



21 July 2021

Sustainability investment at SCOR

SCOR Global Investments

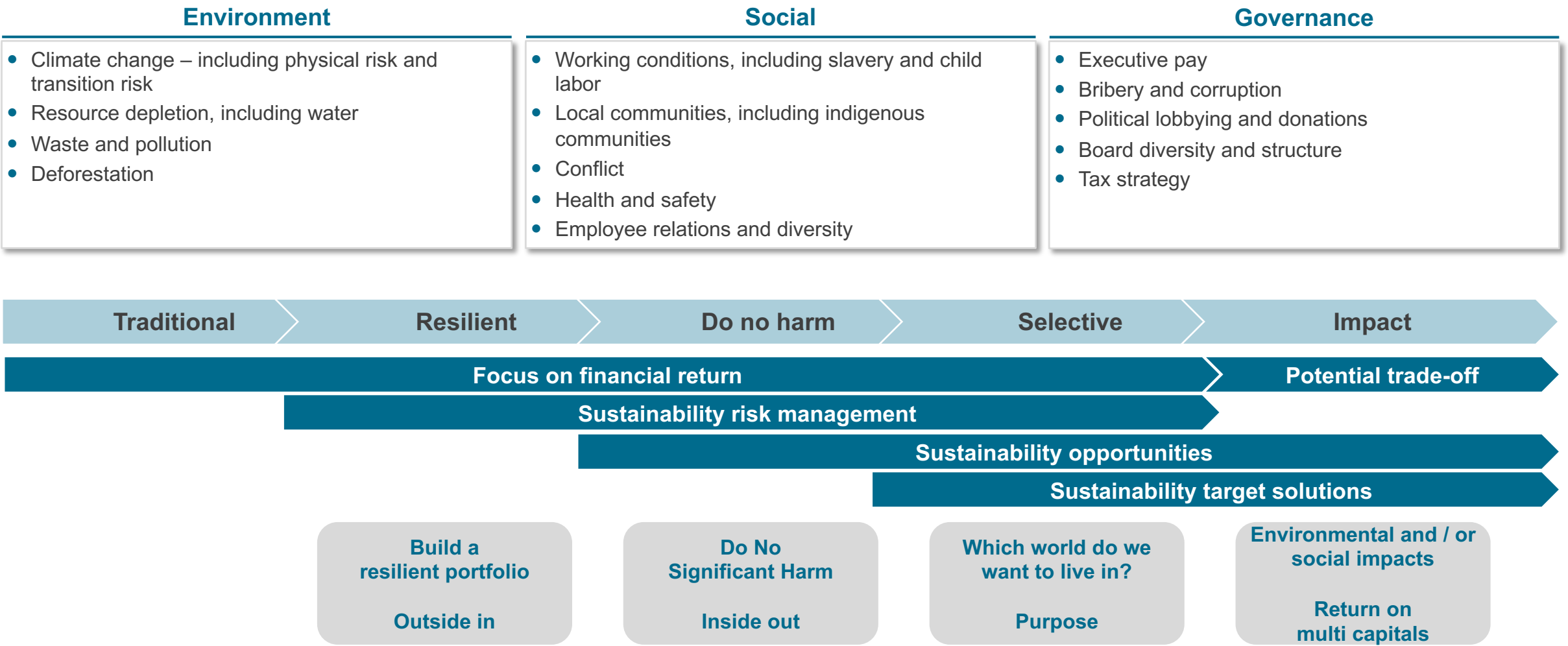
Sustainable investment at SCOR

Michèle Lacroix, Head of Group Investment Risk & Sustainability



- Michèle has extensive expertise in risk management and sustainable finance
- Michèle has tirelessly leveraged SCOR's climate understanding capabilities over the past few years to analyze the exposure of its invested assets to climate risk and climate change.
- 35 years in the finance industry
- First as a trader and then as a portfolio manager
- Since 2015, Michèle has been at the heart of the SCOR group's sustainable approach, implementing robust processes for measuring and evaluating the Group's investment portfolio, both in terms of its solvency and its contribution to tackling challenges such as climate change
- Member of the Technical Expert Group on Sustainable Finance at the European Commission from 2018 to 2020
- Chair of the Project Task Force on Climate-Related Reporting at the European Corporate Reporting Lab @ EFRAG from 2019 to 2020
- Member of the Climate and Sustainable Finance Commission at the French Supervisory Market Authority since 2019
- Regularly invited by EIOPA to take part in roundtables on climate and sustainable finance

