



# Principles for Sustainable Insurance

Report, June 2013

## Company Profile

<b>Company</b>	<p>SCOR</p> <p>The Group is organized into three business divisions and three central Functions (finance, risk and operations). The business divisions are: the SCOR Global P&amp;C division, with responsibility for Property and Casualty insurance and reinsurance and the SCOR Global Life division, with responsibility for Life reinsurance, and SCOR Global Investments, which is responsible for asset management.</p> <p>Each business division underwrites different types of risks and offers different products and services:</p> <ul style="list-style-type: none"> <li>• The SCOR Global P&amp;C division operates in four business areas, namely: Property and Casualty Treaties; Specialty Lines (including Credit &amp; Surety, Inherent Defects Insurance, Aviation, Space, Marine, Engineering, Agriculture and Structured Risk Transfer); Business Solutions (Large Corporate Accounts, underwritten essentially on a facultative reinsurance basis and occasionally as direct insurance for industrial groups and service companies); and Joint Ventures and Partnerships.</li> <li>• The SCOR Global Life division offers the following lines of business: Life (treaties with mainly mortality risks); Life Financing Reinsurance; Disability; Long-Term Care; Critical Illness; Health; Personal Accident and Longevity.</li> <li>• SCOR Global Investments (SGI) is SCOR's portfolio management company, established as the Group's third engine alongside SCOR Global P&amp;C and SCOR Global Life. SGI is in charge of managing the entire investment portfolio of all the Group's legal entities.</li> </ul>
<b>Business overview</b>	
<b>Clients</b>	As at 31 December 2012, SCOR Global P&C and SCOR Global Life serve more than 4,000 clients throughout the world.
<b>Premium income</b>	EUR 9,514 billion in 2012.
<b>Presence</b>	Global presence in more than 120 countries, with a network of 37 offices structured around 6 Hubs (Americas, Cologne, London, Paris, Singapore and Zurich).
<b>Employees</b>	2,150 employees (at 31 December 2012, excluding Remark).

**Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

**Company strategy**

SCOR has established a strong framework of governance to support a Group-wide approach to environmental, social and governance issues. This framework is structured around the following:

- The global initiatives to which SCOR adheres, namely the United Nations Global Compact since 2003, and as a founding signatory, the Principles for Sustainable Insurance (2012),
- SCOR's Corporate Social Responsibility Committee (CSR Committee), chaired by the Group Chief Operating Officer, is composed of the heads of SCOR's six Hubs (Americas, Cologne, London, Paris, Singapore and Zurich), along with representatives from the Group's central functions (Compliance, Human Resources, Communications, Risks) and business sectors (SCOR Global P&C, SCOR Global Life, SCOR Global Investments). This Committee reports to the Group Executive Committee. One of the purpose of this committee is to facilitate the implementation of the law setting new transparency requirements in terms of the scope and auditability of sustainability issues.
- SCOR's Corporate values and Code of Conduct: SCOR updated its Code of Conduct in 2009, linking it to the Group's fundamental values (profitability, expertise, operational excellence, sustainability and empowerment). The Code of Conduct is a useful guide that helps the Group's employees to resolve any rights and ethics issues with which they may be confronted. The Code covers many fields, and in particular reminds employees about the ethical and legal rules applicable to business confidentiality, the use of inside information and financial communications. It also reminds them about the crucial values of non-discrimination, respect and loyalty practiced within the Group. It defines amongst others the rules relating to the acceptance of gifts and invitations, and emphasises client knowledge as a key way to defend the company against reputational risks. The Code is supported by more detailed policies on a wide range of issues such as money-laundering, bribery and corruption, and the Group guidelines on reporting concerns. The Code is regularly updated and reviewed by SCOR's Board of Directors and its Audit Committee. The Code of Conduct was last amended in 2012; the amendments include amongst others a specific reminder on the serious consequences of violating applicable laws and regulations and an explicit statement that SCOR prohibits retaliation against any employee for reporting in good faith any violations of laws or the principles of the Code.
- Employee involvement: SCOR has implemented a human resources policy based on respect for colleagues and the promotion of their involvement and efficiency. The Group ensures that all its employees are informed of the initiatives undertaken both globally and locally, and reminds them of the principles of the United Nations Global Compact. This approach is complemented by local information, provided to staff representative bodies such as the Common European Companies Committee (CECC), or through the organisation of events open to Group employees on various topics relating to corporate social and environmental responsibility. In addition to this, SCOR runs a number of sponsorship programmes throughout the world, which involve its offices and its teams in the life of the local population. Steered locally in order to be as close as possible to the needs of the

communities in question, the Group's offices strive to develop and roll out their own programme of commitment to society, taking account of the specific cultural and/or regulatory features of the countries from which they conduct their activities.

