

## Press Release

March 25, 2019 - N° 13

### **SCOR calls upon its shareholders to reject the draft resolution presented by CIAM, and to vote in favor of the draft resolutions proposed by the Board of Directors**

SCOR was informed today that the activist fund CIAM, domiciled in Luxembourg, has submitted a draft resolution aiming to remove Denis Kessler as director of SCOR and has called to vote against the renewal of Augustin de Romanet as director of SCOR and against the approval of the remuneration of Denis Kessler.

SCOR deeply regrets that CIAM has made public its draft resolution as well as its call for a vote, and has sought that press articles be published on this topic, prior to any discussion with SCOR thereby leaving no room for a fair, contradictory debate. All the more that in support of its draft resolution and its call for a vote, CIAM puts forward once again seriously unfounded, inaccurate and misleading statements with the purpose of destabilizing SCOR. In this respect, SCOR reminds that, on several occasions in the past, it had already firmly condemned the statements and actions of the activist fund CIAM.

During today's meeting, the Board of Directors of SCOR has unanimously decided to reiterate its full support to Denis Kessler and Augustin de Romanet and, accordingly, to recommend the shareholders of SCOR to vote against the draft resolution presented by CIAM and in favor of the draft resolutions proposed by the Board of Directors of SCOR, including in particular the renewal of Augustin de Romanet as director of SCOR and the approval of the remuneration of Denis Kessler. The Board has also acknowledged that the dismissal of Denis Kessler as director would also entail the termination of his office as Chief Executive Officer, with all the foreseeable consequences on the stability and management of the Group.

To ensure that its shareholders are duly informed, SCOR sets forth below the reasons why the statements made by CIAM in support of its draft resolution and its call for a vote are seriously unfounded, inaccurate and misleading.

**The excellent performance of SCOR.** CIAM states that “*the evolution of SCOR's share market price appears poor compared to its peers*”. The facts clearly prove otherwise:

- Over the past ten years, the total return for SCOR shareholders, with dividends reinvested, has reached 301%.
- Since the launch of its most recent strategic plan, *Vision in Action*, in September 2016, SCOR has outperformed all its main Tier 1 reinsurance competitors, with its share market price having increased by 42.4%.

Moreover:

- During the year 2018, SCOR paid 312 million euros in dividends and completed share buy-backs for an amount of 194 million euros, which represents in aggregate more than 500 million euros paid to its shareholders within a year.

## Press Release

March 25, 2019 - N° 13

- SCOR proposes that its General Shareholders' Meeting convened on April 26, 2019 approves a dividend increase, from 1.65 euro to 1.75 euro per share.
- Over this period of time, the solvency of SCOR has remained optimal and its AA- rating<sup>1</sup> has been confirmed by the four rating agencies.

**The high standard of SCOR's governance.** CIAM pretends that it is "*necessary today for the Board to be chaired by a Chairman free from any conflict of interests. All the corporate governance specialists recommend to separate the functions of Chairman and Chief Executive Officer [...]. Most companies of the Stoxx 600 have adopted this type of governance*". The facts also clearly prove against such statements:

