

SCOR SE
FOR BETTER GOVERNANCE
REDUCING YOUR RISK AS A MINORITY SHAREHOLDER

Annual General Meeting on April 26, 2019



EXECUTIVE SUMMARY

THE DYSFUNCTIONAL GOVERNANCE OF SCOR IS OBVIOUS AND INCREASES RISKS FOR SHAREHOLDERS

1 - Denis Kessler is an ubiquitous leader, without any opponent:

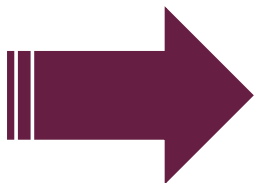
- He combines the Chairman/CEO roles at SCOR SE (“SCOR”)
- His ubiquitous presence on a low-tenured Board appears to inhibit other Directors from taking a legitimate stand against his omnipresent role as 2/3 have been nominated the last 4 years
- Lack of an unquestionably independent strong Lead Director (Augustin de Romanet)

2 - The way SCOR handled the bid received from Covéa highlighted the Company’s oversight practices:

- The company did not set up an ad-hoc committee of independent directors to assess the bid (though Articles 1.1 and 1.2 of the [Internal Regulations of the Board](#) provide for it) and the executive committee publicly refused to engage with Covéa representatives
- The hostile reaction towards its major shareholder did not seem appropriate. Publicly disclosing the subpoenas relevant to legal proceedings against Covéa only to withdraw them shows how Denis Kessler wants SCOR to appear untouchable

3 - The pay-out for Denis Kessler triggers questions

- SCOR’s performance does not justify it, nor is it justified when compared with peers
- Furthermore, based on SCOR’s public disclosures, the Board does not appear to take into consideration the level of shareholder opposition they have encountered over the past 3 years



Good governance is not optional; SCOR needs an independent Chairman on the Board to ensure the continuity of the work already achieved by the Board

OUR REQUEST

Why are we requesting the removal of Denis Kessler as Director?

In France, the Board makes the decisions on governance structure. Therefore, under French law, **removing Denis Kessler as a Director** is the **most direct** and **effective way** for shareholders to **separate the functions** of Chairman and CEO.



Removing him as a Director would only affect his position as Board Chairman, but not as CEO

→ *Should the resolution for his dismissal be approved, **Denis Kessler** would no longer sit on the Board but **would remain as CEO of SCOR***

We are asking for

- **You to vote FOR on the proposal to remove Denis Kessler as a Director on the Board (Item A)**
- **You to vote AGAINST the renewal of Augustin de Romanet as Director (Item 7)**
- **You to vote AGAINST pay-related resolutions (Items 4 and 5)**
- **You to vote FOR the reappointment of Kory Sorenson as Director (Item 8)**
- **The Board to appoint an independent Chairman**, from among existing directors
We believe there are 2 Board members that currently fit the position with appropriate qualifications to lead SCOR's Board of Directors (See page 9 of the presentation)

We are NOT asking for

- A new CEO
- Board seats
- A change in the legal structure that would be too constraining

POTENTIAL RISKS RESULTING FROM THE COMBINATION OF CEO & CHAIRMAN ROLES

Why the separation of roles is critical

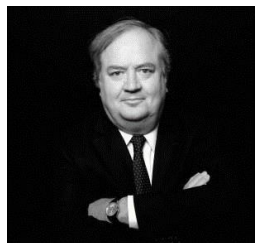
- The separation of the roles is **widely accepted as better practice** (*See Appendix 1*) and most of SCOR's direct reinsurance peers have a separate Chairman and CEO
- The roles of Chairman and CEO are fundamentally different and a separation will provide a greater opportunity to **devote the attention each role demands**
- One person combining both roles results in **too much power**, particularly as the Board elects, revokes, evaluates and determines the level of compensation of the CEO
- An independent Chairman **eliminates the conflict of interest** that inevitably occurs when a **CEO is responsible for self-oversight**
- An independent Chairman will ensure that Board meetings encourage Board members to share their viewpoints and raise questions that **challenge and cause the CEO to consider different approaches**, delivering long-term value for *all stakeholders*

A growing majority of companies in France and globally are now separating these two important roles:

- **50%** of the **CAC 40 index** have separated the roles (the latest being **Renault S.A**)
- **60%** of the **SBF 120 index** have separated the roles (4 companies separated the roles in the past year, 0 combined)
- **c.90%** of **STOXX Europe 600** companies in 2018 have separate functions (according to ISS*)

WHY WE THINK IT IS NOW TIME TO SEPARATE THE ROLES (1/2)

1. DENIS KESSLER AT SCOR OVER-PRESENT CHAIRMAN/CEO



- Aged 67, he has been CEO/Chairman since 2002 (c. 17-year tenure)
- He is the longest-serving Director on the Board
- There is no Deputy CEO at SCOR
- No succession plan has been publicly disclosed
- 19.6% opposition to his reappointment as Director in 2017

Denis Kessler combines the Chair/CEO positions at SCOR (7 Board meetings in 2018*) and its subsidiaries; he is also:

- **Chair of the Strategic Committee** (met 5 times in 2018*)
- **A member of the Crisis Management Committee** (met 3 times in 2018*)
- Attends all **Audit committee** (met 4 times in 2018*) and **Compensation & Nomination Committee** meetings (met 4 times in 2018*) **although he's not a member**

* Source – SCOR, [2018 Annual Report](#), p68 & 71-74

23 Internal Meetings

2. DENIS KESSLER OUTSIDE SCOR OVER-COMMITTED CHAIRMAN/CEO

In addition, Denis Kessler serves on the Boards and Committees of the below two public companies:

- **BNP Paribas*** (France's largest bank):
 - c.17% opposition to his election in 2018
 - The **Board** met **11 times** in 2018
 - **Chairman of the Financial Statement Committee** (=Audit Committee) that met **4 times** in 2018
 - **Chairman of the joint Financial Statement Committee & Internal Control, Risk Management and Compliance Committee** that met **2 times** in 2018
- **Invesco**** (US-listed Asset Manager)
 - c.16% opposition to his election in 2018
 - The **Board** met **10 times** in 2018
 - **Member of Audit Committee** that met **12 times** in 2018
 - **Member of Compensation Committee** that met **6 times** in 2018
 - **Member of Nomination Committee** that met **6 times** in 2018

*Source – BNP, [2018 Registration Document](#), p53-55

**Source – Invesco, [2019 Preliminary Proxy Statement](#), p25-26

51 External Meetings

WHY WE THINK IT IS NOW TIME TO SEPARATE THE ROLES (2/2)



*“I’d rather be a consolidator than prey” **
Denis Kessler’s constant referencing of SCOR as his, even though he’s not the founder nor the owner, is also a concern

* Source : SCOR - Transcript Q4 2018 Earnings Call

3. SCOR’S BOARD IS NOT SUFFICIENTLY INDEPENDENT



The Board is not composed of a majority of independent Directors, even though this is recommended by most Governance Codes

- SCOR states nine Directors are qualified independent* whereas we only count four: Vanessa Marquette, Bruno Pfister, Kory Sorenson & Zhen Wang
- Relationship with **BNP Paribas** only highlights cross-directorship of Denis Kessler and therefore undermines the qualification as independent of two Board members (*Fields Wicker-Miurin and Marguerite Bérard*)
- Two Board members can be considered as **shareholder representatives** (*Jean-Marc Raby – Macif and Thomas Saunier - Malakoff Mederic*)
- Augustin de Romanet, Lead Director, is not an independent Director according to CIAM

4. SCOR’S BOARD IS TOO LOW TENURED



Eight out of 12 Board members (i.e. two-thirds) were appointed over the past four years:

- The Board is **constantly** refreshed
- Denis Kessler is the **longest-serving Director**
- With a relatively new Board “shareholders may wonder whether the board has **sufficient experienced independent opinion to counterbalance the position of a very long tenured Chair and CEO.**” (Source: 2018 Glass Lewis Proxy Paper, SCOR)

Will business opportunities be appropriately analysed by the Board?
We do not think so