The journey to responsible investment



Sustainability in investment decisions – The foundations



Risk assessment

Outside-in

- Include non-financial criteria alongside traditional financial risk factors
- Bring awareness to top management
- Develop robust processes to identify, assess and manage



Impact assessment

Inside-out

- Find the right metrics to assess impacts
- Understand methodologies
- Steer the investment strategy in a more sustainable way (Do No Significant Harm)
- Implement thematic investments to address SDGs



Design a sustainable investing strategy

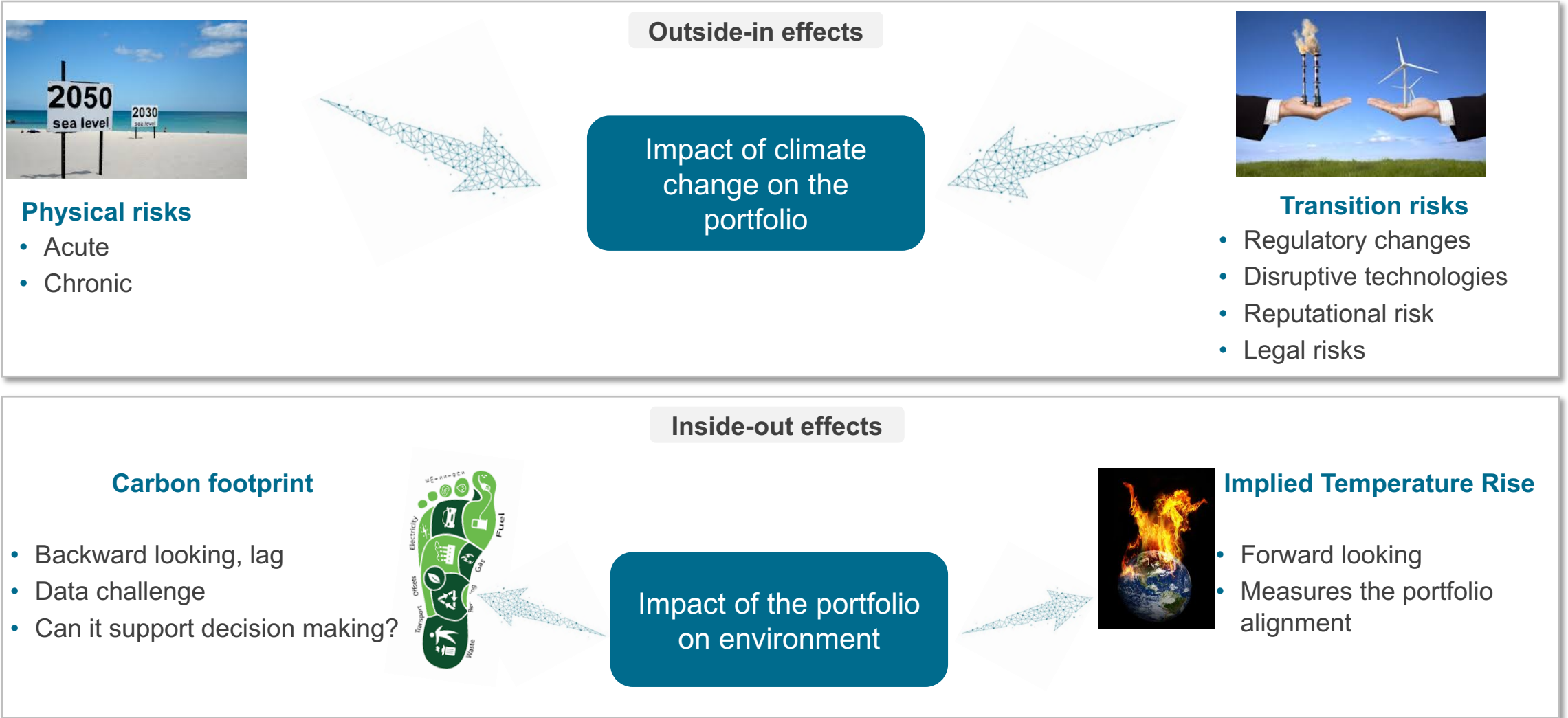
- Define key principles
- Set relevant targets and objectives
- Build an action plan
- Deliver on the objectives
- Measure achievements against targets
- Explain





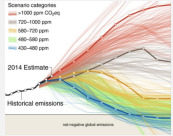
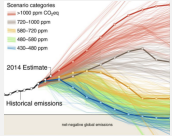





























