

# SCOR

The Art & Science of Risk

## Extraordinary General Meeting

Denis Kessler

Chairman & CEO of SCOR SE

*December 18<sup>th</sup>, 2015*



# SCOR is a global Tier 1 reinsurer



The Art & Science of Risk



**>€ 13.0 billion**  
GWP in 2015E <sup>1)</sup>

**Strong balance sheet**  
**€ 39.9 billion**

**Optimal diversification** <sup>2)</sup>

**56%**



**44%**

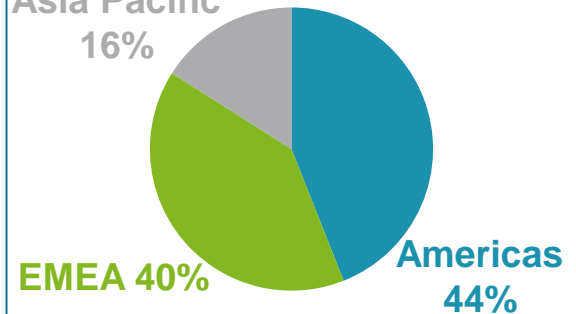


**5th largest**  
global reinsurer

A return on equity of  
**11.1%** in the first nine  
months of 2015

**Well balanced portfolio** <sup>2)</sup>

Asia Pacific  
16%



**4,000+**  
clients around the  
world

**€ 558 million** operating  
cash flow in the first  
nine months of 2015



All numbers are disclosed as of 30/09/2015 except when stated differently

1) 2015E with FX as of 30/06/2015

2) Gross Written Premiums

# SCOR accomplishes major achievements in 2015

## SCOR's internal model approved by ACPR on November 17<sup>th</sup>, 2015

- ❑ SCOR's full internal model is **unique** and supports the Group's **optimal strategy**
- ❑ It is a **full, home-grown, holistic and stochastic** model
- ❑ It has been developed **over the last 10 years**, on the basis of the **skills, expertise and experience of the Group's teams**
- ❑ Comprehensive documentation of more than **20,000 pages** was filed on May 22<sup>th</sup>, 2015

## SCOR's financial strength is recognized by rating agencies



July 21<sup>st</sup>, 2015,  
**Upgrade**



September 7<sup>th</sup>, 2015,  
**Upgrade**



September 11<sup>th</sup>, 2015,  
**Positive outlook**



December 15<sup>th</sup>, 2015,  
**Positive outlook**

## SCOR's group is rewarded for its strategy



Denis Kessler: **"2014 Strategy of the Year"**



SCOR: **"Best reinsurer in Argentina"**



Kory Sorenson and Fields Wicker-Miurin: **"Influential Women in Insurance"**



SCOR Global Life: **"Best Life reinsurer of the year"**



Remark International: **"Service Provider of the Year"**

# SCOR's achievements are building upon the skills, expertise and experience of the Group's teams

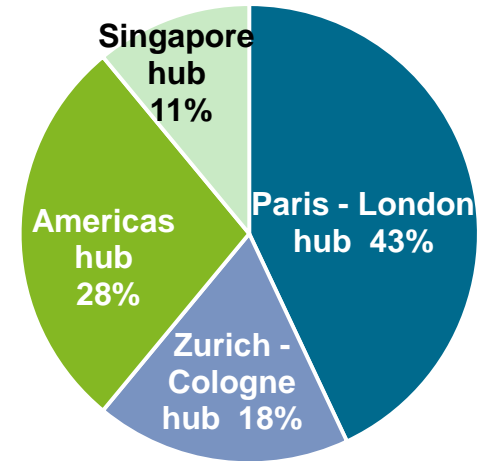
## Reinsurance industry needs:

- ❑ High qualified specialists
- ❑ Very specific and often rare skillsets and knowledge

## SCOR has:

- ❑ global, harmonized and non-discriminatory human resources policies
- ❑ a successful HR strategy based on the skills and involvement of its employees
- ❑ an excellent talent retention. The turnover is less than 10% as of September 2015
- ❑ attracted more than 400 new talents in 2015<sup>1)</sup>

