The Art & Science of Risk

The reinsurance industry is all about combining technical expertise and experience with the developments of science. However many tools we use to conduct our activities (models, databases, pricing tools, reserving tools, and so on), we also need personal judgments, human expertise, convictions, feelings even, to correctly underwrite. This is what we call the art of underwriting. Reinsurance is a knowledge industry. Expertise is an accumulation variable. The most advanced tool will never replace the intuition of a seasoned underwriter facing a complex risk. Because at the end of the day, you have to make a decision, to sign, to underwrite. And what we have underwritten, we cannot overwrite - our word is our bond, as is our signature.

This dimension of our business, linked to the art of underwriting, is more important than some observers would have people believe. One way to acquire this art is to share experiences – both good and bad – and to share doubts and questions. Artists always belong to a school, from which they learn their craft. Like artists, we have to learn, imitate, mimic, and then innovate, in order to find our own style and create our own distinctive work.
IN 2018, SCOR CONTINUES TO GROW

15.3 BILLION EUROS GROSS WRITTEN PREMIUMS

5TH LARGEST REINSURER IN THE WORLD

4,000 CLIENTS THROUGHOUT THE WORLD

38 OFFICES WORLDWIDE

2,887 EMPLOYEES AND 65 NATIONALITIES
FUNDAMENTALS

AS A GLOBAL REINSURER, OUR LONG-TERM SUCCESS IS BASED ON TWO MAIN FACTORS: TECHNOLOGY AND HUMAN CAPITAL. WE AIM TO ATTRACT, DEVELOP AND RETAIN EMPLOYEES WHO SHARE OUR VALUES.

INNOVATION

Technological innovation is a key driver of change in the reinsurance industry. SCOR continuously invests in the understanding and modeling of risk to push back the frontiers of insurability. From customer experience to product innovation, new and continuously-evolving technologies will significantly change the way the (re)insurance industry delivers its products and services.
EXCELLENCE

Excellence is SCOR’s common language, spoken across the world. It inspires trust and fosters a collaborative culture that embraces problem-solving and innovative thinking.

TEAMWORK

Teamwork lays the foundation for SCOR’s success. The sharing of knowledge through collaboration is an integral part of SCOR’s outstanding client service and tailored risk solutions.
SUSTAINABILITY

In an increasingly risky and uncertain world, the (re)insurance industry has a leading role to play in working towards sustainable and responsible development. Protecting the environment and contributing to the resilience of societies are integral parts of SCOR’s identity and culture.

DIVERSITY

Conducting business in more than 160 countries and representing 65 nationalities, SCOR’s employees are as diverse as they are strong. In 2018, women accounted for 47% of SCOR’s employees worldwide and held five of the twelve seats on the Group’s Board of Directors. The Group is fully committed to ensuring universal equality and inclusion.
INTEGRITY

The (re)insurance industry is built on trust and integrity. We act with honesty and transparency in all matters and are accountable for our actions. We strive to meet the highest standards in all that we do for our clients, employees, shareholders, and regulators.

SCOR and its 2,880+ employees are very proud to contribute to the protection and welfare of millions of people around the world facing risks of all kinds.

THE PROTECTION OF PEOPLE AND ASSETS IS EMBEDDED IN OUR DNA

Jennifer Coleman
Senior Risk Manager
SCOR
Dublin office
SCOR's aim, as an independent global reinsurance company, is to develop its Life and P&C business lines, to provide its clients with a broad range of innovative reinsurance solutions and to pursue an underwriting policy founded on profitability, supported by effective risk management and a prudent investment policy, in order to offer its clients an optimum level of security, to create value for its shareholders, and to contribute to the welfare and resilience of Society by helping to protect insureds against the risks they face.
MESSAGE FROM THE CHAIRMAN

CAPITAL PROTECTION.

DISCIPLINE AND EFFECTIVE RIGOROUS UNDERWRITING APPETITE FOR RISK, BASED ON A CONTROLLED
OF OUR STRATEGY, THE RELEVANCE
DEMONSTRATES THIS PERFORMANCE

A YEAR OF PROGRESS

The most significant political risk that struck the Group last year was the fiscal reform in the United States, which was introduced in the very last days of 2017 and includes a provision that taxes reinsurance premiums ceded to affiliated foreign subsidiaries. SCOR restructured its operations in 2018 to mitigate the impact of this fiscal reform, and hence maintain its competitiveness going forward. Similarly, Brexit has been an additional complication. We have prepared for the worst, a hard Brexit, by creating a new Paris-based P&C insurance company, to ensure the continuity of the services offered to our clients in the European Union. The reinsurance industry now dedicates much of its attention, effort, energy and resources to dealing with these kinds of issues pertaining to the “re-fragmentation of the world”, i.e. the ongoing sharpening of political, international and social tensions. SCOR’s nimbleness allows it to find appropriate solutions when faced with these entropic forces.

As far as Acts of God are concerned, Mother Nature has also been quite agitated in 2018, with two destructive hurricanes in the U.S. (Michael and Florence), two powerful typhoons in Japan (Jebi and Trami), two wildfires in California, and other smaller events across various perils and regions. Managing such risks and covering these kinds of events is our raison d’être, our mission. We are there to help citizens and societies face these risks, and to alleviate the negative impacts when they occur. We are proud that, during this second consecutive year of elevated natural catastrophe activity, we have once again accomplished our mission, while managing to deliver a solid set of results:

- SCOR recorded a net income of EUR 322 million, while the Group’s estimated solvency ratio at the end of 2018 reached 215%, in the upper part of the optimal range of 185%-220% defined in the “Vision in Action” plan.
- Furthermore, SCOR’s underlying profitability is excellent, as demonstrated by the Group’s normalized return on equity, which stands at 9.4% and hence exceeds the target of 800 basis points above the 5-year risk-free rate set out in “Vision in Action”.
- Meanwhile, SCOR continued to expand and deepen its franchise in 2018. It achieved strong endogenous growth, with gross written premiums reaching EUR 15.3 billion, up 7.1% at constant exchange rates compared to 2017. This growth was well balanced between both of the Group’s business engines.

SCOR’s growth potential, long-term value creation capability and shock-absorbing capacity are confirmed year after year. SCOR is also pursuing its strong shareholder remuneration policy. A cash dividend of EUR 1.75 per share will be proposed at the next Annual General Meeting. Looking forward, SCOR’s ambition is intact, and we have every confidence in the Group’s ability to continue its solvent and profitable growth in the years ahead.

SCOR is uniquely positioned to significantly benefit from the positive long-term trends that the reinsurance industry offers. Meanwhile, the Group is on the move and actively preparing for the future. We constantly improve our tools, our processes and our models. We are supporting the only credible Blockchain initiative in the insurance sector, partnering with numerous Insurtechs to see what innovations are going to emerge and shape the insurance and reinsurance world of tomorrow.

The Group has tremendous potential for continued profitable growth and long-term value creation as a global Tier 1 reinsurer. SCOR is an independent company, and master of its own destiny. We are actively preparing our next three-year Strategic Plan, which will be presented in September. This will be an opportunity for SCOR to confirm its objectives and to set out the ways and means chosen to achieve these, leveraging our Tier 1 status, our global and deep franchise, our prime rating and our expertise-driven human capital.

Looking forward, SCOR’s ambition is intact, and we have every confidence in the Group’s ability to continue its solvent and profitable growth in the years ahead.

DENIS KESSLER,
Chairman and Chief Executive Officer

SCOR is in good shape to leverage all these positive prospects.

The Group’s ambition is intact, and SCOR is fully mobilized to successfully complete the “Vision in Action” plan and reach its strategic targets.

DENIS KESSLER,
Chairman and Chief Executive Officer
SCOR is particularly attentive to the adoption of rigorous corporate governance principles, which contributes to the excellence of its Enterprise Risk Management. Applying the July 3, 2008, Act implementing European Union Directive 2006/46/EC of June 14, 2006, SCOR SE refers to the AFEP-MEDEF corporate governance code. The Group is governed by a Board of Directors and its management team is supported by an Executive Committee.

**OUR GOVERNANCE**

**GOVERNANCE STRUCTURE**

The executive management team is supported by an Executive Committee, which is notably responsible for implementing the strategy adopted by the Board of Directors.

**SCOR’S EXECUTIVE COMMITTEE**

The executive management team is supported by an Executive Committee, which is notably responsible for implementing the strategy adopted by the Board of Directors.

**Romain Launay**
GROUP CHIEF OPERATING OFFICER

**Laurent Rousseau**
DEPUTY CEO OF SCOR GLOBAL P&C

**Paolo De Martin**
CEO OF SCOR GLOBAL LIFE

**Victor Peignet**
CEO OF SCOR GLOBAL P&C

**Denis Kessler**
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Brona Magee**
DEPUTY CEO OF SCOR GLOBAL LIFE

**Frieder Knüpling**
GROUP CHIEF RISK OFFICER

**François de Varenne**
CEO OF SCOR GLOBAL INVESTMENTS

**Mark Kociancic**
GROUP CHIEF FINANCIAL OFFICER
**SCOR’S BOARD OF DIRECTORS**

**Role**

SCOR’s Board of Directors is responsible for determining the guiding principles of the Company’s business plan and strategy and monitoring their application. The Chairman and Chief Executive Officer of SCOR has full executive authority to manage the business of the Company, subject to the prior authorization of the Board of Directors or the Company’s shareholders for certain decisions as required by law, pursuant to the Company’s bylaws, and subject to the effective management of the company being carried out by at least two persons pursuant to the Code des Assurances (Victor Pignet, Chief Executive Officer of SCOR Global P&C, and Paolo De Martin, Chief Executive Officer of SCOR Global Life, as designated by the Board of Directors on November 3, 2015).