Control, report and disclose

- Monitor the portfolio positioning
- Report internally
- Disclose externally following standards and best practices

The double materiality principle – Focus on climate-change



Sustainable investing strategy – SCOR's journey

	2018	2019	2020	2021
 Risk management				
 Screening		  2050   > 30%	  Exit coal 2030 EU & OECD 2040 Rest of the World  Except best in class	
 Engagement				   
 Thematic investments	7,0% AuM 	6,9% AuM 	7,3% AuM 	
 Initiatives & public debate			 	  
 Setting targets				Carbon intensity on corpo & equities by 2025  - 27%

- SCOR has developed robust internal expertise on sustainable finance
- SCOR has concentrated on how to better incorporate sustainable factors in risks, opportunities and impact assessment
- Focusing on climate change as the first challenge, SCOR has constantly improved its understanding and analyses
- The investment strategy has moved progressively from exclusion to best in class enabling to improve the resilience of the portfolio while having impact on the real economy
- The collaboration through investors initiatives has been a key element to accelerate the journey and take concrete actions

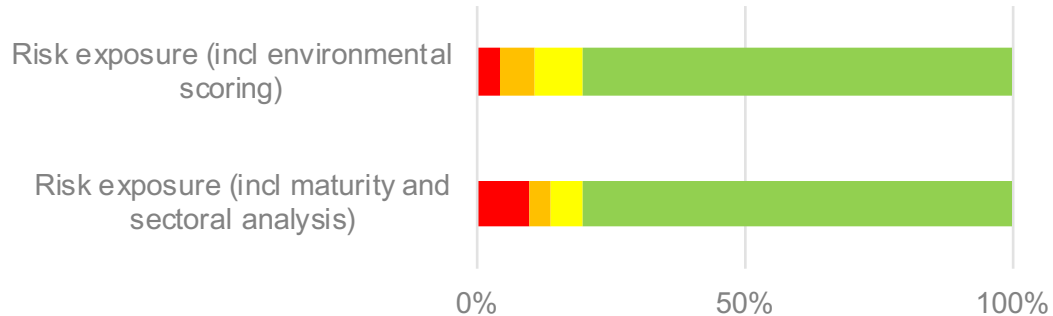
SCOR IP supports SCOR's journey

- Infrastructure Debt funds
- Real Estate Debt funds
- Insurance-Linked Securities



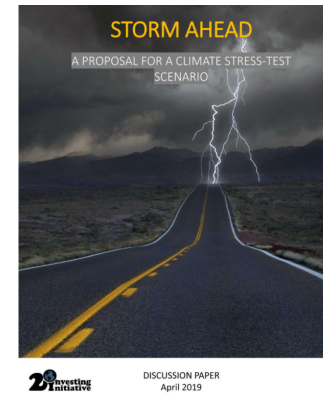
Resilience to climate change – From assessment to preliminary measurement

2018 – Building a heatmap



- In 2018, SCOR has used a Moody's analysis to build a heat map on transition risk and assess credit exposures that may be at risk in case of strong measures to ensure transition to a low carbon economy
- The Moody's study assessed transition risks for most carbon intensive sectors, splitting between Elevated risk – immediate, Elevated risk – Emerging, Moderate risk, Low risk
- SCOR has mapped its portfolio to each sub sector and applied some mitigators such as time to maturity of the bonds