- The Board of Directors of SCOR considers that the governance model with a Chairman and Chief Executive Officer has proven relevant over the past years, as showed in particular by the performance of the Group. The combination of the positions of Chairman of the Board of Directors and Chief Executive Officer has in particular allowed SCOR to benefit from efficient decision-making process and a strategic alignment of its governance bodies. This analysis is fully shared by a vast majority of the shareholders of SCOR, which, on April 27, 2017, renewed the office of Denis Kessler as director for a term of four years with 80.60% of favorable votes.
- This governance model is fully in line with the corporate governance practices set forth in the AFEP-MEDEF code, which SCOR strictly abides by. Furthermore, this model is adopted by more than 60% of the French companies with a board of directors within the CAC 40, and more than 50% of those included within the SBF 120<sup>2</sup>.
- The AFEP-MEDEF code provides that in such case, the board of directors shall appoint a lead independent director (*administrateur référent*) with broad powers, which is the case for SCOR with such role being performed by Augustin de Romanet. The Lead Independent Director of SCOR SE has in particular chaired all the meetings of the Crisis Management Committee of the Board in the context of the preparatory work of the Board concerning Covéa's unsolicited proposed combination with SCOR.
- The percentage of independent directors within the Board of Directors of SCOR is very high: 81.8% (excluding the director representing the employees), compared with 50% as recommended by the AFEP-MEDEF code. In addition, the Audit Committee, the Risk Committee and the Compensation and Nomination Committee are all chaired by independent directors. The independent directors regularly meet with the Lead Independent Director acting as chairman and without the presence of Denis Kessler.
- In the context of the last assessment of the functioning of the Board of Directors of SCOR, the directors considered that both the freedom of speech within the Board and the quality of the Group's governance deserved a rating of 4.8 out of 5.
- Given the strict compliance by SCOR with the Solvency 2 directive, the effective management of the Group is not performed solely by the Chief Executive Officer, but rather by three effective managers all vested with broad powers and authority and actively involved in all significant decisions. The actions of the management are also regularly reviewed by four managers in charge of key functions, with direct access to the Board of Directors of SCOR. These four key managers are regularly heard by the Board of Directors of SCOR.

---

<sup>1</sup> or equivalent.

<sup>2</sup> HCGE study, October 2018.

## Press Release

March 25, 2019 - N° 13

**The careful review of Covéa's unsolicited proposal.** Contrary to what CIAM alleges, the Board of Directors of SCOR exercised the utmost diligence and reviewed in detail all the terms and conditions of Covéa's unsolicited proposal dated August 24, 2018:

- It assessed the interest and the consequences of such proposal for SCOR, its shareholders, its clients and its employees. The Board of Directors benefitted from the opinion of the Strategic Committee and the Non-Executive Directors Session of SCOR (which were specifically convened on August 30 to review this proposal), and from the advice of two highly-regarded banks (BNP Paribas and Citi) and two international, highly-regarded law firms (Skadden Arps and Gibson Dunn (the latter having been specifically retained by the non-executive directors to advise them on their fiduciary duties and obligations)).
- Following this extensive work, the Board of Directors of SCOR held on August 30, 2018 unanimously decided to refuse to initiate discussions with Covéa regarding its unsolicited proposal. Such proposal would have, *inter alia*, jeopardized the business model of SCOR which creates value for all its shareholders, and in particular its independence, which is a key factor of the performance and financial flexibility of SCOR. Such proposal also reflected neither the intrinsic value nor the strategic value of SCOR. In addition, the Board unanimously reiterated its full trust in SCOR's management to continue the creation of value for all the shareholders and stakeholders of the Group.
- These decisions of the Board of Directors of SCOR were confirmed, unanimously and in all respects, on September 21, 2018. The Board of Directors of SCOR therefore paid the utmost attention to the review of Covéa's proposal. The long-term interests of the shareholders were at the heart of its decision.

CIAM alleges "*unprecedented aggressiveness deployed by Mr. Denis Kessler against Covéa for it to withdraw its proposed offer*". In this regard, SCOR reminds that:

- On August 30, 2018, the Board of Directors of SCOR unanimously decided that Thierry Derez (Chairman and Chief Executive Officer of Covéa and, at that time, director of SCOR in his personal capacity) was obviously in a situation of general conflict of interests.
- On September 21, 2018, the Board of Directors of SCOR unanimously decided that Thierry Derez was obviously in a situation of general conflict of interests and that the procedure and methods used by Thierry Derez and Covéa to prepare, submit and make public their combination proposal, as well as their renewed expressions of interest, could only be considered as hostile and unfriendly, and were significantly disrupting the functioning of SCOR.
- Following multiple reminders by SCOR to Thierry Derez regarding his obvious situation of conflict of interests due to Covéa's unsolicited proposed combination and the opinion rendered on October 30, 2018 by the *Haut Comité de Gouvernement d'Entreprise* consulted by SCOR regarding the situation of Thierry Derez, the latter was finally compelled to resign from SCOR's Board of Directors on November 13, 2018.
- The decision to initiate the legal actions results from the express powers granted by the Board of Directors of SCOR to its Chairman and Chief Executive Officer, and has been taken following regular information and consultation of the Crisis Management