- Regular dialogue with our shareholders and the financial community: SCOR is focusing on the idea of a “see-through company” with a high degree of transparency. The Group has continued its policy of transparency throughout the year, maintaining close contact with investors and the financial community, including Socially Responsible Investment (SRI) analysts and active investors who run SRI funds or integrate ESG issues into their mainstream investments. These meetings enable us to identify the ESG issues that are most relevant to these groups, and to consider these issues in our strategy.

### **Risk expertise and research**

Risk, including ESG risk, is in a sense the “raw material” of the reinsurance business, and SCOR aims to be at the cutting edge of risk expertise so that it can push back the frontiers of insurability. To meet this aspiration, SCOR has built up relationships with the scientific community while dedicating important internal resources to risk analysis.

SCOR has a long tradition of supporting research and teaching. The Group has for many years developed relationships with different kinds of institutions (foundations, associations, schools and universities, research centres) in various forms (corporate sponsorship, scientific partnerships) in a number of fields linked to risk, both in France and abroad. The results of this research, either public or owned by SCOR, allow the Group to improve its expertise, not least in the field of risk modelling, and to take informed decisions while at the same time contributing to the common good and fostering new talent.

- SCOR maintains close ties with the medical world and finances research operations in several different fields related to ESG issues such as cardiovascular disease (partnership with the Assmann Foundation in Germany), Alzheimer's Disease (partnership with the FRA Foundation in France, formerly IFRAD), AIDS (partnership with the Pierre & Marie Curie University at Pitié-Salpêtrière hospital, Paris).
- The Group contributes to the promotion of financial and economic science (Nanyang Technological University/Nanyang Business School in Singapore) and has set up significant research partnerships in the field of economics and finance (e.g. the Risk Foundation in collaboration with the Toulouse School of Economics and Paris-Dauphine University, and the Jean-Jacques Laffont Foundation).
- SCOR organizes Actuarial Awards in many countries: Germany, France, Italy, Spain and Portugal, Switzerland, and the United Kingdom. The Group places great emphasis on the development of actuarial science in Europe and each year awards prizes to the best academic papers in the field of actuarial science. These prizes are designed to promote actuarial science, to develop and encourage research in this field and to contribute to the improvement of risk knowledge and management. The SCOR Actuarial Awards are recognized as a gauge of skill in the insurance and reinsurance industries.

The creation of the SCOR Global Risk Centre at the end of 2010 bears witness to this desire to develop scientific expertise and to support research in a number of disciplines, and to make SCOR's risk knowledge and publications available to as wide a public as possible. This centre, which is dedicated to disciplines involving risk (mathematics, actuarial, physics, chemistry, geophysics, climatology, sociology, law, economics, finance, etc.), centralises the publications issued or supported by SCOR via the aforementioned sponsorships and partnerships, and also all the resources that SCOR wishes to reference in these fields. The centre uses contributions that may come from any field, without restriction.

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 as a whole. The Foundation is supported by a Board of Directors chaired by Mr André Levy-Lang. The Foundation's Board of Directors ensures, among other things, that it operates properly and will present comprehensive public reports on its activities. The Foundation is also supported by a very high-level interdisciplinary and international scientific board, which helps it to define its strategic priorities and select projects to support. The Foundation receives annual financial backing from SCOR for new projects, and will take responsibility for some of the Group's existing scientific research operations.

In addition to this involvement with the scientific community, SCOR invests large amounts in in-house research into environmental and social issues via its R&D centres, its teams specialised in modelling natural disasters, and more generally risk management.