2019 – 2020: Stress testing and “what if” scenarios

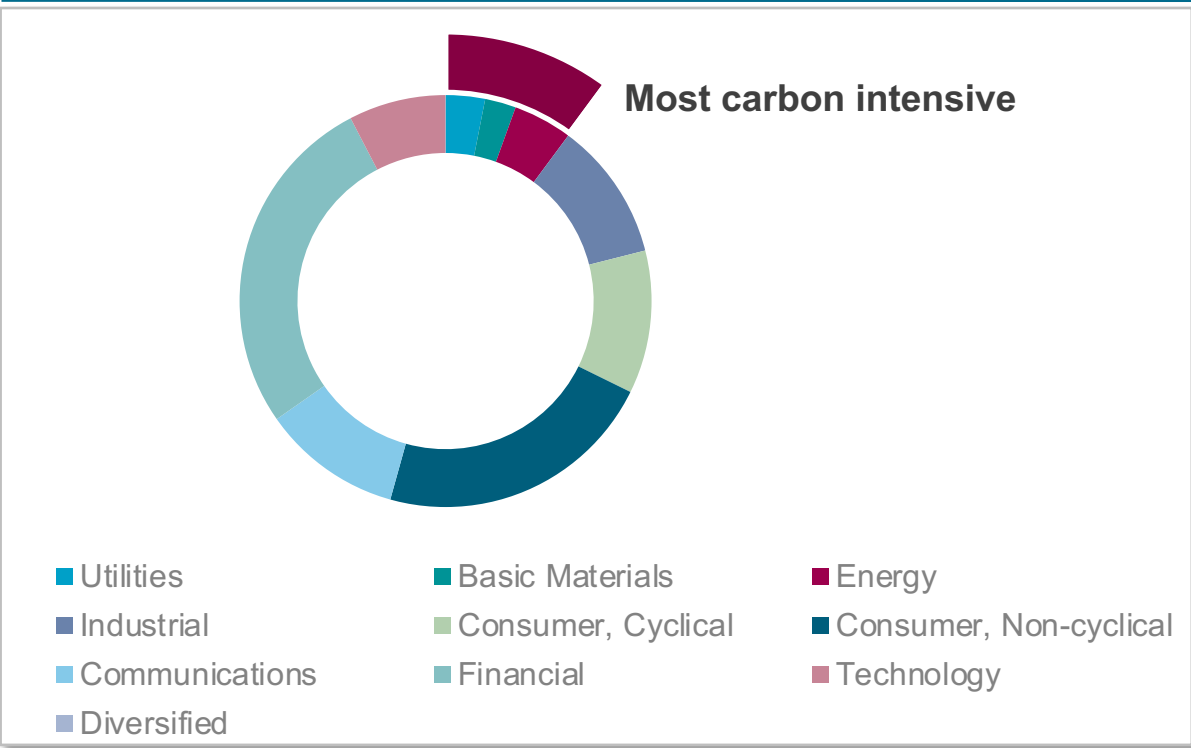


- In 2019, SCOR has leveraged a 2° investing initiative study called “Storm Ahead”
- Transition risk: 2°ii has translated climate IEA B2DS scenario into macroeconomic variables for equities and corporate bonds
- Physical risks: 2°ii has translated IPCC 8,5 scenario into migration risk for government bonds and corporate bonds
- Quantification is very preliminary but has provided material for insight discussion top management level
- It has been complemented with the DNB scenario based on carbon price
- In 2020, SCOR has run the ACPR stress tests on its invested assets