* Source – SCOR, [2018 Annual Report](#), p66

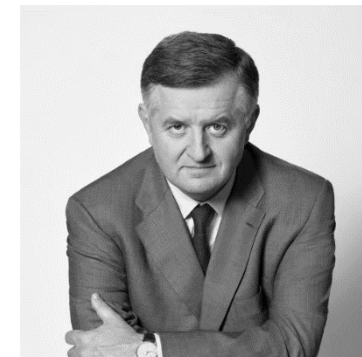
A LEAD DIRECTOR'S ROLE NOT STRONG ENOUGH AND TOO BUSY (1/2)

1. Too many outside mandates *

- Chairman/CEO of Groupe Aéroports de Paris (ADP)
- Chairman/CEO of Média Aéroports de Paris
- Member of the Board of 3 ADP subsidiaries
- Director of Régie Autonome des Transports Parisiens (RATP)
- Member of the Supervisory Board of Le Cercle des économistes SAS
- Chairman of the Association Paris EUROPLACE
- Chairman of the Board of Chambord Château
- Member of the Supervisory Board of Le Cercle des économistes SAS
- Member of the Board of Directors of Airport Council International (ACI) Europe (Belgium)

2. Roles and missions not strong enough to counter-balance Chairman/CEO power

- The Lead Director can meet with shareholders **ONLY after receiving Chairman/CEO or Investor Relations' approval** (responsibility recently added in February 2019 to the [Internal Regulations of the Board](#), page 7)
- The Lead Director can hold executive sessions with independent Directors but the **minutes of the executive sessions must be sent to the Chairman/CEO** according to [Internal Regulations of the Board](#), page 33
- The Lead Director is **NOT** clearly responsible for **approving the information sent to Board members**
- The Lead Director is **NOT** clearly responsible for **directly evaluating the Chairman/CEO's performance**



AUGUSTIN DE ROMANET
LEAD DIRECTOR

Lead Director position incompatible with Chairman/CEO duties for a large listed French company

He is one of the rare Lead Directors who also holds a Chairman/CEO position

* Source – SCOR, [2018 Annual Report](#), p50

A LEAD DIRECTOR'S ROLE NOT STRONG ENOUGH AND TOO BUSY (2/2)

3. Historic relationship with Denis Kessler

- Denis Kessler and Augustin de Romanet served together on **Dexia's** Board for four years where they both were members of the Compensation Committee
- They also served together on **Bpifrance Participations's** Board in 2012

4. A Lead Director, who chairs the Nomination & Remuneration Committee of SCOR

- Significant dissent from shareholders on pay-related resolutions over the past 3 years:
 - 2018: 21.21% dissent
 - 2017: 26.69% dissent
 - 2016: 26.31% dissent
- SCOR has not provided any statement as to how it has taken into account and addressed the concerns of its shareholders regarding pay
- SCOR's remuneration policy is still not aligned with the Group's performance nor the amount offered by its peers



Having considered the lack of a strong Lead Independent Director role and the fact that he does not seem independent,

CIAM has decided to oppose the renewal of Augustin de Romanet

His position would become irrelevant in the event that the roles of Chair and CEO are separated

TWO DIRECTORS WITH INTERESTING PROFILES AND APPROPRIATE QUALIFICATIONS TO LEAD SCOR'S BOARD



KORY SORENSON

Age : 50



Independent : Yes

Board attendance rate : 100 %

Skills and expertise*

DESS degree in corporate finance from the Institut d'Études Politiques de Paris, a master's degree in applied economics from the University of Paris Dauphine, a bachelor's degree in econometrics and political science from the American University in Washington, D.C. and a certificate in governance from Harvard Executive Education and another one from INSEAD. Kory Sorenson has over twenty-five years of experience in financial services, most of which has been focused on insurance and banking.

SCOR Board of Directors*

First appointment: 2013 / Expiration of term: 2019

Chairman of the Audit Committee

Member of the Strategic Committee

Member of the Risk Committee

Member of the Crisis Management Committee



BRUNO PFISTER

Age : 59



Independent : Yes

Board attendance rate : 100 %

Skills and expertise*

Lawyer at the Geneva Bar and MBA graduate from UCLA Anderson School of Management, is, since December 2014, Chairman of the Board of Directors of Rothschild & Co Bank AG.