## Breakdown of employees by Hub



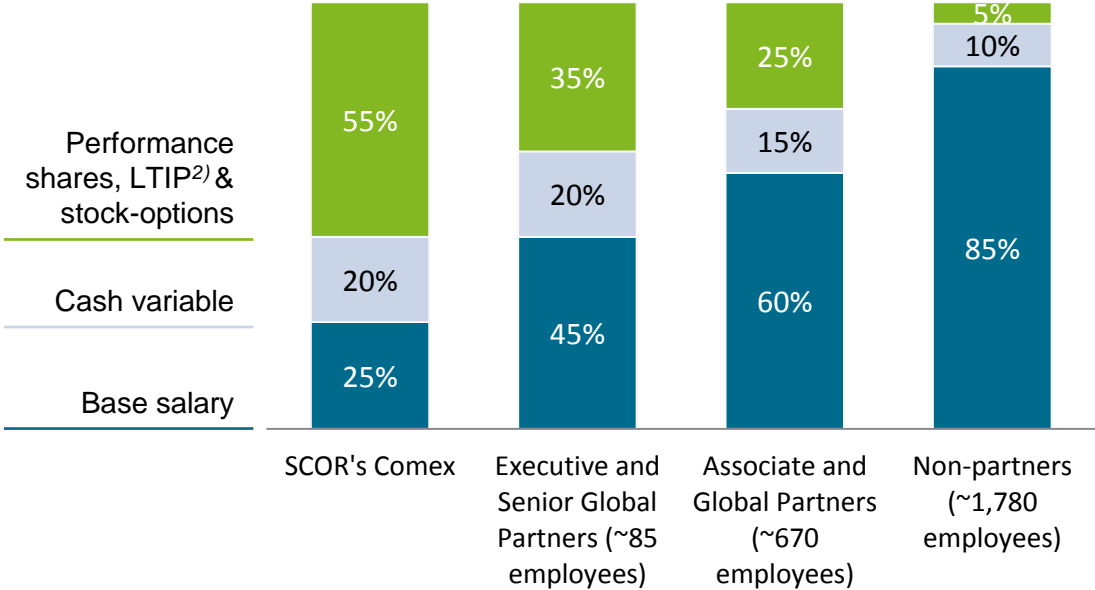
2 571 employees in 2015<sup>1)</sup>

**As human capital is the main asset of SCOR,  
the Group's remuneration policy is a key element of its strategy**

# SCOR's remuneration policy favors equity-based compensation

## Remuneration breakdown at SCOR<sup>1)</sup>

- Performance shares at SCOR are part of the total remuneration package of all employees
- Structure of the remuneration package is global, harmonized and non-discriminatory among employees of the Group depending on the level of Partnership
- This is integral to SCOR's corporate culture



# SCOR's overall remuneration policy better serves the long-term interests of shareholders

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# The new Macron Law enacted in August 2015 introduces a significantly more favourable tax regime for free shares

## Benefits of the Macron Law

### For employer

- ❑ **A reduction from 30% to 20% of the employer's contribution**
- ❑ **A cash flow improvement** as the social contribution will be paid by the employer at vesting (vs. when the shares are allocated in the pre-Macron regime)
- ❑ **Potential savings** since the social contributions won't be due if employees leave the company or if the performance conditions are not reached
- ❑ **Performance shares in France are much less costly** than cash pay for the employer (20% social contribution vs. 55% for cash bonus)

### For employee

- ❑ Taxation on the acquisition gain of the shares allocated freely under the capital gains on the sale of shares regime and not on the wages and salaries, which allows the beneficiaries of the allocations to **benefit from deductions for the holding period**
- ❑ **Elimination of the 10% salary contribution** on the acquisition gain

# SCOR proposes to benefit from the Macron Law as early as 2015

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August 7<sup>th</sup>, 2015

Macron Law was promulgated on 7 August 2015. It only applies to performance shares allocated on the basis of an authorization granted by the General Meeting of Shareholders after the publication of the Law



It is important for the company to benefit from a significantly more favourable tax regime in 2015



December 18<sup>th</sup>, 2015

SCOR holds an Extraordinary General Meeting in order to propose to shareholders to renew the authorization given at the 30 April 2015 AGM in order to allow the company to benefit from the Macron Law as early as 2015



# The proposed resolution will overwrite the resolution voted at the April 2015 AGM, being identical with one improvement

**IDENTICAL**

## **Volume of performance shares**

3 million (compared to 4 million in 2014 and 2013)

No addition with the 3 million voted at the April 2015 AGM as the proposed resolution, if passed, will overwrite the resolution voted at the April 2015 AGM