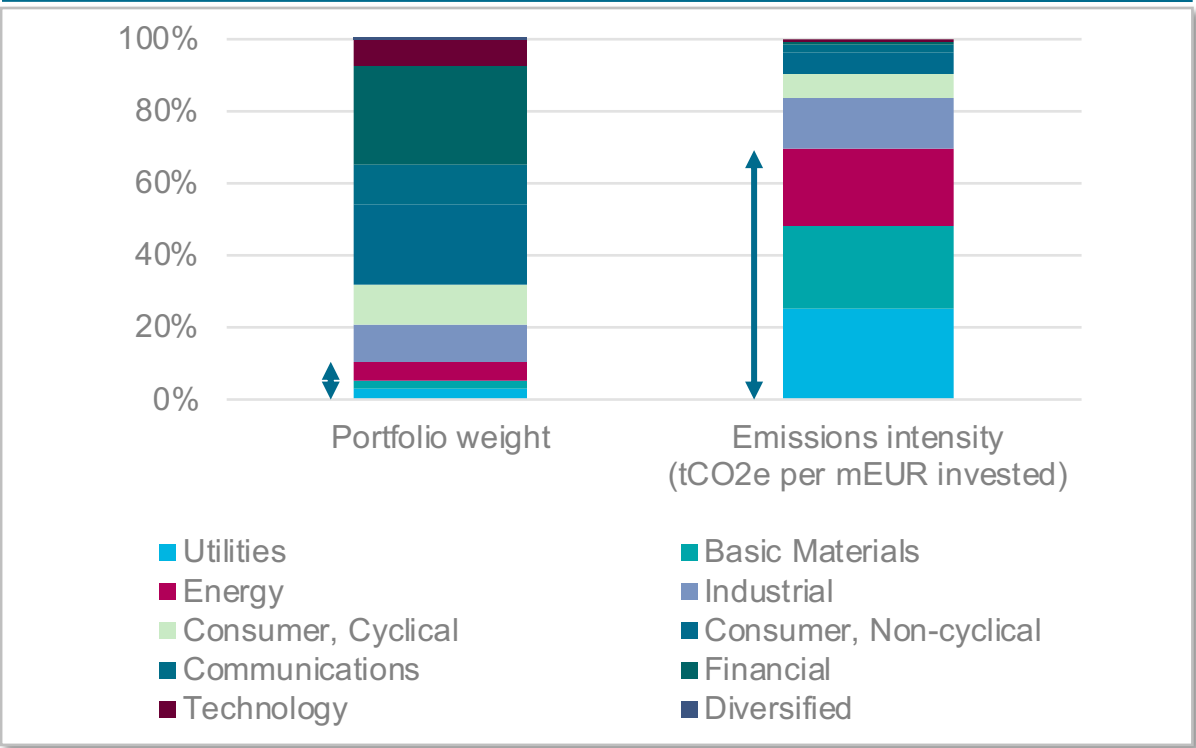


Impact of the portfolio – Decarbonization is key

Invested assets portfolio – Sector allocation



10% of the portfolio contributes to 70% of emissions intensity



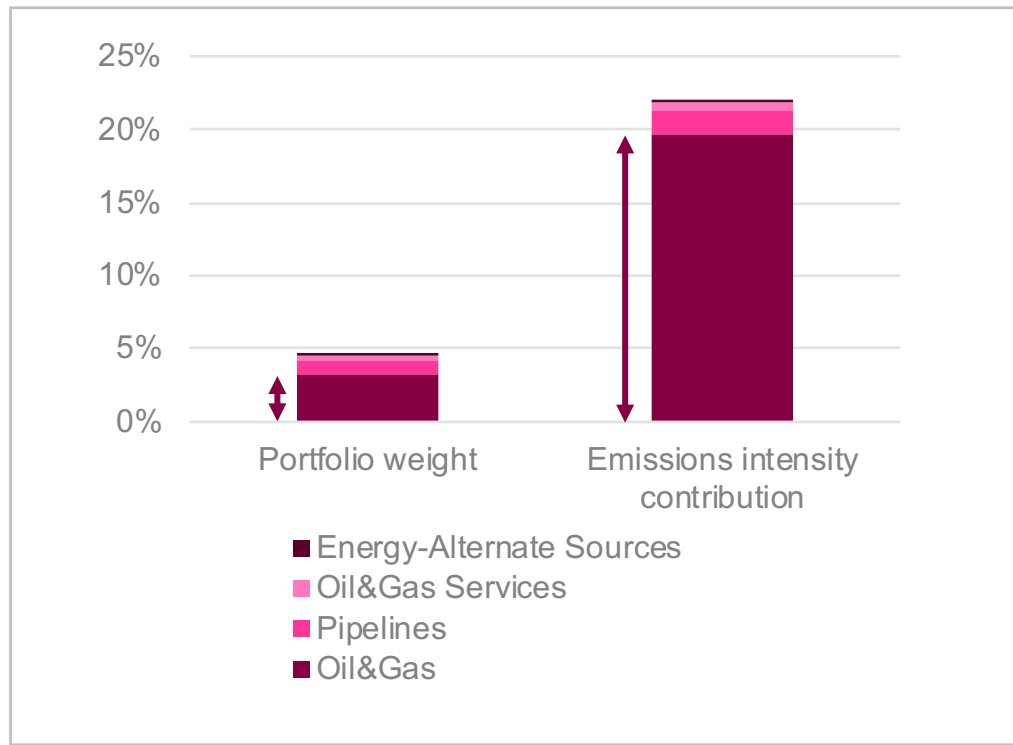
Exit subsectors for which alternatives exist



Portfolio decarbonization – Qualitative approach

- During the last years, SCOR has already exited coal above 10%, oil sands and arctic oil above 30%
- Additional steps are taken regularly to reduce adverse impact

Within energy, oil& gas is by far the heaviest contributor



Best in class strategy

- **Upstream oil & gas companies:**
 - ⊗ If no commitment
 - ✓ Public commitment to align with the Paris Agreement, become carbon neutral by 2050 or take credible actions to reduce carbon intensity



A comprehensive offer to support investors' sustainable investment journey

Financing the transition to a low carbon economy

INFRASTRUCTURE DEBT

Promoting energy transition



Strong energy transition bias by financing renewable energy projects

Addressing climate change mitigation

REAL ESTATE EQUITY/DEBT

Building/Financing energy-efficient buildings



Value-add positioning to renovate the building stock and improve energy efficiency

