Climate Report 2021

Combining the Art and Science of Risk **to protect societies**

SCOR
The Art & Science of Risk

Combining the Art & Science of Risk to protect societies

As a global independent reinsurance company, SCOR contributes to the welfare, resilience and sustainable development of society by bridging the protection gap, increasing insurance reach, helping to protect insureds against the risks they face, pushing back the frontiers of insurability and acting as a responsible investor. Through the expertise and know-how of its employees, it combines the Art and Science of Risk to offer its clients an optimum level of security and creates value for its shareholders by developing its Life & Health and Property & Casualty business lines, respecting strict corporate governance rules. SCOR provides its clients with a broad range of innovative reinsurance solutions and pursues an underwriting policy founded on profitability, supported by effective risk management and a prudent investment policy.

Cover image:

Trees grow to a gigantic size in the rainforest, and are supported by strong, strut-like buttresses at the base of the trunk that help to stabilize them in shallow forest soils.

Foreword —

SCOR is a longstanding participant of the United Nations Global Compact and acknowledges the high relevance to its business of the Sustainable Development Goals (SDGs). In particular, SCOR is committed to reducing climate-related risk by helping to make companies more resilient, promoting the adoption of appropriate practices and principles, fostering cooperation, and encouraging good governance, integrity and accountability.

SCOR supports several international sectoral climate-related initiatives, such as the French Business Climate Pledge signed in the wake of the Paris Climate Agreement, the Geneva Association's Climate Risk Statement on Climate Resilience and Adaptation, and the Net-Zero Asset Owner Alliance (NZOA). In 2021, SCOR co-launched the pioneering Net-Zero Insurance Alliance (NZIA) and joined the Act4Nature International initiatives, amongst others. The Group also became one of the first (re)insurers to sign up to the Climate Transition Pathway accreditation framework.

In demonstration of its continued commitments to fight climate change, SCOR supports the Task-force for Climate-related Financial Disclosures (TCFD) and the implementation of its recommendations. Therefore, SCOR publishes this Climate Report, which provides an overview of SCOR's climate-related risks and opportunities, as well as information on how its business model and strategy are resilient to those climate-related risks. The report is structured according to the four disclosure sections proposed by the TCFD: Governance, Strategy, Risk Management and Metrics and Targets. While preparing this report, SCOR has taken into account the Guidelines on reporting climate-related information, communicated by the European Commission in 2019 and the guidance published by the French market authority (Autorité des Marchés Financiers) in its December 2020 report, "TCFD climate reporting in the financial sector".

The information in this report was prepared based on data available as of December 31, 2021.

Contents —

08 Governance of climate-related issues and risks

P. 10 – **1.1. General framework**
P. 10 – **1.2. Board of Directors' oversight of climate-related issues**
P. 12 – 1.2.1. Role and activities of the Board of Directors
P. 12 – 1.2.2. Role and activities of the Board's committees
P. 13 – **1.3. Role of the management bodies in climate-related issues**
P. 13 – 1.3.1. Group Executive Committee and its specialized committees
P. 15 – 1.3.2. Coordination, implementation and operational governance
P. 16 – **1.4. Performance criteria**
P. 16 – 1.4.1. The Chairman and Chief Executive Officer's climate-related objectives for 2021
P. 17 – 1.4.2. The environmental criterion in the Compensation policy for 2022

18 Strategy

P. 22 – **2.1. SCOR's exposure to climate-related risks**
P. 22 – 2.1.1. Impacts on strategic risks
P. 23 – 2.1.2. Impacts on (re)insurance activities
P. 24 – 2.1.3. Impacts on investment activities
P. 26 – 2.1.4. Impacts on operations
P. 27 – **2.2. Identification of climate-related opportunities**
P. 27 – 2.2.1. P&C business opportunities
P. 28 – 2.2.2. Life & Health business opportunities
P. 28 – 2.2.3. Climate-related investment opportunities
P. 29 – **2.3. SCOR supports climate awareness and took several decarbonization commitments as part of its strategy**
P. 29 – 2.3.1. Participation in industry working groups, research activities and institutional commitments
P. 30 – 2.3.2. SCOR is committed to net-zero emissions by 2050 through different initiatives

32 Risk management

P. 34 – **3.1. Identification and assessment of climate-related risks**
P. 34 – 3.1.1. Identification of climate-related risks
P. 34 – 3.1.2. Assessment of climate-related risks
P. 36 – **3.2. Management of climate-related risks**
P. 36 – 3.2.1. Strategic risks
P. 36 – 3.2.2. (Re)insurance activities
P. 37 – 3.2.3. Investment activities
P. 39 – 3.2.4. Operations

40 Metrics and targets

P. 42 – **4.1. Commitments taken towards a net-zero emissions economy**
P. 42 – 4.1.1. Investment activities
P. 43 – 4.1.1. Underwriting activities
P. 43 – 4.1.3. Group's operations
P. 43 – **4.2. Key metrics and performance indicators**
P. 45 – 4.2.1. Impact of natural catastrophes on underwriting activities
P. 44 – 4.2.2. The share of eligible activities to the European Taxonomy
P. 45 – 4.2.3. Exposure to fossil energies for investment activities
P. 46 – 4.2.4. Carbon intensity by enterprise value on corporate bonds and equity for investment activities
P. 47 – 4.2.5. Other metrics used for investment activities
P.48 – 4.2.6. Monitoring the impact of SCOR's operations on the environment

Editorial — **Laurent Rousseau,** *Chief Executive Officer*

SCOR's purpose, our *raison d'être*, is to combine the Art & Science of Risk to protect societies. We do so by sharing the fortunes of societies over the long-term, protecting insureds against the risks they face, pushing back the frontiers of insurability and acting as a responsible investor. Closing the protection gap is both an imperative, and a source of opportunities in our business, to:

1. Contribute to the health of the people: accompanying people's health and well-being, including by developing accessible health prevention.
2. Contribute to the health of the planet: protecting society from extreme events, accompanying economic agents in mitigating the effects of climate change and enabling a smooth energy transition.

At SCOR, our focus is on taking concrete actions now. We do so based on reliable facts and laying the foundations of a structural shift in the way climate risks, and more generally the sustainability imperative, are managed. Actions result from our Theory of Change and intend to optimize positive impacts of our strategy: setting clear objectives for decarbonization and facilitating the transition to a low carbon economy are the main drivers of our actions to tackle climate change and our best contribution to a Net Zero economy.

This action plan applies to three areas:

1. Our (re)insurance underwriting activities are by design part of the solutions to the effects of climate change. Having said that, we need to be proactive and continue accompanying our clients in their transition. While some of these actions may consist in exiting
   - **certain risks:** such as new constructions of coal-fired plants' construction, greenfield thermal coal mines, stand-alone lignite mines or plants for our single risk business
   - **or areas:** such as Oil & Gas in Arctic National Wildlife Refuge and High Arctic or any risk infringing World Heritage sites' protection area for our single risk business,

   we remain in a syndicated business where (re)insurers all take a slice of risks. Therefore, we provide our underwriters with complete risks' assessments grids to fully deploy the virtuous effects of insurance and risk managed behaviors, and ensure they have an influence if not a leadership stance in the broader (re)insurance underwriting business.
2. Our invested assets: SCOR manages directly or indirectly EUR 23 billion assets and is in this capacity a financing partner of the global economy. Our actions to date have focused on climate change and portfolio decarbonization and we see tremendous upside in the coming years to finance the transition to a nature-positive economy.
3. Our own operations: it might look marginal in comparison to other industries, but we need to lead by example. SCOR has a global presence, with 36 offices in the world, and 3,590 employees. SCOR had initially set-up a target of 30% carbon reduction per employee by 2021 vs 2014 on scope 1 and 2. This objective has been reached already in 2019, and in 2021, SCOR has reduced its carbon footprint per employee by 68% vs. 2014. For the year 2022, SCOR has further increased this target to reach a 35% reduction of carbon emissions on scope 1 and 2 as compared to 2014.

— Taking action in the near term is an absolute requirement to mitigate the effects of climate change. But for these actions to have sustained impacts over the long-term, we need to keep investing in structural changes:

1. The biggest challenge today lies in the insufficient KPIs, and under-developed data and analytics that most insurers have on the risks they take on their balance sheet. While financial assets can be securitized and therefore standardized, the (re)insurance business is a lot more "sticky". It sticks to the reality of physical assets, humans and their behaviors. Reinsurers have a key role to promote a more quantitative risk transfer framework where risks can be more objectively assessed and accounted for. Improving the industry Data & Analytics is the number one underlying challenge.
2. Another fundamental and structural challenge is to change the ways projects and risks are priced, factoring-in all externalities. The discount rates used to price business should be reviewed, taking into account the price of carbon, and the full impacts of human activities on their environment.
3. Behaviors generally speaking need to keep evolving and acknowledge that a "sustainable performance" is one that takes into account all stakeholders' interests and find a balance. In this respect, this Climate Report is only one part of the actions we take at SCOR, in the broader Sustainability imperative. Bridging the Innovation Gap in the (re)insurance industry will assist in closing the Protection Gap.

These deeper, more structural actions require a joined-up, global approach. SCOR is therefore a proactive member of influential organizations, such as the Net Zero Insurance Alliance, after having joined the Net Zero Asset Owner Alliance in 2020. While all economic actors have a leadership role to play, the global wake-up call on Climate has also to be led by institutional initiatives. Insurance has long been a partner of the public power: Climate is yet another illustration of the complementarity of the public and economic spheres.

SCOR is preparing for the near future and shaping its organization and governance to better respond to the challenges ahead and centralized the Sustainability function with dedicated experts to accelerate SCOR's journey across our businesses (Life & Health, Property & Casualty), our investments, and our own operations.

The world will need to make significant investment over the next years to finance the climate transition. This represents a significant opportunity for (re)insurers, but it requires:

- To put Sustainability at the core of the strategy to make it a priority
- To integrate Sustainability in the company's culture to make it a common ambition
- To invest in people and build the technical expertise and underwriting knowledge to accompany our clients' future investment in new technologies
- To innovate and design new products that can accelerate the energy transition

The 2021 edition of our Climate Report presents in detail our approach and strategy. We will continue to drive our actions with resolve and true ambition.

01

Governance of climate-related issues and risks

Populated by an estimated half of the world's plants and animals, tropical rainforests are centers of biodiversity that produce, store and filter water, protecting against soil erosion, floods and drought.

At SCOR, an integrated governance system has been established to consider the social, environmental and governance-related impacts of SCOR's business activities, including risks resulting from climate change. This system is structured around five core pillars:

- a general reference framework consisting of the Group's *raison d'être* and adherence to global initiatives supported by United Nations programs, supplemented, where appropriate, by subject-specific reference frameworks and transposed into standards and policies (e.g., the Climate Policy, the Sustainable Investment Policy) and relevant Group activities;
- a dedicated governance framework, under the supervision of the Board of Directors, supported by the preparatory work (in particular with respect to climate-related matters) of its specialized committees, the Risk Committee, the Sustainability Committee and the Audit Committee, as well as by a dedicated Chief Sustainability Officer (member of the Group Executive Committee);
- integrated initiatives translated into operational measures in annual action plans, which are periodically reported to the supervisory and management bodies;
- a risk management system, shaped by the formal procedures in place. This system is applied to the most relevant functional processes, building on the risk analyses performed and including the monitoring of trends and associated emerging risks and operational risks;
- a framework of performance conditions indexed to sustainability criteria, which include climate-related issues and risks, applied in a manner appropriate to the responsibilities exercised within the company.

These pillars are presented in greater detail in the following subsections.

1.1 GENERAL FRAMEWORK

— The consideration of climate change-related consequences to the Group's activities and operations are guided by the involvement in UN global initiatives and by orientations set out in SCOR's *raison d'être*.

They provide a general reference framework and useful principles for addressing climate-related issues, given that the Group conducts business in countries with legal and governance environments characterized by varying degrees of maturity in these areas:

- at cross-sector level, as part of its longstanding participation in the United Nations Global Compact, SCOR is aligning with the initiative's three principles covering environmental protection, in a framework tailored to its sphere of influence;
- at the level of the (re)insurance sector, several initiatives provide a framework for incorporating the risks and opportunities arising from climate-related issues, including the development of expertise and solutions to address issues relevant to the Group's business activities. Hence, SCOR has been a founding member of the Principles for Sustainable Insurance since 2012. It is also a member of the Principles for Responsible Investment as an institutional investor (2019) as well as via its asset management subsidiary, SCOR Investment Partners (2016). More recently, SCOR joined two strategic initiatives aimed at fostering the transition to net-zero greenhouse gas (GHG) emissions by 2050: the Net-Zero Asset Owner Alliance in May 2020 and the Net-Zero Insurance Alliance in July 2021.
- its *raison d'être*: Combining the Art & Science of Risk to protect societies. As a global independent (re)insurance company, SCOR contributes to the welfare, resilience, and sustainable development of society by bridging the protection gap, increasing insurance reach, helping to protect insureds against the risk they face, pushing back the frontier on insurability and acting as a responsible investor.

The principles contained in these initiatives are translated into standards in the Group's main reference texts, including: (i) its Code of Conduct, an entire section of which is dedicated to the United Nations Global Compact and the Principles for Sustainable Insurance, (ii) its climate policy, which sets out the general framework within which the actions and initiatives of SCOR entities on matters relating to climate change take place, and (iii) its sustainable investment policy, which provides the principles for the integration of sustainability matters in the investment strategy.