**Composition**

The corporate governance of SCOR, a Societas Europaea with a unitary board structure, is based on a Board of Directors composed in accordance with the governance rules set out by the AFEP-MEDEF Code, notably:

- Application of best-in-class corporate governance practices;
- An appropriate number of Board members in order to allow meaningful individual participation;
- A majority of independent Directors, pursuant to criteria adopted by the Board of Directors based on those set forth in the AFEP-MEDEF Governance Code. As of December 31, 2018, the Audit Committee is fully composed of independent directors, the Risk Committee is composed of 83.0% of independent directors and the Compensation and Nomination Committee is composed of 80.0% of independent directors (excluding the employee director);
- Professional experience and a diversity of nationalities; and
- A high rate of female Board members.

**Diversity on the Board**

An employee-elected director, elected by all of the Group’s employees worldwide, has sat on the SCOR SE Board since 2007. This ad hoc representation mechanism was put into place by the company on a voluntary basis when SCOR SE was converted into a Societas Europaea. At the Shareholders’ Meeting held on April 27, 2017, SCOR changed its by-laws in order to introduce new mandatory rules for the election of the director representing employees who is now elected by the employees of SCOR SE, and its direct and indirect subsidiaries whose head offices are in France, pursuant to articles L. 225-27-1, V and L. 225-27 of the French commercial Code. Vincent Foucart is the current director representing employees. He was elected pursuant to these new rules and his mandate began immediately after the Ordinary and Extraordinary Shareholders’ meeting held on April 26, 2018.

Moreover, in accordance with the Copé-Zimmermann Law, SCOR is compliant with its obligations in terms of the proportion of women on its Board of Directors, 5 members (45%) being women as of December 31, 2018.

**The Board’s Advisory Committees**

SCOR’s Board of Directors has established six advisory committees to prepare the Board’s proceedings and make recommendations to it on specific subjects:

- The Strategic Committee;
- The Audit Committee;
- The Risk Committee;
- The Compensation and Nomination Committee;
- The Corporate Social and Societal Responsibility and Environmental Sustainability Committee;
- The Crisis Management Committee;
- The Corporate Social and Societal Responsibility and Environmental Sustainability Committee;
- The Compensation and Nomination Committee;
- The Risk Committee;
- The Audit Committee;
- The Strategic Committee;
- The Compensation and Nomination Committee;
- The Corporate Social and Societal Responsibility and Environmental Sustainability Committee.

**Board of directors of the SCOR Group**

As of December 31, 2018, the Board of Directors of the SCOR group is composed of the following 12 directors: Denis Kosler (Chairman & CEO), Marguerite Bérard, Vincent Foucart (employee director), Vanessa Marquette, Bruno Pilette, Jean-Marc Raby, Augustin de Romanet, Thomas Sauzier (representing Malakoff Médéric Assurances), Kory Sorenson, Claude Terdij, Zhen Wang and Fields Wicker-Muñoz.

The Board of Directors is composed of 82% of independent directors.

1- According to the AFEP-MEDEF Code, the director representing employees is not taken into account when determining the percentage of independent directors.

2- According to French law (Article L. 225-27 of the Commercial code), the director representing employees have been expanded to align with the AFEP-MEDEF Code.

The Social and Societal Responsibility and Environmental Sustainability Committee

The committee was renamed in October 2018 and its mission has been expanded to align with the AFEP-MEDEF Code.

Chair: Fields Wicker-Muñoz
80% of independent directors
4 meetings in 2018, 8 hours of meetings.

Topics addressed in 2018:
- Governance aspects
- ESG Underwriting Policy
- ESG Investment Policy
- Diversity and equal opportunities
- Environmental Management performance
- Civic engagement
- Stakeholder Engagement
- Communication on ESG issues

Topics addressed in 2018:
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- ESG Underwriting Policy
- ESG Investment Policy
- Environmental Management performance
- Civic engagement
- Stakeholder Engagement
- Communication on ESG issues

80% of independent directors
SCOR, one of the world’s largest reinsurers, operates on five continents and covers risks in more than 160 countries. As part of its commitment to sustainability, the Group holds Environmental Management System certifications for an increasing number of its office premises around the world.
By 2020, SCOR intends to reduce the carbon intensity of its offices by 15% per employee. This will be accomplished through increased energy efficiency, a greater share of renewable energy in its energy mix and by continuing to roll out environmental management systems. Over the past few years, the Group has implemented certified environmental management systems at its main offices and has significantly increased the share of renewables in its energy mix.

65% of SCOR’s office premises are green buildings.

67% of the electricity used in SCOR’s offices is generated by renewable sources with 100% renewable energy in Paris, London, Zurich and Cologne.
**The Impact of Artificial Intelligence on the (Re)Insurance sector**

As AI stands to be integrated into nearly every part of the insurance ecosystem, from customer experience to product innovation, it will drive significant changes in the way the (re)insurance industry delivers its products and services. This publication examines the risks associated with AI, and how they can be assessed, quantified, insured and mitigated against.

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**SCOR Investment Partners is awarded the EETC Label for its fund SCOR Infrastructure Loans III**

The Group’s asset management company is addressing climate change through a fund that participates in the transition to more sustainable energy. The fund supports infrastructure projects with positive environmental impacts in sectors including renewable energy, rail transport, and technology.

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**SCOR welcomes the ratings affirmations of its ratings agencies**

Standard & Poor’s (S&P), A.M. Best and Fitch affirmed the financial strength rating for the Group and its main subsidiaries. A.M. Best noted that “SCOR is a top-tier global reinsurer, with excellent product and geographical diversification. The group’s internationally recognised franchise, long-standing client relationships and technical expertise allow SCOR to effectively manage local and global reinsurance market cycles.”

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**SCOR is named Reinsurer of the Year for 2017 by Insurance ERM**

InsuranceERM commented that “managing risk should be the very definition of a holistic activity and SCOR has demonstrated its excellence across an array of actions.” The magazine recognized SCOR’s “strong contribution to managing climate risk on both sides of the balance sheet,” with climate campaigners having “praised SCOR for making among the best efforts to disengage from the coal sector.”

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**SCOR completes the acquisition of MutRé**

The acquisition enables SCOR, which has been a major technical and commercial partner of MutRé since its creation in 1918, to strengthen its Life & Health reinsurance offering to the French mutual insurance industry.

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**SCOR Global Life’s R&D Centers develop a text mining solution for its clients**

Using its internally-developed text mining technology, SCOR helps its insurer clients to more effectively handle, classify, interpret and extract essential information. The mining enables companies to quickly detect text patterns and leads to improved decision making.

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**SCOR announces enhancements to its large corporate risks insurance unit, SCOR Business Solutions**

SCOR Business Solutions has a sustained track record of profitability, a strong technical culture, and nimble positioning in the (re)insurance risk transfer chain. With broader portfolio underwriting and management capabilities through technology and innovation, SCOR Business Solutions is building an agile and scalable organization within the P&C division.

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**SCOR is named “General Reinsurer of the Year” by Asia Insurance Review**

This award further acknowledged the excellent work done by SCOR’s teams in the region, where we have been active for nearly 50 years and are continuing to expand. It is also a great boost for our business ambitions in Asia-Pacific, where we are developing more products and solutions alongside our clients.
In the final year of the “Vision in Action” strategic plan, how did SCOR perform against its goals?

MARK KOCIANCIC—— During 2018, SCOR continued to deepen its franchise. And for the first time, we underwrote in excess of EUR 15 billion of gross written premiums, representing a 7.1% increase over 2017 at constant exchange rates.

This excellent top-line growth was driven by the strong contribution of both business engines. SCOR Global P&C, supported by strong renewals in the United States, and SCOR Global Life with its strong growth in Asia-Pacific.

The technical profitability of the Group is robust. Despite the high level of natural catastrophes, SCOR Global P&C delivered a profit in 2018 with a net combined ratio at 99.4%, including a 12.6% nat cat ratio. On a normalized basis, the P&C combined ratio stands at 94.7%, better than the “Vision in Action” assumption.

The Life technical margin is strong at 7.0%, and in line with the “Vision in Action” assumption. SCOR Global Investments delivered a return on invested assets of 2.8% supported by equity gains and the continued increase in recurring yield, which stands at 2.4% in 2018.

Overall, SCOR recorded a net income of EUR 322 million, representing an increase of 12.6% on the prior year. This translates into a return on equity of 5.5%, which would be 9.4% when normalized for the high nat cat volatility and U.S. tax reform impact in 2018. This is well in line with our “Vision in Action” profitability target of 800 bps above the 5-year risk-free rates.

We continue to apply a consistent capital management policy and offer strong and attractive remuneration to our shareholders. We are proud to have once again accomplished our mission in 2018.

