

SUSTAINABLE INVESTMENT REPORT 2023

SCOR Sustainable Euro Loans

Report addressing Article 29 of the French
Energy and Climate Act

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INTRODUCTION

SCOR Sustainable Euro Loans is a specialized professional fund whose objective is to achieve a high level of performance while preserving capital during over the recommended investment period and integrating environmental, social and governance (ESG) criteria associated with the issuers. All the assets held in the portfolio follow a sustainable investment process based essentially on the extra-financial rating

With regard to cash management:

- deposits will be made in establishments with an extra-financial rating
- the money market funds selected must have a sustainable label (of the SRI type) and will therefore not necessarily have an extra-financial rating.

Management of the Professional Specialized Fund is totally discretionary.

Over the last two years, the fund has adopted, then strengthened a sustainable investment approach adapted to the asset class:

- on December 13, 2021, the SCOR Euro Loans fund formalized and published a new, sustainable investment approach and was renamed SCOR Sustainable Euro Loans,
- in December 2021, the fund was classified as an Article 8 fund pursuant to the European "Sustainable Finance Disclosure" regulation to reflect its new ESG characteristics,
- on January 1, 2022, the fund was granted LuxFLAG ESG label for its internal ESG rating strategy and the ESG characteristics included in its management objective. The label was renewed on January 1, 2023 and October 1, 2023.

Practically, the fund articulates its sustainable investment strategy as follows:

- targeted exclusions, reflecting both SCOR Investment Partners' exclusion policy (available in the Handbook on Sustainable Investment, available [here](#)) and exclusions specific to the fund (in particular, the exclusion of the lowest ESG rated issuers),
- 100% of the fund (excluding cash) will be invested in issuers aligned with the environmental and social characteristics promoted by the fund, as defined in the SFDR appendices of the relevant prospectus,
- The fund must obtain an average ESG rating greater or equal to the average rating of the highest-rated 80% of issuers in the investment universe,
- engagement with issuers to improve transparency and raise their awareness about better sustainability practices.

ALIGNMENT WITH THE PARIS AGREEMENT

SCOR Sustainable Euro Loans does not have an alignment strategy with the objectives of the Paris Agreement. However, an analysis of the carbon footprint of the investments is carried out on an annual basis.

The companies in the Corporate Loans portfolio are generally not subject to regulatory obligations to publish their carbon data. Therefore, SCOR Investment Partners uses the carbon emission estimation from Moody's for 2023 data. Previously, data from ISS ESG were used so it is therefore not pertinent to compare the results to the ones of last year. We decided to change the data provider to have an estimation model that fits our investment universe.

The resulting snapshot is only one indicator at a given point in time and provides little information on the approach or commitment of the issuers regarding climate risk in general, and risks related to greenhouse gas emissions in particular.

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

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

Data for scope 1 and 2 are estimates based on global sector peers and therefore do not take into account the specific characteristics of each company. Scope 3 has not been estimated, given the biases that this would imply.

This analysis is carried out on the entire portfolio, excluding cash.

CARBON EMISSIONS ASSOCIATED WITH THE PORTFOLIO, SCOPE 1 AND 2 (at 31.12.2023) ¹	
Carbon Emissions	tCO ₂ e
Carbon Emissions Scope 1	6 741
Carbon Emissions Scope 2	7 501
Total financed carbon emissions	14 241
Carbon Footprint	tCO ₂ e / Million EUR invested
Carbon Footprint Scope 1	13
Carbon Footprint Scope 2	15
Carbon Footprint Scope 1 et 2	28
% of assets covered by carbon emissions	
Published	5%
Estimated	84%
Not available	12%
WACI (Weighted Average Carbon Intensity)	tCO ₂ e / Million EUR revenue
WACI Scope 1	24
WACI Scope 2	32
WACI Scope 1 et 2	57
% of assets covered by carbon emissions	
Published	5%
Estimated	85%
Not available	10%

¹ The indicators related to carbon are calculated for all the investments of which the carbon emissions, the revenue and enterprise value are available.