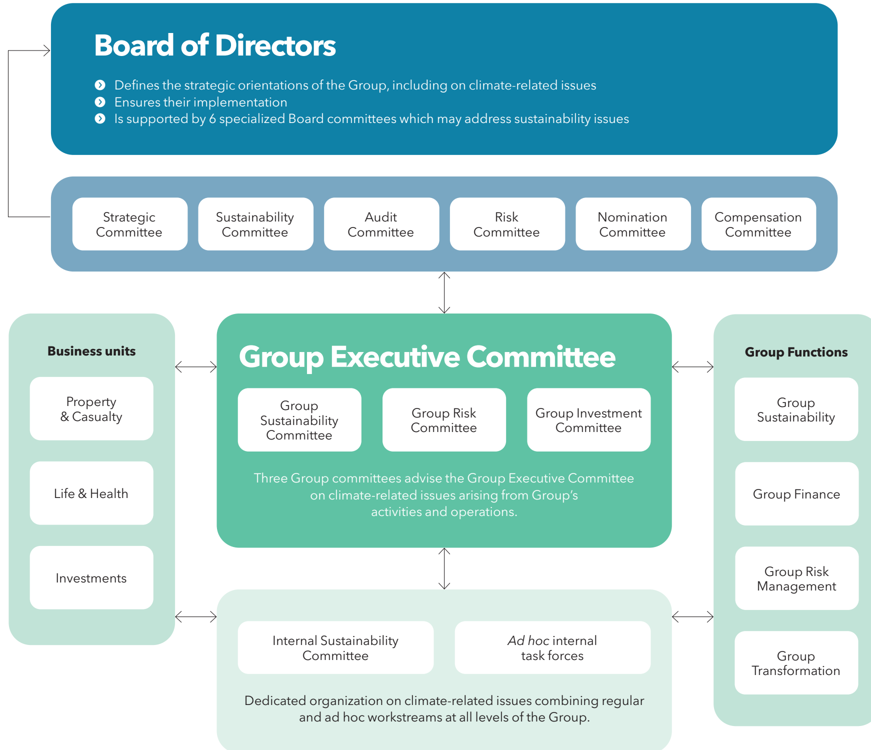
They are also embedded in internal guidelines setting out the rules of conduct and the procedures to be followed in the exercise of the Group's business activities (e.g., ESG underwriting guide for the Group's P&C insurance activities)

1.2 BOARD OF DIRECTORS' OVERSIGHT OF CLIMATE-RELATED ISSUES

— As a global and independent reinsurer, the SCOR group aims to embrace best governance practices. These play a crucial role in helping SCOR achieve its strategic objectives and to appropriately manage the risks arising in its various business lines. Climate risk is studied and acted on at various levels of the Group. Led by its top governance bodies, SCOR has formulated a holistic climate strategy encompassing its activities and its operations.

Risks and opportunities related to climate change are subject to governance structured around oversight, management, implementation and coordination bodies.

Only the activities relating to supervisory bodies in the areas of addressing and understanding climate change impacts are described in the following sub-sections.



1.2.1 Role and activities of the Board of Directors

— Under the conditions defined by the Board's Internal Charter, the Board of Directors defines the strategic orientations of the Group and ensures their implementation, in accordance with its corporate interest, taking into account the social and environmental aspects of its activity. It monitors management's performance and ensures the sound and prudent management of the Group.

Therefore, the Group's three-year strategic plan "Quantum Leap", approved by the Board of Directors in 2019, includes a variety of orientations addressing the impacts of climate change in its activities and operations (supporting the energy transition, developing solutions for adapting to the physical risks related to climate change, financing a sustainable world and committing to zero-net carbon by 2050, reducing the carbon impact of the Group's operations and offsetting the remaining emissions).

The Board is regularly updated by Executive Management on the achievement of the above-mentioned orientations and is informed on forthcoming evolutions and trends that may be of interest for SCOR's business and activities. The Board meets at least four times a year.

As of December 31, 2021, ten board members have an expertise on sustainability, including climate-related matters:

In 2021, the Board of Directors held nine meetings during which climate-related topics were discussed in order to:

- review and approve the Group's Universal Registration Document, including the section on risk factors (section 3), and the non-financial performance statement (section 6), which includes information on the Group's exposure to climate risks, low carbon and climate change strategy;
- approve the sustainable investment strategy;
- review the 2020 Climate report;
- follow-up on the Group's non-financial ratings;
- approve the sustainable investment policy.

1.2.2 Role and activities of the Board's committees

— Under the conditions defined by the Boards Internal Charter, SCOR's Board of Directors has established several advisory committees responsible for examining specific topics, preparing the Board's discussions and making recommendations including on climate-related issues.

Thereby, the Board Sustainability Committee addresses climate-related topics at each meeting. The Board Risk Committee provides regular supervision of the initiatives conducted by the Group's Management on identified climate-related risks. Finally, on some specific occasions, other specialized committees may discuss climate-related issues.

1.2.2.1 Climate-related issues are at the heart of the Board sustainability Committee's missions

— The Sustainability Committee ensures that the Group's sustainability approach is consistent with its long-term development, and that the direct and indirect effects of its activities on the environment and society are incorporated into its strategy. Its role is to examine the main sustainability issues faced by the Group, as well as the sustainability strategy and action plans, including commitments made by the Group in this regard, to monitor their implementation, and to propose any actions in this respect. It submits to the Board of Directors any proposals designed to take the sustainability issues faced by the Group into consideration when determining its business orientations. The Committee also examines the sustainability-related reports submitted to the Board of Directors in accordance with the applicable laws and regulations, particularly the non-financial performance statement referred to in Article L. 22-10-36 of the French Commercial Code. It studies the non-financial ratings obtained by the Group and defines, if necessary, objectives in this area.

More specifically, the Sustainability Committee oversees the execution of the climate section of the sustainability action plan, which puts the Group's approach in this area into practice on an annual basis. This plan covers a range of relevant topics, such as relations with Group stakeholders, the integration of climate-related issues into (re)insurance and investment activities and the Group's environmental performance regarding its operations. This Committee is also responsible for making proposals to the Board of Directors on how to take environmental issues, including climate change issues, into account in the Group's strategic choices and the compensation scheme for executives.

In 2021, the agenda of the Committee included the review of the Sustainable Investment Policy and the presentation of the commitments undertaken for the Act4Nature International initiative. The Committee also followed-up on a study on the relation between biodiversity and insurance/(re)insurance activities.

1.2.2.2 Regular supervision of climate-related issues by the Risk Committee

— The Risk Committee is responsible for examining the major risks to which the Group is exposed and for monitoring the alignment of the Group's risk profile with the Group's Risk Appetite Framework.

It examines the Group's main risks and its Enterprise Risk Management (ERM) policy. It also examines the Group's strategic risks (including emerging risks) as well as the Group's main technical and financial commitments (underwriting, reserving, market, concentration, counterparty, asset-liability management, liquidity and operating risks as well as the risks relating to changes in prudential regulations). The Risk Committee is kept regularly informed of the major environmental issues that may influence the Group's activities, including the trends of global climate change and deterioration of the environment, and the associated emerging risks closely linked to these issues.

In 2021, the Risk Committee was informed of the Group's main exposures and risks, including natural events, as well as the measures taken to manage a number of these events as part of the Group's capital shield strategy. Finally, the Risk Committee reviewed the 2020 Climate Report disclosed by the Group in 2021.

1.2.2.3 Climate-related disclosures are reviewed by the Audit committee

— As part of its accounting, financial and non-financial responsibilities, the audit committee reviews climate-related disclosures published in the Non-financial performance statement (included in the Universal Registration document).

In 2021, the review of the 2021 financial statements was also presented with a management presentation describing SCOR's exposure to climate-related risks, as part of social and environmental risks.

1.2.2.4 The implementation of the Group's climate policy is assessed by the Compensation Committee

— The Compensation Committee is tasked primarily with determining the basis of calculation of the variable compensation of executive corporate officers and ensuring that these rules are in line with the annual performance assessment of executive corporate officers and with the Group's strategy in the medium term. The Committee is also responsible for examining the terms, amount and allocation of performance shares and stock options for the Group's employees. The Group's environmental and social performance is taken into account in several of these compensation instruments, including the implementation and the development of SCOR's policies with respect to climate change.

In 2021, The Compensation Committee assessed the performance of the Chief Executive Officer, particularly regarding the fight against climate change. Further details on the result of this assessment are provided in section 1.4 – Performance criteria of this report.

1.3 ROLE OF THE MANAGEMENT BODIES IN CLIMATE-RELATED ISSUES

1.3.1 Group executive committee and its specialized committees

— In 2021, SCOR appointed a dedicated Chief Sustainability Officer as a member of the Group Executive Committee.

The Management bodies play an important role in the management of the sustainability strategy. In addition to the Chief Sustainability Officer, three committees (the Group Sustainability Committee, the Group Risk Committee, and the Group Investment Committee) advise the Group Executive Committee on climate-related risks arising from the Group's activities and operations.

- The Group Sustainability Committee meets on a quarterly basis ahead of the Board Sustainability Committee meetings and is tasked with approving the decisions concerning SCOR's sustainability approach and initiatives. More specifically, it approves the sustainability strategy for the Group's core business, investments and operations, and ensures that the action plan is executed properly. As such, climate-related issues are frequently on the agenda.
- The Group Risk Committee meets every quarter ahead of

the Board Risk Committee. Apart from the preparation of the Board Risk Committee, the main missions of the Group Risk Committee are to steer the Group's risk profile, maintain an effective enterprise risk management framework and foster an appropriate Risk Culture throughout the Group. Climate risks, extreme events and their direct impact on SCOR's risk profile, are regularly discussed in these meetings. These discussions are informed by SCOR's research and development related to climate change, notably by the modelling and pricing and other relevant areas.

- 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. The Group Investment Committee defines portfolio positioning within the limits set by the strategic plan. It approves normative and thematic exclusions, as well as major asset reallocations related to risk management, including climate-related risks. It also approves sustainable investing initiatives with a direct impact on portfolio allocation.

The composition of these committees, the combination of skills within them, the preparatory work conducted by each of them ahead of Board meetings, and the regular interactions with Executive Management and the Executive Committee provide a structured environment for the materiality analysis of social and environmental issues, including any financial impacts.

1.3.2 Coordination, implementation and operational governance

1.3.2.1 A transversal approach for the Group

— At the group level, the Group Executive Committee and its specialized committees are supported and informed on sustainability and climate-related issues through a dedicated organization.

The coordination and execution of the sustainability action plan is ensured at the operational level by the Sustainability function which is responsible for defining the sustainability framework and preparing and coordinating the Group's sustainability strategy. Since September 2021, following the announcement of changes in SCOR's Group Executive Committee, the Sustainability function is headed by the Group Chief Sustainability Officer. The Sustainability function also coordinates the internal Sustainability Committee that meets once a month. This committee aims to promote discussions and bring consistency to the Group's actions in terms of social and societal responsibility and sustainability. It consists of representatives from each Group business unit and Group functions (e.g Risk Management, Human Resources, Compliance, Communications and local representatives).

The risk management area informs the risk committees of the impacts that climate change could have on the company's risk profile. For example, techniques such as footprint scenarios can be used to stress-test the ability of the company to withstand selected extreme physical risks, such as hurricanes. In addition, the Group CRO holds regular meetings of senior risk managers, at which the major risk topics addressed across the function, including those related to climate change, are discussed. These meetings are also used to select the risk subjects that will be presented to the risk committees.

1.3.2.2 Focus on investment activities

— Regarding investment activities, the Mandate Investment Committee, brings together representatives from SCOR SE and from SCOR Investment Partners, SCOR's principal asset manager. This Committee regularly analyzes portfolio positions at a more granular level and discusses strategic choices in light of the Group's sustainable investing strategy.

The SCOR SE monitors the compliance of all investment decisions with the various risk limits set by the Group (e.g. risk appetite and tolerance). It is also responsible for developing the ESG strategy for investments, including initiatives linked to climate change risks and opportunities, which is submitted to the Group Executive Committee. In addition, it monitors ESG ratings, exclusion lists and operational implementation of the sustainability action plan. Quarterly reporting on achievements relating to targets is presented at Executive Committee and Board levels.

1.3.2.3 Focus on (re)insurance activities

P&C BUSINESS ACTIVITIES

— The P&C Pricing & Modelling department is responsible for the pricing of Nat Cat risks, including updating catastrophe models to take account of currently observed climate change trends and those that are expected to occur over the near-term. The current changes that are observed in both exposed risks and building resilience are also considered explicitly. The Group actuarial department is responsible for validating the catastrophe risk inputs for SCOR's Internal Capital Model, which includes ensuring that these inputs take the evolving climate into consideration.

In relation to the treatment of sustainability within the P&C business unit, ESG champions have been identified across all geographies and lines of business that SCOR does business in. This network of champions shares and develops good practices and market insights related to environmental topics including climate change, working in close coordination with the Sustainability function.

LIFE & HEALTH BUSINESS ACTIVITIES

— On the Life & Health side, an agile working group has been formed, composed of members from different backgrounds and teams, including Actuarial, Business Acceptance, Knowledge, Medical Underwriting and Claims, Reserving, Risk management, Strategy & Development, and Valuation. The aim of the group was to further analyze the potential impacts of climate change on biometric variables and on SCOR's life portfolio. Regular meetings ensure a constant information flow and exchange of views. Results are reported as appropriate to create awareness within the company, horizontally via internal communication channels, and vertically to the Life and Group Risk Committee.

1.4 PERFORMANCE CRITERIA

— Reflecting SCOR's commitments related to sustainability topics, climate-related criteria, like other environmental and social criteria, can be included into the compensation of its teams, based on arrangements appropriate for the relevant compensation mechanisms and the responsibilities held within the organization:

- A portion of the short-term variable compensation paid to the Group's executive corporate officer has, since 2015, expressly been based on individual sustainability-related objectives. These objectives, including those based on climate-related criteria, their attainment and their achievement rates are presented in the section 1.4.1 below;
- Since 2020, a portion of the short-term variable compensation of the members of the Executive Committee has also been based on sustainability-related objectives;
- All the beneficiaries of long-term compensation components (performance shares and stock options) must satisfy the allocation conditions based on sustainability, and in particular, since 2012, comply with ethical principles as provided for in the Code of Conduct, and since 2017 complete sustainability training;
- Finally, in 2019 SCOR introduced the option for managers and their employees to set specific sustainability-related goals (e.g. relating to diversity, well-being at work, environmental performance, or the integration of ESG issues into the Group's business activities) as part of its Annual Appraisal and Development Interviews.

1.4.1 The Chairman and Chief Executive Officer's climate-related objectives for 2021

— The annual variable compensation of the Chief Executive Officer[1] includes performance conditions established on the basis of personal objectives in environmental and social areas. Since the introduction of performance criteria based on environmental criteria, climate-related issues have been systematically integrated into them.

In 2021, the Board of Directors considered, on the recommendation of the Compensation Committee, that the objectives relating to the fight against climate change had been achieved to the extent of 100% for the Chairman and Chief Executive Officer[1]. The objectives included the continuation and strengthening of SCOR's commitments and actions in the fight against global warming, the mobilization of SCOR on the challenges of preserving biodiversity, by disseminating research work linked to (re)insurance activities and by making commitments combined with an action plan.