“SCOR delivered a strong start to its “Vision in Action” strategic plan, which began in 2016. The Group deepened its presence in the local Non-Life and Life markets in which it operates by strengthening client relationships and through best-in-class services and product innovation. It further developed the Non-Life U.S. franchise and expanded in Life fast-growing Asia-Pacific markets through organic growth. SCOR delivered a strong set of results in 2018 and continued to grow while successfully combining profitability and solvency.”
"During 2018, SCOR continued to deepen its franchise. And for the first time, we underwrote in excess of 15 billion euros of gross written premiums, representing a 7.1% increase over 2017 at constant exchange rates. This excellent top-line growth was driven by the strong contribution of both business engines: SCOR Global P&C, supported by strong renewals in the United States, and SCOR Global Life with its strong growth in Asia-Pacific."

Mark Kociancic
GROUP CHIEF FINANCIAL OFFICER
The year was marked by a shift, in the last quarter, in market expectations and in the development of financial asset prices. During the first part of the year, the economic cycle remained virtuous, with a sharp rise in corporate earnings (+20% in the U.S.) and a progressive exit from accommodative monetary policies on the back of controlled inflation. Against this backdrop, financial asset volatility was low, with equity indices posting positive returns, rates rising gradually in the U.S. and virtually stable credit spreads. Thus, the U.S. Federal Reserve, relying in particular on the very low unemployment rate (3.8%) and on a rising trend towards endogenous inflation, gradually raised its key policy rates from 1.5% to 2.5%, while conducting a programmed reduction in the size of its balance sheet. The European Central Bank left its rates unchanged at -0.4% but resolutely began to reduce its asset purchase program. By contrast, in the last quarter of the year, the increase in political and commercial uncertainties led to a downward revision in terms of economic outlook, leaving an impression of insufficiently accommodative monetary policies. The correction was therefore relatively violent, with equities falling by almost 20% and a flight-to-quality movement to risk-free assets such as government bonds. Over the year, the 10-year rates in the United States rose from 2.53% to 3.23% before posting positive returns, rates rising gradually and a flight-to-quality movement to risk-free assets such as government bonds. Over the year, the 10-year rates in the United States rose from 2.53% to 3.23% before ending at 2.68%. In Europe, the rates fell constantly, ending at 0.24% for the 10-year German rate, compared to 0.47% at the beginning of the year. The interest rate differential between the two zones thus remains historically very high, due to growth dynamics that are still very different. The Euro continued to fall against the USD, with an exchange rate that fell from 1.20 to 1.15, while the annualized cost of hedging dollars against a currency that fell from 1.20 to 1.15, while the annualized cost of hedging dollars against a currency that fell from 1.20 to 1.15, while global high-yield index spreads against government securities rose from 3.4% to 5.40%.

Market evolution
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Shareholder structure
SCOR has around 26,000 shareholders around the world, and approximately 83% of SCOR shares continue to be held in free float. At the end of the year, 75% of the shares were held by institutional investors and 2% by private investors. The breakdown of identified institutional shareholders by region shows that 72% of SCOR shares were owned by Europeans and 28% by non-Europeans.
IN 2018, MORE THAN 87% OF SCOR’S PORTFOLIO WAS MANAGED IN ACCORDANCE WITH ESG CRITERIA

Through targeted investments, SCOR applies a consistent approach that combines risk analysis, impact and exclusion. The Group’s ESG policy is based on carefully selected themes that are consistent with the Group’s DNA:

**Risk-management** – the Foundation of the Group’s business – notably in terms of adapting to the consequences of climate change. SCOR capitalizes on its expertise to analyze the exposure of its asset portfolio to climate change risks, whether potential physical risks to its real-estate and infrastructure investments, or so-called transition risks to investees’ activities.

**Impact investments**, through targeted holdings in:
- renewable energy sources, energy-efficient buildings, and other assets forming part of the transition to a low carbon economy,
- insurance-linked securities – like traditional reinsurance, these contribute to the financing of reconstruction after natural catastrophes, thereby helping people and societies to adapt to climate change,
- the life and knowledge science industries, which play an important role in the wellness and the empowerment of people through advanced medical treatment and enhanced knowledge transmission and dissemination.

**Targeted exclusions** – applying to either economic sectors or companies, on the basis of quantitative and qualitative criteria.

The inclusion of ESG criteria is also achieved through qualitative assessment of the asset portfolio. Given the extreme diversification of its investments, SCOR has chosen the independent non-financial ratings agency oekom research to assess the quality of the standard instruments on its portfolio. For the least conventional asset classes, such as debt instruments, the Group relies on the expertise of its subsidiary SCOR Investment Partners, a recognized leader in the European debt instrument management industry.

The assets covered by ESG criteria through selected themes and/or qualitative assessment therefore include government bonds, agency bonds, corporate bonds, equities, real-estate debt, infrastructure debt and direct real estate investments. The portfolio also includes investments in risks related to natural catastrophes, i.e. insurance-linked securities, and limited investments in private equity.

**ESG RATING DISTRIBUTION BY INVESTMENT AMOUNT, Q4 2018**

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**C AVERAGE ESG RATING**

1.3 BILLION EUROS GREEN PART OF SCOR’S INVESTED ASSETS PORTFOLIO

100 MILLION EUROS INSURANCE-LINKED SECURITIES

58% OF INFRASTRUCTURE DEBT FINANCES THE ENERGY TRANSITION OR SOCIAL DEVELOPMENT

166 MILLION EUROS INVESTMENTS IN LIFE & KNOWLEDGE SCIENCES

In its 2016-2019 strategic plan “Vision in Action”, the SCOR group reaffirms its commitment to applying Environmental, Social and Governance (ESG) criteria in the management of its financial assets. In its aim to invest responsibly, SCOR has adopted an approach that is more pragmatic than dogmatic.
THE SCOR FOUNDATION FOR SCIENCE

Created in 2011, the SCOR Corporate Foundation for Science is a concrete example of SCOR’s long-term commitment to supporting risk research and the dissemination of risk-related knowledge. This commitment is an integral part of SCOR’s DNA, as illustrated by the Group’s tagline, “The Art & Science of Risk.” Risk is indeed the “raw material” of reinsurance, and SCOR aims to be at the cutting edge of risk expertise and research thanks to its broad network of academic institutions and its support for a large number of disciplines: mathematics, actuarial, physics, chemistry, geophysics, climatology, economics, finance, and so on.

The creation of the SCOR Corporate Foundation for Science marked a new phase in SCOR’s commitment to scientific disciplines, and beyond this to its contribution to Society, in line with its policy of Corporate Social Responsibility.

CONFERENCES
Since its early days, the Foundation has financed seminars on numerous scientific topics, such as:
— the economy of risks and insurance (EGRIE);
— emerging infectious diseases;
— Alzheimer’s disease;
— longevity risk;
— anticipation in an economic and financial crisis context;
— climate risk anticipation and insurability;
— risk globalization.

LEARN MORE AT WWW.SCOR.COM

RESEARCH PROJECTS
The Foundation also supports multiyear research and technical cooperation programs. These projects involve a broad range of disciplines and address meaningful topics for society, such as:
— risk markets and value creation, through research chairs at the Toulouse School of Economics and the Risk Foundation;
— modeling life expectancy at older ages;
— analyzing the feasibility of earthquake forecasting;
— understanding the risk management behavior of North-American Non-Life insurance companies;
— facilitating research into Alzheimer’s disease.

AWARDS
To foster scientific vocations, the Foundation also sponsors scientific awards, such as the 2018 Europlace Institute of Finance Award for Best Young Researcher in Finance and Insurance, and the SCOR Foundation Young European Researcher Prize for Research into Alzheimer’s disease. In partnership with the Institut des Actuaires, the Foundation sponsors the SCOR Actuarial Awards in France.

TRAINING
The SCOR Corporate Foundation wishes to contribute to the dissemination of scientific knowledge and to training in the disciplines concerned. Thus, promotional or financing initiatives may be envisaged with regard to teaching and courses, along with financial support for students already studying or intending to study in these fields. In this context, the SCOR Corporate Foundation for Science develops actuarial science in Africa through an educational program.
SCOR has a longstanding tradition of corporate citizenship, aligning our global involvement with our business activities, our corporate values and our tagline “The Art & Science of Risk.”
SUSTAINABLE VALUE CREATION

SCOR uses a wide range of resources to create short-, medium- and long term value for its shareholders and for Society as a whole.

There are many different forms of capital — financial, human, intellectual, social — all of which are important to our activities. We protect these sources of capital through a range of resources. There are many different forms of capital — financial, human, intellectual, social — which are important to our activities. We protect these sources of capital through a range of resources. There are many different forms of capital — financial, human, intellectual, social — which are important to our activities. We protect these sources of capital through a range of resources. There are many different forms of capital — financial, human, intellectual, social — which are important to our activities. We protect these sources of capital through a range of resources.

The reinsurance industry has a specific feature that it shares with no other economic sector, which tend to be marked by cycles and trends: our industry is structurally exposed to shocks. Large risks and catastrophes, which make up the raw material of reinsurance, are shocks with varying origins, sizes and consequences affecting economies and populations.