**IDENTICAL**

## **Performance conditions**

fully aligned with the Group's strategic targets

**IDENTICAL**

## **Strict non-dilution**

The resolution doesn't allow the issuance of new shares. Performance shares are serviced thanks to pre-purchased treasury shares

**IMPROVED**

## **Measurement of performance conditions extended to 3 years minimum**

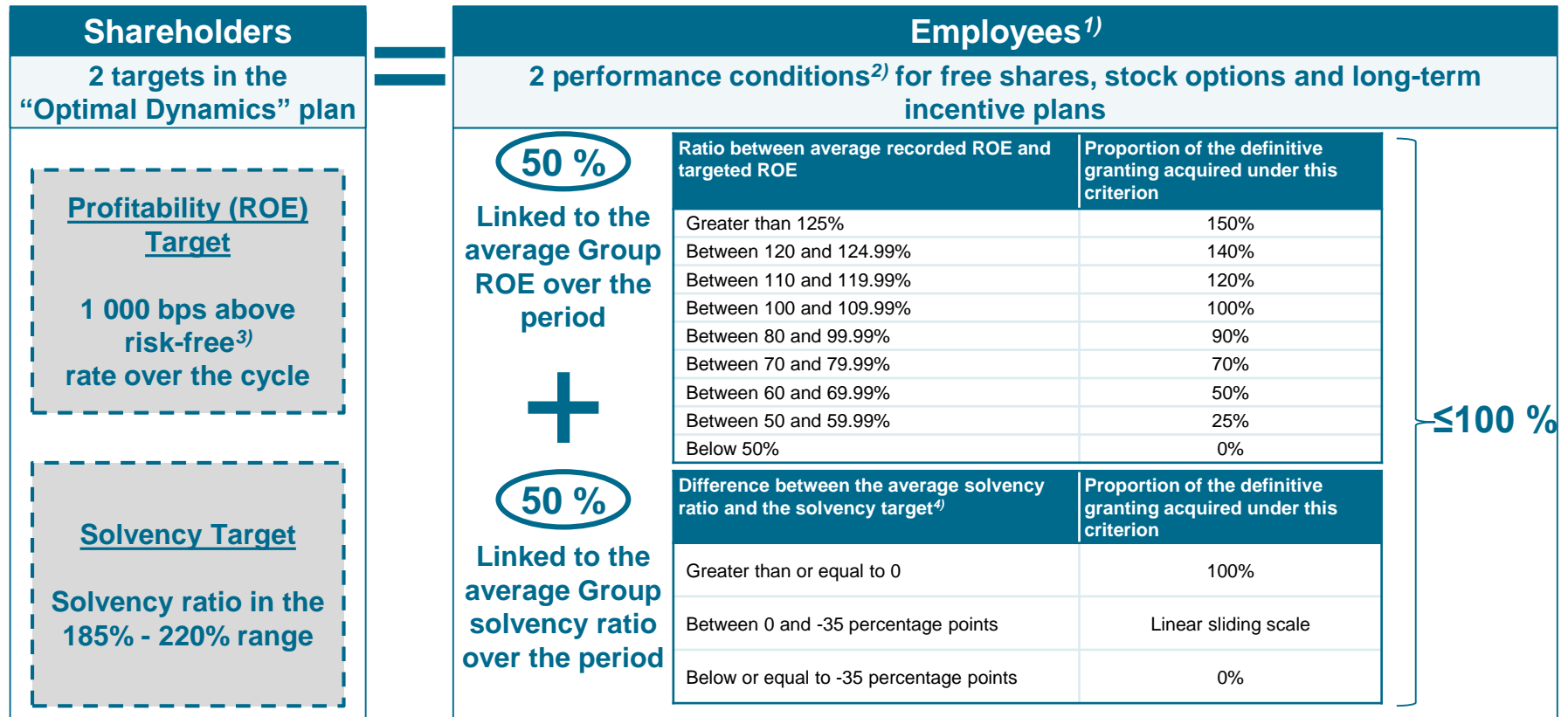
(6 years for Long Term Incentive Plans)

In addition, the Chairman & CEO has asked the Compensation and Nomination Committee and the Board of Directors to exclude him this year from any performance share attribution based on the new resolution

# Appendix



# Performance conditions for free shares, stock options and LTIP are fully aligned with the Group's strategic targets and remain unchanged