The following results were achieved:

- Following the publication of the "2025 Inaugural Target Setting Protocol" by the Net Zero Asset Owner Alliance in January 2021, SCOR published a target to reduce the carbon intensity of its portfolio of shares and bonds issued by private companies by 27% by the end of 2024 compared to the end of 2019. SCOR has also committed to reporting annually on its progress against the target.
- In July 2021, SCOR also joined the Net Zero Insurance Alliance as a founding member and committed to decarbonizing its underwriting portfolio by 2050.
- The SCOR Corporate Foundation for Science has partnered with the Museum National d'Histoire Naturelle (MNHN) to carry out a pioneering large-scale study on the risks associated with biodiversity decline, under the aegis of the SCOR-MNHN Biodiversity and (Re)insurance Chair, created in 2019. The MNHN is one of the most renowned natural science institutes around the world, with nearly 400 years of research in natural history. This partnership gave rise to the report "Biodiversity and Re(insurance): An Ecosystem at Risk", published in May 2021, which reviews the links between human activities and biodiversity, examines the risks that biodiversity decline poses to future human activities, and explores the opportunities for action to protect biodiversity.
- Finally, SCOR joined the Act4Nature International initiative and made several commitments to better integrate biodiversity into its activities. SCOR has also signed a letter of commitment on the elimination of deforestation related to agricultural production by 2025 for its investments.

1.4.2 The environmental criterion in the Compensation policy for 2022

— On the recommendation of the Compensation Committee, the Board of Directors decided that the Group's commitment to sustainable development should be reflected in the assessment of the Chief Executive Officer's annual variable compensation in 2022, through the introduction of two criteria: an environmental criterion (the "E" in "ESG") and a social criterion (the "S" in "ESG").

As a responsible investor, SCOR has been financing the transition to a low-carbon economy for many years. Initially focused on the investment or financing of physical real estate or infrastructure assets, the strategy has evolved through investments in new vehicles, and in particular green and/or sustainable bonds, allowing for an acceleration of the means deployed to achieve the objectives of the Paris Agreements. In this context, the Board of Directors, on the proposal of the Compensation Committee, set an objective to increase the amount invested in green and/or sustainable bonds by 20%, based on the market value of the bonds at the end of the 2022 financial year vs. 2021. The proposed scale is aligned with the progress made, with a trigger threshold of 60% of the objective (i.e., a 12% increase), and an outperformance that can go up to 140% (in the event of exceeding the objective by that much).

[1] The Shareholders' Meeting of June 30, 2021, approved the separation of the roles of Chairman of the Board and Chief Executive Office and it has been in effect since that date. Therefore, from January 1, 2021 to June 30,2021, Denis Kessler was Chairman and Chief Executive Officer and since June 30, 2021, these roles have been separated, with Denis Kessler serving as Chairman and Laurent Rousseau serving as Chief Executive Officer of SCOR SE.

02 Strategy

Coniferous forests developed about 160 million years ago during the Jurassic period. Today's warming climate is causing major changes to these iconic landscapes, many of which are threatened by forest fires.

SCOR

The main purpose of reinsurance is to enable insurance companies to mitigate their risks by transferring some of them to a (re)insurer. Therefore, the (re)insurance industry is structurally exposed to shocks. These shocks can vary in terms of origin, size and their consequences on economies and populations.

(Re)insurance is therefore a business that involves deliberately taking calculated risks. In return for a premium that it invests to generate investment income, (re)insurance absorbs the financial consequences of the events to which its insurance clients are exposed.

The Group is active in two (re)insurance segments via its business units:

- SCOR P&C operates in three business areas: (Re)insurance (e.g. Property, Casualty, Credit and Surety, Decennial Insurance, Transport, Construction, Agriculture risks and Natural Catastrophes), Specialty insurance (e.g. Business Solutions, Managing General Agencies, SCOR Syndicate, and P&C Partners (alternative solutions and new products);
- SCOR Life & Health covers Life and Health insurance risks through three product lines - Protection, Longevity and Financial Solutions - with a strong focus on biometric risks.

The Group also conducts investment activities via SCOR Investments, its third business unit, which operates the asset management activities of the Group. This business unit includes SCOR Investment Partners, which also manages investment vehicles on behalf of third-party clients.

2003

June
SCOR joins the United Nations Global Compact initiative

2007

February
SCOR is leading the debate on the financial protection of developing countries from natural catastrophe risks

2009

July
SCOR SE signs the Kyoto Statement, a major insurance and (re)insurance initiative to combat climate change

2012

June
SCOR is a founding signatory of the Principles for Sustainable Insurance (PSI)

2015

May
Denis Kessler co-chairs the Extreme Events and Climate Risk program of the Geneva Association

June
The SCOR Foundation hosts a seminar on Climate Risks

November
SCOR commits into the first French Business Pledge on Climate. The Group reaffirms its commitment to the management of climate risk, announces its divestment from all of its exposure to coal and invests EUR 930 million in low carbon projects

2016

December
SCOR IP signs the United Nations Principles for Responsible Investment (PRI)

2017

March
SCOR Foundation hosts a seminar on Climate Risks with the Geneva Association

March
SCOR signs the Shift Project's "Decarbonize Europe Manifesto"

September
SCOR announces further environmental sustainability initiatives in investments and underwriting activities and published the Climate Policy

November
SCOR enhances its governance and creates a Corporate Social Responsibility Board of Directors' committee

December
SCOR reaffirms its commitment to the environment at the One Planet Summit and signs the second French Climate pledge

2018

February
SCOR IP is awarded the EETC label for its fund SCOR Infrastructure Loans III

April
SCOR expands its coal divestment strategy based on the Global Coal Exit List (GCEL)

2019

July
SCOR publishes the Sustainable Investing Policy

September
SCOR signs the United Nations Principles for Responsible Investment (PRI)

2020

May
SCOR joins the UN-convened Net-Zero Asset Owner Alliance Owner Alliance

September
SCOR publishes its revised fossil energies strategy in the Sustainable Investing Policy

2021

February
SCOR joins the Climate Action 100+ initiative

May
SCOR joins the PRI's Sustainable Commodities Practitioners' Group (SCPG)

July
SCOR updates its Sustainable Investing Policy

July
SCOR announces the launch of the pioneering Net-Zero Insurance Alliance (NZIA), the culmination of the founding signatories' work with the UN Environment Program

September
Launch of "Heat Stress Protect" insurance to protect dairy income from climate change

September
The Group appoints a Group Chief Sustainability Officer as member of the Executive Committee

October
SCOR joins the Powering Past Coal Alliance

October
SCOR becomes one of the first (re)insurers to sign up to the Climate Transition Pathway accreditation framework

November
SCOR joins the Act4Nature International initiative

December
SCOR becomes a founding signatory of the Poseidon Principles for Marine Insurance

SCOR identified climate change as a major trend several years ago. Climate change creates risks for society and economic activities, including those of the financial sector. As risk carriers, (re)insurers, in particular, need to understand and plan for the risks created by climate change, which can be divided into two main categories:[1]

- Physical risks: physical risks from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets or indirect impacts from supply-chain disruption. Examples of acute physical risks include the increased severity of extreme weather events such as cyclones, hurricanes, and floods. An example of chronic physical risk would be sustained higher global temperatures that may cause sea-level rise and extreme heat waves.
- Transition risks: transitioning to a lower carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying degrees of financial and reputation risks to organizations.

As a (re)insurer, SCOR believes that climate change constitutes a major long-term threat, creating risks that are global and systemic in nature; these may include heightened catastrophe risks (e.g., droughts, wildfires, floods, hurricanes) creating, for example, accompanying water risks, food insecurity, threats to biodiversity and global health, forced migrations, social tensions and political crises.

As an investor, SCOR has embedded climate change in its investment approach and structured around its Sustainable Investing Policy, which forms a consistent and robust framework to design the strategy. The Group addresses both the resilience of its invested assets towards climate risks and the positive and adverse environmental and social impacts of its portfolio.

SCOR analyses and monitors the risks associated with climate change, especially since one of the company's core missions is to protect people and property from disasters while encouraging environmental sustainability.

SCOR is committed to playing its part in addressing the global challenge of climate change. In this regard, the Group has issued a Climate Policy that sets out the main orientations of its climate strategy, reflecting a longstanding and ongoing commitment towards achieving climate resilience and aims to provide a dynamic framework for addressing the many risks – but also the opportunities - presented by climate change to its various businesses. For example, the energy transition that society urgently needs to undertake to avoid the worst effects of climate change, will require the deployment at scale of new technologies and infrastructure in support of an electric economy powered by renewable and low carbon energy solutions. This accelerating program of green development presents new opportunities from both investment and (re)insurance perspectives.

As part of its investment activities, SCOR has committed to net-zero emissions by 2050, with an interim target for 2025 (reduce by 27% the carbon intensity of the corporate bond and equities sub-portfolio), and to align its investment strategy with the Paris Agreement.

Additionally in 2021, SCOR has announced the launch of the pioneering Net-Zero Insurance Alliance (NZIA), as a founding signatory alongside seven other leading (re)insurers. SCOR also became a founding signatory of the Poseidon Principles for Marine Insurance, a new framework that aligns insurers' underwriting portfolios with the goal of decarbonizing international shipping by 2050.

2.1 SCOR'S EXPOSURE TO CLIMATE-RELATED RISKS

— 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 impact the Group's reputation.

The potential exposure of SCOR's activities to climate-related risks are discussed in the following sections.

2.1.1 Impacts on 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, from external risks, or from internal risks (such as certain causes of operational risk). They are not expected to have an immediate impact on the Group's solvency requirement over a one-year time horizon. Risks related to legal and regulatory developments and to the competitive environment are the principal components of strategic risk and may interact with climate-related risks.

[1] The definition of climate change risks follows that of the financial industry-led Task-force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board in December 2015.

2.1.1.1 Risks related to legal and regulatory developments

— 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 – particularly coal) but possibly extending to other non-renewable energy sectors over time.

Any future regulatory controls that enforce the cessation of underwriting certain climate-sensitive sectors could lead to either a loss of business revenue or fines and associated negative impacts on SCOR's reputation if the business is continued. Other measures could also be considered by regulators in the future to encourage the industry to move away from supporting carbon-intensive sectors, such as negative prudential measures for companies who are reluctant to adopt a more sustainable business model.

2.1.1.2 Risks related to the competitive environment

— 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 of these sectors could decline in the future. If SCOR has not sufficiently developed its 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 in relation to its market peers.

Other factors that could affect SCOR's competitive position in the marketplace would be damage to SCOR's reputation and brand by being associated with the support of business sectors that are becoming increasingly stigmatized (e.g. coal extraction), both through government steering and public opinion.

2.1.2 Impacts on (re)insurance activities

— SCOR's underwriting business is exposed to physical and transition risks resulting from the impacts of climate change.

2.1.2.1 Physical Risks

P&C BUSINESS

— With respect to climate change, SCOR's P&C underwriting business is 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 causal mechanisms between climate change and the occurrence of particular events (attribution science) is still developing, 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. In the event that climate change causes an increase in the frequency and/or severity of natural phenomena for which the Group provides protection, or has knock-on impacts on other business lines underwritten, claims frequency and/or severity on business lines (including, but not limited to, property, business interruption/contingent business interruption and agricultural lines of business) could increase, with possible impacts on long-term profitability and ongoing insurability.

As part of a major R&D study conducted in 2020, SCOR identified the climate signals that are most material in their effect on extreme events to which SCOR is exposed over the next 5 to 10 years and tested the sensitivity of climate change scenarios on the portfolio. SCOR determined that the overall impact over this timescale is small, with increased loss impacts more pronounced at shorter return periods, and tail risks relatively stable. This leads to the view that in the medium term, climate change will have more of an earnings impact than a capital impact for SCOR's Property Catastrophe exposed lines of business, based on the current portfolio.

Loss impacts are mitigated in the tail of the risk distribution due to diversification globally and across catastrophe perils and SCOR's Capital Shield Strategy. Current underwriting controls and a dynamic pricing framework also ensure that the portfolio reflects the evolving climate. The continued investment in catastrophe models is vital to the success of this line of business as the risk landscape evolves.

LIFE & HEALTH (RE)INSURANCE

— For the Life & Health (re)insurance business, climate change impacts could manifest both in adverse events as well as 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, e.g., via the aggravation of cardiovascular and respiratory illnesses. However, there may be some attenuation between population mortality from heatwaves and reinsured mortality, due to the different age profile and socioeconomic status of reinsured portfolios. Similarly, pandemics are events that could have an impact on mortality and may be linked to environmental degradation. The optimal range for viruses to thrive and cause disease outbreaks can also be subject to climate change related dynamics.

While other extreme events, such as cold episodes, droughts, wildfires, floods and tropical cyclones might claim more lives over the longer term with increasing severity and frequency, they are not expected to become material, in terms of absolute lives lost for the insured population. With respect to trend risk, over a longer time horizon, rising temperatures could change patterns of disease distribution, for example, through expansion in the geographic range of certain disease vectors such as mosquitos.

Overall, life expectancy and health could be trending downwards as the result of a general deterioration of the environment caused by climate change-related effects, including worsening air quality and a decline in the availability and quality of food and water. Impacts on social stability as well as on individual mental health are important secondary effects to monitor in the context of climate change, and their relationship to physical risk needs to be better understood.

As part of a project that started in 2020, SCOR analyzed which impacts from climate change are expected to be the most material for the life and health business in the context of SCOR's product mix and geographic exposure. Corresponding biometric projections were made up to 2060 under selected adverse scenarios, based upon which SCOR determined that the overall direct impact is expected to be rather small. This is largely due to adaptation, and to underexposure of insured sub-populations to climate change globally speaking.

The knowledge, medical, actuarial, risk management, and other involved teams ensure that relevant new insights with respect to the impact of climate change on life and health insurance are collected and assessed on a regular basis, and that the related internal positions, including underwriting, pricing and valuation assumptions, are updated based on new evidence where needed. Likewise, policies and guidelines are updated where appropriate to reflect current insights, and to allow for an optimal implementation of SCOR's strategy within the climate change framework.

2.1.2.2 Transition risks

— Transition risks could impact SCOR's P&C underwriting activities, through new legislation and regulation in relation to carbon-intensive sectors and/or reputation factors. It is also likely that demand for (re)insurance in carbon-intensive sectors declines over time, as companies move towards more sustainable business models. Additionally, there could be some operational risks and costs to SCOR associated with trying to develop new business segments in low carbon sectors, such as renewable energy, especially if this involves the onboarding of new technological knowledge and skills.