Our business model, our environment and our stakeholders

The reinsurance industry has a specific feature that it shares with no other economic sector, which tend to be marked by cycles and trends: our industry is structurally exposed to shocks. Large risks and catastrophes, which make up the raw material of reinsurance, are shocks with varying origins, sizes and consequences affecting economies and populations.

The inverse nature of our production cycle is also another specific feature of the reinsurance business model: the selling price of reinsurance products and services is settled before their actual cost is precisely known. Reinsurers charge premiums in exchange for protecting their clients from the negative shocks stemming from peak risks. These premiums are invested in the economy to generate returns, and then clients’ losses are compensated when risks occur. In this context, we create diversified risk portfolios in order to minimize correlation between risks. This is achieved through the aggregation of large risks that, as a reinsurer, SCOR mutualizes by business line and by geographical area. Our Group thus builds a portfolio with a relatively regular and predictable risk profile, and SCOR limits its exposure by transferring part of these risks through retrocession and insurance-linked securities. Ensuring that our Group delivers on its promises to alleviate the negative consequences of risks requires a robust risk management system, strong modeling capabilities in order to assess, quantify and actively manage risks (e.g. risk pooling and hedging), and a skilled workforce able to combine theoretical and analytical considerations with empirical and instinctive considerations.

It is thus important to ensure that we, as an organization, are in sync with our environment and open to the outside world, in order to detect and adapt to any changes in the risk universe. Being attuned to everything and reacting in an informed and responsible way is a prerequisite to long-term relevance. In this respect, SCOR aims to be a trusted partner and a market leader. Our Group is actively engaged in furthering the recognition of our industry and equally engaged in addressing the challenges of Society by contributing solutions to the problems posed. Over the years, SCOR has been systematically implementing cutting-edge risk management processes while nurturing an open and direct dialogue with our main stakeholders, notably our shareholders, our clients, our employees, our supervisory authorities and the academic world.
BUSINESS MODEL AND FINANCIAL & NON-FINANCIAL VALUE

RISK
A FAST CHANGING AND EXPANDING RISK UNIVERSE
- Environmental degradation
- Technological innovation
- Changing demographics
- Shifting social & political landscape
- Regulatory environment

RESOURCES
FINANCIAL
Shareholder Equity: €5.8 bn

HUMAN
New hires: 255
Employees: 2,887
PhD: 98
Actuaries: 438

INTELLECTUAL
SCOR Foundation: €13 m

SOCIAL & RELATIONSHIP
30 countries

MANUFACTURED
38 offices
Km travelled: 51.2 m
Offices: ~80,000 sq. meters

ENVIRONMENTAL
Energy: 18.0 GWh
Water: 47.4 m³
Paper: 56.4 t

RAW MATERIAL: RISK

SCOR GLOBAL P&C
Specialty Insurance
Reinsurance
P&C Partners

SCOR GLOBAL INVESTMENTS
SCOR Investment Partners
Group Investment Office

SCOR GLOBAL LIFE
Risk Solutions
Financial & Longevity Solutions
Distribution Solutions

OUTCOME

FINANCIAL
Proposed dividend: €1.75 per share

HUMAN
Training:
17 hours/employee
Budget: €2.0 m

INTELLECTUAL
Humensis
SCOR Papers
SCOR Conferences
Actuarial Prizes

SOCIAL & RELATIONSHIP
Campus

MANUFACTURED
Investments in real estate and infrastructure: €1.3 bn

ENVIRONMENTAL
65% of office space has an EMS (Environmental Management System)
% of renewable energy: 67%
CO₂ / employee: 8 t.
Total CO₂ evolution: +15% (vs 2017)

STAKEHOLDERS
FEDERATING OUR STAKEHOLDERS TO ADDRESS CURRENT AND FUTURE CHALLENGES
- Shareholders
- Clients
- Employees
- Supervisors
- Academics

OUTPUT: PROTECTING PEOPLE AND ASSETS

OUR STRATEGIC VISION
BUSINESS MODEL AND FINANCIAL & NON-FINANCIAL VALUE
MEGA TRENDS

Our world is intrinsically stochastic. SCOR is very mindful of the rapidly changing and expanding risk universe in which the Group operates.

While traditional risks remain, new risks are developing and emerging alongside innovation, technological breakthroughs and the development of human activity. Moreover, increasingly complex interdependencies are appearing between risks. The expansion of the risk universe is speeding up, particularly with the acceleration of scientific and technological progress. Anticipating the many risks to which our organization, our clients and Society are exposed, and seizing the opportunities that stem from an evolving risk landscape, are concepts firmly anchored in SCOR’s culture.

SCOR’S RESPONSE TO DIGITIZATION

— Launching ventures to create a community of trusted partners that will bring value to SCOR clients by offering cutting-edge technology
— Harnessing technology to narrow the insurance protection gap (e.g. Wechat) and increasing engagement as well as encouraging healthier lifestyles (e.g. IBeat)
— Supporting B3i Services AG initiatives which explore the potential of using Distributed Ledger Technologies within the (re)insurance industry for the benefit of all stakeholders in the value chain
— Promoting cyber-related risk management (e.g. Cyber Insurance Forum in Zurich)
— Ensuring compliance with the General Data Protection Regulation through a dedicated Group project that has implemented several organizational and technical measures and a Data Protection Officer who oversees the overall compliance structure
— Training the Group’s staff on digital tools, coding, etc.

SCOR’S RESPONSE TO GLOBAL CLIMATE CHANGE

— Reducing the carbon intensity of the Group’s offices: -25% / employee in 2018
— Investing in energy efficient buildings and renewable energies: 65% of SCOR’s employees work in certified eco-friendly offices; 67% of the energy used by the Group is renewable
— Implementing a carbon offset program, via forest preservation and reforestation projects in Zimbabwe and Peru: 10,000 TeqCO₂ compensated in 2018, x2.5 compared to 2017
— Developing the Group’s underwriting capacities in the area of low-carbon energy, agriculture, and natural catastrophes in order to play a role both in mitigating climate change and adapting to its consequences
— Enforcing sectoral guidelines on both the liability and the asset side of the Group’s balance sheet: divestment from companies deriving more than 30% of their turnover from thermal coal, ban on certain coal-related activities and implementation of a scoring grid to help underwriters evaluate the Environmental, Social and Governance practices of thermal coal-intensive businesses

SCOR’S RESPONSE TO CHANGING DEMOGRAPHICS AND EVOLVING HEALTH TRENDS

— Developing solutions that meet the needs of the next generation of consumers:
  • Developing the Biological Age Model, which not only continuously assesses how we are living, but also empowers and coaches us to make the right choices to live healthier lives
  • Partnering with IBreathe to increase survival rates in case of cardiac arrest
  • Developing a digital offer for diabetes management with consumer-engaging app Health2Sync.

— Fostering actuarial and medical research on a wide range of biometric risks through partnerships with top academics, either directly or through the Group’s Foundation:
  • Two focused projects on the modeling of life expectancy at older ages in partnership with the National Institute of Demographic studies (France) and the University of South Denmark
  • Financial support for the Human Mortality Database project
  • Partnership with several foundations in the field of Alzheimer’s disease (IFRAD) with Inserm and on HIV with the Pierre et Marie Curie University.

— Harnessing the Group’s R&D centers: 8 R&D centers providing analyses and risk projections that are used by SCOR’s teams to advise the Group’s clients on the implementation and monitoring of their Life & Health insurance products.
— Supporting stronger regulation around tobacco control, divesting from this industry and ceasing the underwriting of tobacco risks.
— Partnering with IBeat to increase survival rates in case of cardiac arrest
— Developing a digital offer for diabetes management with consumer-engaging app Health2Sync.

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OUR SOCIAL AND ENVIRONMENTAL COMMITMENTS

Addressing the risks related to climate change

As a reinsurer, SCOR believes that Climate Change is a global threat, complex and systemic by nature. Our Climate policy clearly demonstrates that, as an organization, we want to play our part in mitigating climate change and adapting to its consequences. We are accompanying the transition to a low-carbon economy through our underwriting and investment activities.

In the area of underwriting, we launched a specific initiative in 2018 on renewable energy underwriting. In addition, we firmly believe that reinsurance has a role to play in climate change adaptation, through the design of reinsurance solutions tailored to extreme weather events and through the harnessing of modeling capabilities on both sides of the balance sheet. In 2018, SCOR has thus supported the launch of a satellite Index Insurance for farmers in Ethiopia. We actively manage our global carbon footprint, having reduced our global carbon intensity by 25% at the end of 2018 (baseline: 2014). In 2017, following an enthusiastic global vote by staff, we also committed to a pilot carbon offset program, which was renewed in 2018.

Supporting the knowledge society

SCOR has a longstanding tradition of corporate citizenship, aligning its global involvement with its business activities, its corporate values and its tagline, “The Art & Science of Risk”. Over the past few years, SCOR has committed more than EUR 13 million to the support of science, education and academic research through its Corporate Foundation for Science. In 2018, we supported new research projects both directly and through the Foundation. As an illustration, together with the Paris School of Economics (PSE), the SCOR Corporate Foundation for Science created a chair on Macroeconomic Risk that aims to promote the development and dissemination of macroeconomic risk research. The SCOR Corporate Foundation for Science also co-organized an international conference on emerging infections & pandemic risk with the Institut Pasteur. The Group and its Foundation also contribute to the promotion of actuarial science by helping to fund actuarial awards in cooperation with local actuarial institutes in Europe (Germany, Spain, Portugal, France, Italy, the UK, Switzerland and Sweden) and Asia (Singapore). In addition to the Actuarial Awards, since 2015, SCOR has also held an annual actuarial science symposium in Paris, in conjunction...