EMISSIONS AND CARBON INTENSITY* BY SECTOR (AT 31.12.2023)

Sector	Carbon emissions financed (tCO ₂ e)	Carbon emissions financed (% of the portfolio)	Carbon footprint (tCO ₂ e / Million EUR invested)	Carbon intensity (tCO ₂ e / Million EUR invested)
Automobiles & Components	55	0%	7	13
Building Materials	4	0%	0	0
Capital Goods	17	0%	1	2
Chemicals	1 692	12%	52	117
Commercial Services	2 209	16%	18	88
Consumer Products	1 814	13%	55	68
Consumer Services	25	0%	2	4
Containers & Packaging	605	4%	39	88
Energy	58	0%	12	25
Food & Beverages	5 688	40%	108	149
Health Care	655	5%	6	19
Hotels & Gaming	228	2%	26	72
Information Technology	234	2%	3	30
Media & Entertainment	0	0%	0	0
Retailing	781	5%	34	30
Telecom Services	175	1%	11	38
Transportation	2	0%	1	1

TOP 10 CARBON EMITTING COMPANIES IN PORTFOLIO (AT 31.12.2023)			
Company name	Sector	Carbon emissions financed (tCO ₂ e)	Carbon emissions financed (%)
CHARLES & ALICE SASU	Food and Beverage	2 589	18%
ARTISAN NEWCO BV	Food and Beverage	2 333	16%
BOOST HOLDINGS 2	Consumer Products	1 784	13%
NOURYON FINANCE BV	Chemicals	1 438	10%
AD EDUCATION SASU	Commercial Services	1 009	7%
EDUCATION GROUP SAS/THE	Commercial Services	646	5%
WEENER PLASTICS GROUP BV	Containers & Packaging	588	4%
VINCENT BIDCO BV	Food and Beverage	546	4%
STAMINA BIDCO BV	Healthcare	416	3%
FOOD RETAIL SOLUTIONS SL	Retailing	322	2%

SCOR Investment Partners, as does ISS ESG, takes into account the climate strategy of companies invested in during their ESG rating in their internal rating methodology in two ways:

- **Qualitatively**, by examining the strategies and solutions implemented by companies and projects to reduce their carbon footprint over scopes 1, 2 and 3,
- **Quantitatively**, by observing the carbon footprint of portfolio companies and how it evolves over time.

These items are an integral part of the ESG analysis carried out by SCOR Investment Partners and its data suppliers prior to investment.

In addition, SCOR undertook strong commitments in its Climate Policy, stemming from its acute awareness of the urgency to act against global warming. As such, SCOR Investment Partners does not invest in companies or projects involved in the following businesses and sectors:

- Thermal coal, whether the financed companies or projects are involved in coal mining, coal-fired power plants or are considered as coal plants' developers The effective threshold for activities related to thermal coal is 1% of turnover, to reflect the uncertainties related to the quality of

underlying data and to avoid discriminating against issuers that are in the process of exiting such activities.

- Oil & gas sector, whether the financed companies or projects are involved in the conventional or unconventional production chain of oil and gas (upstream, midstream, and downstream). SCOR Investment Partners relies on the Bloomberg classification for the implementation of these exclusions. The sectors involved are Oil & Gas, Pipelines, and Gas.

SCOR Investment Partners does not currently include climate scenario analysis in its portfolio management.

Carbon data relating to the fund is assessed on an annual basis.

ALIGNMENT WITH LONG-TERM BIODIVERSITY OBJECTIVES

Since August 2021, SCOR Investment Partners has included biodiversity criteria in its ESG analysis of issuers. The questions asked by the sustainable investment team include:

- exposure to risks and opportunities related to biodiversity,
- the existence of a biodiversity policy,
- informing employees, suppliers and other stakeholders on the subject,
- the financing of initiatives to protect and restore biodiversity.

This analysis does not currently allow us to measure the reduction of the main pressures and impacts on biodiversity. However, SCOR Investment Partners remains aware of developments in the financial market and is involved in related research, in particular through its involvement in the working group dedicated to biodiversity of the Institute for Sustainable Finance (ex-Finance for Tomorrow).