Depending on the nature and the overall impact of the transition on the economy, disruption in economic growth could reduce business opportunities for life and health (re)insurance. The quality of public healthcare and spending might also be negatively impacted for stressed economies, with potential impacts on biometric risks. By contrast, an orderly transition with related potential improvements e.g in air quality and overall quality of living would be beneficial for the life and health sector.

LIABILITY RISKS

— Climate-related liability risks could impact SCOR's P&C business, principally via Director's & Officer's (D&O) claims from liability coverages. D&O claims could arise if the board and/or management of an underwritten company fail to adequately identify and plan for the risks posed by climate change to their business and which may cause a drop in the company's value, leading to shareholder lawsuits. D&O liability claims could also arise by failure of companies to adequately disclose relevant information related to climate-related impacts on their activities. Furthermore, liability claims could result from failures in operational management of a company causing, for example, the outbreak of a wildfire. A long-term consequence for companies who contribute to carbon emissions could be the filing of community liability claims for compensation for damages to property, or to cover the expenditure required to adequately protect property (e.g. recovering funds to construct coastal flood defenses). This could impact SCOR through its general liability lines of business.

Given the evolving regulatory and legal environment and absence of court rulings that establish principles for climate change related liability, there is a high degree of uncertainty on how (re)insurance contracts might react and on SCOR's exposure to such liability claims. However, SCOR's potential exposure to climate-related liability from its D&O portfolio is currently estimated to be low, with program shares spread across a limited number of insureds and jurisdictions. Potential exposures from its General Liability portfolio are seen as remote, due to various policy defenses in place. Primary market reactions, e.g., following the California wildfires, such as the introduction of exclusions and sub-limits, have also significantly reduced the exposure going forward.

2.1.3 Impacts on investment activities

— The Group naturally draws on its expertise in the understanding of climate change risks to better grasp their impacts on its investment portfolio. The duration of invested assets is relatively short, around 4 years, in line with SCOR's reinsurance business. This enables the resilience of the portfolio to long term trends to be increased. Bonds represent the bulk of the portfolio. The time horizon can be split into three buckets: less than two years, two to five years and above five years. SCOR considers that below two years, the risk is mainly a default risk as the sensitivity of bonds is relatively small. Above five years, uncertainties, mainly around policy responses for transition risks and climate evolution for physical risks, may lead to higher volatility in assets valuation.

2.1.3.1 Physical risk

— SCOR's investment portfolio is exposed to physical climate risks through the assets held directly in the portfolio and through those that are financed indirectly through investments in companies.

Physical risk relates to exposures to climate-related extreme events (acute) or to global trends due to climate change (chronic):

Climate-related physical risks

	Short term (below 2 years)	Medium term (2 to 5 years)	Long term (above 5 years)	Risk management / impact assessment	SCOR mitigation actions	
Acute	**Directly:** Related to investments in physical assets (buildings and real estate debt, infrastructure debt)			Models and simulations Assessment of climate risk performed internally using property cat models	Location of investments	Focusing on reducing deforestation as a mitigation action for climate change risks
	Indirectly: Related to corporate exposures Companies in which SCOR invests may suffer from climate-related extreme events depending on their geographical locations			Models and simulations: Portfolio monitoring		
Chronic			The business models of companies in which SCOR invests may suffer from major climate-related trends (increase of sea level, droughts…)	Models and simulations: Portfolio monitoring		

2.1.3.2 Transition risk

— For SCOR's investments, this risk mainly relates to carbon intensive sectors which may be hit by new regulations. It can also relate to more stringent regulations and reputation risk linked to deforestation. Risks may differ between investments in equities and in bonds as equity prices may never recover whereas bonds may be redeemed at par at maturity.

The main climate transition risk for SCOR's invested assets portfolio is related to corporate bonds given the low appetite of the Group for investments in equities:

Climate-related transition risks

	Short term (below 2 years)	Medium term (2 to 5 years)	Long term (above 5 years)	Risk management / impact assessment	SCOR mitigation actions
Carbon Intensity	Coal Coal power	Oil Gas	Automotive	Models and simulations Portfolio monitoring Footprint	Divest from highest emitters or sectors with alternative activities Implement a best-in-class strategy and engage with companies to foster an orderly transition Set decarbonization pathways Limit exposures to the most carbon intensive sectors and divest from laggards to limit market downside
		Cement Steel Gas Power			
			Real Estate	CRREM[1]	Certification Retrofit
Deforestation		Agriculture Food Personal Care / Cosmetics		Screening of the portfolio	Joining initiatives to engage with companies Finance for Biodiversity CDP forest champion

2.1.4 Impacts on Operations

2.1.4.1 Physical risk

— SCOR's offices and infrastructure (e.g., IT datacenters) could be potentially exposed to acute and chronic physical climate risks with impacts on the continuity of SCOR's operations, over the short, medium and long-term, depending on geographical location. For example, some office locations are exposed to river flood, sea-level rise or hurricanes. Heat waves could make working conditions more stressful for employees.

2.1.4.2 Liability risk

— Liability risks could be generated via the contribution of SCOR's own operations to climate change if these are deemed to be unacceptable in a lower-carbon economy. Potential exposure would be measured through the company's carbon footprint, notable components of which include the emissions produced from business travel, the environmental impacts of office buildings via resource consumption and electricity consumption of the on-site data centers. Any negative impacts on SCOR's reputation as a result of either direct negative environmental consequences of SCOR's own operations, or indirectly, by supporting industries that have a negative environmental impact, could additionally result in the reduction of SCOR's ongoing ability to attract or retain key personnel.

[1] Carbon Risk Real Estate Monitor

2.2 IDENTIFICATION OF CLIMATE-RELATED OPPORTUNITIES

2.2.1 P&C business opportunities

2.2.1.1 Supporting the energy transition

— As part of supporting the energy transition, P&C Reinsurance business has identified strategic markets in the field of renewable energy and has strengthened its underwriting team. The P&C business has also developed a strategic partnership with Energetic, a start-up that developed credit insurance to protect developers of renewable energy projects against payment default.

2.2.1.2 Developing solutions contributing to climate risk adaptation and bridging the protection gap

— Long involved in multiple government insurance pools covering climate catastrophes, the Group is developing partnerships with development finance institutions that have climate change adaptation objectives. In this respect, SCOR, alongside several other (re)insurers associated with the Insurance Development Forum, has committed to supporting the resilience of developing countries in partnership with the United Nations Development Program and with the German and British governments. Collaborations with institutions including the World Bank, to provide parametric insurance against climate-related natural disasters in the Philippines, and the World Food Program in the development of livestock insurance for Ethiopian herders, are other recent examples of the Group's commitments to development finance institutions providing solutions that contribute to resilience. Through these programs, the Group is helping to increase insurance penetration and to improve the adaptability of insurance beneficiaries. In developing countries, there may be a significant protection gap[2] and insufficient data to develop compensatory insurance schemes. In this context, parametric schemes, developed in partnership with development finance institutions, offer a solution in terms of providing financial protection for post-event reconstruction.

In 2021, SCOR entered a partnership with French digital farming company ITK and with Skyline Partners, a parametric insurance specialist based in the UK, to launch an insurance product, "Heat Stress Protect". It enables dairy farmers and milk collecting companies to protect themselves against economic losses due to heat waves.

In recent years, hot summers have had negative impacts on a large proportion of dairy herds and the whole dairy industry. Heat stress has both short-term and long-term effects on farm profitability: lower milk production and reduced quality, higher production costs, and prolonged effects on animal health. ITK and Skyline Partners have designed and developed Heat Stress Protect, which is the first ever climate insurance to protect dairy farmers against economic losses due to heat stress in livestock. It is based on an index calculation of economic losses when temperature and humidity conditions are unfavorable for the herd. With Heat Stress Protect, farmers receive financial compensation in the event of an exceptionally hot year.

SCOR has brought its longstanding expertise in the technical development of the insurance solution. Heat Stress Protect automatically retrieves the gridded third-party weather data at the farm micro region level and notifies the farmer if the conditions are met to receive compensation at the end of the year. Skyline Partners' expertise allows the terms of the guarantee and the calculation of compensation to be delivered using the index, which is automated using their INDEX technology and enables index insurance solutions to be deployed at scale globally and to monitor claims based on the local conditions of the farm.

Finally, the Group has also developed strong expertise in the underwriting of environmental impairment liability (EIL) insurance through its Lloyd's syndicate. SCOR Syndicate has developed a proprietary rating tool comprising 16 environmental indicators, which informs underwriters about the degree of environmental responsibility of the company seeking EIL coverage. This direct insurance product not only incentivizes insureds to better manage risks by offering reduced premiums to companies with good ratings, it is also a crucial product that helps to restore the environment when it has been damaged by an insured's activities.

[2] Difference between economic losses in a catastrophe-hit country and what is actually covered by insurance.

2.2.2 Life & Health business opportunities

— Key elements of SCOR's strategy with respect to its Life and Health business are "bringing more protection to more people" and "supporting people to live longer and healthier lives". As the negative consequences of climate change are likely to bring increased volatility and risk into people's lives, these aims will become even more relevant.

To achieve its goals, SCOR is leveraging on multiple partnerships with academics and innovative companies, and on the expertise developed by its R&D and medical underwriting teams worldwide. It also builds on the expertise of its data scientists and the expansion of its data pool with the integration of additional external and internal data sources into its infrastructures. This expertise is then translated into new products or solutions that benefit people, developed in partnerships with clients.

Life expectancy and health are clearly linked with quality of life. Life insurance can play a role in protecting quality of life, both by mitigating the negative financial impact from climate change-driven events and providing support through products that build and foster psychological resilience. The latter is already part of some innovative products that SCOR has developed with its clients, especially in the health sector. Some examples include:

- SCOR launched VITAE, a new biometric risk calculator which uses machine learning to offer improved assessments of biometric risks, a better experience for the end consumer and fairer pricing. In addition to the usual medical factors, VITAE takes into account various other factors such as physical activity and calcium scores. This allows SCOR to improve the access to insurance for those not in perfect health.
- The Biological Age Model (BAM) encourages people to be active, thus reducing some risks related to contemporary lifestyles. With the growing adoption of wearable devices and technology, BAM uses health data from these wearables to empower consumers to be rewarded for healthy lifestyle choices that also benefit the environment, such as walking instead of driving.
- The prevention of mental illness: through the "FEEL" initiative in Germany, SCOR developed a solution offering intervention/prevention for mental disorders in disability. The FEEL program combines innovative biosensor techniques with the acknowledged approach of cognitive behavioral therapy to bring support to insureds, helping them cope with stressful situations.

Under future positive climate scenarios, there will be active mitigation efforts of climate change-related risks and other environmental issues such as loss of biodiversity and responsible use of resources, with the scope of such initiatives likely to have positive impacts on issues such as social inequality. Any improvements, such as less pollution and more accessible health care, will bring opportunities for life and health insurers as they can expect a positive impact on their in-force portfolio. Thriving societies result from placing increased value on individuals' lives and their health, which brings new business opportunities for innovative products reaching further, underserved segments of society.

2.2.3 Climate-related investment opportunities

— Detecting opportunities is part of the Group's strategy to build a resilient investment portfolio and to create long-term value. As an example, SCOR has developed a unique real estate business model based on buying "brown" buildings in core locations to retrofit them following the highest environmental and energy efficiency standards before selling them to externalize the value created. Over the last 10 years, SCOR has also built a significant bucket of infrastructure debt and real estate debt, financing the transition to a low carbon economy. Green bonds also offer an opportunity to improve the resilience of the portfolio while supporting the transition to a low carbon economy. This "green bucket" has been built leveraging SCOR Investment Partners' historical expertise in real estate and debt investments.

SCOR also invests in Insurance-Linked Securities (ILS) that contribute to the resilience of communities following extreme events. Unlike the physical risks borne by direct investments, with ILS, SCOR is compensated for exposing itself to selected physical risks, which can be either climate driven, like storms, or other types of extreme events such as earthquakes. As there is very limited correlation between financial markets developments and the occurrence of natural catastrophes, this strategy provides the invested assets portfolio with diversification and increases its resilience. The Group leverages SCOR Investment Partners' longstanding performance in managing this asset class.

Climate-related opportunities

	Short term (below 2 years)	Medium to long term (above 2 years)	Assessment	SCOR solutions
Physical	Insurance Linked Securities		Diversification effect	Selection of perils / geography
Transition	Green bonds Solar, wind (corporate bonds, infrastructure debt) Energy efficiency (direct real estate and real estate debt)	Potential new technologies providing diversification to the invested assets portfolio (including carbon sinking solutions and clean energies)	Internal taxonomy Leverage the AOA [1] financing transition initiatives	7.5% of the portfolio invested in "green" investments as at end of 2021

2.3 SCOR SUPPORTS CLIMATE AWARENESS AND TOOK SEVERAL DECARBONIZATION COMMITMENTS AS PART OF ITS STRATEGY

2.3.1 Participation in industry working groups, research activities and institutional commitments

— SCOR participates in a number of industry forums to identify and discuss current risks to the (re)insurance industry. For example, SCOR is an active member of the CRO and CFO Forums and as such participates in a diverse array of working groups that address many different risk topics, including those relating to climate change.
SCOR is also actively involved in a number of initiatives relating to climate change, including

- the Climate and Sustainable Finance Commission of the French Market Authority (Autorité des Marchés Financiers), which supports its regulatory and oversight work regarding sustainable finance. In 2021, SCOR was co-lead of the working group on Carbon Neutrality
- the InsuResilience Global Partnership on Climate and Disaster Risk Finance and Insurance Solutions, an initiative designed to provide insurance solutions to the most economically vulnerable populations.

Participation in these groups enables SCOR to refine its understanding of climate risks and opportunities, through the exchange of ideas and knowledge with peers on this rapidly developing subject. The insights gained also help SCOR to identify climate risks to which it is potentially exposed, which can be used to inform the company's strategy in relation to climate change considerations.