Claire Le Gall-Robinson
GROUP GENERAL SECRETARY

What is SCOR’s philosophy on sustainability?

CLAIRE LE GALL-ROBINSON — Sustainable development is an integral part of the Group’s values and mission. As a global reinsurer, SCOR’s aim is to contribute to the welfare and resilience of Society, by helping to protect insureds against the risks they face.

Sustainability is woven into every level of the Group’s activities. The Board of Directors’ dedicated CSR and sustainability committee had a very busy year in 2018, including a review of the Group’s mission statement and of various sustainability reports.

As part of SCOR’s sustainability action plan, which includes various initiatives on the 3 ESG pillars, the Board committee reviewed the implementation of our coal policy, and gender equality and diversity at SCOR. Our CSR action plan included an impact investment project designed to reinforce agricultural lands in developing countries. We also continued our carbon offsetting program, via forest preservation and reforestation projects, in Zimbabwe and Peru. Through its Foundation for Science, SCOR currently conducts research on rising sea levels and climate change.

SCOR is also a longstanding supporter of sustainability-led initiatives, like the United Nations Global Compact, the Principles for Sustainable Insurance and – through its asset management company, SCOR Investment Partners – the Principles for Responsible Investment.

To help insurance and reinsurance operators better understand the challenges involved in managing the impact of climate change, the Group regularly shares its expertise with the French financial marketplace and public policymakers. In 2018, for example, SCOR was invited by the European Commission to help develop an action plan on sustainable finance, and was involved in a number of working groups within the French Insurance Federation.

The Group is very proud of its sustainability achievements and we look forward to taking our commitment to CSR and sustainability one step further.
with the Institut des Actuaires (Institute of Actuaries). The themes of the past three symposiums have been “Statistical instability and model risk” (December 2018), “Will Artificial Intelligence revolutionize actuarial science?” (December 2017), and “Scientific laws and mathematical models: from physics to actuarial science” (December 2016). SCOR also owns Humensis, a leading editor and publisher of pedagogical resources and scientific literature. This investment bears witness to our longstanding commitment to scientific research and literacy.

Supporting communities

Aside from its involvement in the development and diffusion of scientific knowledge, whether through its Corporate Foundation for Science or some of its investments, SCOR runs several sponsorship programs throughout the world that get its offices and teams involved in the life of the local population. Steered locally to be as close as possible to the needs of the communities concerned, the Group’s employees strive to develop their own societal commitment programs, with due consideration for the specific cultural and/or regulatory features of the countries involved. For example, the Paris teams were particularly active in 2018 in terms of supporting circular economy initiatives. SCOR partnered with non-profit associations Rejoué and La Cravate Solidaire to organize charity collections of toys and clothes, while unsold food from the office canteen was redistributed to those in need by Le Chaînon Manquant. Paris staff also renewed their annual support for Les Foulées de l’Assurance, a running event raising money for research into cardiovascular disease. In the U.S., the staff organizations “SEAC” (SCOR Employee Activity Committee) and “Esprit de Corps” worked alongside local NGOs and enabled staff to devote four hours of their time per month to the non-profit associations of their choice.

Voluntary carbon offset program

SCOR has reduced the carbon footprint of its direct operations by 25% per employee since 2004. Nevertheless, most of its CO₂ emissions (more than 80%) stem from business air travel, which is difficult to reduce due to the Group’s worldwide activity. In 2017, SCOR decided to launch a forward-looking program designed to balance those remaining emissions. While pivotal, carbon offsetting is not the only goal of this program, which focuses on forest preservation through the purchase of carbon credits from two certified forest projects based in Zimbabwe (Kariba) and Peru (Madre de Dios).

SCOR sees the role of the forest as being directly connected to its main business focus: contributing to the resilience of people and assets. The Group believes that forests have an essential role to play, not only as a “carbon sink” (capturing CO₂ emissions), but also in strengthening the resilience of ecosystems and populations. By restoring degraded lands, forests can typically prevent or limit the devastating effects of natural disasters such as floods, storms, droughts, and rising sea levels. Moreover, responsible management of forest resources and sustainable agroforestry projects can contribute to the development of local communities (upskilling, poverty reduction, etc.). As part of this strategy, the Group more than doubled its offsetting in 2018 compared to the previous year, including almost 50% of its air travel emissions, i.e. 10,000 TeqCO₂.
GLOBAL PRESENCE AND LOCAL EXPERTISE

Covering risks in 160 countries from its 38 offices around the world, SCOR’s local market know-how is supported by a global network of expertise spanning five continents. The Group’s success is driven by the expertise of its teams, which include actuaries, underwriters and risk managers.

INCLUSIVE TEAMS

Our teams work in a spirit of global cooperation to help each other to maximize their impact. By building an inclusive workplace environment, SCOR enables its employees voices to be heard, valued and acted upon. This shared sense of belonging and purpose enables our employees to reach their full potential and to deliver better results for our clients.

GLOBAL MINDSET

A global mindset is driven by curiosity, exposure to diversity of thought and opinions, and a desire to make an impact. The rich mix of nationalities, cultures and languages is one of the most enriching parts of our Group. SCOR encourages functional and geographical mobility, and our employees interact with their colleagues and clients around the world on a daily basis. Our leaders thrive on cultural diversity and use these new viewpoints to encourage innovation and creative decision making.

In this era of big data and machine learning, how important is human capital for SCOR?

XAVIER SAVIGNY — While we rely on advanced technology and efficient processes, it is the expertise of our teams and their vast technical knowledge that sets SCOR apart. In 2018, we launched a new employer brand strategy that would help us continue to recruit and retain the industry’s top talent. The campaign captures, in our colleagues’ own voices, their sense of pride in working for SCOR and the values that we share around the world.

What were the major themes that emerged from the campaign?

X.S. — SCOR has 2,880 employees worldwide representing more than 65 nationalities. And even with this diverse and multicultural base we were pleasantly surprised to see the same major themes emerge from the interviews worldwide, notably excellence, integrity, teamwork and trust.

Going beyond the “day-to-day”, how does SCOR ensure its employees succeed for the future?

X.S. — Motivating and challenging employees in their roles is important, but that alone won’t suffice to retain the best talent over the long-run. We offer training, and functional and geographical mobility to our employees for them to build and own their careers; and our internal initiatives related to mentoring, health, and diversity support their wellbeing on all levels.

“We offer training and functional mobility to our employees for them to build and own their careers.”

Xavier Savigny
GROUP HEAD OF HUMAN RESOURCES AND TRANSFORMATION

A CULTURE OF TEAMWORK

SCOR’s mission is to support and protect people and societies around the world. While we rely on advanced technology to do so, it is the expertise and excellence of SCOR’s teams that lead the way forward in providing new products and in pushing back the frontiers of insurability. This is why our people are the heart of our organization.
ATTRACTING THE BEST TALENT

As our people are our biggest asset, attracting the best talent is a top priority. Our new global Employer Brand Campaign, launched in 2018, gives our employees from around the world and across the business the opportunity to share their experiences and provide a glimpse of a “day in the life”. The Group has also partnered with prestigious schools, universities, research centers and expert associations around the world to help find the right talent.

TAILOR-MADE CAREER DEVELOPMENT

SCOR provides an individual career development framework for each of its employees. Through close collaboration between managers and HR, the Group ensures that every employee is recognized, encouraged and supported in his or her professional development. The many opportunities for training (through SCOR University) and for functional and geographical mobility allow employees to define their own career path within the Group.

TOWARDS INCLUSION AND WELLBEING

SCOR’s employees around the world take part in the internal initiatives relating to inclusion, health, wellbeing, work-life balance and diversity that have been developed over the years. Thanks to these initiatives, diversity has emerged as one of the company’s most important values.

In 2018, five key values, including four relating to diversity, were brought together under an umbrella concept called #WorkingWellTogether.

ATTRACTIVE REMUNERATION

In addition to its competitive basic salary structure, SCOR rewards loyalty and high performance through policies that support its employees’ sense of belonging, contributing, and being a stakeholder in SCOR’s success.

OPPORTUNITY

“I think at SCOR there’s the value of giving people opportunities. I would say it is very entrepreneurial: if you want to come up with an idea, you can bring this forward to the management. If you have an idea, if you are convinced about something, an initiative, you can bring this forward and that is something which I enjoy quite a lot.”

Lucille Delbet
Financial & Activity Reporting Expert, SCOR Global Life
Paris, France
EMEA Region

DISCOVER

“I have an insurance degree from the insurance college in Paris and I did a gap year at SCOR, in Dublin. After 8 months in Dublin, in Operations, I came back to Paris to finish my degree. I did an apprenticeship in Financial & Planning Analysis in Paris then, at the end of my studies, worked for the French market as Financial & Activity Reporting Expert. You have so many opportunities at SCOR and can work in really different positions. In the three years I’ve been with the Company, I’ve been in three different posts. This is important for our generation, plus the fact that you can go abroad and discover different cultures and working environments. Everything’s possible with SCOR.”