SCOR Board of Directors*

First appointment: 2016 / Expiration of term: 2021

Chairman of the Risk Committee

Member of the Strategic Committee

Member of the Audit Committee

Member of the Compensation and Nomination Committee

Member of the Crisis Management Committee

Member of the Corporate and Social Responsibility and Environmental Sustainability Committee

Denis Kessler : « SCOR is a global company, handling complex and high-level risks in more than 160 countries »**
A Chairman with an international profile will be able to lead SCOR, in line with its global footprint where 62% of its business is outside Europe

* Source – SCOR, [2018 Annual Report](#), p54 & 57

**Source – [Les Echos](#), février 2019

EXECUTIVE PAY - OUT OF SYNC WITH PEERS (1/2)

- **The level of total CEO remuneration is unjustified** compared to that of the group's competitors (see below and *Appendix 2*)
- **The CEO's variable pay is determined according to six objectives***, of which only two are of a financial nature and quantifiable. **Even though the achievement of two financial objectives is mediocre, the CEO's pay is heavily rewarded by easily achieved "personal objectives", which are not quantifiable**
- **There is no formal limit to the number of shares the CEO can be awarded under the Long-Term Incentive Plan**
- The Remuneration Committee is endowed with **discretionary power to grant additional exceptional pay** to the CEO
- The CEO's pension plan is described by Proxinvest as *"One of the most generous pension plans in France"**. **It is recorded at up to 22.5 million euros in SCOR's accounts**
- **In addition, in order to compare the CEO's performance with that of the group's peers, the Remuneration Committee has included a group of companies, of which some cannot be considered as proper competitors.** We have chosen to exclude **Everest Re, Arch Capital Group, and Great-West Lifeco** (see table below), as less than 35% of these companies' sales are made in the reinsurance sector (*source: Bloomberg*)

*Source – [Proxinvest](#), Lettre Conseil SCOR SE, 2018

Denis Kessler Average Total Realized Pay Over Three Financial Years : one of the highest vs peers

Rank	Company	Country	Total Realized Pay (EUR)
1	Alleghany	USA	9,510,017
2	SCOR	France	8 956 014
3	Swiss Re	Switzerland	5,957,675
4	AXIS Capital	USA	5,659,163
5	Reinsurance Group	USA	5,364,401
6	Munich Re	Germany	4,070,697
7	Hannover Re	Germany	2,014,567

Whereas the market cap is far from being the biggest one

Rank	Company	Country	Market Cap (EUR, Bn)
1	Munich Re	Germany	31.0
2	Swiss Re	Switzerland	26.6
3	Hannover Re	Germany	15.7
4	Reinsurance Group	USA	8.0
5	Alleghany	USA	8.0
6	SCOR	France	7.4
7	AXIS Capital	USA	4.2

Source: [CGLytics](#), March 2019

* Source – SCOR, [2018 Annual Report](#), p85

EXECUTIVE PAY - OUT OF SYNC WITH PEERS (2/2)

