

ESG Annual Report

SCOR EURO HIGH YIELD

31 December 2020

Unincorporated French Mutual Fund (fonds commun de placement)

Fund Management Company

SCOR Investment Partners SE

5, avenue Kléber 75016 Paris (France)

Custodian

BNP Paribas Securities Services S.C.A.

Statutory auditor

Deloitte & Associés

This report has been prepared in accordance with Article 173
of French Energy Transition for Green Growth Act.

ACT ON ENERGY TRANSITION

REGULATORY INFORMATION

On February 8, 2021, SCOR Euro High Yield fund formalized and published a new sustainable investment approach, thus became SCOR Sustainable Euro High Yield. This new sustainable dimension is not addressed in this report, which reports on fiscal year 2020. For more information, SCOR Investment Partners invites you to refer to the fund's prospectus.

A. ESG (environmental, social and governance) criteria taken into consideration

ESG risks are various and difficult to monitor. SCOR Investment Partners monitors the risk for all its investments on two levels:

- by evaluating the overall ESG risk of the companies or projects financed;
- by isolating the specific risk of contributing to global warming caused by producing or using technologies that emit greenhouse gases (generically referred to as "carbon risk").

SCOR Investment Partners uses **Institutional Shareholder Services group of companies ("ISS")**:

- to manage the overall ESG risks and ratings of the financed companies and projects – through an ESG rating per issuer;
- to evaluate the carbon risk – through a carbon risk rating per issuer.

Founded in 1985, ISS provides investors and companies with market and corporate data, analytics, and insight. With nearly 2,000 employees spread across 30 U.S. and international locations, ISS is today the world's leading provider of corporate governance and responsible investment solutions, market intelligence and fund services, events and editorial content for institutional investors and corporations, globally. Over the past few years, ISS acquired various other data providers, such as Oekom Research AG and South Pole Group, both companies were historic data providers for SCOR Investment Partners.

The methodologies for ESG ratings and for estimating pollution by companies that contribute to global warming are annually revised, depending on material changes from the rated company and from the evolving rating methodology. Besides, Scope 3 greenhouse gas (GHG) emissions are not calculated in a uniform manner or cannot be calculated at all. This can create uncertainty in the interpretation of the carbon risk data being evaluated. SCOR Investment Partners does not disclose this Scope 3 but has decided to include the ESG risk assessments in its management processes.

In addition, prior to the ESG risk assessment, SCOR Investment Partners applies normative and thematic exclusion filters to its investment universe.

In the case that the issuer of the security does not have an ISS data, an internal analysis using ESG criteria will be carried out in order to assign the issuer with an ESG rating. The analysis is detailed later in the report.

B. Analysis performed on ESG criteria

Prior to an investment SCOR Investment Partners incorporates ESG criteria following a two-step methodology:

ACT ON ENERGY TRANSITION

First, SCOR Investment Partners categorically excludes certain types of investments that are deemed to be contrary to its ESG principles. These types of investments are included in the normative or thematic exclusion list (Step 1).

Next, relying mainly on its provider ISS, SCOR Investment Partners evaluates the overall ESG risk for the investment being considered (Step 2). This second step is performed ex ante and ex post.

ACT ON ENERGY TRANSITION

Step 1:

Normative exclusions

As a preventive measure, SCOR Investment Partners applies to every investment the following series of filters and restrictions derived from its own or international standards, which results in the exclusion of some investments:

- application of recommendations by the Financial Action Task Force (FATF);
- OFAC list and list of sanctioned companies/countries published by the Ministry of Finance;
- compliance with the provisions of the Ottawa Convention (anti-personnel mines) and the Oslo Accords (cluster bombs);
- frozen assets list.

Thematic exclusions

SCOR Investment Partners applies some thematic exclusion filters. For the SCOR Euro High Yield fund, SCOR Investment Partners will not invest in:

- companies that derive more than 10% of their revenue from thermal coal;
- companies in the Utility sector for which coal represents more than 10% of their power production;
- companies that are included into the Top 120 of coal plant developers exclusion list;
- companies for which oil sands represents more than 10% of their total reserves;
- companies for which arctic oil represents more than 10% of their total reserves;
- companies in the tobacco industry.

ESG exclusions

Since 2020, SCOR Investment Partners has excluded from its investment universe all issuers with an ESG rating less than or equal to D-, which represent more than 2% of the ratings assigned by ISS and more than 5% of the ratings assigned by the internal rating team.