Tobias Povel
Chief Underwriting Officer Credit & Surety, SCOR Global P&C
Zurich, Switzerland
EMEA Region

SCOR UNIVERSITY

We help our employees around the world to stay ahead of new trends by offering them world-class training and opportunities:

1: Technical
Courses created by field experts and led by internal training leaders.

2: Management & Leadership
Training on management, methodology, strategy, project steering and change, to strengthen know-how and interpersonal skills and develop common values.

3: Excellence
High-level support for the Group’s most talented individuals, including training programs leading to diplomas and individual “tailor-made” options.

Gender diversity

Two years ago, the SCOR International Gender Network (SIGN) was created to promote gender diversity throughout the company. It has 180 members, both male and female. In 2018, women accounted for 47% of SCOR’s employees worldwide and held 5 of the 12 seats on the Group’s Board of Directors.

Multicultural diversity: Understanding, sharing and leveraging cultural differences is key to SCOR’s success.

Employees with disabilities: We promote a disability-friendly workplace, recognizing the specific issues involved and leveraging the skills of employees with disabilities.

Generational diversity: SCOR brings together millennials and previous generations in initiatives such as reverse mentoring.

Employee wellbeing: We advocate a healthy work-life balance, we enhance social benefits to protect our staff in all aspects of their lives, we promote health and wellbeing and we empower employees to get involved in socially valuable initiatives.

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SCOR continuously invests in the understanding and modeling of risk, building up our expertise and pushing back the frontiers of insurability so that our clients can face the consequences of risk as efficiently as possible.
The world is becoming more unpredictable and the risk universe is expanding. SCOR uses a range of risk management tools and mechanisms to enable the company to both manage known risks and anticipate emerging risks.

**DEFINING RISK APPETITE**

As part of its capital management, a (re)insurer’s risk appetite defines the quantity of risk that it wishes to accept to achieve a desired level of profitability. Risk appetite can differ from one (re)insurer to another. Whether a company’s risk appetite is low or high, the management needs to properly understand its consequences. SCOR has an upper mid-level risk appetite, which has also been used to help prepare for management decisions involving risk management or solvency considerations.

**SCOR’S RISK MANAGEMENT SYSTEM**

SCOR’s risk management system is composed of two interconnected parts:
- the risk appetite framework;
- the Enterprise Risk Management (ERM) framework, consisting of various risk management mechanisms which help to ensure that the risk profile is dynamically optimized, while remaining within the risk appetite framework.

**SCOR’S INTERNAL MODEL**

SCOR has developed a full and holistic internal model over the last 10 years, covering all material quantifiable risks to which the Group is exposed (life and P&C underwriting risk, market and credit risk, operational risk) and reflecting SCOR’s risk profile and strategy. SCOR’s internal model simulates the interactions between the assets and liabilities of the Group under various scenarios and determines the capital level necessary to ensure that the Group is solvent with a probability of 99.5% over a 1-year time horizon. Since January 1st, 2016, the regulatory solvency position of the Group has been assessed by SCOR’s internal model, which has also been used to help prepare for management decisions involving risk management or solvency considerations.

**MANAGEMENT AND MITIGATION OF CLIMATE RISKS**

The Group undertakes to manage climate risks in a holistic manner, encompassing both the company’s assets and underwriting liabilities. Furthermore, as part of SCOR’s commitment to Corporate Social Responsibility, the Group invests in projects that contribute to the transition towards a renewable energy future. SCOR’s approach to climate risk management and mitigation includes:
- assessing and addressing climate-related risks and opportunities for the business;
- contributing to the understanding of climate-related risks, e.g. by developing and improving its own catastrophe modeling tools and through partnerships with scientific organizations researching the modeling of climate events;
- analyzing the exposure of SCOR’s assets to acute physical risks (e.g. exposure to natural catastrophes such as hurricanes, extra-tropical cyclones, and floods);
- monitoring the carbon footprint of its invested assets portfolio and measuring its alignment to the 2°C scenario provided by the International Energy Agency; investing in solutions for climate risk adaptation, such as Insurance Linked Securities, that offer protection against natural disasters by helping to fund post-event reconstruction;
- contributing to the transition towards renewable energy through both the development of insurance coverage products for renewable energy technologies and investment in renewable energy projects;
- limiting SCOR’s operational environmental footprint by funding carbon-compensation strategies;
- divesting from companies deriving more than 30% of their turnover from thermal coal.

**Frieder Knüpling**

GROUP CHIEF RISK OFFICER OF SCOR

**What are the largest challenges for risk management and how is SCOR adapting?**

FRIEDER KNÜPLING

The primary challenge faced by risk management today is to keep pace with the rapidly evolving and interacting risk universe. Trends such as emerging technologies, changing demographics, and climate change introduce new threats for the (re)insurance industry. Fortunately these new risks also create opportunities for reinsurers to develop services and products to ensure society continues to be adequately protected. At SCOR, risk managers are prepared for the worst-case scenarios in order to mitigate possible negative consequences of new risks on the business. But we also look at ways in which these new risks may offer business opportunities and further optimization of the risk profile.

**Can you provide an example of how SCOR is protecting societies against new and evolving risks?**

F.K.

The future risk landscape is likely to increase the number of people vulnerable to a range of perils. To improve the resilience of these populations, SCOR is taking part in microinsurance projects that help to close the “protection gap”. For example, SCOR’s “Jumpstart Recovery” program offers earthquake insurance at an affordable price to the 90% of Californian individuals who currently have no form of insurance to protect their homes against this peril. SCOR is taking the raw material of risk and using our expertise as a multinational reinsurer to manage both the downsides and the upsides of the shifting and interacting risk universe. In this environment, SCOR will continue to seek the opportunities to create new, affordable solutions to ensure the future insurability of these new risks for society.
**Scor’s Day-to-Day Capital Management**

Scor has developed a solvency scale which drives a process of gradual escalation and management responses, depending on its solvency position based on the internal model. Scor aims to make the best possible use of the numerous options at its disposal to manage and steer its risk and capital positions toward the optimal area.

<table>
<thead>
<tr>
<th>Overcapitalized</th>
<th>Sub-optimal</th>
<th>Optimal Range</th>
<th>Comfort</th>
<th>Sub-optimal</th>
<th>Alert</th>
<th>Group SCR</th>
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<td>300%</td>
<td>220%</td>
<td>185%</td>
<td>150%</td>
<td>120%</td>
<td>100%</td>
<td>Below minimum range - Submission of a recovery plan to the supervisor</td>
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<td></td>
<td></td>
<td>Fine-tune underwriting and investment strategy</td>
<td>Re-orient underwriting and investment strategy toward optimal area</td>
<td>Improve efficiency of capital use</td>
<td>Restore capital position</td>
<td>Board / AGM</td>
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<td>Board / AGM</td>
<td>Executive Committee</td>
<td>Board / AGM</td>
<td>Board / AGM</td>
<td>Board / AGM</td>
</tr>
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</table>

**215%**

**At Year-End 2018**

Scor’s solvency ratio stands at 215%, in the optimal solvency range of 185% - 220% as defined in the “Vision in Action” plan.

**Scor’s Capital Shield Strategy**

A Robust Capital Shield is one of the cornerstones of Scor’s strategy. The primary purpose of the Capital Shield Strategy is to ensure that the Group adheres to the risk tolerance limits as defined in the Risk Appetite Framework, so that Scor’s capital and solvency are protected. The Capital Shield Strategy is based on two concepts: — the Group’s gross exposure is mitigated through traditional retrocession and other hedging mechanisms (such as capital market solutions or contingent capital facilities) to achieve an acceptable net risk exposure; — through the Solvency buffer (or Capital buffer) and the Group’s dynamic solvency scale, Scor monitors the amount of capital necessary to respect the Group’s risk/return objectives and safeguard its franchise.

**Scor’s Risk Culture at Scor**

Scor’s risk management system is supported by a healthy risk culture throughout the Group. The tone of the company’s risk culture is set by top management and from here spreads to the entire workforce. Scors is continually working to raise awareness of risk-related issues and to develop understanding among Scors staff on key risk management concepts. Interest in risk management issues throughout the company is also encouraged by the regular publication of the Group’s “Risk Tales”, which present easy-to-understand case-studies, providing real-life examples of where things can go wrong without good risk management practices. In addition, Scors’s established Emerging Risks process is open to contributions from all staff members and spreads knowledge throughout the company on trends in new or rapidly developing risks.

**Scor Contributions to the CRO Forum in 2018**

Scor actively supports the CRO Forum, working alongside other major insurers and reinsurers to address major topics of concern for the reinsurance industry and society. During the course of 2018, Scor contributed to significant CRO Forum papers on “Supporting on-going capture and sharing of digital event data”, “Understanding and managing the IT risk landscape” and to the position paper on climate change, “The heat is on - insurability and resilience in a changing climate”. As a testimony to Scor’s past and ongoing support of this initiative, Scor’s Chief Risk Officer, Frieder Knüpling, was elected Vice Chairman of the CRO Forum in December 2018 and took up the position on January 1st, 2019.
MAJOR TRENDS & EMERGING RISK RADAR 2018

EVOLVING HEALTH TRENDS
Numerous breakthroughs in science and technology will challenge the health industry, leading to new threats and treatment possibilities. Areas of focus include antimicrobial resistance, increased frequency of chronic diseases, obesity and medication overuse.

