

SCOR AGM - CIAM denounces the arguments of Denis Kessler and claims that its request for a resolution is well-founded, fair and supported

Paris, 27th March 2019

CIAM duly notes the press release issued by SCOR SE on 25th March in response to its filing of a resolution requesting to terminate Denis Kessler's board mandate, thereby separating the roles of Chairman and CEO, which has been done by 50% of CAC companies and 60% of companies on the SBF 120.

Firstly, we are deeply surprised that SCOR has criticised CIAM for not being open to discussion. In fact, a meeting had been arranged and expected on 5th February at SCOR's offices, at CIAM's request, for a discussion ahead of the AGM. This was cancelled by SCOR's General Secretary, Claire Legal-Robinson, who informed us that she did not "wish to have a dialogue" with CIAM.

We are also surprised that SCOR has accused CIAM, a company compliant with French law, of "disseminating unfounded, inaccurate and misleading information" without pointing out these specific alleged inaccuracies. In fact, absolutely all our arguments are substantiated, quantified, sourced and / or based on comparisons. The arguments put forward by SCOR are simply an alternative presentation of the facts and its own opinions. The responses to our arguments and propositions are superficial and are based on invalid facts or self-serving statements.

Our goal is obviously not to destabilise a company in which we hold 0.94% of the shares, which would be nonsensical. We have taken these steps to guard against the governance risks that we have rightly exposed, to challenge the omnipresence of Denis Kessler and to initiate arrangements for a succession plan which does not currently exist at SCOR.

Regarding the separation of the functions of Chairman of the Board and Chief Executive Officer, we do not understand on what basis the company claims that the dismissal of Denis Kessler as Director would also entail the termination of his mandate as Chief Executive Officer. In fact, according to SCOR's statutes¹, in the event of the revocation of his mandate as a Director, the choice to reappoint the CEO falls to the Board of Directors... and we do not doubt the Board's willingness to reappoint Mr Kessler.

SCOR's statement is therefore alarmist and misleading and only aims to counter CIAM's resolution by trying to frighten shareholders. CIAM is not asking Denis Kessler to stand down as CEO.

CIAM maintains that Lead Director Mr. Augustin de Romanet:

- ✓ Is not "provided with extensive autonomy", his actions are in fact closely supervised (for example, he cannot meet shareholders without the consent of the Chairman or Investor Relations team; the minutes from independent Director meetings must be sent to the Chairman etc.).
- ✓ Is too busy; he is one of the only CEOs of a listed company in France to be a Lead Director of another, he has 11 mandates of Director and/or Chairman (Director of 3 ADP companies, RATP, Chairman of the Board of Chambord Castle, Airport Council International CA...).
- ✓ Has a historic relationship with Denis Kessler (they were notably Directors of Dexia together for 4 years).

¹ *ARTICLE 16 - GENERAL MANAGEMENT - The General Management of the Company is assumed, under its responsibility, either by the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and bearing the title of Managing Director.*

On the performance of SCOR

CIAM would like to draw SCOR's attention to the fact that its turnover has not multiplied six-fold between 2002 and 2018 (as set out on p.5 of its press release): in fact, the increase of 4.9 million Euros (2002 Revenue) to 15.2 million euros (2018 Revenue) is only a multiple of 3. With this error corrected, we maintain that the performance of SCOR is far from "exceptional":

- ✓ All the figures put forward by SCOR to demonstrate otherwise have been selectively chosen and /or based on different indicators from ours, and do not demonstrate in any way that our information is wrong.
- ✓ In our comparison period, SCOR underperformed its peers (see Appendix).
- ✓ On the dividend policy, although very generous, one wonders if the Board of Directors will continue to propose such a level of pay-out (108% of the net income in 2017, 100% in 2018) beyond 2018 and if it is sustainable? Will it not penalise its own funds?

On the quality of governance

- ✓ CIAM does not think it is an "incorrect" fact to state that a CEO who has been in office for 17 years, who combines the roles of CEO and Chairman, and who has no established or known succession plan, reflects an unsatisfactory level of governance. However, we now know that the company is full of talent ready to take over ("The new appointments within SCOR Global P & C reflect the wealth of the group's talent pool" - SCOR press release, 20 March 2019). Refusing to share power is not a substitute for a succession plan.
- ✓ Contrary to SCOR's assertion, the 20% shareholder rate opposed to the renewal of his Director's mandate is high and shows dissatisfaction and an expectation of a change in governance.
- ✓ SCOR ensures that it is "scrupulously compliant" with the AFEP-MEDEF Code, while - to cite only this example - Denis Kessler attends the meetings of the Remuneration and Nomination Committees without being a member of either, which clearly contradicts the spirit of the Code.

