504,007
Net	4,902	277,624	62,656	204,764	2,905,355
Claims incurred					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					3,152,728
Gross – Non-proportional reinsurance accepted	4,100	391,864	95,701	1,292,093	1,783,758
Reinsurers' share	1,196	122,071	96,345	895,985	2,193,525
Net	2,904	269,793	(644)	396,108	2,742,961
Changes in other technical provisions					
Gross – Direct business					-
Gross – Proportional reinsurance accepted					-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers'share	-	-	-	-	-
Net	-	-	-	-	-
Expenses incurred	**1,099**	**52,327**	**19,179**	**129,267**	**823,897**
Other expenses					**47,512**
TOTAL EXPENSES					**871,409**

S.05.01.02 – LIFE PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS (CONTINUED)

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Line of business* for Life reinsurance obligations		
	Health reinsurance	Life reinsurance	Total
Premiums written			
Gross	1,607,541	2,241,556	3,849,097
Reinsurers' share	465,751	562,243	1,027,994
Net	1,141,790	1,679,313	2,821,103
Premiums earned			
Gross	1,576,193	2,238,019	3,814,212
Reinsurers' share	459,591	562,243	1,021,834
Net	1,116,602	1,675,776	2,792,378
Claims incurred			
Gross	1,040,847	1,579,968	2,620,815
Reinsurers' share	295,507	481,399	776,906
Net	745,340	1,098,569	1,843,909
Changes in other technical provisions			
Gross	-	-	-
Reinsurers' share	-	-	-
Net	-	-	-
Expenses incurred	**474,081**	**327,246**	**801,327**
Other expenses			**49,617**
TOTAL EXPENSES			**850,944**

* *This table presents lines of business applicable to SCOR.*

S.05.02.01 – NON-LIFE PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Home country*	Top 5 countries (by amount of gross premiums written) – Non-Life obligations					Total Top 5 and home country
		(GB) United Kingdom	(CN) China	(DE) Germany	(US) United States	(IN) India	
Premiums written							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	967,495	756,735	434,147	204,303	146,196	190,362	2,699,238
Gross – Non-proportional reinsurance accepted	80,235	274,946	41,314	175,264	133,667	39,486	744,912
Reinsurers' share	737,989	529,413	464,806	238,773	143,828	135,600	2,250,409
Net	309,741	502,268	10,655	140,794	136,035	94,248	1,193,741
Premiums earned							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	864,816	682,290	413,034	195,982	123,675	181,264	2,461,061
Gross – Non-proportional reinsurance accepted	74,428	265,363	46,528	142,854	129,432	35,025	693,630
Reinsurers' share	673,415	371,150	286,530	213,586	98,430	97,864	1,740,975
Net	265,829	576,503	173,032	125,250	154,677	118,425	1,413,716
Claims incurred							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	832,243	635,523	212,686	136,126	107,979	103,539	2,028,096
Gross – Non-proportional reinsurance accepted	189,092	399,187	22,427	188,037	189,501	7,699	995,943
Reinsurers' share	893,163	316,725	169,715	197,459	69,712	43,402	1,690,176
Net	128,172	717,985	65,398	126,704	227,768	67,836	1,333,863
Changes in other technical provisions							
Gross – Direct business	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	**182,716**	**131,870**	**66,344**	**31,136**	**19,488**	**28,582**	**460,136**
Other expenses							**-**
TOTAL EXPENSES							**460,136**

* *France.*

S.05.02.01 – LIFE PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY (CONTINUED)

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Home country*	Top 5 countries (by amount of gross premiums written) – Life obligations					Total Top 5 and home country
		(GB) United Kingdom	(CN) China	(DE) Germany	(CA) Canada	(IT) Italy	
Premiums written							
Gross	631,269	812,355	495,797	257,945	235,365	198,039	2,630,770
Reinsurers' share	9,529	440,674	384,883	16,006	7,532	200	858,824
Net	621,740	371,681	110,914	241,939	227,833	197,839	1,771,946
Premiums earned							
Gross	631,001	812,355	486,514	244,211	235,365	191,544	2,600,990
Reinsurers' share	9,530	440,674	375,451	16,021	7,532	202	849,410
Net	621,471	371,681	111,063	228,190	227,833	191,342	1,751,580
Claims incurred							
Gross	385,772	722,831	332,961	227,953	199,824	122,821	1,992,162
Reinsurers' share	4,830	384,833	268,715	2,811	2,223	(814)	662,598
Net	380,942	337,998	64,246	225,142	197,601	123,635	1,329,564
Changes in other technical provisions							
Gross	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Expenses incurred	**271,098**	**33,271**	**40,133**	**70,438**	**27,163**	**60,947**	**503,050**
Other expenses							**30,147**
TOTAL EXPENSES							**533,197**