SCOR's membership of institutions, whose mission is to address and raise awareness of the risks posed by climate change, provides another channel through which SCOR identifies both industry and wider trends in climate-related risks. To date, SCOR's Chairman

- is co-chairing the Geneva Association's Extreme Events and Climate Risks working group;
- is a member of the Steering Committee of the Insurance Development Forum, an institution that brings the United Nations, the World Bank and several other international bodies together with the (re)insurance industry;
- is the Chairman of the (Re)insurance Advisory Board (RAB), a specialist representative body for the European (re)insurance industry, since October 2021.

PRINCIPLES FOR SUSTAINABLE INSURANCE

— In 2012, SCOR was a founding signatory of the Principles for Sustainable Insurance, a global initiative announced in the run up to the United Nations conference on sustainable development, created under the aegis of the United Nations Environment Program – Finance Initiative (UNEP FI). The principles provide a framework for the insurance industry to integrate environmental, social and governance (ESG) criteria into its decision-making.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

— SCOR adheres to the Principles for Responsible Investment (PRI) and is involved in numerous professional associations that are leading discussions on climate issues and investments, including the French Insurance Federation and the French Association of Institutional Investors.

In 2021, SCOR joined the PRI's Sustainable Commodities Practitioners' Group (SCPG), a forum for building investors' awareness and share current practice in responding to commodity-driven deforestation. SCOR has committed to draft a "zero deforestation policy" and assess the risks linked to deforestation in its invested assets portfolio. A detailed agenda covering 2022 to 2025 sets ambitious milestones to tackle deforestation in investments.

CLIMATE ACTION 100+

— In order to increase its dialogue with carbon intensive investees, SCOR joined in 2021 Climate Action 100+ which is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

THE POWERING PAST COAL ALLIANCE (PPCA)

— To reinforce its commitment about thermal coal, in 2021, SCOR joined, the Powering Past Coal Alliance (PPCA) which is a coalition of national and subnational governments, businesses and organizations working to advance the transition from unabated coal power generation to clean energy.
The PPCA aims to:
- secure commitments from governments and the private sector to phase out existing unabated coal power;
- encourage a global moratorium on the construction of new unabated coal-fired power plants;
- shift investment from coal to clean energy, including by working to restrict financing for coal-fired projects;
- achieve coal phase-out in a sustainable and economically inclusive way, including appropriate support for workers and communities.

SWISS CLIMATE FOUNDATION

— SCOR is also, through SCOR Services Switzerland, a partner company to the Swiss Climate Foundation, a non-profit organization aiming at reducing greenhouse gas emissions and further developing the energy efficiency of Switzerland and Liechtenstein.

2.3.2 SCOR is committed to net-zero emissions by 2050 through different initiatives

2.3.2.1 Net-zero Asset Owner Alliance (NZOA)

— Joining the United Nations-convened Net-Zero Asset Owner Alliance supports SCOR's long-term ambition to reach net-zero on investments by 2050 with credible milestones. The Alliance offers members an opportunity to work collectively towards the same objective and to collaborate to accelerate understanding and development of science-based methodologies to support ambitious targets. Relying on the Inaugural 2025 Target Setting Protocol released by the Alliance in early 2021, SCOR has set interim targets to reduce the carbon intensity of the corporate bond and equities sub-portfolio by 27% before 2025. By combining decarbonization targets, active engagement, and financing solutions to promote a low-carbon economy SCOR intends to have an impact on the real economy and contribute to reduce GHG emissions in the atmosphere.

SCOR has also taken commitments on thermal coal, on business and investments:
- SCOR committed to a phased withdrawal of coverage from unabated coal-fired power plants by 2030 for OECD countries and by 2040 for the rest of the world. This commitment includes SCOR's portfolio of (re)insurance treaties and begins by strengthening SCOR's underwriting guidelines for 2022 to screen for all (re)insurance treaties with a coal-related premium above 10%.
- On investments, SCOR has also committed to divest totally from companies generating revenues from thermal coal, by 2030 in OECD and EU countries and by 2040 in the rest of the world and has decided the following exclusions:
  — **Coal mining:** SCOR does not invest in companies deriving more than 10% of their turnover from thermal coal or producing more than 20 million tonnes of thermal coal a year.
  — **Coal-fired power generation:** SCOR does not invest in utilities companies for which coal represents more than 10% of their power production or which have more than 5 GW of coal installed capacity.
  — **Coal plant developers:** SCOR undertakes not to invest in companies developing new coal-related projects (mines, plants, power stations or infrastructure).

2. 3.2.2 Net-zero Insurance Alliance (NZIA)

— In July 2021 SCOR announced the launch of the pioneering Net-Zero Insurance Alliance (NZIA). As a founding signatory alongside seven other leading (re)insurers, the Group commits in particular to:
- transitioning all operational and attributable greenhouse gas emissions from its insurance and (re)insurance underwriting portfolios to net-zero emissions by 2050, and
- supporting the implementation of corporate disclosure frameworks and global policy frameworks relevant to the net-zero transition in the insurance industry,
- setting interim targets for the reduction of attributed insured greenhouse gas emissions from 2023 following the finalization of the NZIA target setting protocol.

The Group's approach is to actively support its clients in their own commitments to follow credible transition pathways, helping them attain a net-zero emissions business model. By signing up to the Climate Transition Pathway accreditation framework in October 2021, SCOR also illustrated this ambition. The Climate Transition Pathway (CTP) is an accreditation framework launched by Willis Towers Watson that provides insurance companies and financial institutions with a consistent approach to identifying which organizations have robust transition plans aligned with the Paris Agreement. By using the CTP, (re)insurers can consistently identify, engage with and offer solutions to organizations committed to measurable and verifiable change.

SCOR has also taken the commitment to withdraw coverage from unabated coal-fired power plants by 2030 for OECD countries and by 2040 for the rest of the world.

2.3.2.3 Poseidon Principles for Marine Insurance

— In order to meet the NZIA's goal, sector-specific methodologies for tracking emissions will need to be developed. To support its international shipping clients in achieving a zero-emissions future for the industry, SCOR became a founding signatory of the Poseidon Principles for Marine Insurance in December 2021. In doing so, the Group also committed to assessing and disclosing the climate alignment of its hull and machinery portfolios, and to benchmarking them against two trajectories linked to a 50% reduction of annual greenhouse gas emissions by 2050 compared to 2008, and a 100% reduction of emissions by 2050.

2.3.2.4 Act4nature international initiative

— SCOR has joined Act4Nature International, an alliance of companies committed to accelerating concrete business action in favor of nature and biodiversity. Already a signatory of the Finance for Biodiversity Pledge and member of the Finance for Biodiversity Foundation, SCOR has made additional biodiversity-related commitments as part of this alliance. Applicable throughout the entire Group, these commitments are specific, measurable, time bound and cover five key action areas:
- Developing a biodiversity diagnosis at Group level;
- Exploring impact and measurement;
- Collaborating and sharing knowledge;
- Engaging with stakeholders;
- Managing the biodiversity footprint of the Group's operations.

Some of those commitments are also contributing to the reduction of emissions towards 2050:
- By strengthening underwriting guidelines to screen all reinsurance treaties with more than 10% coal-related premium;
- By preserving the Arctic National Wildlife Refuge, by not providing (re)insurance or investment support for oil and gas exploration or production projects in this area;
- By extending the environmental reporting process covered by an Environmental Management System (EMS) to 55% of the Group's employees falling within the scope of the reporting process covered by an EMS, by 2025;
- By ensuring a more responsible corporate culture with 70% of renewable energies in electricity purchases by 2025 and 100% of directly owned offices adopting a plastic-free policy;
- By offsetting all residual GHG emissions from operations, 100% each year until 2025.

03

Risk management

Grasslands are home to a remarkable variety of wildlife, including numerous species of wildflowers. Climate change is increasingly threatening this vulnerable habitat, which is particularly prone to drought and wildfires.

3.1 IDENTIFICATION AND ASSESSMENT OF CLIMATE-RELATED RISKS

3.1.1 Identification of climate-related risks

3.1.1.1 SCOR'S emerging risks process

— A key part of SCOR's ERM framework, the Emerging Risk Process identifies new and rapidly changing risks and assesses their impacts on SCOR's business (P&C and Life & Health underwriting) and investments. Assessments are also made in relation to the impact of identified risks on the Group's operations and reputation.

As part of this process, SCOR has identified "Global Climate Change" as one of eight "Trends" and a number of risks associated with this trend have been identified and assessed to date, listed below:

- Climate change litigation
- Stranded assets
- Biodiversity loss
- Permafrost thawing
- Insect invasions
- Declining land availability
- Extreme social unrest
- Air pollution
- Emerging Infectious Diseases
- Geoengineering

REPORTING ON EMERGING RISKS ASSESSMENTS TO SCOR'S EXECUTIVE MANAGEMENT AND BOARD

— The findings of impact assessments of the most topical/potentially impactful emerging risks are reported to the quarterly local, business unit, Group and Board Risk Committees via SCOR's local, business unit and Group Risk Dashboards and in more detail in SCOR's Emerging Risks Report.

3.1.1.2 SCOR's materiality analysis of sustainability risks

— As part of its non-financial performance declaration, SCOR is refining a materiality analysis of Environmental, Social and Governance risks, both in relation to the impacts of SCOR's activities on risks identified and in terms of how the risks identified in each category could affect SCOR's business and operations. The expectations of external stakeholders have been identified in consultation with the Group's internal teams responsible for developing and maintaining these relationships, as well as via a questionnaire completed by key stakeholders (shareholders, rating agencies and clients). The risks to SCOR's activities posed by climate change are identified as part of this analysis.

3.1.2 Assessment of climate-related risks

3.1.2.1 (Re)insurance activities

ASSESSMENT OF PHYSICAL CLIMATE RISKS ON P&C BUSINESS

— SCOR initiated a major R&D project in 2020 to assess the impacts of physical climate risks that are most relevant for Property and Agricultural business lines over a five to ten year time horizon. The objectives of the first phase of the study were to:

- conduct a literature review of the latest climate science and identify those climate signals that could impact perils relevant for SCOR;
- assess how current changes in hazard are reflected in the catastrophe models used by SCOR;
- design realistic scenarios for key geographic regions and perils based on a five to ten-year time horizon;
- use these scenarios to compute gross loss impacts for SCOR assuming constant exposure for peak Property Cat risks (i.e. U.S. Tropical Cyclone, Japan Tropical Cyclone, European Extra-tropical cyclone) and agricultural risks (drought, frost).

INTEGRATING ENVIRONMENTAL ISSUES INTO THE INSURANCE ACTIVITIES DEVELOPED BY SCOR SPECIALTY INSURANCE

— In order to submit all projects to a more rigorous selection process, SCOR Specialty Insurance has adopted an internal assessment procedure for environmental, social and governance (ESG) criteria for operations closely linked to coal. This is based on a specific scoring grid for each activity subject to this assessment.

The Group's ESG scoring grid for coal extraction therefore comprises thresholds expressed as a percentage of company revenue and has an absolute value in terms of thermal coal produced each year. Other criteria such as coal quality, coal mining trends, compliance with industry standards and ESG rating are also taken into account.

Within the electricity generation sector, the Group's ESG scoring grid includes a threshold expressed as a percentage of GWh generated from the use of thermal coal. Other criteria are also examined, such as the technology used, type of coal, ESG rating and the purpose and location of the plant in question.

ASSESSMENT OF PHYSICAL CLIMATE RISKS ON LIFE & HEALTH BUSINESS

— SCOR is continuously improving its approach for assessing the potential impacts of climate change on its Life and Health business. This includes a close monitoring of relevant literature especially in the medical and actuarial space, in addition to insurance industry risk management bodies such as the CRO Forum, public health authorities such as the CDC, international entities such as the WHO and from other players in the life and health insurance sector.

SCOR initiated a project in 2020 to deliver a range of tangible results on the impact of climate change on its life and health business. The objectives of the first phase were to:

- document the most relevant and recent publications linking climate change and human health;
- assess which combinations of SCOR markets and specific climate risk impacts would be most material given SCOR's exposure in terms of geographical markets and products;
- design realistic scenarios for two selected market/impact combinations;
- develop assumptions around related changes in population biometric data and insured population impact for these scenarios;
- create an overview document as a reference source for the fundamentals regarding climate change and life (re)insurance.

3.1.2.2 Investment activities

— SCOR has developed a robust risk management toolkit to address climate-related risks. Different approaches are adopted depending on data availability and maturity of the methodologies, some are qualitative, others are more quantitative. As maturity evolves and methodologies become more robust, SCOR improves its awareness and understanding of climate-related issues and increases internal expertise. Partnering with external data providers and consulting firms speeds up the journey from awareness to understanding and decision making.

SCOR uses different approaches to assess climate-related risks in investment activities:

MODELS AND SIMULATIONS

— Two main quantitative tools are used to assess climate-related risks:

- Natural catastrophe model tools are SCOR's proprietary tool developed internally for pricing natural catastrophe business. Based on scenarios validated by the Group's modeling teams, this model estimates potential losses from natural catastrophes. It enables to calculate damage rates which provide estimates of the potential losses physical assets may suffer in the event of different perils such as Japan earthquakes, Europe wind, US hurricanes, etc. Intensity and frequency of perils are provided by zip codes, enabling a granular assessment of the risks borne by each physical asset of the portfolio.
- the Carbon Risk Real Estate Monitor (CRREM) is a tool using science-based decarbonization pathways aligned with the Paris Agreement to measure the (mis)alignment of direct real estate investments with a 2°C and a 1.5°C pathways. It enables the assessment of the risk of write-downs due to change in market regulations and consumer behavior depending on current levels of consumption linked to national determined contributions.

STRESS-TESTING

— Scenario and stress-testing are used for government and corporate bonds as well as for equities. Stress tests have been developed based on IPCC[1] or IEA[2] climate scenarios. These stress tests translate the consequence of "temperature scenarios" into macro-economic variables, enabling to project the value of investment portfolios in a certain time-horizon under certain rates, credit spreads and equity level assumptions. The higher the temperature scenario, the higher the physical risk. The lower the temperature scenario, the higher the transition risk. SCOR recognizes the limitation of the approach as the superposition of assumptions (climate scenarios, Nationally Determined Contributions NDCs[3] realization, macro-economic consequences, expected positioning of the portfolio in the future, mitigation actions) may limit conclusions. However, SCOR sees a lot of benefits in running these scenarios. It raises awareness internally at every level of the company from business teams to Executive and Board Committees. It fosters fruitful discussions on the level of maturity and demonstrates constant improvement and involvement on the topic.