- SCOR Global Life's research centres are active more particularly in the area of risks arising from the gradual ageing of the population. They regularly collaborate with other researchers and academics who are authorities in the field. The international centre for R&D in longevity and mortality insurance thus offers services in insurance portfolio studies and risk projections that enable insurers to predict trends and to tailor their product ranges to them. The international centre for R&D in invalidity and critical illness insurance assesses and projects the main trends in product design and risk monitoring. The international centre for R&D in dependency insurance studies the risks involved in this area and offers assistance in managing long-term undertakings. This centre is considered to be one of the major players in continental Europe and Asia.
- With regard to the modelling of natural disasters, SCOR Global P&C specialists actively work towards a better understanding of vendors' models and the management of non-modelled risks. One of the current avenues of research is notably clustering, which is particularly useful in terms of prediction when studying the impacts of climate change. There is no doubt in the minds of scientists that climate change is indeed real, and while the current state of our knowledge does not allow us to conclude that it is the cause of certain particular events, it nevertheless affects the model components and the frequency of certain extreme weather conditions such as floods.
- ESG issues are also considered more globally within SCOR's ERM framework, not least through its emerging risk process. The Emerging and Changing Hazard Observatory is a collaborative platform involving more than 60 SCOR experts worldwide, contributing to the identification of emerging risk. Risks are then analysed by an interdisciplinary team. Risk analysis varies in breadth and scope since it focuses on the downsides as well as the upsides

of the risks identified. Information on emerging risk is regularly shared with the Group Risk Committee.

## Investment management

In recent years, SCOR has endeavoured to integrate ESG concerns in its asset management policy, beginning with its real estate portfolio over which it has more direct control. The integration of ESG criteria also concerns other classes of asset, insofar as some activities are excluded from its investment selection, and the content of the portfolio is examined *a posteriori*.

SCOR distinguishes three types of asset in its real estate investment portfolio: direct investment in investment properties, investment in properties for the company's own use, and indirect investments in real estate or infrastructure funds. Over the past few years, the environmental performance of these assets has been stepped up with the acquisition of several properties and also via rehabilitation operations on older properties.

- Direct investment in investment properties: Since 2011, the Group has owned one of the very first positive energy tertiary sector buildings, with a surface area of more than 23,000 m<sup>2</sup>. This building combines energy saving solutions with the production of renewable energy to meet its own operating needs. From its first year of operation, the Green Office™ has produced more energy than it uses. The environmental and financial assessment of this first year is very positive, since the difference between energy production and consumption has exceeded theoretical forecasts, not least due to higher than expected solar energy production. In addition to acquisitions, the environmental performance programme includes the renovation of older properties. As confirmed in 2012, 11,000 m<sup>2</sup> of Parisian real estate is to be renovated over an estimated period of 14 months. This operation should result in *BBC Effinergie Rénovation* certification, as well as the triple certification of HQE, LEED and BREEAM at high levels of excellence. Once this renovation programme is completed, the certified or labelled properties will represent around 30% of SCOR's real estate investments in France.
- Investment in properties for the company's own use: As well as the BREEAM-certified building ("BRE Environmental Assessment Method") that houses the London teams, staff in Cologne have been working in a building certified by the European Green Building programme since March 2012. In Paris, the head office is certified *Haute Qualité Environnementale* (high environmental quality) or HQE for its design and construction, and now houses the vast majority of the Group's staff in Paris. In order to involve its employees further in its environmental policy, the Group has confirmed the principle of responsible building use, applying recognised environmental benchmarks to its occupied premises. The Cologne and Paris sites will be applying EMAS (Eco-Management and Audit Scheme) and *Haute Qualité Environnementale Exploitation* standards respectively. The certification audits will take place in 2013.
- Indirect investments: The indirect investments pocket is also active in sustainable development, particularly via funds that include renewable energy production infrastructure such as wind farms, concentrated solar thermal power plants, photovoltaic power plants and biomass power plants.

Not only does SCOR take account of the environment in managing its real estate investment portfolio, it also applies a negative filter to obligations and equities in its investment portfolio. It excludes cluster bombs manufacturers following the list drawn up by the Norwegian Government Pension Fund Global, and checks the quality of its investments in treasury bonds each year using the Transparency International evaluations.

**Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, to manage risk and to develop solutions.**

**Our clients:** The major reinsurance companies like SCOR do not merely contribute know-how: they also help their clients to develop new products and they foster exchanges of know-how throughout the industry. Not only does SCOR provide technical support to insurers developing innovative insurance products, such as those designed for HIV-positive customers via full life insurance with a selective base and no obligation whatsoever to have ante-retroviral treatment, but it also exchanges regularly with its insurance and corporate clients bilaterally and during themed seminars. SCOR uses its intellectual, human and financial resources to spread its expertise among its clients via the Focus, SCOR Paper, and Technical Newsletter collections available in the SCOR Global Risk Center. This kind of interaction with the industry, in both environmental and social areas, is on the increase.

In recent years, SCOR has organised many seminars on various themes linked to ESG issues. These seminars offer the opportunity to study and discuss topics of major concern. Among these are climate change, the risks and challenges associated with renewable energies, low-consumption buildings and energy performances, water, onshore wind farms and the implications of climate change when modelling natural disasters and events. The flooding in Thailand revealed risks arising from the increased interconnection of our societies, not least in the supply chain. Since these floods, SCOR has organised a number of exchange sessions with its industrial and insurance clients in many places worldwide, to make them aware of this type of risk and also to discuss how the risk can be analysed so as to improve its management.

In the field of Life reinsurance, SCOR has become highly involved in biometric risk management. Anxious to achieve excellence in understanding and managing the risk of pandemics and promote exchanges of knowledge, SCOR organised a two-day conference on these risks in July 2012 in Paris. Experts from a wide range of business and academic fields presented their most recent studies and their opinions on the risk of pandemics, as well as the means available to reduce their impact on our societies.

**Our suppliers:** SCOR endeavours to adopt best practices in each of its locations worldwide. Any employee who deals with a supplier must, before concluding a contractual partnership, ensure that the supplier gives an undertaking to comply with the requirements of the Code of Conduct drawn up in 2012 by the SCOR Group and which apply to all its employees (or a commitment from the company that it will comply with equivalent requirements). The framework agreement developed by the Group's legal department, which must be used by the Group's various components, thus contains a specific section on the Code of Conduct. This framework agreement also contains an appendix, the

sustainable development charter, which begins with a reminder of SCOR's adherence to the principles of the United Nations Global Compact, and sets out the Group's expectations with regard to its suppliers and subcontractors in the fields of labour relations, health and safety conditions, the environment, ethics and the way in which they must integrate these expectations into the design of their products and services.

**Principle 3: We will work with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

In addition to partnering the academic studies mentioned in Principle 1, SCOR participates actively in collective works on societal issues via its membership of a number of professional associations representing the interests of the insurance and reinsurance sector before the public authorities. It also participates in Think Tanks.

SCOR supports research on ESG issues as a member of the Geneva Association, which involves 80 of the world's top insurance and reinsurance companies in the promotion of research into the risk and insurance economy worldwide, by financing studies and seminars that pit industry leaders, public authorities and researchers against the major challenges facing the profession such as climate change, financial risk, long-term care, pensions, prudential standards and accounting standards. As a member of the CR+I in this association, SCOR contributes to the public debate on issues of adaptation and resilience to climate events. The objective of this working group is to study the contribution of insurance to our resistance to extreme climate risks. Contributions are published, and provide food for thought in the multi-party seminars organised by the Association on feedback about operating experience. SCOR is also an active member of the French Insurance Association's Sustainable Development Commission.

Furthermore, SCOR brings its experience in risk to the discussions with local authorities held on issues involving population ageing, as it did in Korea when the first dependency products were developed, or again in France, where the SCOR teams partnered the Charpin group for the working groups on dependency set up by the French government in 2011. In some emerging countries, not least those in Asia where urbanisation is spreading, the Group also works with local authorities on improving building quality via stricter standards, and developing building insurance.

**Principle 4: We will demonstrate accountability and transparency by regular public disclosure of our progress in implementing the Principles.**

In addition to this first report on the implementation of our Principles for Sustainable Insurance, SCOR publishes social and environmental indicators, together with information on its own undertakings for sustainable development in the management report appended to its reference document. This data and information is audited by a certified accountant in an audit report. Furthermore the Group makes annual reports on its progress in terms of implementing the ten principles of the UN Global Compact.