* *France.*

S.12.01.02 – LIFE AND HEALTH SLT TECHNICAL PROVISIONS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Accepted reinsurance (other than health)	Health reinsurance (reinsurance accepted)
Technical provisions calculated as a whole		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	-	-
Technical provisions calculated as a sum of best estimate (BE) and risk margin (RM)		
Best estimate		
Gross best estimate	**1,094,736**	**2,399,196**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(1,313,680)	(64,728)
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	2,408,416	2,463,924
Risk Margin	**389,274**	**350,101**
Amount of the transitional on technical provisions		
Technical provisions calculated as a whole	-	-
Best estimate	-	-
Risk Margin	-	-
TECHNICAL PROVISIONS – TOTAL	**1,484,010**	**2,749,297**

The table above presents lines of business applicable to SCOR.

S.17.01.02 – NON-LIFE TECHNICAL PROVISIONS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
Technical provisions calculated as a whole	-	-	-	-	-	-	-	-
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	(6,864)	3	9,034	(19,648)	(34,836)	(74,733)	(62,682)	(5,520)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(3,304)	1	14,067	(13,269)	13,446	(20,475)	(25,818)	(2,178)
Net best estimate of premium provisions	(3,560)	2	(5,033)	(6,379)	(48,282)	(54,258)	(36,864)	(3,342)
Claims provisions								
Gross	81,701	18,737	751,002	562,968	2,002,047	1,311,423	411,881	50,796
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	25,549	1,796	274,105	249,218	902,816	215,553	164,620	7,033
Net best estimate of claims provisions	**56,152**	**16,941**	**476,897**	**313,750**	**1,099,231**	**1,095,870**	**247,261**	**43,763**
Total best estimate – gross	**74,837**	**18,740**	**760,036**	**543,320**	**1,967,211**	**1,236,690**	**349,199**	**45,276**
Total best estimate – net	**52,592**	**16,943**	**471,864**	**307,371**	**1,050,949**	**1,041,612**	**210,397**	**40,421**
Risk margin	**633**	**1,938**	**13,590**	**8,696**	**26,502**	**37,518**	**6,736**	**5,085**
Amount of the transitional on technical provisions								
Technical provisions calculated as a whole	-	-	-	-	-	-	-	-
Best estimate	-	-	-	-	-	-	-	-
Risk margin	-	-	-	-	-	-	-	-
TECHNICAL PROVISIONS – TOTAL								
Technical provisions – total	75,470	20,678	773,626	552,016	1,993,713	1,274,208	355,935	50,361
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	22,245	1,797	288,172	235,949	916,262	195,078	138,802	4,855
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	53,225	18,881	485,454	316,067	1,077,451	1,079,130	217,133	45,506

The table above presents lines of business applicable to SCOR.

S.17.01.02 – NON-LIFE TECHNICAL PROVISIONS (CONTINUED)

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Accepted non-proportional reinsurance: Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
Technical provisions calculated as a whole	-	-	-	-	-
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross	(1,488)	(12,209)	(5,426)	(52,010)	(266,379)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(171)	2,871	(2,200)	(15,904)	(52,934)
Net best estimate of premium provisions	(1,317)	(15,080)	(3,226)	(36,106)	(213,445)
Claims provisions					
Gross	24,431	2,948,540	183,709	2,798,899	11,146,134
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	7,479	532,651	114,057	1,330,606	3,825,483
Net best estimate of claims provisions	**16,952**	**2,415,889**	**69,652**	**1,468,293**	**7,320,651**
Total best estimate – gross	**22,943**	**2,936,331**	**178,283**	**2,746,889**	**10,879,755**
Total best estimate – net	**15,635**	**2,400,809**	**66,426**	**1,432,187**	**7,107,206**
Risk margin	**692**	**35,633**	**7,227**	**63,635**	**207,885**
Amount of the transitional on technical provisions					
Technical provisions calculated as a whole	-	-	-	-	-
Best estimate	-	-	-	-	-
Risk margin	-	-	-	-	-
TECHNICAL PROVISIONS – TOTAL					
Technical provisions – total	23,635	2,971,964	185,510	2,810,524	11,087,640
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	7,308	535,522	111,857	1,314,702	3,772,549
Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total	16,327	2,436,442	73,653	1,495,822	7,315,091