CARBON FOOTPRINT

— Carbon footprint is used as an attempt to assess the impact of SCOR's investments on climate change. It can also be considered as a preliminary assessment of future risks, as negative impacts on climate may result in negative impacts on the portfolio over a longer time horizon.

PORTFOLIO SCREENING

— Portfolio screening is useful as a first attempt to assess materiality of a nascent topic. SCOR usually uses it on a top-down basis, isolating sectors that may be at risk for a specific sustainability topic. Such analysis enables an assessment of the proportion of the portfolio that is potentially at risk. It should be complemented by a bottom-up approach as climate-related risks may be mitigated at company level.

[1] IPCC: Intergovernmental Panel on Climate Change
[2] IEA: International Energy Agency
[3] NDC: a Nationally Determined Contribution is a climate action plan to cut emissions and adapt to climate impacts. Each Party to the Paris Agreement is required to establish an NDC and update it every five years.

TAXONOMY

— As a member of the Technical Expert Group on Sustainable Finance, SCOR has participated in the design of the taxonomy and considers the value of the screening criteria. Activities falling into the taxonomy are likely to be less exposed to environmental risks. In addition, the "Do No Significant Harm" factor guarantees that there are safeguards in place to ensure that addressing a particular environmental objective is also compatible with protecting the environment as a whole. Applying the taxonomy to investment portfolios provides a robust assessment of the opportunities provided by the transition to a sustainable economic model.

ESG CONTROVERSIES

— SCOR relies on data providers for ESG ratings on most liquid asset classes. It provides additional information on the potential adverse impact of its investments. Regular oversight of controversies complements individual screening and contribute to a more robust monitoring of positions within the portfolio. It can also support decisions to ban a specific issuer. The integration of ESG criteria is measured primarily by assessing the quality of the asset portfolio. Given the extremely high level of diversification of its investments, the Group works with the independent, non-financial ratings agency ISS to assess its portfolio's standard instruments. The agency assesses mainly government bonds, corporate bonds and listed equities. For debt instruments, particularly infrastructure and real estate debt, the Group relies on the expertise of its subsidiary SCOR Investment Partners, a recognized leader in the European debt instrument management industry. Issuers with the lowest ratings may be on an observation list, and investment managers may be asked to provide rationale for selecting or keeping the position. SCOR does not apply systematic exclusions based only on ESG rating but favors a pragmatic approach.

3.2 MANAGEMENT OF CLIMATE-RELATED RISKS

3.2.1 Strategic risks

3.2.1.1 Risks related to legal and regulatory developments

— SCOR monitors all regulatory requirements that it needs to fulfill in order to conduct its business legally, fairly and ethically. Adhering to any future restrictions in terms of future business development would be no exception. In addition, the introduction of any major changes in regulations around underwriting in environmentally sensitive sectors could reasonably be expected to occur gradually and in consultation with the insurance industry as a whole. Furthermore, being strongly engaged in the public debate through various working groups dedicated to climate change enables SCOR to better anticipate such potential changes in regulation and thus adapt its activities accordingly.

3.2.1.2 Risks related to the competitive environment

— SCOR is developing expertise and strategies that will ensure that the company remains relevant throughout the transition towards a net-zero carbon economy and the Group is committed to building its reputation as a sustainable reinsurer. Priorities relevant to climate change include working towards understanding and incorporating the effects of climate change into the company's catastrophe models, supporting the energy transition through participation in the Net-Zero Insurance Alliance and the Net-Zero Asset Owners Alliance, building expertise and further developing business in renewable energy sectors and working towards the protection of biodiversity, which is closely linked to climate change.

3.2.2 (Re)insurance activities

3.2.2.1 Management of physical risks

— SCOR has a number of risk management mechanisms in place to manage the Group's exposure to its main risks, including peak natural catastrophe risks that could be impacted by climate change. For example:

- SCOR carefully monitors and manages the accumulated gross exposures to ensure that the company is not overly concentrated in certain locations;
- SCOR's system of limits facilitates the management of SCOR's net exposure to its main risks, which include natural catastrophes such as North Atlantic Hurricane and European Windstorm. It includes a risk driver system, that monitors and manages SCOR's annual aggregate net exposure to its main risks and an extreme scenario system that monitors and manages exposure to the occurrence of a range of extreme events;
- to ensure that SCOR's net exposure remains within these agreed limits, SCOR has put in place a Capital Shield Strategy, which is designed to provide a range of protection measures against extreme events including the use of traditional retrocession, capital market solutions, a solvency buffer and a contingent capital facility;
- footprint scenario assessments – SCOR has developed a number of specific extreme events (both imagined and historic) that are run regularly on the current in-force business portfolio to stress-test the ability of the company as a whole to withstand such events.

CATASTROPHE MODELLING AND PRICING

— For the P&C business, models that are used to price natural catastrophe business (both new and renewing) are calibrated using recent claims data, as well as other inputs such as results from available scientific studies. In this way, changes in the frequency and severity of the natural perils that SCOR underwrites, whether related to climate change signals or not, are taken into account in the pricing of contracts. In addition, the Catastrophe Modelling team carries out assessments to understand how climate change could impact the perils that are most material to SCOR in the short-medium term (see section 3.1.2.1).

SCOR is committed to improving the quality of the catastrophe models and techniques that are used to assess and price the perils that are likely to evolve in a changing climate. For example, the destructive wildfire activity witnessed in the US led to the development of an in-house probabilistic wildfire model leveraging the industry loss modelling framework "OASIS", and tropical cyclone models have been adapted to better reflect the flooding associated with wetter storms.

RESEARCH ON CLIMATE IMPACTS ON LIFE & HEALTH BUSINESS

— For the Life & Health (re)insurance business, medical and actuarial specialists at SCOR are investigating the links that can be currently established between climate change and certain medical conditions and diseases through regular reviews of the scientific medical literature. Where appropriate, this information is fed into decisions related to current and future underwriting, pricing and valuation of reserves. For example, air pollution, which is exacerbated during heatwave events, is reflected in selected products as a factor for pricing and best estimate assumptions. SCOR employees are also active in various industry and actuarial bodies to support research and share best practice insights.

3.2.2.2 Management of transition risks

— In order to reduce its exposure to carbon-intensive sectors which could become obsolete in the future, SCOR has made a commitment not to offer facultative insurance or (re)insurance that would specifically encourage the development of new thermal coal or lignite mines or new plants. This policy was further strengthened in April 2019, with the decision to extend the exclusion scope to facultative insurance or (re)insurance for the construction of new coal-fired power plants, irrespective of the technologies, the construction, and quality of the coal.

Such exclusion policies are combined with developing underwriting expertise and further developing its business in renewable energy sectors by identifying strategic markets for growth during the current strategic plan. The P&C business unit is also developing new strategic partnerships with start-ups offering novel insurance products in renewable energy.

3.2.3 Investment activities

3.2.3.1 Management of transition risks

REDUCING EXPOSURE TO STRANDED ASSETS – NEGATIVE SCREENING: EXCLUSIONS

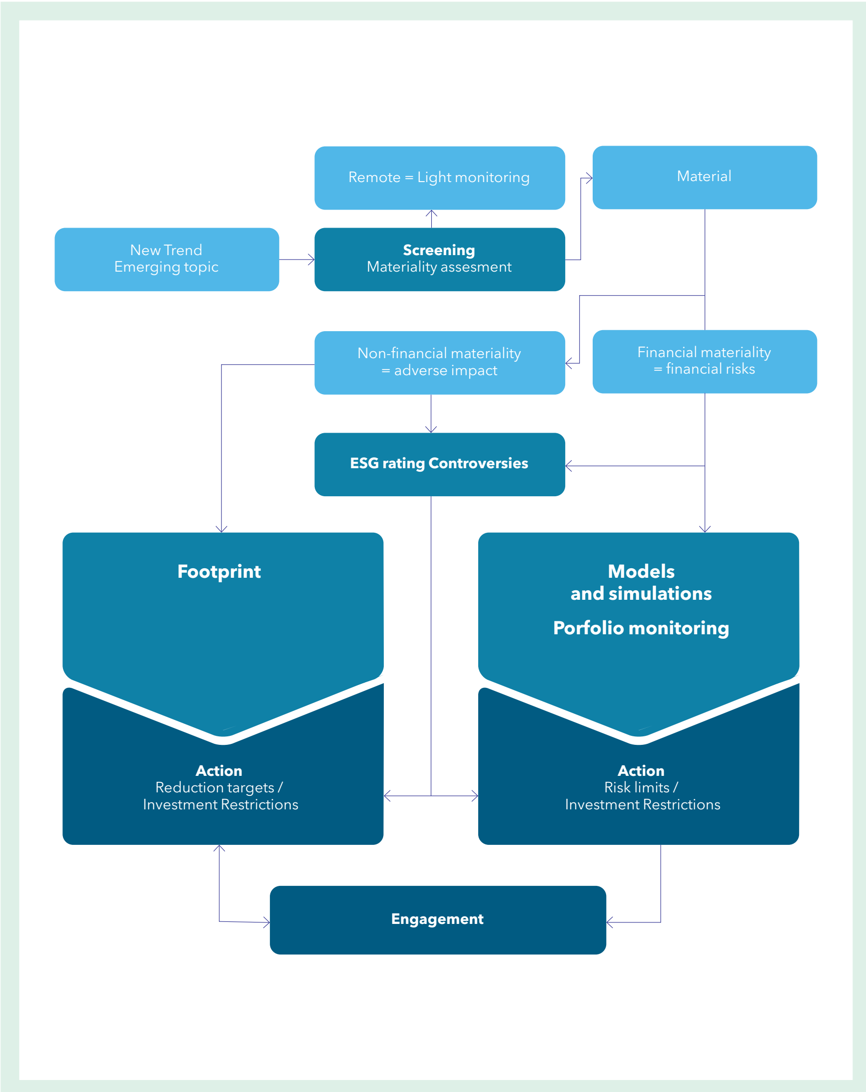
— Certain activities may not be aligned with SCOR's sustainable investing policy, raise sensitive issues or entail a reputational risk for the Group. As such, the Group excludes certain activities or issuers from its investment universe. These exclusions apply to all asset classes falling within the definition of invested assets. The list of exclusions is communicated to all investment managers with immediate effect. New investments are prohibited, and the remaining positions are actively managed in order to accelerate their liquidation.

SCOR applies exclusions to a number of carbon-intensive sectors, which could result in 'stranded assets' in the future and in line with its commitment to make its asset portfolio carbon neutral by 2050, while favoring a balanced approach between CO_2 reduction and economic development. In this respect, the Group excludes issuers for which thermal coal (mining and power generation) accounts for more than 10% of their turnover or more than 10% of the electricity generated, in addition to coal plant developers on the Urgewald[1] list. These exclusions also apply to companies involved in oil sands and oil development in the Arctic region, above a threshold expressed as a percentage of oil reserves that is set at 30%. Upstream oil & gas companies are also excluded from the investment universe, except for those taking commitments to materially reduce the carbon footprint of their activities.

RISK MANAGEMENT PROCESSES FOR INVESTMENT ACTIVITIES

— SCOR Investments actively follows sustainability trends on investments by constantly monitoring latest initiatives, and taking part in debates with peers, regulators and professional associations. New trends are analyzed from a double materiality perspective[2] and when considered material, they enter the double process of risk management and impact assessment. Depending on the maturity of methodologies and availability of data, results can lead to internal discussions, or amendments to the investment strategy.

[1] Urgewald's Global Coal Exit List (GCEL) is an information tool identifying which companies are still developing new coal assets and offering reliable and transparent data with which financial institutions can phase out coal-based business from their portfolios.
[2] "Double materiality perspective" refers to assessing a sustainability issue from the perspective of whether it could have financially material impacts on the company (financial materiality), in addition to whether the company's activities have a material impact on that issue (non-financial/sustainability materiality).



The below table presents a summary of the risk management processes used to assess and manage climate-related risks for SCOR's investment activities:

Assessment approach	Risk management tools	Climate-related risk / Opportunities	Risk management tool contribution to climate-related initiatives (incl. SDGs[1])	Asset classes	% of coverage (in % of total AUM)
Models and simulations	Nat cat modelling tool	Climate physical risk		SCOR's physical assets	9%
	CRREM[2]	Climate transition risk	13 CLIMATE ACTION	SCOR's Real Estate for own use	Real estate for own use – Experimental
	Climate stress testing	Climate transition risk Climate physical risk		Government bonds Corporate bonds Listed equities	77%
Footprinting	Carbon intensity	Climate transition risks	13 CLIMATE ACTION	Government bonds Corporate bonds Listed equities	73% (on Enterprise Value)
	Implied Temperature Rise (ITR)	Climate transition risk	Pathway to reach carbon net-zero by 2050 including interim targets by 2025		74%
Portfolio screening	Taxonomy	Resilience of activities	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	Utilities	Experimental
	ESG rating	Identify most critical positions for monitoring	Limiting adverse impact Enhancing positive impacts	All invested assets	75%

3.2.4 Operations

3.2.4.1 Management of physical risks

— The exposure of SCOR's operations to acute and chronic physical climate risk is principally managed through the Business Continuity Plan. The Business Continuity Plan is in place to ensure the maintenance of SCOR's business activities during different kinds of events that could prevent staff from accessing office premises — potentially for a prolonged period of time. Such events include natural catastrophe events that could occur more frequently or with greater severity as a result of the changing climate (e.g. flood events, hurricanes). SCOR's Business Continuity Plan was most recently tested during the Covid-19 pandemic, during which staff were able to continue working remotely from SCOR's office premises, for several months. SCOR has moved most of its critical applications onto high standard and duplicated cloud systems, which provides SCOR with a high level of resilience in its ability to maintain operations during severe natural catastrophe events.

3.2.4.2 Management of liablity risks

— Beyond the management of physical risks, SCOR has taken further steps to better manage its environmental footprint and notably the carbon footprint generated by its direct operations by focusing on three main areas:

- environmental certification of office buildings;
- energy consumption management – using renewable energy sources where possible;
- voluntary offsetting of greenhouse gas emissions via initiatives such as afforestation projects.

SCOR also endeavors to encourage reductions in emissions of CO_2 due to business travel through its extensive use of videoconferencing software in day-to-day contacts and to facilitate team working between staff across different global locations. SCOR's staff are also encouraged to travel by train rather than by plane, where this is possible.