WHILE TRACK RECORD IS FAR FROM OUTPERFORMING PEERS

1600

1400

1200

1000

800

600

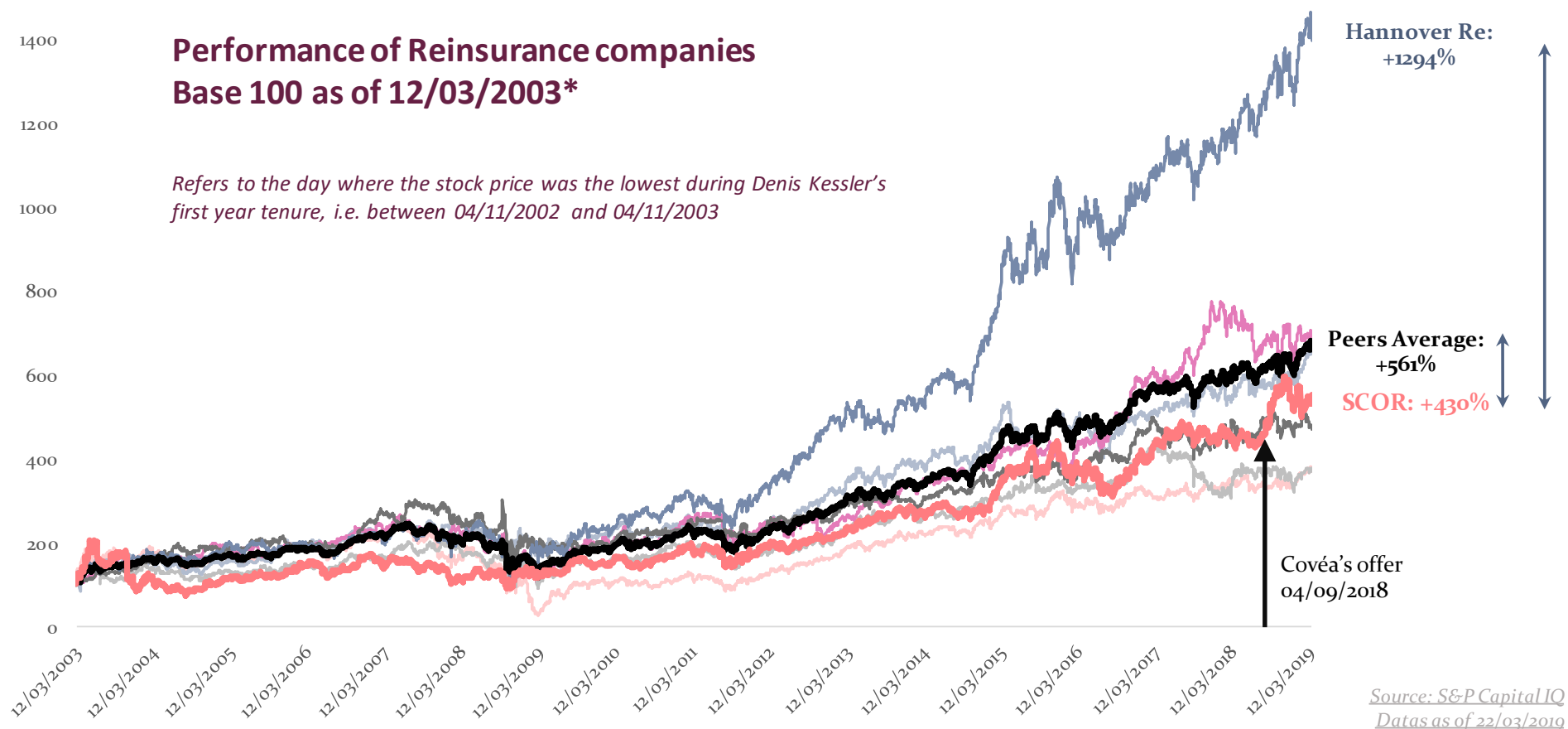
400

200

0

**Performance of Reinsurance companies
Base 100 as of 12/03/2003***

Refers to the day where the stock price was the lowest during Denis Kessler's first year tenure, i.e. between 04/11/2002 and 04/11/2003



Covéa's offer
04/09/2018

*Source: S&P Capital IQ
Datas as of 22/03/2019*

— Swiss Re — Munich Re — Reinsurance Group of America — AXIS Capital — Alleghany — Hannover Re — Peers Average — Scor

INSURE YOUR INVESTMENT AND VOTE AT 2019 SCOR AGM

Annual General Meeting on April 26, 2019

Compensation

- **Item 4 : CIAM FUND votes AGAINST** 2018 compensation
- **Item 5 : CIAM FUND votes AGAINST** 2019 compensation policy

✗ **Stop excessive executive compensation that is not aligned with the company's true performance**

Lead Director

- **Item 7 : CIAM FUND votes AGAINST** the re-election of Augustin de Romanet as Director

✗ **Stop the appointment of a NON-independent Lead Director whose prerogatives are limited**

Independent Director

- **Item 8 : CIAM FUND votes FOR** the re-election of Kory Sorenson as Director

✓ **Vote for Independent Board member**

Separation of roles

- **Item A : CIAM FUND votes FOR** the removal of Denis Kessler as Director

✓ **Vote for the separation of CEO and Chairman roles**



Chairman of the Board needs to be independent from the management

Your vote is critical

APPENDIX 1

POLICIES OF GOVERNANCE INSTITUTIONS ON COMBINED ROLES



“The board should be chaired by an independent non-executive director. There should be a clear division of responsibilities between the role of the chair of the board and executive management. The chair should be independent on the date of appointment.” [Global Governance Principles – Chair and CEO](#), p14