EMERGING TECHNOLOGIES
Innovative technologies could disrupt industrial development, producing new business value chains. The fourth industrial revolution includes breakthroughs in automation, artificial intelligence, and blockchain technology. This trend encompasses new payment solutions and emerging financial technologies.

DETERIORATION OF THE ENVIRONMENT
Environmental degradation is one of the major trends currently facing mankind. Mass species extinction, ocean acidification, and climate change are significant factors.

HYPERCONNECTIVITY
Hypercyanobias stem from the rise in cyber dependency of people, things, and organizations. Hypercyberconnectivity incorporates many opportunities but may also represent an increased vulnerability to cyberattacks.

NEW BUSINESS & FINANCE MODELS
The world of finance is undergoing radical changes. Traditional banking models are now at the forefront of this revolution. For example, blockchain technology is redefining insurance and financial models.

CHANGING DEMOGRAPHICS
Terrorism remains a major threat. Uncertainty and geopolitical instability are significant factors. Mass migration is on the rise, leading to a weakening of international governance and cooperation.

GLOBAL CLIMATE CHANGE
Global climate change comprises global warming, extreme weather events, sea level rise, and climate-induced poverty and migration.

OUR MISSION
We are committed to understanding and addressing the changing nature of risk. Our mission is to provide meaningful insights and help protect against potential impacts.
As a global reinsurance company, we provide our clients with a broad range of innovative solutions and services and a solid financial base.

P&C

Providing clients with innovative property & casualty reinsurance and insurance solutions

Gross written premiums
+6.7% at constant exchange rates
+2.5% at current FX

Normalized net combined ratio
94.7%

A strong franchise with broad capabilities
In % of GWP

LIFE & HEALTH

Offering a full spectrum of solutions to address life & health insurer’s needs

Gross written premiums
+7.3% at constant exchange rates
+3.6% at current FX

Technical margin
7.0%

Life & health portfolio mix by line of business

INVESTMENTS

Managing the group’s investment portfolio internally since 2008

Return on invested assets
2.8%

Distribution of SCOR’s investment portfolio by currency

Areas of expertise

As a global reinsurance company, we provide our clients with a broad range of innovative solutions and services and a solid financial base.
P&C

A top-tier global position

The Property and Casualty (P&C) division of SCOR combines integrated systems, advanced tools, human expertise and more than 45 years of business experience in multiple lines of business, across more than 160 countries. Providing proportional and non-proportional reinsurance in many forms, SCOR’s P&C experts stand out thanks to their spirit of long-term partnership. Their aim is to evolve alongside their clients, while ensuring a consistent underwriting philosophy and direct access to decision makers.

We strive:
— to be one of the preferred P&C partners for our clients, leading business and providing a full range of solutions, both locally and globally
— to be a good corporate citizen
— to do all this while maintaining an efficient and proven shock-absorbing capacity and producing best-in-class results.

Our MISSION

We strive:
philosophy and direct access to decision makers.

Clients, while ensuring a consistent underwriting partnership. Their aim is to evolve alongside their reinsurance in many forms, SCOR’s P&C experts providing proportional and non-proportional across more than 160 countries.

Human expertise and more than 45 years of combined systems, advanced tools, the property and casualty (P&C) division of SCOR combines...
In September 2018, SCOR Global P&C announced a new organizational structure, designed to address the evolving needs of its clients and to reinforce its Tier 1 position in a rapidly changing risk ecosystem. The new structure consists of three business areas: Reinsurance, P&C Partners and Specialty Insurance – which work alongside transverse functions to ensure strong technical drive, supervision and governance.

The global, integrated team relies on a sophisticated global IT infrastructure, which helps to safeguard SCOR’s reputation as a trusted, long-term trading partner for its clients.

The new structure and its scalability support the ambitions of SCOR Global P&C and its clients for the future.

Based locally in geographc and cultural proximity to their clients, SCOR’s Treaty P&C teams provide proportional and non-proportional reinsurance in many forms across Property, Motor and Casualty Treaty. Working closely with the networks of global business line experts – in Agriculture, Aviation, Inherent Defects, Insurance, Credit & Surety, Marine & Energy, Engineering and Property Cat, they underwrite on the basis of sophisticated risk assessment, pricing and management, seeking adapted and innovative solutions and services for their clients.

**P&C Partners as an Innovation Booster**

To address the evolving needs of its clients in a rapidly changing risk ecosystem, P&C Partners, a global technical and expertise center, facilitates business development as well as synergies between underwriting teams. Its dedicated decision-making committee provides rapid responses, promotes consistency and provides clear pathways for innovative ideas. It aims at globally cover new and challenging areas for which it acts as a provider of solutions to reinforce SCOR’s positions in its selected markets and with its targeted clients.

- **Alternative Solutions** focuses on the development of customized, non-traditional, and new products / solutions leveraging SCOR’s diversified capital and the risk expertise of its underwriters. The Alternative Solutions team provides insurance and corporate clients with structured solutions for Capital Optimization, Earnings and Cashflow Volatility Management, Protection Gap coverage and Special Needs. Alternative Solutions helps the Reinsurance and Specialty Insurance deal teams to create tailor-made solutions for their key clients, thus reinforcing SCOR Global P&C’s Tier 1 position.

- **Cyber Solutions** helps corporate and insurance clients to develop Cyber Insurance coverage. Cyber Solutions provides core functions to develop Cyber business and manage emerging Cyber risks worldwide. Cyber is currently one of the most challenging areas in the insurance sector, and SCOR Global P&C is committed to addressing it while maintaining a cautious and controlled risk appetite.

- **Alternative Capital** is a key focus area for P&C Partners. P&C Partners currently manages half of its Catastrophe Retroceded Capacities with Alternative Capital providers. It supports the development of Reinsurance and Specialty Insurance business units by maintaining strong retrocession partnerships, exploring innovative retrocession approaches and ensuring adequate capacities with optimal conditions.

- **P&C Ventures and Strategic Partnership** focuses on InsurTech investments, technical partnerships and expertise sharing. In the last two years, SCOR has invested approximately EUR 30 million in the development of 8 ventures and close strategic partnerships with InsurTech companies, involving more than 100 P&C staff.

**States Title**: In 2017, we partnered with States Title, a San Francisco-based start-up that underwrites title insurance policies instantaneously using predictive analytics, thereby reducing the time to close a mortgage by 10 days. SCOR helped States Title to launch and grow, with a customized reinsurance treaty, technical advice, introductions, and lead investment terms. In January 2019, States Title acquired a majority of North American Title, which gives States Title a nationwide platform for innovative title solutions. This is the first time a venture-backed InsurTech start-up has acquired a Top 10 incumbent. The partnership gives SCOR direct insight into the use of artificial intelligence and predictive analytics in primary insurance risk selection. SCOR also benefits from a growing reinsurance relationship and an investment.
A leading global Life & Health reinsurer

The Life & Health Division of the SCOR group ranks among the top four Life reinsurers worldwide. Its expert teams have provided superior reinsurance products and services for more than 40 years. Its strategy is based on the development of long-term relationships with its clients around the globe. By supporting insurers through the changing Life insurance ecosystem, SCOR Global Life aims to deliver innovative solutions throughout the consumer journey.

The SCOR Global Life Way

SCOR Global Life has steadily built its leadership position by providing a complete offering in protection, longevity and financial solutions across its business regions.

How did SCOR Global Life perform in 2018?

PAOLO DE MARTIN — We are very proud of the work we accomplished in 2018: Premiums are up 7.3% at constant exchange rates, to a total of EUR 9.1 billion, with a technical margin of 7.0%. This demonstrates the strength of our business model with our clear biometric focus and our client-centric methodology. SCOR Global Life continues to have an extremely strong leadership position in the Americas and EMEA, and the increased footprint of the Asia-Pacific region is again prominent in this set of results. Since 2013, our Asia-Pacific teams have grown the business into becoming one of the key players in the region. Overall, our local market teams around the world have done a fantastic job in supporting our clients and deepening our franchise.

Beyond the numbers, the success achieved by SCOR Global Life rests on two pillars: taking care of our people, and taking care of our clients. To ensure mutual success, we listen closely to our clients and empower our experienced global teams. Our philosophy is simple: we believe that if we invest in and develop our diverse teams, they will be more focused and capable of building a stronger future for our clients and for SCOR Global Life.

What is your approach regarding innovation and technology?

BRONA MAGEE — We are natural partners to innovative technology companies given our unique relationship with insurers. We are developing our R&D resources around the world to benefit our clients. As an example, we successfully combined text mining and machine learning to help one of our clients based in China learn from their claims data. We also launched SCOR Life & Health Ventures to oversee partnerships that can complement our in-house R&D capabilities and initiatives. Partnerships around the world have been formed to advance innovation, particularly those focused on health & wellness initiatives. A good example is our investment in Ilbeat, a company that manufactures wearable devices that can monitor cardiac activity and get help quickly in the event of a cardiac event. We are currently working with some of our clients to use such technology to improve mortality in their force books of business. From consumer engagement to digital distribution and accelerated underwriting, we are ready for the next generation of solutions and services. Fostering innovation and creativity to meet our clients’ needs is what brings meaning to what we do.