[1] Sustainable Development Goals
[2] Carbon Risk Real Estate Monitor

04

Metrics and Targets

Beech forests are widely distributed across Europe, from Spain to Turkey. Many native animals and plants rely on the column-like trees for their food and shelter. Yet in southern Europe, scientists have already found that beech tree growth has decreased by 20% since the 1960s.

Thus, SCOR regularly monitors indicators to ensure that it will achieve the objectives set for the Group in its sustainability strategy. The table below provides an overview of the metrics disclosed in this chapter:

Activities impacted	Key metric and performance indicator	Section	2021 Result
Underwriting activities	Share of eligible activities to the European Taxonomy	4.2.2.1	62%
	Total net estimated losses due to natural catastrophes	4.2.1	€771 million
Investment activities	Share of eligible activities to the European taxonomy[1] (voluntary ratio)	4.2.2.2	16%
	Exposure to fossil energies	4.2.3	€139 million
	Carbon intensity by enterprise value on corporate bonds and equity[2]	4.2.4	173 tCO_2/€3 million invested
Group's operations	Energy consumption	4.2.6.2	13.4 GWh
	Greenhouse Gas (GHG) emissions relating to operations	4.2.6.1	3,304 tCO_2

4.1 COMMITMENTS TAKEN TOWARDS A NET-ZERO EMISSIONS ECONOMY

— SCOR has pledged to Net-Zero by 2050. Through its membership in the Net-Zero Asset Owner Alliance and the Net-Zero Insurance Alliance, the Group demonstrates its commitments to act. SCOR has also set an agenda to phase out from coal on both investments and insurance activities. Insurance coverage for unabated coal-fired power plants will be subject to a phased withdrawal by 2030 for OECD countries and by 2040 for the rest of the world.

4.1.1 Investment activities

— For investment activities, SCOR has committed to net-zero emissions by 2050, with an interim target for 2025 (reduce by 27% the carbon intensity of the corporate bond and equities sub-portfolio by the end of 2024 compared to end of 2019), and to align its investment strategy with the Paris Agreement.

[1] The mandatory eligibility ratio amounts to 0%. Currently, due to available data, SCOR is unable to calculate the mandatory indicator. It is not possible to identify which companies in SCOR's portfolio do not fall within the scope of the Non-Financial Reporting Directive and SCOR's data provider ISS estimates some of the eligibility data it supplies.
[2] Corporate bonds and equity represent 43% of the total group portfolio.

See section 2.3.2.1 – Net Zero Asset Owner Alliance for further information.

Once new risks, opportunities and impacts are assessed, SCOR includes them in its investment management framework. Setting limits and targets, to ensure the resilience of the portfolio and to deliver positive impacts or limit negative impacts, is key to addressing sustainability in investment decisions. The risk limits assigned to sustainability risks for investments are consistent with SCOR's overarching risk management framework. Targets are based on science also considering international objectives to ensure their credibility.

Reaching Net Zero by 2050 is a collective challenge that goes beyond portfolio positioning. The objective is to reduce GHG emissions in the atmosphere. Succeeding the transition to a low carbon economy is critical and engaging with companies is instrumental to this respect. SCOR has also joined investors' coalitions to support its corporate engagement:

- PRI's Sustainable Commodities Practitioners' Group (SCPG)
- Climate Action 100+
- The Powering Past Coal Alliance (PPCA)

See section 2.3.1 — Participation in industry working groups, research activities and institutional commitments

4.1.2 Underwriting activities

— As part of its underwriting activities, SCOR has also taken the commitment to align with a net-zero emission economy in 2050, in line with the 1.5°C target of the Paris Agreement on Climate Change.

See sections 2.3.2.2 and 2.3.2.3 for details on the commitments taken through the Net-Zero Insurance Alliance and the Poseidon Principles for Marine Insurance.

As for investments, engaging with partners and clients and accompanying them in their transition to a low carbon economy is the most impactful action SCOR can take to reduce GHG emissions in the atmosphere. SCOR does not provide (re)insurance to high-emitting sectors, such as thermal coal.

4.1.3 Group's operations

— SCOR strives to limit the environmental impacts stemming from its own operational processes, which include the operation of the buildings it occupies, business travel and office equipment supply and waste management among others. It thereby focuses both on the reduction of greenhouse gas emissions and the preservation of biodiversity.

Through its recent involvement in the Act4Nature International initiative in November 2021, SCOR has reaffirmed its commitments in this field (see section 2.3.2.4 – Act4Nature International initiative for details on the commitments taken).

As laid out in the commitment SCOR has taken in the French Business Climate Pledge signed in 2017, the Group has set a first goal to reduce the carbon intensity of its offices by 15% per employee by 2020 (scope 1 and 2) as compared to 2014. This target was later raised, to 30% by the end of the Quantum Leap strategic plan and was already achieved in 2019.

For the year 2022, SCOR has further increased this target to reach a 35% reduction of carbon emissions on scope 1 and 2 as compared to 2014.

4.2 KEY METRICS AND PERFORMANCE INDICATORS

4.2.1 Impact of natural catastrophes on underwriting activities

— SCOR defines a natural catastrophe as a natural event involving several risks and causing pre-tax losses, net of retrocession, above or equal to €3 million.

In 2021, SCOR was affected by the following catastrophes which resulted in total net estimated losses of €771 million as at December 31, 2021:

Cat losses	Date of loss	Estimated loss net of retrocession as at December 31, 2021 In EUR millions
Storm Filomena - Europe	January 2021	21
US Severe Winter Storm 2021	February 2021	170
Offshore Fukushima Earthquake	February 2021	13
European Convective Storms	June 2021	88
China Henan Floodin	July 2021	16
European Flooding	July 2021	225
Hurricane IDA	August 2021	147
European Storm Xero	June 2021	12
US Quad State Tornadoes	November 2021	52
Other natural catastrophes (less than EUR 10 million)		27
Total		771

For further information on the impact of natural catastrophes, see section 1.3.5.3 SCOR Global P&C/ Impact of natural catastrophes in the 2021 Universal Registration Document.

4.2.2 The share of eligible activities to the European Taxonomy

— To promote sustainable investment, the Taxonomy Regulation (Regulation (EU) 2020/852) establishes a European Union-wide classification system to identify economic activities that are considered sustainable. It recognizes as green, or environmentally sustainable economic activities that make a substantial contribution to at least one of the European Union's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards. The six environmental objectives covered by the Taxonomy Regulation include two climate objectives on climate change mitigation and adaptation, that must be taken into account when calculating the indicators covering the 2021 financial year. The other four environmental objectives cover the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Criteria are still under development by the European Union Platform on Sustainable Finance.

As a (re)insurance company, SCOR is required to publish two indicators as of December 31, 2021:

- the share of eligible activities for its underwriting activities;
- the share of eligible activities for its investment activities.

4.2.2.1 The share of eligible activities for SCOR's underwriting activities

— In line with Article 8 of the Taxonomy Regulation (EU 2020/852) and associated Delegated Regulation, SCOR has assessed the share of its (re)insurance activities eligible to the European Taxonomy. Life gross written premiums are excluded from the eligibility ratio as per Annex II of the Climate Delegated Act published on July 6, 2021. In 2021, the eligibility ratio amounts to 62%.

SCOR has performed a qualitative assessment to identify its Taxonomy-eligible lines of business, i.e. the lines of business which cover risks stemming from climate-related perils set out in Appendix A of the Climate Delegated Regulation published on June 4, 2021. This assessment is based on two corroborating perspectives, namely pricing and claims. Firstly, for the lines of business SCOR assesses as eligible, the Group can identify climate-related perils explicitly in its pricing tools. Secondly, from the claims database, SCOR can demonstrate that, historically, claims are incurred for the lines of business considered eligible.

The ratio is based on non-life gross written premiums (GWP) and uses Solvency II lines of business (LoB). It is determined on a Group consolidated basis as per the regulation.

An entire line of business is counted as eligible, so long as part of it provides cover for risks stemming from the eligible climate-related perils.

Regarding SCOR's direct non-life business and proportional (re)insurance business, the following two lines of business are considered eligible:

- Marine/aviation/transport (re)insurance
- Fire and other damage to property (re)insurance.

Regarding SCOR's non-proportional business, the following two lines of business are considered eligible:

- Marine/aviation/transport (re)insurance
- Property (re)insurance.

The ratio is calculated as follows:

- The numerator represents the sum of eligible gross written premiums from the four aforementioned direct and proportional and non-proportional lines of business.
- The denominator is the total sum of non-life gross written premiums (sum of direct business gross written premiums and accepted proportional and non-proportional gross written premiums).

Based on the methodology described above, SCOR's eligible gross written premiums amounted to €5,060 million as of December 31, 2021. Total non-life gross written premiums amounted to €8,229 million as of December 31, 2021.

This first year of eligibility disclosure marks the beginning of a transition period which will lead to the full disclosure of Taxonomy-alignment in 2024. Only a subset of SCOR's eligible business may be considered "aligned" with the conditions of the Taxonomy Regulation and the Climate Delegated Regulation, i.e. "sustainable". While SCOR's eligibility ratio is based solely on SCOR's internal information about the business it underwrites, SCOR's alignment ratio will need to incorporate information from its insurance partners collected specifically for the purpose of disclosures under the Taxonomy regulation.

4.2.2.2 The share of eligible activities for SCOR's investment activities

— After a preliminary assessment in 2020, SCOR has reassessed the proportion of its invested assets that are European Taxonomy-eligible. In 2021, the voluntary eligibility ratio amounted to 16% (it covers all companies in the investment portfolio, including the companies out of the scope of the Non-Financial Reporting Directive) and companies for which data is estimated by ISS). Currently, due to unavailability of relevant data, the mandatory indicator cannot be calculated. It is not possible to identify which companies in SCOR's portfolio falls within the scope of the Non-Financial Reporting Directive, and SCOR's data provider ISS estimates some of the eligibility data it supplies. Accordingly, by convention, the mandatory eligibility ratio is 0%.

The percentage of eligibility is calculated with the following ratio: share of eligible investments/SCOR assets under management excluding sovereign bonds, as per the regulation.

- The denominator represents SCOR's investment portfolio (excluding sovereign bonds, which represent 27% of the investment portfolio). The denominator amounts to €16,574 million.
- The numerator represents the share of eligible investments. It is the sum of SCOR's investments weighted by the share of eligible income per company. The share of eligible income represents 100% of real assets (real estate and infrastructure) that were considered Taxonomy-eligible based on a SCOR internal study. The information regarding other asset classes (corporate fixed income and equity) was provided by the data provider ISS. The share of eligible investments covers all companies included in SCOR's portfolio, as well as companies not in the scope of the Non-Financial Reporting Directive. Indeed, SCOR is not currently in a position to determine which companies do not fall within the scope of the Non-financial Reporting Directive and cannot provide the proportion of companies in its portfolio that are not subject to the Non-Financial Reporting Directive. The numerator amounts to €2,717 million.

4.2.3 Exposure to fossil energies for investment activities

— SCOR's exposure to fossil energies as per Article 29 of the French Energy-Climate Law of November 8, 2019 amounts to €139 million at end 2021. Exposure to unconventional hydrocarbons (oil sands, shale oil and shale gas) amounts to €74.9 million and exposure to thermal coal amounts to €4.6 million at the end of 2021. SCOR is working on defining a timeline for the progressive exit of unconventional hydrocarbons along with a regular review process (at least every five years) to assess its progress.

4.2.4 Carbon intensity by enterprise value on corporate bonds and equity for investment activities

— As a member of the Net Zero Asset Owner Alliance, SCOR commits to set targets for decarbonization of its portfolio. The baseline is end of year 2019 and the target is set on a five-year horizon, running until the end of 2024. SCOR believes that carbon footprint is more meaningful when taking scope 3 into account and that carbon intensive sectors are the ones for which scope 3 matters most. For these reasons and despite some weaknesses in the data, SCOR has decided to set Carbon Intensity targets including scope 3 on its corporate bond and equities sub-portfolio based on Enterprise Value of issuers.

SCOR commits to reduce its carbon intensity by 27% by end of 2024. This will be achieved by combining a best-in-class selection and active engagement with investees to allow for impacting the real economy. The decarbonization path cannot be achieved by rebalancing most emitting sectors to least emitting ones with no consideration for supporting companies with credible path to decarbonization. Progress should be measured globally over the period, keeping in mind the lag of the data and the time it takes for companies to show visible results in their own decarbonization path.

For the sake of transparency, SCOR will report on decarbonization progress on a yearly basis. However, figures should be read cautiously and only a longer-term trend provides reasonable information on the decarbonization achievements.

Carbon intensity by Enterprise Value (EV) in tCO_2eq per EUR million invested	**Share of the Group's total portfolio**	**Coverage ratio in 2021**	**2019**	**2021**	**Evolution since 2019**	**Target 2025**
			All scope 1, scope 2 and scope 3			
Corporate bonds + Equity	43%	97.5%	273	173	-37%	-27%

The carbon intensity of the corporate bond and equities sub-portfolio is ahead of the planned decarbonization trajectory (-27% by 2025) compared to December 2019 level), mainly due to the revision of the Sustainable Investing Policy leading to divestment from some high-emitting issuers. As part of the next strategic plan set to be announced in 2022, the Group is working on defining new objectives along with a regular review process to assess its progress.

SCOR continues to rely on ISS data to measure the carbon footprint of its portfolio.

The carbon intensity of a portfolio measured with Enterprise Value metrics is sensitive to portfolio allocation and to issuers data:

- The higher the assets invested in carbon intensive companies, the higher the intensity;
- the higher the emission, the higher the intensity;
- the lower the market capitalization, the higher the intensity;
- the lower the outstanding debt, the higher the intensity.

There is also a one-year lag when computing the figures at portfolio level as issuers' data is already one year old at the time of the calculation. This lag is all the more visible given that market capitalization is captured daily.

Carbon intensity on Enterprise Value (EV)	**2020**	**2021**	**Year-on-year evolution**	**Coverage ratio in 2021**
	All scope 1, scope 2 and scope 3			
Government bonds	820	625	-24%	99.4%
Covered Bonds	2	2	+0%	98.1%
Corporate bonds	347	169	-51%	97.5%
Equity (incl. convertibles)	496	486	-2%	95.5%

The decrease in corporate bonds carbon intensity year on year is mainly driven by the reduction of investments in carbon-intensive sectors, especially the oil and gas sector. This reduction results directly from new constraints specified in the sustainable investment policy as no oil & gas company is aligned with SCOR's best-in-class criteria. Should this be the case in the future, SCOR may reinvest in those companies and increase the carbon intensity of its portfolio to enable active engagement with investees. This demonstrates the difficulty to translate a medium-term objective into a linear pathway as the actual decarbonization of the real economy may not be aligned with investors' time horizon for interim targets.