Our position is that the Board, as a whole, lacks independence and that only four of the 12 directors are truly independent. CIAM has selected the two most experienced among them.

On the compliance of the remuneration of the CEO

Having "consistent and transparent" remuneration does not mean that it is fair, as demonstrated in recent years by over 20% opposition rates from shareholders, with no apparent reaction from the company. Our opinion is as follows:

- ✓ The level is too high: Denis Kessler has the second highest remuneration among SCOR's closest peers (i.e. reinsurance companies, excluding the insurers who are included in the Mercer study cited by SCOR), this is without the company's performance justifying it. All figures provided by SCOR to demonstrate otherwise are referring to selectively chosen timeframes and / or based on different indicators from ours. This does not show that our information is wrong.
- ✓ The structure is flawed because:
 - The CEO is remunerated for the short-term and long-term based on the same indicators (ROE and Solvency).
 - Its so-called "personal" objectives regularly compensate for the non-achievement of quantitative criteria.
 - Share awards are not capped under the long-term plan.
- ✓ The pension plan is clearly out of line with the market, with 22.2 million Euros provisioned.

On Covéa's offer

CIAM reiterates its position: we maintain that SCOR's Board of Directors did not review Covéa's friendly takeover approach in detail for the simple reason that it rejected a letter from Covéa's management and not a detailed offer that contained terms and conditions and strategic details of the transaction.

Regarding CIAM's actions for the AGM

The nature of CIAM's actions for the SCOR Annual General Meeting is absolutely not "speculative and short-term", as SCOR claims. **CIAM is a committed and active fund:**

- ✓ Committed: because it focuses its investment actions on the improvement of governance failures it detects, with a long-term view. CIAM holds its positions for an average of 18 months, which is well above the market average, with the primary objective of reducing shareholder risk.
- ✓ Active: because CIAM is determined to defend its points of view and to unite shareholders around these theses in a transparent way. **As such, the CIAM fund has a history of active and committed investment positions, all of which have resulted in favourable results for all shareholders of the companies in which it has been involved (Club Med, Eurodisney, Zodiac, Ahold Delhaize, etc.).**

Our information is in no way "unfounded, inaccurate and misleading", it is just facts and figures that simply do not please the management of SCOR.

"For our part, we feel that the SCOR press release on 25 March does not respond to the points raised by CIAM. Moreover, the manoeuvre of Denis Kessler, which consists of putting pressure on shareholders by saying he will leave the executive management of SCOR if his mandate of Chairman is revoked, only proves his unwillingness to share power, which does not reassure us", emphasises Catherine Berjal, CEO of CIAM.

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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.

APPENDICES (excerpt from the Proxy Contest document)

The full "proxy contest" document that contains our quantified and sourced arguments is available online at the CIAM website

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 |

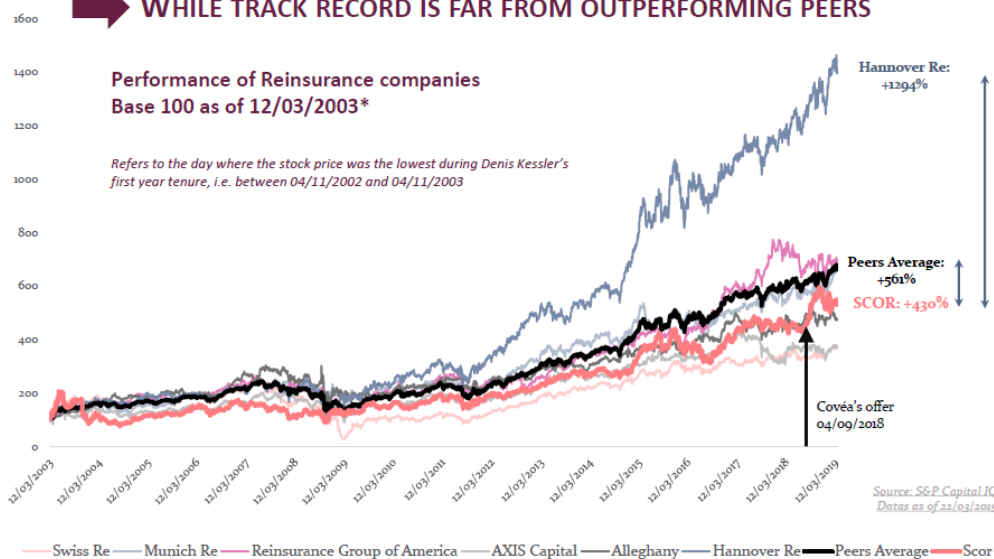
Source: CGLytics, March 2019

* Source - SCOR, 2018 Annual Report, p85

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

WHILE TRACK RECORD IS FAR FROM OUTPERFORMING PEERS



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