Step 2:

Ex-ante ESG incorporation and ex-post ESG monitoring

ESG risk analysis depends on the business sector and the specific characteristics of the company being evaluated. The approach taken by SCOR Investment Partners is intended to be practical and adaptive.

For the investment universe qualifying for SCOR Euro High Yield and included within the scope of ISS rating coverage, SCOR Investment Partners uses the ISS ESG rating to filter and analyse its investments. A low ISS ESG rating triggers an in-depth analysis of the investment.

SCOR Investment Partners sets a limit on amounts invested per fund in companies (or where appropriate, projects) not rated by ISS. For the SCOR Euro High Yield fund this limit is 25%.

SCOR Investment Partners continuously tracks changes in the ESG risk of companies and countries included in portfolios by monitoring controversies that might affect issuers (using ISS tools or its own means).

ACT ON ENERGY TRANSITION

SCOR Investment Partners also conducts a periodic review of the portfolios' ESG risks by using ISS ESG ratings and internal consolidated ratings. This monitoring makes it possible to assess the overall extra-financial quality of the portfolios and to identify the significant changes in both individual and average ratings of the companies or countries. Individual issuers with the lowest ESG ratings are more closely monitored.

Carbon risk

For portfolios of significant size (over EUR 500m) SCOR Investment Partners performs a specific analysis of climate risk. This analysis may include a calculation of the carbon footprint, if applicable, based on data and technical resources made available by its provider ISS.

Also, SCOR Investment Partners evaluates the transition risk of these portfolios and, when possible, whether they are properly positioned on the 2°C trajectory.

C. Detailed methodology for sustainable analysis

ESG Ratings

The "ESG Rating" of a security is defined as follows:

- in the case that the issuer of the security has an ESG rating from extra-financial data provider, the management team assigns this rating to the security;
- in the case that the issuer of the security does not have an ESG rating from extra-financial data provider, the management team assigns an ESG rating using an internal methodology consistent with that of the extra-financial data provider. The ESG rating scale of the internal methodology is identical to that of the extra-financial data provider. This ESG rating is defined according to an internal rating grid, taking into account the information available to the management company on the issuer of the security. If necessary, the ESG rating can be supplemented by information obtained from issuer's questionnaire sent by the management team. If no rating can be assigned, the management team assigns an NR rating (unrated) to this security.

Ratings provided by ISS

ISS provides two types of ratings to SCOR Investment Partners: ratings on companies ("ISS Corporate Rating") and ratings on countries ("ISS Country Rating").

The ISS Corporate rating provides a detailed assessment of company' ESG performance based on more than 800 indicators. These indicators integrate several criteria such as international standards and conventions, societal debates, regulatory evolutions and technological progresses. In order to evaluate a company's ESG risks, ISS analysts use industry-specific ESG criteria (around 90% of criteria). These criteria are constantly adjusted in order to be in step with the most recent discoveries and developments. A "Prime" status is attributed to each company with an overall ESG rating / ESG performance above the sector-specific Prime threshold, which means that the company fulfills and exceeds the most ambitious ESG requirements of the sector.

ACT ON ENERGY TRANSITION

The ESG ratings of companies are reviewed at least annually by ISS and are subject to an ad-hoc review in the event of severe controversies or large mergers. According to the ISS analysis grid, company's lack of transparency can significantly degrade the rating. These ratings allow SCOR Investment Partners to filter its investments and focus on potentially sensitive investments.

The ESG Country Rating provides a detailed assessment of a country's ESG performance, based on more than 100 indicators. Through these indicators, ISS assesses the institutional structures of a country as well as its environmental and social performance. Country's ESG ratings are reviewed annually.

SCOR Investment Partners uses these ratings as indicators for monitoring the changes in macro ESG risks.

In addition, SCOR Investment Partners monitors ESG controversies that may affect issuers in the portfolio and that come from either market information or extra-financial rating agencies, including ISS.

Ratings consolidated internally

The internal rating methodology is based on the methodology of the Sustainability Accounting Standard Board (SASB) and its analysis of ESG data keeps fully in line with the methodology implemented by of ISS data processing.

Climate data

Carbon footprint

SCOR Investment Partners uses ISS data to evaluate the portfolio's carbon footprint. The resulting photograph is only one indicator at a given point in time and provides little information on the approach or commitment of issuers with regard to climate risk in general and risk related to greenhouse gas emissions in particular. The methodologies available today are far from standardised. The formula for allocating a company's greenhouse gas production between its shareholders and its creditors is arbitrarily uniform. The likely development of market standards in the near future will no doubt allow SCOR Investment Partners to refine its approach.