How is SCOR adapting alongside the Life insurance markets?

P.D.M. — As we look around the world of Life insurance markets, it is clear that the ecosystem is changing. The traditional vertical chain — which is the consumer, the agent, the Life insurance company and finally the reinsurer — is being replaced by new models that are centered around the consumer and are very much driven by consumer needs and behaviour.

In this changing environment we need to become an organization that goes beyond a traditional risk taker role and use our risk knowledge to expand awareness, protection and prevention. We are placing all our energy and passion into unlocking value for our clients and more broadly, helping the insurance industry evolve to help more people live healthier and more secure lives.
INNOVATION & TECHNOLOGY

Leveraging its deep risk expertise, SCOR Global Life builds partnerships with its insurance clients and start-up companies to bring innovative solutions to consumers.

TOP-TIER GLOBAL SOLUTIONS

The Life & Health division is committed to delivering innovative solutions across the entire product lifecycle, as the following examples demonstrate.

INNOVATION

With the launch of SCOR Life & Health Ventures in June 2018, SCOR Global Life reinforced its commitment to innovation by financing and partnering with innovative companies. Through targeted strategic partnerships and investments like this, SCOR enhances its capacity to bring differentiating solutions to its insurance clients and their end customers.

The mission of SCOR Life & Health Ventures is to develop a community of innovative, trusted partners to leverage technology in an evolving Life insurance environment, in order to:

- increase consumer engagement through health and wellness offerings;
- improve the health and wellness of policyholders by empowering them with better lifestyle choices;
- enhance the underwriting process by using new data sources and predictive models;
- enable digital distribution by supporting distribution professionals and implementing direct-to-consumer offerings;
- develop tailored solutions addressing specific client needs, from the sales process to claims management.

SCOR Global Life is developing innovative and scalable solutions that leverage its deep and global understanding of the underlying risks involved.

BIOLOGICAL AGE MODEL

Today’s consumers are health-conscious and technology-savvy, and want the freedom to choose. SCOR Global Life developed the Biological Age Model not just to continually assess how people are living, but also to empower and coach them to make the right choices for a healthier life.

IBEAT

SCOR Global Life has partnered with iBeat, a health and wellness company empowering people to live longer. The team is bringing the iBeat Heart Watch to the market – iBeat is a breakthrough cellular smartwatch that monitors users’ heart activity 24-7. In a life-threatening emergency, iBeat will instantly alert the user, their loved ones, and emergency responders in real-time, helping to ensure immediate care and potentially saving the user’s life. SCOR’s Life & Health teams are working with U.S. clients to provide the watch to policyholders.

FAMILY PROTECTION

With its global R&D capabilities and local market knowledge, SCOR Global Life has helped clients to expand their coverage through meaningful new products. Working with SCOR, Spanish insurer Reale Seguros has added congenital coverage for newborns within a family coverage offering. Going beyond the traditional borders of insurability, this allows families to buy critical illness protection for babies even before they are conceived.
INVESTMENTS

The Asset Management division of SCOR

SCOR Global Investments, the Asset Management division of the SCOR group, manages the investment portfolio of the Group’s entities. It is composed of two dedicated business units: (i) a Group Investment Office and (ii) an asset management company, SCOR Investment Partners, regulated by the French Autorité des Marchés Financiers (“AMF”).

19.1 BILLION EUROS OF INVESTED ASSETS

2.8% RETURN ON INVESTED ASSETS

4.3 DURATION OF THE FIXED INCOME PORTFOLIO AS OF Q4 2018

5.4 BILLION EUROS OF EXPECTED FINANCIAL CASH FLOW OVER THE NEXT 24 MONTHS AS OF Q4 2018

How did SCOR Global Investments perform in 2018?

FRANÇOIS DE VARENNE — Since the launch of the “Vision in Action” plan, we have actively rebalanced the invested assets portfolio, with a reduction of cash and short-term investments from 14% to the target level of 5%, and increased our corporate bonds exposure from 34% to a level close to our maximum. We have significantly reduced the duration gap between assets and liabilities.

In benefitting from improved reinvestment rates, SCOR Global Investments delivered a continuing increase in its income yield, bringing a higher financial contribution of the investment portfolio to the Group, and also enhancing the underlying quality and strength of our financial results.

After having bottomed out in 2016 at 2.0%, the income yield increased to 2.1% in 2017 and reaches 2.4% in 2018. This trend should continue in 2019 with an income yield expected at around 2.5%, which is very good news for SCOR. This very positive situation is unique in the industry.

What is your outlook for SCOR Global Investments for 2019?

F.D.V. — Looking to our strategy for 2019, we will carefully monitor economic and financial market developments to seize the right investment opportunities and to take advantage of our high reinvestment flexibility: EUR 5.4 billion of financial cash-flows to be reinvested over the next 24 months. Under current market conditions, we expect the annualized return on invested assets to be between 2.7% and 3.0% for 2019.
RECENT DEVELOPMENTS

The division has been proactive over the last few years in terms of incorporating ESG criteria into its strategy. As an asset owner, SCOR, through the Group Investment Office, has developed a holistic and integrated risk management framework for managing risks, including environmental, social and governance related risks. Over the course of its strategic plan, the Group has committed to financing the energy transition to a low carbon economy and to promoting Life and knowledge sciences. It applies ESG criteria to its investment decisions consistently and pragmatically, and seeks a level of controlled risk that is compatible with the specificities of its activity and its profitability targets.

THE GROUP INVESTMENT OFFICE

The Group Investment Office is in charge of the interaction between the SCOR group and its asset managers. In accordance with the Group’s risk appetite, it sets and monitors investment constraints. It is also in charge of regulatory reporting and data quality, and of the Group’s ESG investment policy.

SCOR INVESTMENT PARTNERS

Leveraging the expertise initially developed for the management of SCOR’s own investment portfolio, since 2012 SCOR Investment Partners has opened to third-party institutional investors innovative investment strategies in asset classes with high barriers to entry. The product offering to external investors is structured around the following areas:

- Corporate Leveraged Loans
- Infrastructure Loans
- Real Estate Loans
- Catastrophe Bonds
- ILWs and OTC contracts
- High Yield bonds
- Convertible bonds

These products serve the Group’s strategy as well as external third-party interests. In particular, SCOR Investment Partners has developed which focus on protection against natural catastrophes, on financing the energy transition to a low carbon economy and on excellence in terms of the energy efficiency of buildings.

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SCOR Investment Partners has signed the United Nations Principles for Responsible Investment (PRI) and developed a wide range of products addressing ESG challenges. These products serve the Group’s strategy as well as external third-party interests. In particular, SCOR Investment Partners has developed which focus on protection against natural catastrophes, on financing the energy transition to a low carbon economy and on excellence in terms of the energy efficiency of buildings.

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SCOR AROUND THE WORLD

AMERICAS
- Argentina
- Barbados
- Brazil
- Canada
- Chile
- Colombia
- Mexico
- USA

EMEA (EUROPE, MIDDLE EAST, AFRICA)
- Belgium
- France
- Germany
- Kenya
- Ireland
- Italy
- Netherlands
- Russia
- South Africa
- Spain
- Sweden
- Switzerland
- United Kingdom

ASIA-PACIFIC
- Australia
- China
- Hong Kong
- India
- Japan
- Malaysia
- New Zealand
- Singapore
- South Korea
- Taiwan
LEGAL INFORMATION

GENERAL:

Numbers presented throughout this earnings release may not add up precisely to the totals in the tables and text. Percentages and percent changes are calculated on complete figures (including decimals); therefore the earnings release might contain immaterial differences in sums and percentages due to rounding. Unless otherwise specified, the sources for the business ranking and market positions are internal.

FORWARD LOOKING STATEMENTS:

This earnings release includes forward-looking statements and information about the objectives of SCOR, in particular, relating to its current or future projects. These statements are sometimes identified by the use of the future tense or conditional mode, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the achievement of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR. Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2018 reference document filed on March 4, 2019 under number D.19-0092 with the French Autorité des marchés financiers (AMF) and posted on SCOR’s website www.scor.com, as may be updated in the 2018 reference document. In addition, such forward-looking statements are not “profit forecasts” in the sense of Article 2 of Regulation (EC) 809/2004.

FINANCIAL INFORMATION:

The Group’s financial information contained in this earnings release is prepared on the basis of IFRS and interpretations issued and approved by the European Union. Unless otherwise specified, prior-year balance sheet, income statement items and ratios have not been reclassified. The calculation of financial ratios (such as book value per share, return on investments, return on invested assets, Group cost ratio, return on equity, combined ratio and life technical margin) are detailed in the Appendices of the 2018 earnings presentation. The financial results for the full year 2018 included in this earnings release have been audited by SCOR’s independent auditors. Unless otherwise specified, all figures are presented in Euros. Any figures for a period subsequent to December 31, 2018, should not be taken as a forecast of the expected financials for these periods. The Group solvency final results are to be filed to supervisory authorities by May 2019 and may differ from the estimates expressed or implied in this report.

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