## Press Release

March 25, 2019 - N° 13

Committee of the Board. In light of the seriousness of the facts and evidence brought to the attention of SCOR and its governance bodies relating to the misconduct having resulted from, *inter alia*, the unlawful misappropriation, disclosure, communication and use of SCOR's sensitive and strictly confidential documents, SCOR was compelled to initiate these legal actions. Such decision was based on a precise analysis of the situation, carried out with the utmost diligence and the assistance of highly-regarded legal counsel, with the sole and ongoing purpose of protecting the corporate interest of SCOR.

- SCOR fails to understand CIAM's insistence to support Covéa's proposal, which has been prepared, submitted and made public under conditions which are clearly violating the rights of the other shareholders of SCOR and the loyalty owed to them.

### **The appropriateness of the remuneration of the Chairman and Chief Executive Officer.**

CIAM mentions "a policy of excessive remuneration granted to Mr. Denis Kessler". SCOR reminds that:

- The remuneration of Denis Kessler, which is perfectly transparent, was approved *ex-ante* and *ex-post* by the shareholders of the Group at the General Shareholders' Meeting held on April 26, 2018 with, respectively, 87.92% and 78.79% of favorable votes.
- The methods used to determine the remuneration of Denis Kessler strictly comply with applicable laws and the best corporate governance practices. It is proposed by the Compensation and Nomination Committee, which exclusively consists of independent directors and a director representing the employees. It is then validated by the Board of Directors (without Denis Kessler participating to the related deliberation), before being submitted to the vote of the shareholders during the General Shareholders' Meeting in accordance with applicable laws. In this context, it shall be noted that this remuneration has also been systematically approved by Thierry Derez as director and member of the Compensation and Nomination Committee of SCOR for the entire term of his office.
- The structure of the remuneration of Denis Kessler and the related performance conditions are fully in line with the global remuneration policy in force within the Group.
- A benchmark conducted by the firm Mercer in 2018 at the request of the Compensation and Nomination Committee concludes that the positioning of the global remuneration of the Chairman and Chief Executive Officer of SCOR (including all types of remuneration) is aligned with market practice. More particularly, the aggregate remuneration of the Chairman and Chief Executive Officer for 2017 amounted to 104% of the median within a list of peers including the main reinsurers worldwide (based on their turnover) and for which the information regarding the remuneration of executives is available<sup>3</sup>. Since the appointment of the Chairman and Chief Executive Officer of SCOR in November 2002, the turnover has been multiplied by six, reaching EUR 15.3 billion. The balance sheet totals have risen from EUR 13.5 billion in 2004 to EUR 44.4 billion by the end of 2018. Finally, SCOR has paid out more than EUR 2.7 billion in dividends since 2005. At the same time, the S&P rating of the Group has been increased from BBB- in 2003 to AA-, bearing witness to the Group's strength further to the successful implementation of five strategic plans. This dynamic continued in 2018

<sup>3</sup> Alleghany, Arch Capital Group, Axis Capital Holdings Limited, Everest Re, Great West Life Co, Hannover Re, Munich Re, Reinsurance Group of America, Swiss Re, Validus Holdings and XL Group.

## Press Release

March 25, 2019 - N° 13

with the confirmation, in September, of the upgrade of SCOR's financial strength rating to A+ by AM Best, initially announced in 2017.

### **The importance of renewing the office of Augustin de Romanet as director of SCOR.**

The Board of Directors proposes the renewal of Mr. Augustin de Romanet's mandate given his significant participation in the life of the Company as a lead independent director, Chairman of the Compensation and Nomination Committee, Chairman of the Crisis Management Committee and finally as a member of the Strategic Committee and the Corporate Social and Societal Responsibility and Environmental Sustainability Committee, particularly through his skills in governance, his knowledge of the financial markets and his experience as the head of large groups and institutions in the public and private sectors.

