

Resolution to separate CEO/Chair positions at SCOR resonates with shareholders and Proxy Advisor

Paris – 15th April 2019

Proxy advisors ISS and Glass Lewis last week issued their recommendations for SCOR's next annual general meeting, to be held on 26th April in Paris. CIAM, which holds almost 1% of SCOR's shares, has filed a resolution (A) to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, both currently held by Denis Kessler.

The proxy advisory firm Glass Lewis recommends supporting the separation by voting for Resolution A*, emphasising the real benefits of splitting these functions and not yielding to the pressure of Denis Kessler's resignation. ISS, after having recommended voting against the reappointment of Denis Kessler in 2017, expresses a contrary opinion today, even though the main justification at the time was the separation being good governance. Given recent events and the trend towards the separation of functions in France, this analysis creates an unnecessary risk for all SCOR stakeholders. Good governance must be placed before risk. ISS also seems to forget the benefit of appointing an ad-hoc committee of independent directors to evaluate a takeover offer, and is not concerned about the role of BNP Paribas, SCOR's advisor in this process, even though Denis Kessler serves on the bank's Board. Conversely, Glass Lewis emphasised "the desirability of having to appoint a separate committee composed of independent directors who have no real or presumed conflict of interest".

CIAM has also called for a vote against the two resolutions on Denis Kessler's compensation. The two proxy agencies unanimously recommend voting against his remuneration, which they consider excessive, by voting against both the remuneration figure and the remuneration policy.

CIAM will also vote against the reappointment of Augustin de Romanet (Resolution 7), Lead Director of SCOR, CEO of the privatised ADP. Despite a recent dialogue with the Lead Director, CIAM can confirm that he is not in a position to act as a counter-power to Denis Kessler. The Glass Lewis proxy agency highlights that "some mandates have not been clearly granted to him... The most important of these, in our view, is the absence of a clear mandate to verify the completeness and relevance of the information provided at Board meetings". Glass Lewis nevertheless supports the re-election of Augustin de Romanet by highlighting the need for the Board to conduct an in-depth review of the remit of the Lead Director.

CIAM continues to believe that SCOR's governance poses risks:

- Denis Kessler has been CEO of SCOR for 17 years without announcing a succession plan
- He is omnipresent and attends all Audit Committee and Compensation & Nomination Committee meetings despite not being a member of either committee and therefore does not respect good governance guidelines
- A Lead Director has indeed been appointed but he does not have real authority. Augustin de Romanet is also historically close to the CEO, and is very busy
- The Board is often refreshed but with few truly independent members
- The structure and level of excessive and repeated remuneration year-on-year are symptomatic of a Board that does not dare to challenge its CEO, which the proxy advisors unanimously noted by recommending voting against Resolutions 4 and 5; the Chairman of the Remuneration Committee is none other than Augustin de Romanet
- The hasty treatment of Covéa's offer was not managed in a sensible manner and without conflicts of interest
- The aggressiveness displayed by Denis Kessler and SCOR towards Covéa shows a desire to remain independent at all costs

CIAM is disappointed that Denis Kessler applied pressure by saying that he would resign as a way of defence in response to a legitimate request for the separation of his duties. This pressure, which is indicative of Denis Kessler's attitude to not sharing power, may have intimidated some shareholders but it will also increase their vigilance. Change is now inevitable.

SCOR is a healthy company, with reliable and talented teams. This campaign for better governance and an independent Chairman is above all constructive and is not aimed at destabilising the company. If, however, Denis Kessler prefers to leave SCOR, the Board should feel comfortable enough to allow the existing management team to take the lead and select the person who is best placed to undertake the role of CEO among the executives.

Shareholders will be able to take a firm stance on this fundamental principle of good governance by voting in favour of Resolution A, but also against the re-election of Augustin de Romanet (Resolution 7) and against the compensation package of Denis Kessler (Resolutions 4 and 5).

CIAM is encouraged by the dialogue it has had with many shareholders of SCOR who share this vision of governance risk, which is currently present in the company.

CIAM remains focused and is open to dialogue with all shareholders.

Important reminder:

* the purpose of **Resolution A** is to revoke the term of office of Denis Kessler as director of SCOR, a combine role he has held for 17 years. French law does not allow for a consultative vote and offers this option only to separate the functions of CEO and Chairman. If the resolution is adopted, the Board may reappoint Denis Kessler as CEO.

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About CIAM

CIAM is a pan-European asset manager co-founded by Catherine Berjal and Anne-Sophie d'Andlau in 2010 and has offices in London and Paris. The fund's strategy is event-driven, focused on merger arbitrage and special situations. CIAM's investor base includes family offices, institutional investors and private banks. CIAM manages two vehicles. The flagship CIAM Opportunities Fund implements a strong conviction portfolio based on proprietary research, focused on careful assessment of risk. CIAM aims to provide truly uncorrelated returns through unlocking value in companies to benefit investors and other shareholders. The fund donates 25% of its annual performance fees to charities dedicated to improving children's health and education across the world.

CIAM is an AIFM regulated by the AMF in France and registered with the FCA in the UK. CIAM manages the SICAV-SIF CIAM Opportunities Fund under CSSF's supervision.