S.19.01.21 – NON-LIFE INSURANCE CLAIMS INFORMATION

— Total Non-Life Business – Underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)													
Development year												In current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior											203,149	203,149	203,149
N-9	(44,488)	802,976	495,584	209,765	103,235	65,857	49,398	72,327	32,777	39,947		39,947	1,827,378
N-8	64,837	734,873	403,602	220,547	97,341	58,133	56,687	29,115	35,358			35,358	1,700,493
N-7	31,193	638,773	473,551	223,285	122,423	84,844	49,697	40,807				40,807	1,664,573
N-6	(114,022)	687,168	494,555	203,558	124,136	71,374	82,180					82,180	1,548,949
N-5	69,151	1,291,727	532,623	346,360	173,282	122,138						122,138	2,535,281
N-4	30,769	1,116,299	527,768	224,822	158,397							158,397	2,058,055
N-3	38,855	991,202	513,000	304,148								304,148	1,847,205
N-2	26,847	649,312	409,960									409,960	1,086,119
N-1	49,093	838,631										838,631	887,724
N	148,055											148,055	148,055
TOTAL												**2,382,770**	**15,506,981**

Gross undiscounted best estimate Claims Provisions (absolute amount)												
Development year												Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10 & +	
Prior											2,291,817	1,808,920
N-9	-	-	-	626,580	447,860	359,181	279,965	239,369	215,831	174,342		147,083
N-8	-	-	1,026,128	723,038	579,273	398,288	318,452	301,316	258,156			210,278
N-7	-	1,815,645	1,061,409	788,823	526,365	408,871	357,807	360,565				303,689
N-6	1,383,526	1,504,410	1,009,086	640,791	494,412	461,465	427,123					361,025
N-5	1,372,775	2,143,579	1,202,192	864,606	688,881	607,234						519,789
N-4	1,650,830	1,496,748	1,019,230	833,229	808,728							706,770
N-3	1,663,943	1,679,430	1,193,453	993,953								881,626
N-2	1,482,561	1,875,459	1,721,532									1,561,220
N-1	3,109,009	3,143,869										2,940,887
N	2,773,676											2,560,139
TOTAL												**12,001,426**

S.23.01.01 – OWN FUNDS

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	1,415,266	1,415,266		-	
Share premium account related to ordinary share capital	462,688	462,688		-	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	-	-			
Preference shares	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Reconciliation reserve	**4,420,262**	**4,420,262**			
Subordinated liabilities	2,422,778		929,677	1,493,101	-
An amount equal to the value of net deferred tax assets	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-	-			
Deductions					
Deductions for participations in financial and credit institutions	-	-	-	-	
TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS	**8,720,994**	**6,298,216**	**929,677**	**1,493,101**	**-**

S.23.01.01 – OWN FUNDS (CONTINUED)

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	-			-	
Unpaid and uncalled preference shares callable on demand	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Other ancillary own funds	-			-	-
Total ancillary own funds	**-**			**-**	**-**
Available and eligible own funds					
Total available own funds to meet the SCR	8,720,994	6,298,216	929,677	1,493,101	-
Total available own funds to meet the MCR	8,720,994	6,298,216	929,677	1,493,101	
Total eligible own funds to meet the SCR	8,720,994	6,298,216	929,677	1,493,101	-
Total eligible own funds to meet the MCR	**7,598,723**	**6,298,216**	**929,677**	**370,830**	
SCR	**4,120,329**				
MCR	**1,854,148**				
Ratio of Eligible own funds to SCR	**211.66%**				
Ratio of Eligible own funds to MCR	**409.82%**				

S.23.01.01 – OWN FUNDS (CONTINUED)

— SCOR SE

As at December 31, 2022 *In EUR thousands*	Total
Reconciliation reserve	
Excess of assets over liabilities	6,622,224
Own shares (held directly or indirectly)	72,468
Foreseeable dividends, distributions and charges	251,540
Other basic own fund items	1,877,954
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
Reconciliation reserve	**4,420,262**
Expected profits	
Expected profits included in future premiums (EPIFP) – Life business	1,280,446
Expected profits included in future premiums (EPIFP) – Non-Life business	558,452
TOTAL EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS (EPIFP)	**1,838,898**