The decrease in government bonds' carbon intensity year on year is explained by debt amounts growing faster than carbon emission levels.

4.2.5 Other metrics used for investment activities

4.2.5.1 Average ESG Rating

— The ISS rating methodology is based on the analysis of environmental and social ("E" and "S") factors, including governance criteria.

- Government bonds: For government securities, ISS assigns equal weighting to the two groups of E and S factors. At SCOR, Government bonds are used mainly for ALM purposes, backing the Group's underwriting commitments. Investing in other asset classes entails other risks and capital constraints that are not deemed relevant given SCOR's risk appetite.
- Corporate bonds: The methodology developed by ISS to rate private companies is also based on the two groups of E and S factors, but their weighting depends on the business sector they relate to. Analyses are based on financial and non-financial data provided by the companies complemented with interviews with employees and external stakeholders.

ESG rating	**Average ESG rating**	**Coverage ratio**	**% of total assets**
Government bonds		100%	30%[1]
Covered bonds		100%	3%
Corporate bonds		94%	43%
Equity		72%	1%
Total portfolio	**C**	**75%**	**100%**

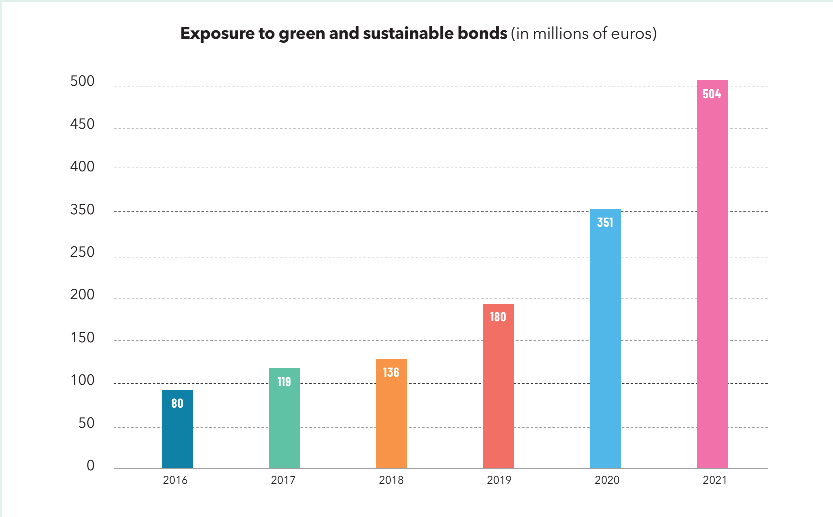
SCOR's portfolio is rated C[2] on average, unchanged compared with the previous year. The coverage ratio is very different from one asset class to another but stands overall at 75% of the total invested assets. As expected, government bonds and corporate bonds are the most widely covered. As they represent the bulk of SCOR's assets, the current assessment of the overall portfolio is deemed acceptable. Some asset classes like real assets are not meant to be covered by ISS ratings.

4.2.5.2 Financing transition bucket

— SCOR defines "sustainable" assets depending on its internal taxonomy. The current limitations when applying EU taxonomy criteria advocate for keeping the same methodology until data availability and robustness have materially improved. Asset classes in SCOR's "transition and social bucket" include direct real estate investments, infrastructure and real estate debts, and green, social and sustainable bonds. To be eligible, real estate must be certified and infrastructure debt must finance the transition to a low-carbon economy. In addition, individual due diligence is performed on a line-by-line basis to assess the internal "green stamp".

As of year-end 2021, the transition and social bucket of SCOR's investment portfolio stands at €1.8 billion including operating real estate. This represents 7.5% of SCOR's overall assets versus 7.3% at the end of 2020. The following graph presents the exposure to green and sustainable bonds, illustrating the transition and social bucket.

[1] Including cash equivalents and government bonds.
[2] ISS rating scale goes from D- to A+.



4.2.5.3 Implied temperature rise

The Implied Temperature Rise is a forward-looking metric used to try and measure the alignment of a portfolio or an asset class with the Paris agreement, i.e. to limit global warming to well below 2°C by 2100 compared to preindustrial levels. The data lacks robustness and is still being adjusted with regular improvements to models and methodologies. Rather than the absolute level of portfolio temperature, SCOR prefers to consider the trend. As in the past, SCOR has selected Carbone 4[1] for this assessment. The measure is quite stable year on year at 3.3°C but shows an increase compared to last year's figures due to model changes implemented by Carbone 4. This demonstrates again this year the relative weakness of this forward-looking measure.

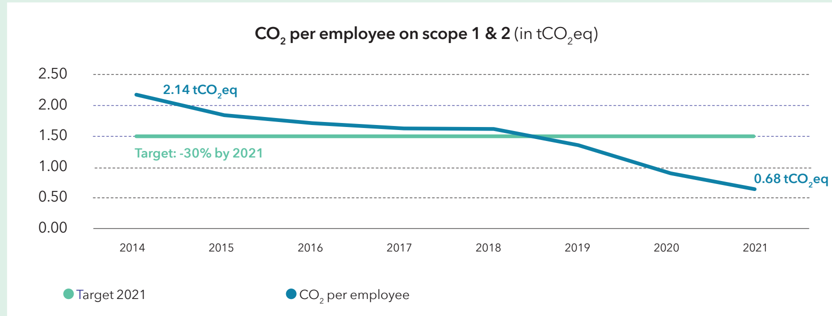
Implied Temperature Rise	2019	2020	2021
Previous methodology	2.8°C	2.8°C	
2021 methodology / metrics	3.0°C	3.0°C	3.3°C

4.2.6 Monitoring the impact of SCOR's operations on the environment

4.2.6.1 GreenHouse Gas Emissions and voluntary Offsetting

As part of its "Quantum Leap" strategic plan, SCOR has raised its reduction objective in terms of carbon intensity per employee under the first two scopes of the GHG protocol from 15% to 30% by the end of the plan in 2021 compared to 2014. In 2021, the Group reached this objective with a reduction compared to 2014 of 68%. The corresponding greenhouse gas emissions per employee under scopes 1 and 2 amounted to 0.678 tCO2eq. This overachievement was in part also favored by office closures in the different countries as a consequence of the Covid-19 pandemic. As part of the next strategic plan set to be announced in 2022, the Group is working on defining a new objective along with a regular review process to assess its progress. As an interim target for 2022, SCOR has increased its previous objective to reach a reduction in terms of carbon intensity per employee under scopes 1 and 2 of the GHG protocol to 35% as compared to 2014.

[1] Independent consulting firm specialized in low carbon strategy and climate change adaptation



SCOR calculates scope 2 emissions with two methods (market-based and location-based approaches), but prefers to communicate on the market-based approach, as this approach presents more accurate numbers:

GHG market-based

	Unit	2021		2020	Coverage[2]	2019	Coverage[1]
Scope 1	tCO_2eq	403	91%	548	85%	1,281	84%
Scope 2	tCO_2eq	2,000	91%	2,193	85%	2,782	84%
Scope 3	tCO_2eq	902	97%	6,024	91%	21,160	91%
Total greenhouse gas emissions	**tCO_2eq**	**3,304**	**na**	**8,765**	**na**	**25,223**	**na**

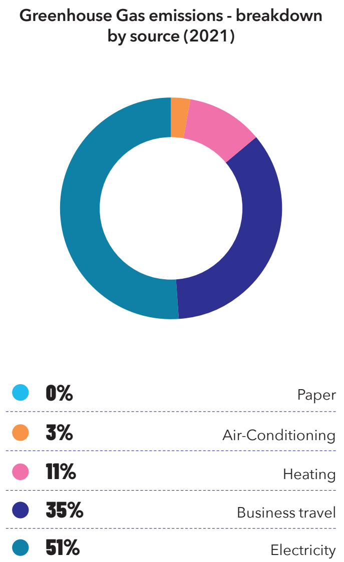
GHG location-based

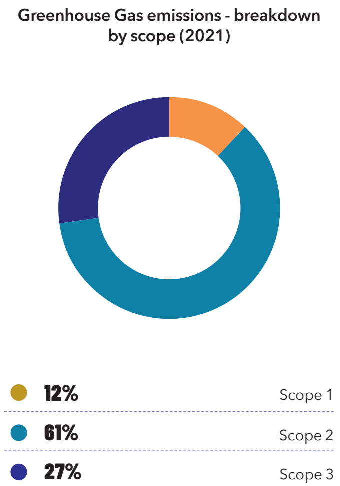
	Unit	2021		2020	Coverage[2]	2019	Coverage[1]
Scope 1	tCO_2eq	403	91%	548	85%	1,281	84%
Scope 2	tCO_2eq	2,820	91%	3,021	85%	3,661	84%
Scope 3	tCO_2eq	902	97%	6,024	91%	21,160	91%
Total greenhouse gas emissions	**tCO_2eq**	**4,124**	**na**	**9,593**	**na**	**26,102**	**na**

[2] The coverage rates are calculated on the basis of the Hubs' response rates. The number of employees working in the locations surveyed divided by the number of employees working in the entities fully consolidated in the financial statements.

Upstream Scope 3 emissions include primarily business travel, energy transmission/distribution and paper. The notable difference in related greenhouse gas emissions between 2020 and 2021 is attributable in particular to the significant decrease (-81%) in business travel due to the Covid-19 pandemic.

Whilst in 2019 and 2020, scope 3 emissions, driven by business travel, were the main contributor to the Group's overall greenhouse gas emissions from operations, most of the emissions in 2021 were related to scope 2 emissions, attributable to energy consumption (64.9%), which includes electricity (51.2%), heating (10.7%) and air-conditioning (3%).





In addition, the Group, which is committed to offsetting all of its residual emissions measured below, submitted three portfolios of offset projects to a staff vote in 2019. The Group's employees voted to support two projects for conserving forest in Brazil and Ethiopia for the next five years. Hence, since 2019, SCOR offsets all of its emissions upon delivery of the carbon credits generated by these two projects. These carbon credits are not deducted from the greenhouse gas emissions reported below.

SCOPE OF DATA COLLECTION AND METHODOLOGY

Consolidated data covers a 12-month period, generally from November 1, 2020 to October 31, 2021.

The data pertains to the entire Group (SCOR SE and all its consolidated subsidiaries consolidated through full integration) except Telemed (48 employees), Château Mondot SAS (25 employees) and Les Belles Perdrix de Troplong Mondot EURL (24 employees).

Data was collected on a target scope including all active Group sites with at least 30 employees for all the reporting indicators. This target scope accounts for 90.9% of employees (as of December 31, 2021) of consolidated entities on scopes 1 & 2.

The threshold of 30 employees is not applicable for the calculation of the environmental impact due to air travel. Data relating to the use of air travel covers 97.3% of employees of consolidated companies due to the exceptions stipulated above and 100% of those companies were able to report on this indicator.

In addition, the Group consolidates all its forms of energy consumption and presents them as an indicator, expressed in tons of CO_2 equivalent (tCO_2eq). The different energy sources are converted into greenhouse gas emissions centrally using conversion factors taken from the "Base Carbone®" database provided by France's Agency for ecological transition (ADEME), the database on air transportation emissions provided by the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA), and actual data collected in each Hub. More specifically, the emissions calculated by the Group, based on the "Greenhouse Gas Protocol", cover, to varying degrees, the following scopes:

- "Scope 1": direct emissions from the combustion of fossil fuel. Depending on the SCOR Group site, these emissions are generated by the consumption of fuel (for backup generators) and gas (for heating) and the use of vehicle fleets.
- "Scope 2": indirect emissions produced by electricity consumption, steam and cooling systems. For SCOR, most of these emissions result from the generation of purchased electricity and, for some sites, from cooling systems (for air conditioning). For the calculation of the market-based greenhouse emissions SCOR only uses a reduced emission factor for renewable energy if a certificate with the conversion factor to be applied is provided for the site in question. As the sources of renewable energy purchased are not always known, SCOR adopts a precautionary approach, using the energy mix of a given country. This approach therefore tends to slightly overestimate the Group's carbon footprint. In alignment with the GHG protocol recommendations SCOR also reports on location-based greenhouse gas emissions from scope 2.
- "Scope 3": other indirect emissions. This scope usually includes emissions from the use of offices (so-called depreciation), commuting, business air travel, waste and so on. In this scope, SCOR focuses on air travel (the largest source of emissions) as well as rail travel and paper purchases.

With regards to the source of emissions (opposed to the volume of emissions) within each scope, the rate of coverage is estimated at 100% for scope1[1] and at 100% for scope 2.

The Group has adopted a pragmatic approach focused on business travel, which offers a more immediate lever and has a significant environmental footprint. Within this scope, the main sources linked to the management of operational processes that are excluded from Group environmental reporting are commuting as well as the so-called depreciation of equipment, property and some services used by the Group, such as outsourced data centers.

LIMITATIONS

Due to the unavailability of full-year data for some of the sites, the missing consumption data was estimated by extrapolation. Moreover, depending on the surface area occupied, the information collected encompasses different parameters, in particular with regards to the consolidation or non-consolidation of the energy consumption derived from the use of services located in shared areas of the building. Where SCOR is the sole or main tenant (i.e. more than 50% of the surface area is occupied by the Group's staff), the data includes SCOR's share of energy consumption for the shared area. Below this threshold, this share is not included in the data collected.

Lastly, sites surveyed include other tenants' energy and water consumption. Therefore, the environmental impact of the Group is overestimated. Other tenants' employees occupying these sites account for 6.3% of employees of entities consolidated in the financial statements.

4.2.6.2 Management of energy consumption sources and renewable energy use

The Group focuses on the management of its energy consumption sources and encourages the purchase of energy produced from renewable sources. The Group consumed close to 13.4 GWh in 2021 to operate the premises occupied by its staff (lighting, heating, cooling – including on-site data centers – and power for operating various equipment). Most of the energy consumed by the Group's sites participating in the environmental survey comes from electricity (64%). The proportion of renewable energies now accounts for 67% of electricity purchases compared with 68% in 2020.

[1] Excluding refrigerant fluid (volumes are not estimated)

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