Diversifying and addressing climate change adaptation

INSURANCE-LINKED SECURITIES

Adapting to the consequence of climate change

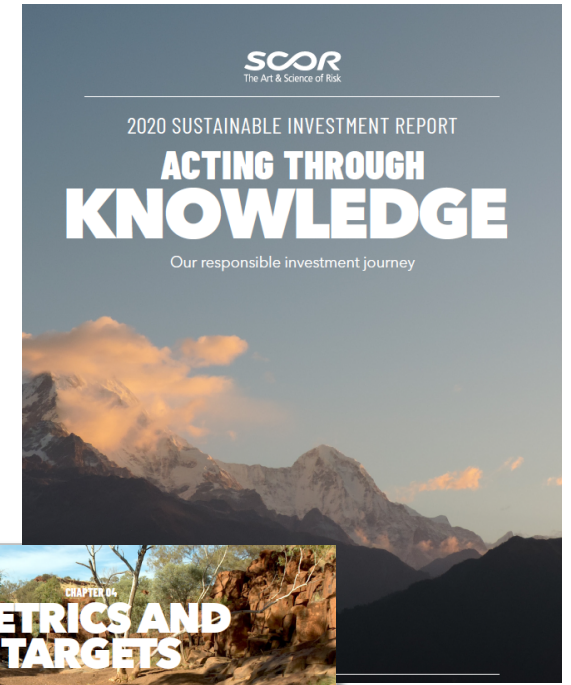


ILS participate in the reconstruction of a region following a natural disaster.



Transparency raises the bar – Sharing knowledge

- Addressing the law: Art 173 in France since end of 2015 now replaced in 2021 by Art 29 of the French Law for Energy and Climate (29LEC) extending the scope to biodiversity
- Using TCFD as a framework for reporting
- Following some good practice principles:
 - Make it company specific
 - Connect the dots
 - Explain the level of maturity and the progress still to be made



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P.12 –	Participation in public debate
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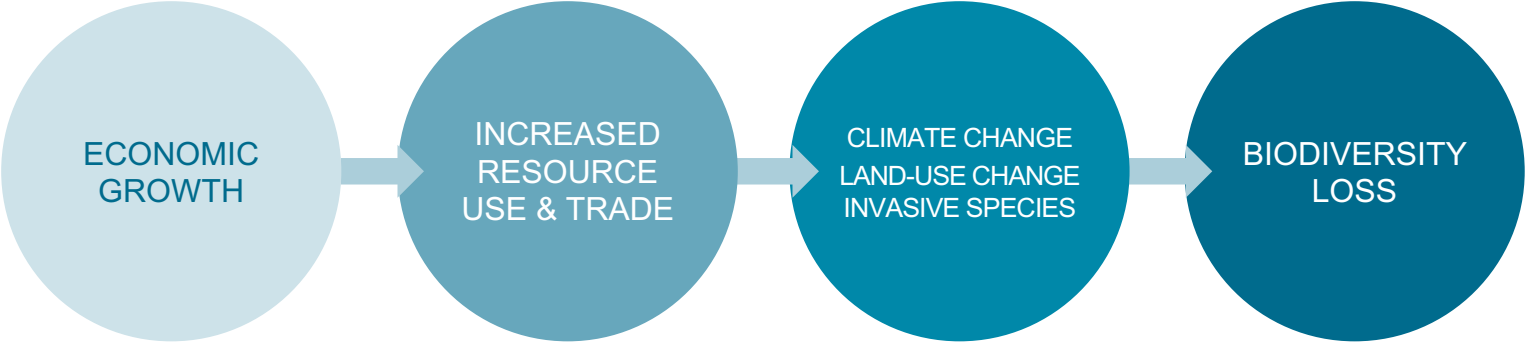
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Climate change...and beyond



The journey goes on. Climate change is only one pillar of Environment. All criteria are interconnected.

Protecting biodiversity reduces climate change risks. The loopback needs to be kept in mind, especially for (re)insurance.



Olivier Thoraval, Relationship Manager – Southern Europe



- Olivier has a strong background in serving Italian institutional investors
- 14 years in the finance industry
- Covering Italy since the start of his career in 2007
- Holds a degree in management from the University of Bocconi in Milan and a Master in Finance from EM Lyon.
- Since 2016 Olivier is also an investment advisor for the European Commission Horizon 2020 program.
- Direct line: +33 1 5364 6540
- Cellular phone: +33 6 4363 4173
- Email: othoraval@scor.com