S.25.03.21 – SOLVENCY CAPITAL REQUIREMENT – FOR UNDERTAKINGS ON FULL INTERNAL MODELS

— SCOR SE

As at December 31, 2022
In EUR thousands

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
A.1.1 – Non-Life Underwriting Risk	PnC Underwriting Risk	3,270,989
A.2.1 – Life Underwriting Risk	Life Underwriting Risk	3,155,222
A.3.1 – Market Risk	Market Risk	2,325,901
A.4.1 – Credit Risk	Credit Risk	993,130
A.9 – Operational risk	Operational Risk	416,675
Calculation of Solvency Capital Requirement (SCR)		
Total undiversified components		10,161,917
Diversification		(5,701,108)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)		-
Solvency Capital Requirement excluding capital add-on		**4,120,329**
Capital add-ons already set		-
Solvency Capital Requirement		**4,120,329**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions		-
Amount/estimate of the overall loss-absorbing capacity of deferred taxes		(340,480)
Total amount of Notional Solvency Capital Requirements for remaining part		-
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))		-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios		-
Diversification effects due to RFF nSCR aggregation for Article 304		-
Approach based on average tax rate		No
Calculation of loss absorbing capacity of deferred taxes		
Amount/estimate of LAC DT		(340,480)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities		(127,284)
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit		(213,195)
Amount/estimate of LAC DT justified by carry back, current year		-
Amount/estimate of LAC DT justified by carry back, future years		-
Amount/estimate of Maximum LAC DT		(990,769)

S.28.01.01 – MINIMUM CAPITAL REQUIREMENT – ONLY LIFE OR ONLY NON-LIFE INSURANCE OR REINSURANCE ACTIVITY

— SCOR SE

As at December 31, 2022
In EUR thousands

LINEAR FORMULA COMPONENT FOR NON-LIFE INSURANCE AND REINSURANCE OBLIGATIONS		
MCR_{NL} Result	1,358,211	
	Net (of reinsurance/SPV) Best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	-	-
Income protection insurance and proportional reinsurance	52,592	37,187
Workers' compensation insurance and proportional reinsurance	16,943	1,050
Motor vehicle liability insurance and proportional reinsurance	471,864	212,017
Other motor insurance and proportional reinsurance	-	-
Marine, aviation and transport insurance and proportional reinsurance	307,371	153,268
Fire and other damage to property insurance and proportional reinsurance	1,050,949	981,526
General liability insurance and proportional reinsurance	1,041,612	499,715
Credit and suretyship insurance and proportional reinsurance	210,397	214,725
Legal expenses insurance and proportional reinsurance	-	-
Assistance and proportional reinsurance	-	-
Miscellaneous financial loss insurance and proportional reinsurance	40,421	52,417
Non-proportional health reinsurance	15,635	4,896
Non-proportional casualty reinsurance	2,400,810	287,123
Non-proportional marine, aviation and transport reinsurance	66,426	53,123
Non-proportional property reinsurance	1,432,187	185,324

LINEAR FORMULA COMPONENT FOR LIFE INSURANCE AND REINSURANCE OBLIGATIONS		
MCR_{L} Result	761,164	
	Net (of reinsurance/SPV) Best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation – guaranteed benefits	-	
Obligations with profit participation – future discretionary benefits	-	
Index-linked and unit-linked insurance obligations	-	
Other life (re)insurance and health (re)insurance obligations	4,872,364	
Total capital at risk for all life (re)insurance obligations		941,206,693

OVERALL MCR CALCULATION	
Linear MCR	2,119,375
SCR	4,120,329
MCR cap	1,854,148
MCR floor	1,030,082
Combined MCR	1,854,148
Absolute floor of the MCR	3,900
MINIMUM CAPITAL REQUIREMENT	**1,854,148**

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Tel. +33 (0)1 55 32 29 74

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Corporate Office
5, avenue Kléber
75116 Paris
France

Mail address
5 avenue Kléber
75795 Paris Cedex 16
France
Telephone: +33 (0)1 58 44 70 00
Fax: +33 (0)1 58 44 85 00

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