The carbon footprint assessment is based on a certain number of hypothesis and conventions, including the breakdown of greenhouse gas emissions according to type:

- type 1: direct production of greenhouse gas from fossil fuel consumption
- type 2: indirect production of greenhouse gas from energy consumption, which itself consumes fossil fuels
- type 3: other forms of greenhouse gas production related to the issuer's activities

The limited nature of type 3 data, presumably significant for many companies, makes the analysis difficult.

Carbon risk: the Carbon Risk Rating

The carbon risk is based on the Carbon Risk Rating, delivered by ISS, that assesses, on a scale from 0 to 100, how a company deals with industry-specific climate risks. The scale can be translated into four broader performance categories: Climate Laggard, Medium Performer, Outperformer, and Leader. Comparing a portfolio's Carbon Risk Rating distribution to a benchmark can help with understanding and reporting on the climate-related risks inherent to the investment portfolio and can serve as a basis for decision-making in portfolio management.

SCOR Investment Partners conducts a prospective analysis of the portfolio's carbon risk, using the ratings assigned by ISS. ISS uses its Carbon Risk Rating to assess a company's commitment to take into account the risk of climate change to its business.

ACT ON ENERGY TRANSITION

Exposure to carbon-intensive companies: the Weighted Average Carbon Intensity

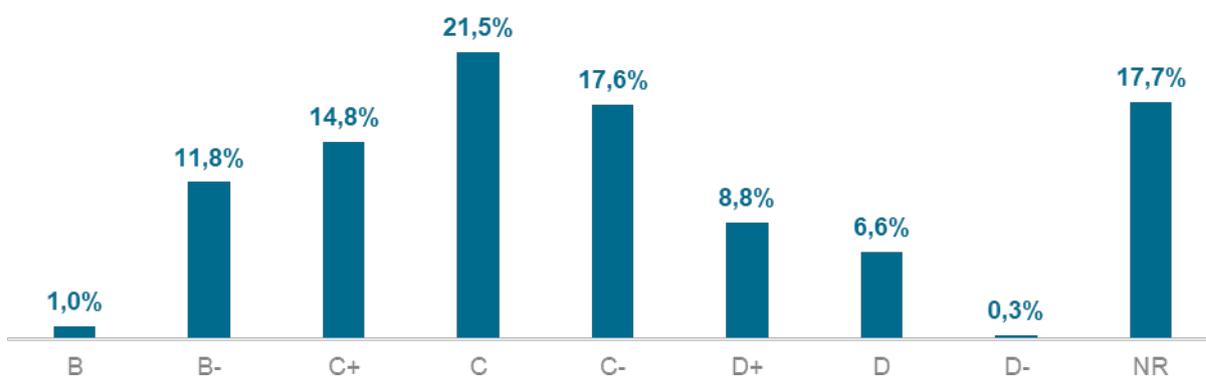
The Weighted Average Carbon Intensity (WACI) associated with a portfolio measures its exposure to carbon-intensive companies. It is expressed in tons CO₂ / Million EUR and this metric is recommended by the Task Force on Climate-related Financial Disclosures (TCFD). GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value), rather than the equity ownership approach. This metric is used to communicate the carbon footprint of a portfolio consistent with the GHG protocol or to track changes in GHG emissions in a portfolio.

D. Results of the ESG analysis

ESG ratings assigned by ISS

The ISS Corporate rating of the SCOR Euro High Yield portfolio ranges from A + (best rating) to D- (worst rating). The portfolio's average ESG rating is C, which improves compared to the previous report in 2019. Bonds rated D- have a weighting about 0.3% (1% in 2019 and 4% in 2016). The individual analysis of issuers primarily reveals a lack of transparency in their published information, but does not trigger portfolio alerts.

Breakdown of SCOR Euro High Yield fund positions by ISS rating
(% of net assets)



SCOR Investment Partners assigns liquid investments the rating of the financial institution managing them. The portion of not rated (NR) issuers is around 18% and is mostly comprised of small, unlisted issuers.

Carbon footprint

The methodologies for calculating a portfolio's carbon footprint are still piecemeal and inconsistent. Excluding scope 3 provides a rough approximation, but it remains the best practice considering the unreliability or unavailability of data. It significantly weakens the quality of the analysis of the data produced.

The carbon footprint data calculated by ISS on the positions of the SCOR Euro High Yield fund at the end of 2020 is summarised in the charts below. These are annual emissions.