In 2023, SCOR Investment Partners has established a partnership with la Fondation de la Mer, to develop an analytical framework of direct and indirect impacts of companies on marine ecosystems.

ESG CRITERIA IN RISK MANAGEMENT

Identifying the risks associated with taking ESG criteria into account

ESG risks are taken into account in the management of SCOR Sustainable Euro Loans assets in the same way as financial risks.

These sustainability risks result from climate change (known as "physical risk") or from the way in which companies respond to climate change (known as "transition risk"). Social factors (such as wage disparities, discrimination, poor working conditions, unsafe employee health and safety practices, etc.) and governance factors (such as breaches of international agreements, corruption, fraud, etc.) can also result in sustainability risks.

The level of risk exposure of the companies in which SCOR Sustainable Euro Loans invests depends on a number of factors: sector, location, market area, value chain structure, as well as company-specific characteristics. For each investment made by the fund, as part of the ESG assessment, the sustainable investment team identifies the level of ESG risk and the quality of the company's management of this risk.

These risks relate in particular to the environment - climate change, biodiversity, pollution, etc. - social aspects - working conditions, diversity, respect for human rights, and the fight against corruption. - social aspects - working conditions, diversity, respect for human rights, and the fight against corruption.

In addition, when SCOR Investment Partners analyzes companies and projects, it includes an analysis of ESG indicators. The list below provides an overview of the criteria considered in determining the ESG rating of an issuer. These criteria are analyzed both from a risk and an opportunity perspective.

ENVIRONNEMENT	• Climate (physical and transitional risks)
	• Circular economy
	• Waste management
	• Water management
	• Biodiversity
SOCIAL	• Health and safety
	• Human rights
	• Working conditions
	• Diversity
	• Data security
	• Just transition
	• Supply chain management
GOUVERNANCE	• Management independence
	• Professional ethics

In addition, SCOR Sustainable Euro Loans takes into account the principal adverse impacts defined by the SFDR.

Evaluating the risks associated with taking ESG criteria into account

The ESG assessment of issuers is carried out ex-ante and is part of the investment process. The ESG risk assessment methodology is reviewed annually.

Exclusion policies are applied prior to any initial assessment. Then, while the financial analysis of the potential new transaction is conducted, the investment teams ask the sustainable investment team to provide an ESG rating that will be taken into account in their final assessment.

The risk of each criterion is evaluated, along with the measures put in place by issuers to address them. An analysis of the controversial aspects inherent in each issuer is also carried out and may impact the rating. Finally, the sustainable investment team may enter into an engagement process for Improving transparency with issuers to improve their practices and reduce their sustainability risks.

Once the fund has invested in an issuer, its ESG rating is updated every 18 months. Exceptional events, such as the discovery of a major new controversy, may lead to an earlier revision of an issuer's ESG rating.

Prioritizing risks related to ESG criteria

SCOR Investment Partners prioritizes ESG criteria according to their materiality, but also according to the availability and quality of their data.

If the issuer has an ESG rating assigned by the external data provider, the sustainability risks considered are those identified by this provider.