“The board should be chaired by an independent director. The CEO and chair roles should only be combined in very limited circumstances; in these situations, the board should provide a written statement in the proxy materials discussing why the combined role is in the best interests of shareowners, and it should name a lead independent director who should have approval over information flow to the board, meeting agendas and meeting schedules to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors.” [Corporate Governance Principles – 2.4 Independent Chair/Lead Director](#), p6



“AFG is in favour of the general principle of separation of functions, namely executive and control power, through a separation of the function of chairperson of the board from that of the chief executive officer, or through a supervisory and management board's structure. Functions assigned respectively to the chairperson of the board and the chief executive officer should be described in the documents available at general meetings.” [Corporate Governance recommendations for French listed companies – 3. Separation of functions](#), p15



“In countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and Chair. Separation of the two posts is generally regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capacity for decision making independent of management. The designation of a lead director is also regarded as a good practice alternative in some jurisdictions if that role is defined with sufficient authority to lead the board in cases where management has clear conflicts.” [OECD G20/OECD Principles of Corporate Governance](#), p51



“We typically encourage our clients to support separating the roles of chair and CEO whenever that question is posed in a proxy, as we believe that it is in the long-term best interests of the company and its shareholders”. [Continental European Policy](#), p9



“Generally, vote against the (re)election of combined chair/CEOs at widely-held European companies. When the company provides assurance that the chair/CEO would only serve in the combined role on an interim basis (no more than two years), the vote recommendation would be made on a case-by-case basis. In the above-mentioned situation, ISS will consider the rationale provided by the company and whether it has set up adequate control mechanisms on the board (such as a lead independent director, a high overall board independence, and a high level of independence on the board's key committees).” [Continental Europe Proxy Voting Guidelines](#), p9



“To limit potential conflict of interests between these functions, Proxinvest recommends that management and supervisory powers be separate. They can be separated by choosing: either a limited company with a Supervisory Board and a Management Board, or separation of the functions of the chairman and managing director within a single Board of directors” [Corporate Governance principles and Voting guidelines](#), p17

APPENDIX 2

PAY QUANTUM AT SCOR AND PEERS (AVERAGE FY15-16-17)

The below peers are disclosed by SCOR as part of their compensation benchmarking exercise, undertaken by Mercer. We have removed **Everest Re**, **Arch Capital Group** and **Great-West LifeCo** from the peer group used by SCOR as they are not considered relevant given that less than 35 percent of their revenues are from the reinsurance business, according to Bloomberg.

Company	Country	Market Cap (EUR, Bn)	CEO Name	Salary (EUR)	STI (EUR)	LTI (EUR)	Benefits (EUR)	Total Realized Pay (EUR)
Alleghany	USA	8	Weston Hicks	938 450	2 001 915	6 415 783	153 869	9 510 017
SCOR	France	7,4	Denis Kessler	1 200 000	1 407 540	6 258 403	90 071	8 956 014
Swiss Re	Switzerland	26,6	Christian Mumenthaler	1 329 797	2 465 865	2 126 117	35 896	5 957 675
AXIS Capital	USA	4,2	Albert Benchimol	1 032 295	1 330 048	2 809 630	487 190	5 659 163
Reinsurance Group of America	USA	8	Anna Manning	1 268 089	1 960 815	1 963 352	172 145	5 364 401
Munich Reinsurance	Germany	31	Joachim Wenning	1 318 333	2 682 609	0	69 755	4 070 697
Hannover Re	Germany	15,7	Ulrich Wallin	599 567	867 033	533 667	14 300	2 014 567
AVERAGE		14,4		1 098 076	1 816 546	2 872 422	146 175	5 933 219
MEDIAN		8		1 200 000	1 960 815	2 126 117	90 071	5 659 163

STI – Short-Term Incentive, LTI – Long-Term Incentive

Source: CGlytics, March 2019

Note:

Realized Compensation is defined as the sum of total compensation received during a specific financial year (salary + cash bonus + vested deferred bonus + vested equity awards + exercised options).

Value of vested shares are calculated based on the share price at the vesting date. The value of exercised options is calculated by subtracting the exercised price from the share price at the date of exercise.

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