ACT ON ENERGY TRANSITION

Based on data provided by ISS and internal calculations, SCOR Investment Partners provides two main carbon metrics associated with SCOR Euro High Yield portfolio:

- Emissions per million invested (in tCO₂ / Million EUR)
- Carbon intensity (in tCO₂ / Million EUR financed revenue)

These two metrics are based on total financed emissions (scopes 1 and 2 only) per investment, assets under management and financed revenue per investment. Figures are at 31/12/2020.

Carbon-related metrics, Scope 1 + 2

Total financed emissions	178 493	tCO ₂ e
Total AUM coverage	486	Million EUR
% AUM coverage	94,8%	
Emissions per million invested	367,61	tCO ₂ / Million EUR
Carbon intensity	625,96	tCO ₂ / Million EUR Financed Revenue

These two metrics can also be seen under a sectoral breakdown, that can be found below (the sectors follow the internal classification of SCOR Investment Partners) :

Emissions and carbon intensity per sector

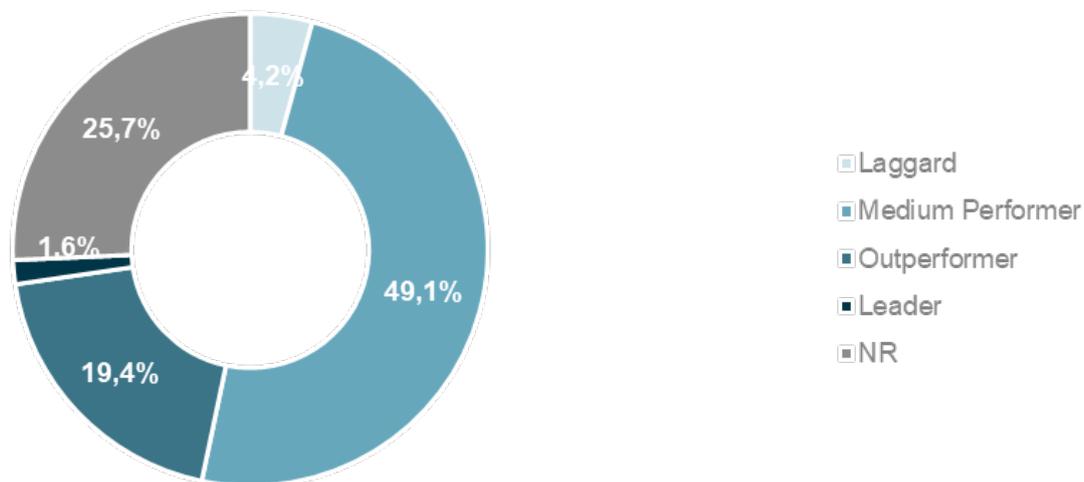
	Emissions per million invested, tCO ₂ / Million EUR	Carbon intensity, tCO ₂ / Million EUR Financed Revenue
Basic Materials	1 361,63	1 269,98
Communications	430,13	726,30
Consumer, Cyclical	386,62	356,81
Consumer, Non-cyclical	31,32	108,53
Energy	494,18	298,91
Financial	1 431,95	1 198,25
Industrial	382,78	473,21
Technology	8,15	28,92
Utilities	263,24	696,32

Carbon risk: the Carbon Risk Rating

The breakdown of Carbon Risk Ratings for this fund at the end of 2020 was as follows:

ACT ON ENERGY TRANSITION

Performance of portfolio issuers in face of carbon risk
(% net positions)



The high yield nature of issuers limits the availability of Carbon Risk Rating data.

From a Carbon Risk Rating perspective, 21% of the fund is invested in issuers that have actively taken account of climate risk (Outperformer and Leader issuers). A large portion of the names are not rated. In 2019, these issuers represented 14% of the portfolio.

Exposure to carbon-intensive companies: the Weighted Average Carbon Intensity

At the end of 2020, 98% of SCOR Euro High Yield portfolio was covered by a Weighted Average Carbon Intensity (WACI) analysis, that amounted to 109.04 tCO₂ weighted emissions per Million EUR weighted revenue.

Weighted Average Carbon Intensity (WACI)

Total AUM coverage	503 Million EUR
% AUM coverage	98,1%
WACI	109,04 tCO ₂ weighted emissions per million EUR weighted revenue



SCOR Investment Partners
5 avenue Kléber
75975 Paris Cedex 16
France
+33 (0)1 58 44 70 00
scorip.sales@scor.com

www.scor-ip.com