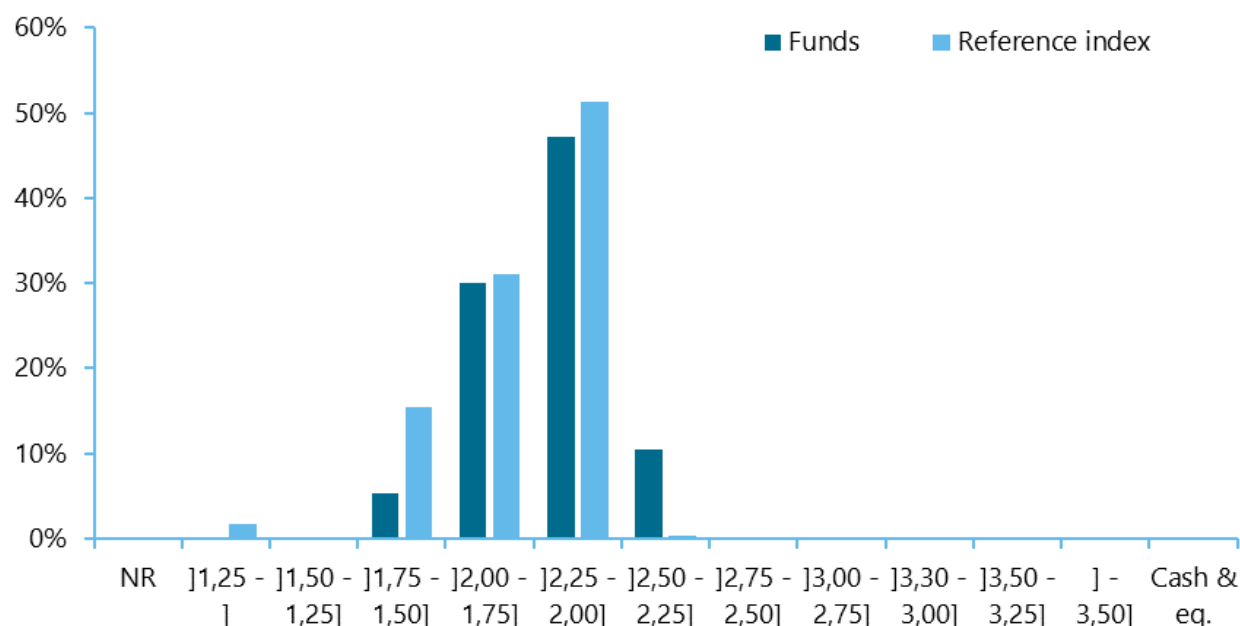
SCOR Investment Partners uses a single ESG data provider: ISS ESG. The ISS ESG rating is based on 800 indicators, around 90% of which are sector-specific. For each sector, 5 key questions account for more than 50% of the overall weight of the rating.

If the issuer of the security does not have an ESG rating from ISS ESG, the sustainable investment team uses an internal risk identification methodology based on the Sustainable Accounting Standards Board (SASB) classification, which defines the relevant ESG issues specific to each of the 77 sub-sectors, and on the sector expertise of the team's analysts.

As such, the sustainable investment team highlights the priority risks for each company (intensity, risk of occurrence, emergence of new risks and management of current risks, etc). In addition, the sustainable investment team regularly checks that the model used by ISS ESG is consistent with that developed internally.

ESG COVERAGE AT 31.12.2023		
Total issuers	128	
Total assets under management (M€)	595	
Rated issuers		
Total	128	100.0%
External methodology	7	5.47%
Internal methodology	121	94.53%
Assets under management rated (excluding cash & equivalent)		
Total	544 M€	100.0%
External methodology	23 M€	4.11%
Internal methodology	531 M€	95.89%

BREAKDOWN OF SCOR SUSTAINABLE EURO LOANS FUND POSITIONS AND ITS INDEX BY RATING
(IN % OF NET ASSETS, AT 31.12.2023)



AVERAGE RATINGS (AT 31.12.2023)			
	Max	Average	Min
Total	2.48	2.04	1.64
<i>External methodology</i>	2.10	1.96	1.66
<i>Internal methodology</i>	2.48	2.04	1.64

Managing ESG risks

Physical risk, transition risk, litigation risk as well social and governance risks are considered when assessing issuers. Depending on their relevance, they are identified and analyzed in the analyst's review, whether they are internal or external.

These risks are integrated into the investment process and the risk control process if they prove to be risks that could have a significant negative impact on the investment value and affect the fund's performance.

IMPORTANT INFORMATION

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An aerial photograph of a large, green park area. In the upper right, there is a large, white, multi-story building with a complex roofline and several towers. To the left of the building, a road with multiple lanes and a bridge or overpass is visible. The park is filled with various types of trees, including palm trees, and winding paths. The overall scene is a mix of urban infrastructure and natural green space.

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