1) Performance conditions apply to 100% of allocations to Executive Global Partners and to Senior Global Partners (~85 persons). They apply to 50% of allocations to Associate partners and Global partners (~670 persons)

2) Vesting is subject to full compliance with the Group code of conduct, which

includes integrity and CSR principles (clawback policy)


3) "Risk-free rate" is based on 3-month risk-free rate


4) Or lower end of the optimal solvency range

# On top of its governance and social initiatives, SCOR is committed to assuming its social responsibility (1/2)

## Grounds

 UN Global Compact

 Principles for Sustainable Insurance

 Climate risk statement

## Environment



Green Office™ in Meudon (France), one of the first positive energy tertiary sector buildings of this size (23,000 m<sup>2</sup>)

### Over the past 5 years



**960 million**

invested in renewable energy project

**180 million**

in our Insurance-Linked Securities funds



**120,000**

square meters of our real estate portfolio subject to green label and/or energy efficiency label

### Measuring and reducing our environmental footprint

- **More than 40%** of SCOR's workforce covered by a certified Environmental Management System (HQE, EMAS, ISO 14001)
- Roll-out of a BREEAM in-use Environmental Management System in London under consideration

### Integrating environmental consideration in SCOR's investment strategies

- **Real Estate portfolio:** a proactive strategy combining the acquisition of environmentally certified real estate offices and the undertaking of far-reaching renovation program generating value both for our shareholders and the Society.
- **Infrastructure debt:** a significant part of our debt funds invested in renewable energy projects (e.g. solar and wind farms).
- **Insurance-Linked Securities:** conception and trading of investment in Catastrophe bonds.

### Further enhancement to our contribution to the transition to a low carbon economy and the adaptation to a changing climate planned:

- Indicative objectives set-out by 2020 in terms of **reduction of our operations' carbon footprint** (-15% per employee) and **investment in eco-friendly** real estate and infrastructure assets (€ 500 million).
- Integration of carbon consideration in the management of our other assets (equities, bonds, ...), including the calculation of our **asset portfolio carbon footprint**.
- **Divestment from companies deriving more than 50% of their turnover from coal** and undertakes, across its entire asset portfolio, to make no new financial investments in such companies in the future
- Expansion of our climate network through our **membership to Climate-KIC**, one of the biggest Public-Private Partnership dedicated to Climate change and innovation.

# On top of its governance and social initiatives, SCOR is committed to assuming its social responsibility (2/2)

## Science



### ❑ **The Art & Science of Risk: supporting the knowledge society**

- **€ 12 millions** in cash committed to advance scientific researches over the last 6 years.
- In-house research, strategic partnership, and donations.

### ❑ **Our strategy rests on three pillars:**

- **Risk research:** funding of scientific projects whose issues are both financially linked to our core business and instrumental for the stability of our societies
  - » Life & Health: Alzheimer disease, Cardiovascular disease, Cancer, HIV, longevity ...
  - » Natural Catastrophes: Earthquakes (Global Earthquake Forecast System).
  - » Finance and Risk Management through 2 chairs in France (Toulouse School of Economics), a project research (Paris School of Economics), and the creation of the Insurance Risk & Finance Research Centre (Singapore).
- **Encourage:** nurturing scientific vocations amongst the youngest and building a network of young talents with skills relevant for our long term success and our industry
  - » Actuarial prizes and education: 5 in Europe, 1 in Asia. Financing by our Foundation of a 2 years training program in Africa to develop actuarial sciences in this region.
  - » Alzheimer disease award: yearly grant of €10,000 awarded to a young scientist
- **Dialogue:** Fostering Risk Dialogue within the industry and spreading knowledge to the wider communities to help building resilient societies
  - » Training workshops and publications: training provided to our clients on risk transfer mechanisms and risk related topics (SCOR Campus), and publications of articles.
  - » SCOR Conference: Cycle of monthly conferences on “Science and Technological [r]evolutions changing our world”.
  - » SCOR Corporate Foundation for Science conference: seminars on climate change and insurability, funding longer lives, preferences in a context of uncertainty, infectious emerging diseases.

## Transparency & Performance

- ❑ **CSR information** is **audited**, certified and published in the registration document
- ❑ **Listed on two CSR indices** (Vigeo Eurozone 120, Ethibel Sustainability Index Excellence Europe)

# Disclaimer

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## 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 SCOR's Document de référence filed with the AMF on 20 March 2015 under number D. 15-0181 (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".