It is reminded that his attendance rate at meetings of the Board of Directors and its committees since his first appointment in 2015 is 100%.

Although this would be permitted by the AFEP-MEDEF code, Augustin de Romanet is not a director of any listed company other than ADP and SCOR.

Awarded the *Légion d'honneur* in 2007, Augustin de Romanet has received a number of awards, notably "Capitalist of the Year" awarded by the *Nouvel Économiste* magazine in 2008 and "Financier of the Year" awarded by Minister of the Economy in 2012. Augustin de Romanet has been Chairman and Chief Executive Officer of Aéroports de Paris since 2012 and Chairman of Paris Europlace since July 2018. A unanimously respected business figure who is actively involved in the functioning of SCOR's governance bodies, Augustin de Romanet has all the skills and legitimacy required to fully perform the role of Lead Independent Director of SCOR.

**The nature of CIAM's request and methods.** SCOR regrets the repeated attacks of CIAM, to which the Group has always responded, and whose motivations are against the corporate interest of SCOR. To SCOR's knowledge, the activist fund CIAM holds 0.94% of SCOR. It invested in SCOR immediately after Covéa published a press release on September 4, 2018 disclosing its unsolicited proposed combination with the SCOR Group; this demonstrates that CIAM's investment in SCOR is speculative and short-term. CIAM has already made public several letters, dated September 17, 2018, September 26, 2018, January 31, 2019 and February 6, 2019, criticizing in particular the governance of the SCOR Group in a seriously unfounded, inaccurate and misleading manner. On behalf of the Board of Directors of SCOR, the Chairman and Chief Executive Officer and the Lead Independent Director of SCOR have responded in detail to each letter of CIAM on September 21, 2018, October 1, 2018 and February 4, 2019. Such letters and their responses are available on [SCOR's website](#).

SCOR reminds that it benefits from the support of long-term shareholders which are acting in furtherance of its corporate interest and support its development, and with which it regularly maintains a mutually beneficial dialogue.

As a consequence, in accordance with applicable laws and regulations, the draft resolution presented by the activist fund CIAM will be submitted to the vote of the Combined Shareholders' Meeting of April 26, 2019 as a resolution not approved by the Board of Directors of SCOR.

## Press Release

March 25, 2019 - N° 13

\*

\* \*

### **Contact details**

**Marie-Laurence Bouchon**  
Group Head of Communications  
**+33 (0)1 58 44 75 43**  
[mbouchon@scor.com](mailto:mbouchon@scor.com)

**Ian Kelly**  
Head of Investor Relations  
**+44 (0)203 207 8561**  
[ikelly@scor.com](mailto:ikelly@scor.com)

[www.scor.com](http://www.scor.com)

LinkedIn: [SCOR](#) | Twitter: [@SCOR\\_SE](#)

### **Forward-looking statements**

SCOR does not communicate "profit forecasts" in the sense of Article 2 of (EC) Regulation n°809/2004 of the European Commission. Thus, any forward-looking statements contained in this communication should not be held as corresponding to such profit forecasts. Information in this communication may include "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitations, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties and other factors, which may cause actual results, on the one hand, to differ from any results expressed or implied by the present communication, on the other hand.

Please refer to the 2018 reference document filed on March 4, 2019, under number D.19-0092 with the French Autorité des marchés financiers (AMF) posted on SCOR's website [www.scor.com](http://www.scor.com) (the "Document de Référence"), for a description of certain important factors, risks and uncertainties that may affect the business of the SCOR Group. As a result of the extreme and unprecedented volatility and disruption of the current global financial crisis, SCOR is exposed to significant financial, capital market and other risks, including movements in interest rates, credit spreads, equity prices, and currency movements, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings.

The Group's financial information is prepared on the basis of IFRS and interpretations issued and approved by the European Union. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting".