CCR, PUBLIC GROUP AND INTERNATIONAL REINSURER

2019 ESG-CLIMATE REPORT

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CCR | CCR RE

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In 2019 the CCR Group reaffirmed the continuation of the progressive integration of environmental, social and governance criteria, not only as a prudent and responsible investor but also as a reinsurer and veritable architect of risk management, in line with its missions and the direction sought by its shareholder, its clients, its management and its employees.

The public reinsurance of natural disasters was set up in 1982 in the light of the frequency and intensity of meteorological phenomena which were becoming difficult to insure in the market. Thanks to a partnership between public reinsurance and the insurance companies, these risks are covered jointly and severally between the most exposed insureds and the least exposed ones and between the territories of mainland France and the French overseas departments and regions. CCR and the insurers have gained experience in estimating their impacts, even though we must remain unassuming in these matters. CCR is thus continually developing its research and development activities and is henceforth incorporating models, built in particular with Météo-France and other partners, which allow the impacts of global warming between now and 2050 to be measured in accordance with the scenarios of the IPCC (Intergovernmental Panel on Climate Change).

This shows to what extent the principles of responsible management of the environment and social equilibria form part of CCR's mission and work on both sides of its balance sheet.

The purpose of this report is to describe the way in which CCR translates these concerns into the management of its portfolio of financial and property assets through the progressive integration of environmental, social and governance (ESG) criteria in its investment policy.

In 2019, CCR made an effort to formalise and overhaul its reporting tools on the subject matter thanks to the work of a group comprising various members of the executive committee and the Investment department. The level of granularity increased and a harmonisation with the Sustainable Development Goals was achieved. This work is continuing in 2020 with the adoption of CCR's *raison d'être* and the introduction of new measuring tools.

Finally in 2020 and in the difficult circumstances of the lockdown and the coronavirus epidemic, CCR, under the aegis of the government and in cooperation with the FFA (French Insurance Federation), has implemented a public reinsurance scheme for the risks associated with insurance/credit activities in order to support the activity of SMEs and ISEs located on French territory. This project, completed in record time, contributes to the resilience of the national economy and is part of the social or societal dimension of the ESG criteria.

In the area of research, global warming and the intensification of natural disasters mean that the expertise that the Group has been able to develop is even more relevant, thanks particularly to the risk modelling and initially the modelling of natural risks, but also that of the risks associated with agriculture or terrorism. Its field of expertise extends progressively to contagion risks, such as cyber risks or influenza and pandemics and to optimising the crisis management phases and return to a "norm" that is sometimes different from the previous one.

The extensive use of its expertise in the field of financing the necessary energy transition or in supporting the adaptation and the strengthening of risk prevention, particularly for local authorities is, in this regard, quite remarkable.

The arrangements described in this report thus constitutes, for the balance sheet assets, part of a wider whole. It also reflects the current stage of the metrics. The efforts made are continuing in keeping with the action guidelines of government and the supervisory authorities.

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1 CCR, A RESPONSIBLE COMPANY

1.1 PRESENTATION OF THE CCR GROUP

CCR, the State reinsurance group, forms part of the top 25 international reinsurers. The Group comprises two entities:

- the Caisse Centrale de Réassurance (CCR) which, as part of the "Cat Nat" (Natural Disaster) scheme with the State guarantee and in the general interest, offers the French market covers against natural disasters and other risks of an exceptional nature;
- its subsidiary, CCR Re, which reinsures the life, non-life and speciality branches in France and 80 countries internationally.

A responsible and committed group, CCR places social, societal and environmental issues at the heart of its activities and thoughts.

1.2 CCR'S *RAISON D'ÊTRE*

Some of the missions entrusted to the CCR Group are long-established ones, particularly the reinsurance of extraordinary transport risks at times of war or unrest, the origin of which goes back to the Marine ordinance of 1681 and the French Commercial Code. These missions defined by law[1] have been extended to nuclear risks, risks of terrorism and terrorist acts and, above all, risks of natural disasters.

As part of this indemnification scheme, the principles of national solidarity and equality are asserted in the 12th paragraph of the preamble to the Constitution of 27 October 1946

" … The Nation proclaims the solidarity and equality of all French people inbearing the burden resulting from national calamities. "

CCR thus differentiates itself from competing companies in that it was established by law to carry out the missions entrusted to it by the State in the general interest.

Whilst achieving the performance targets expressed in economic and prudential terms is a constant incentive for the prudent management of its operations, the search for the maximization of profit, within the regulatory and supervisory framework applicable to reinsurance companies, still takes second place to pursuing the general interest.
It is by virtue of the principle of national solidarity in the face of certain events:

- of an exceptional or catastrophic nature, of an extraordinary intensity or nature, whether they are the result of a natural origin or a human act,
- which cannot be covered by market solutions at the conditions sought by the government,
- which call for specific research, management and risk coverage mechanisms…

… that the State has entrusted special missions to the CCR Group and that it grants it an exceptional guarantee because of its unlimited nature, its special conditions for making a claim and exceptional arrangements under European law.

When it comes to the environment, CCR informs and alerts the interested parties regarding the expected financial impacts of the natural risks associated with global warming and hence promotes the most appropriate preventative actions and positions itself as a respected expert.

It is therefore by actually performing its missions that CCR has, for many years, been implementing favorable public policies on the social and environmental issues for the benefit of the national community.

This is why CCR has adopted the following as its *raison d'être:*

> “In the general interest, to reinsure, with the State guarantee, the risks arising from exceptional events on French territory, such as natural disasters, terrorism and terrorist acts or the other uninsurable risks, and to contribute, through its research and advisory activities, to the study of risks of any sort, their prevention, their management and their coverage.”

1 / Cf. French Insurance Code, Art. L431-4, Art. L431-5, Art. L431-9 and L431-10

1.3 THE CCR GROUP'S RESPONSIBLE STRATEGY

In line with the thoughts on the drawing up of CCR's *raison d'être*, the year 2019 was the opportunity for the CCR Group to specify its responsible investor strategy, at the same time as defining its responsible investment policy.

In doing so, the CCR Group made the choice to go back to its mission as a reinsurer which places risk analysis and forecasting at the heart of its lines of business.

The CCR Group offers coverage against natural disasters and risks deemed to be uninsurable, and, through its subsidiary CCR Re, multi-risk coverage to its clients and partners. The Group has thus developed a modelling expertise as part of the research and development work, in particular on meteorological and climate risks for the benefit of public reinsurances.

Global warming and the intensification of natural disasters make the Group's expertise and its mission of general interest for the benefit of insureds and its partners all the more relevant both for the public reinsurance mission and for supporting the change and strengthening the risk prevention, in particular for local authorities.

Thus, the three principles below come from the various CCR Group activities, and form the basis of its responsible investor strategy:

- **Principle of solidarity:** thanks to the public reinsurance scheme, the CCR Group gives access, to companies and private individuals, to affordable cover of the risks of exceptional events and allows them to receive repayment in the event of claims;
- **Prevention and reinsurance of the physical risk:** the CCR Group is a leading player in the scientific field of the study and management of the physical risk associated with natural disasters and a multi-specialist participant in the other branches of insurance;
- **Societal support:** the CCR Group covers the risks of natural disasters to which populations are exposed and maintains an offer of affordable insurance in the most exposed regions.

Against this background, it is the issues of prevention and adapting to climate change, together with supporting populations, that will provide a framework for the CCR Group's responsible investment policy.

These principles go beyond the investment activities and motivate all of the Group's teams in their initiatives. The Group's commitment alongside Energy Observer, the aim of which is to transform marine transport to limit the magnitude of climate change, is a prime example of this. Other initiatives are described in part 4 of this report.

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RESPONSIBLE INVESTMENT IN THE CCR GROUP

While the CCR Group reaffirmed in 2019 that it was continuing with the progressive integration of environmental, social and governance (ESG) criteria in an investment policy that started in 2014[2] , its ambition is to strengthen this framework by harmonising responsible practices in the management of the balance sheet's assets and liabilities.

Analysing the risks of the liabilities was thus included from the very start of the study. Naturally the issues relating to climate risks have had an important place at the heart of the strategy with the aim, for example, of measuring the impact on investments of physical risks thanks to the cutting-edge expertise developed internally in relation to analysing natural disasters.

The Group has formalised a responsible investment charter, the aim of which is to define the main goals of the Group's responsible investment policy for the coming years.

2.1 GOVERNANCE OF THE RESPONSIBLE INVESTMENT POLICY

The CCR Group's aim is to adopt the most relevant practices in terms of governance with respect to both achieving its strategic objectives and an appropriate risk management for its various lines of business.

The climate risk, in particular, is the subject of studies and actions at different levels of the Group. Spearheaded by its highest levels of governance, the CCR Group has drawn up an ESG investment policy, the ambition of which is to cover all investments by 2025.

In 2019, a work group was set up, bringing together the Financial Investment and Group Steering Department, the Property Department, the Actuarial and Risk Department, the Reinsurance and Public Funds Department and the Secretary General, in order to formalise a responsible investment policy and to define a governance model that allows the monitoring and the integration of the climate and ESG issues in the management of investments to be strengthened.

An ESG Committee was thus set up to ensure the monitoring of the deployment of this policy. The ESG Committee is tasked with reviewing the ESG risk analyses and defining responsible investment programmes. It reports to the investment committee which is tasked with validating the selection of the assets in line with the financial performance objectives. These two entities will report each year to the board of directors to validate the directions of the responsible investment policy, the specific investment programme envelopes and the drafting of the regulatory reports relating to ESG.

Each of the members of the ESG Committee has participated in various forums and conferences on the subject of responsible investments and undergone training in SRI given by Novethic. The ESG Committee is responsive to the recommendations of the regulators, with one committee member being responsible for constantly monitoring the changes in the regulations and the publication of new recommendations.

Board of Directors / Executive Management

- Validation of the directions of the responsible investment policy
- Validation of the ESG regulatory reports
- Validation of the ESG investment envelopes
- Annual meeting with the ESG Committee

	Investment Committee	ESG Committee
Composition	• Executive Management • General Secretariat • Finance and Group Steering Department • Actuarial and Risk Department • Legal Department • Property Department	• Finance and Group Steering Department • Property Department • Actuarial and Risk Department • Reinsurance and Public Funds Department • General Secretariat
Responsibilities	• Validation of the selection of the assets and the investments in accordance with the financial performance objectives and the responsible investment policy • Engagement dialogue with the management companies	• Proposal of investment envelopes • Review of the risk analysis results and scores of the portfolio steering the trajectory of the portfolio • Half-yearly committee meetings • Extraordinary meeting in the event of the emergence of controversies

2 / At 31 December 2014, the green bond portfolio stood at € 55m.

2.2 RESPONSIBLE INVESTMENT CHARTER

The CCR Group has an investment charter which is mainly based on three pillars, reflecting the Group's commitment to climate and the ESG issues of energy, ecological and societal transition:

- **Pillar 1:** preventing the transition risk,
- **Pillar 2:** adapting to the physical risk arising from climate change,
- **Pillar 3:** supporting societal transition.

For each of these pillars, the CCR Group has chosen to take a dual approach:

- on the one hand, to strengthen risk management (transition risk, physical risk and ESG risks), the measuring of their financial impact on the portfolio and their incorporation into its investment policy and,
- on the other hand, to contribute to the financing of issuers well positioned to respond to the issues identified.

The CCR Group has thus chosen a specific number of Sustainable Development Goals (or SDGs) in line with each of the three pillars in order to position its strategy in energy, ecological and societal transition and to gear its investments towards the progressive achievement of these goals.

PILLARS	INVESTMENT POLICY AMBITIONS	ARTICLE 173 CORRESPONDENCE	CONTRIBUTION TO THE SDGs
1 Preventing the transition risk	• Taking account of the risks associated with Energy and Ecological Transition in the investment practices • Contributing to the financing of the transition	• Transition risk • Carbon footprint and trajectory of 2° C • Contributing to the transition	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
2 Adapting to the physical risk	• Using the expertise in analysis and internal technical studies • Taking part in the financing of the assets contributing towards adapting to climate change	• Physical risk • Contributing to the adaptation	13 CLIMATE ACTION 11 SUSTAINABLE CITIES AND COMMUNITIES
3 Supporting societal transition	• Supporting populations and territories in the transition • Encouraging stakeholders to sign up to this approach	• ESG analysis • Right to vote	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS

Climate - Pillar 1:
preventing the transition risk

The CCR Group will incorporate the assessment of the risks associated with Energy and Ecological Transition into all of its investment practices, with the aim of covering 80% of the assets of its portfolio from the end of the year 2022. In particular, the CCR Group will progressively withdraw from assets exposed to coal above a threshold of 10%[3] , with that source of energy being in contradiction with the Paris agreements and required to disappear from the European and worldwide energy mix. More generally, CCR is vigilant regarding the transition risk of each issuer of the directly managed portfolio, measured in particular by its carbon footprint and its trajectory and is committed to this risk being taken into account by its delegated managers. Finally, the CCR Group will apply the climate stress tests required by the French and European regulatory authorities.

As a long-term investor, the CCR Group finances the economy and supports it in its profound changes. In order to prevent this transition risk, the Group considers that it is important to contribute directly to its financing. CCR has set up an investment programme in these assets, such as, for example, green bonds. These investments will be intended to contribute to the achievement of sustainable development goal no. 13 relating to the fight against climate change and its repercussions and of goal no. 7 to guarantee everyone's access to reliable, sustainable and modern energy services at an affordable cost

Climate - Pillar 2:
adapting to the physical risk arising from climate change

In its capacity as a public reinsurer of natural disasters, CCR places the management of the risks associated with climate variations at the heart of its expertise. By emphasising this R&D, the CCR Group's ambition is to analyse the physical risks associated with climate change with the aim of measuring and anticipating the financial impacts on the investment portfolio (with the aim of covering 75% of the portfolio by 2022). In line with the publications and studies already produced on these climate risks and their consequences, the Group's ambition is to proactively continue its contributions to the research and development of physical risk analysis methodologies.

At the same time, the CCR Group wants to take part in the financing of the assets contributing towards adapting to climate change, particularly by contributing to sustainable development goal n°. 11 for the construction of sustainable cities and the setting up of resilient communities.

ESG - Pillar 3:
supporting societal transition

As a reinsurer, the CCR Group offers cover to economic agents against the risks, whether they be associated with natural disasters or those deemed uninsurable, through CCR, or life and non-life risks, through CCR Re. The emergence of new risks associated in particular with climate change and its impacts makes all the more crucial the general interest mission carried out by the CCR Group for the benefit of the populations and territories. In order to reinforce this role, CCR has chosen to include supporting populations and territories in the societal transition as one of the founding pillars of its responsible investment charter. Specifically, CCR will monitor the ESG (environmental, social and governance) risks of the issuers financed and will include this analysis in its asset management.
Additionally, the CCR Group will endeavour to make all of its stakeholders aware that they should commit to this approach to contribute positively to the achievement of the following three sustainable development goals:

- SDG 8: to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- SDG 10: to reduce inequalities within countries and among countries;
- SDG 17: to strengthen the means of implementation of and revitalise the Global Partnership for Sustainable Development.

All of these commitments fall in line with the provisions of Article 173- VI of the Law on Energy Transition for Green Growth and the European Commission's action plan on sustainable finance.

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3 / No new investment in businesses generating more than 10% of their turnover via the mined production of coal or the generation of electricity from coal.

A RESPONSIBLE APPROACH BEYOND INVESTMENTS

The three pillars stated by the CCR Group demonstrate the consistency of its responsible approach across all of its activities. They rely on its know-how in terms of risk management, in particular with regard to adapting to the consequences of climate change. For example, the Group's modelling expertise developed within the scope of the natural disaster reinsurance activity allows it to analyse the potential physical risks associated with property investments.

This approach is also consistent with the underwriting policy on the liabilities side of the balance sheet.

- As an example, it can be noted that, as part of preventing the transition risk, CCR is vigilant about its exposure to coal (20 mining concessions and 4 end-of-life coal plants) while CCR Re has no specific contract on risks associated with coal or lignite.

- As part of adapting to the physical risk, CCR has included, from 2018, the 30-year impacts of climate change in its ORSA regulatory report.

- Finally, as part of the ESG analysis, CCR Re evaluates the exposure of its underwriting activity to ESG risks using the ESG score of the countries in which it is involved.

Alongside its activities, the CCR Group has made various commitment to be involved in the fight against climate change, limit its impacts and support the populations and territories in the transition. These commitments are evidence of the Group's desire to frame its approach beyond investments and at the society level:

- Research work and scientific reports: modelling the impact of climate change on mainland France and the French overseas departments,

- Environmental sponsorship with Energy Observer: revolutionising marine transport to limit the extent of climate change,

- Prevention policy implemented at all of its partners,

- Collaboration with Météo France,

- PARI *(Programme de Recherche pour l'Appréhension des Risques et des Incertitudes)* [Research Programme for Understanding Risks and Uncertainties)] research chair,

- Humanitarian sponsorship

PILLARS	INVESTMENT POLICY AMBITIONS	UNDERWRITING POLICY (LIABILITIES)	CSR COMMITMENTS
1 Preventing the transition risk	• Taking account of the risks associated with Energy and Ecological Transition in the investment practices • Contributing to the financing of the transition	• CCR is vigilant about its exposure to coal: 20 mining concessions and 4 (end-of-life) coal plants • CCR Re has no specific contract on risks associated with coal or lignite	• Sponsoring partnership with Energy Observer • Management of the Barnier fund • ACPR (French Prudential Supervision and Resolution Authority) work group
2 Adapting to the physical risk	• Using the expertise in analysis and internal technical studies • Taking part in the financing of the assets contributing towards adapting to climate change	• The public reinsurance activity allows companies to access affordable cover of the physical risk • CCR has, from 2018, included, the 30-year impacts of climate change in its ORSA report	• Incentivising insurers to take better account of physical risks • Regular publication of statistical and research work on the physical and natural disasters • Contributing to the NAIAD project • Collaboration with Météo France
3 Supporting societal transition	• Supporting populations and territories in the transition • Encouraging stakeholders to sign up to this approach	• CCR Re analyses the exposure of its activity to ESG risks using the ESG score of the countries in which it is involved	• Partnership with the PARI chair (Research Programme for Understanding Risks and Uncertainties) • Humanitarian and cultural sponsorship • Supporting disability

3 THE CCR GROUP'S INVESTMENT POLICY

In accordance with these commitments, during 2019 the CCR Group started the formalisation of its responsible investment actions, in line with the investment charter presented above.

Together with INDEFI, a strategy advisor specialising in asset management and responsible investment, the CCR Group has thus drawn up a roadmap, the aim of which is the progressive implementation of a responsible investment policy which is intended to be both ambitious and realistic.

This is based on the definition of an ESG risk management framework specific to each of the three pillars and on a targeted responsible investment programme, with the aim of generating long-term financial performance for the Group.

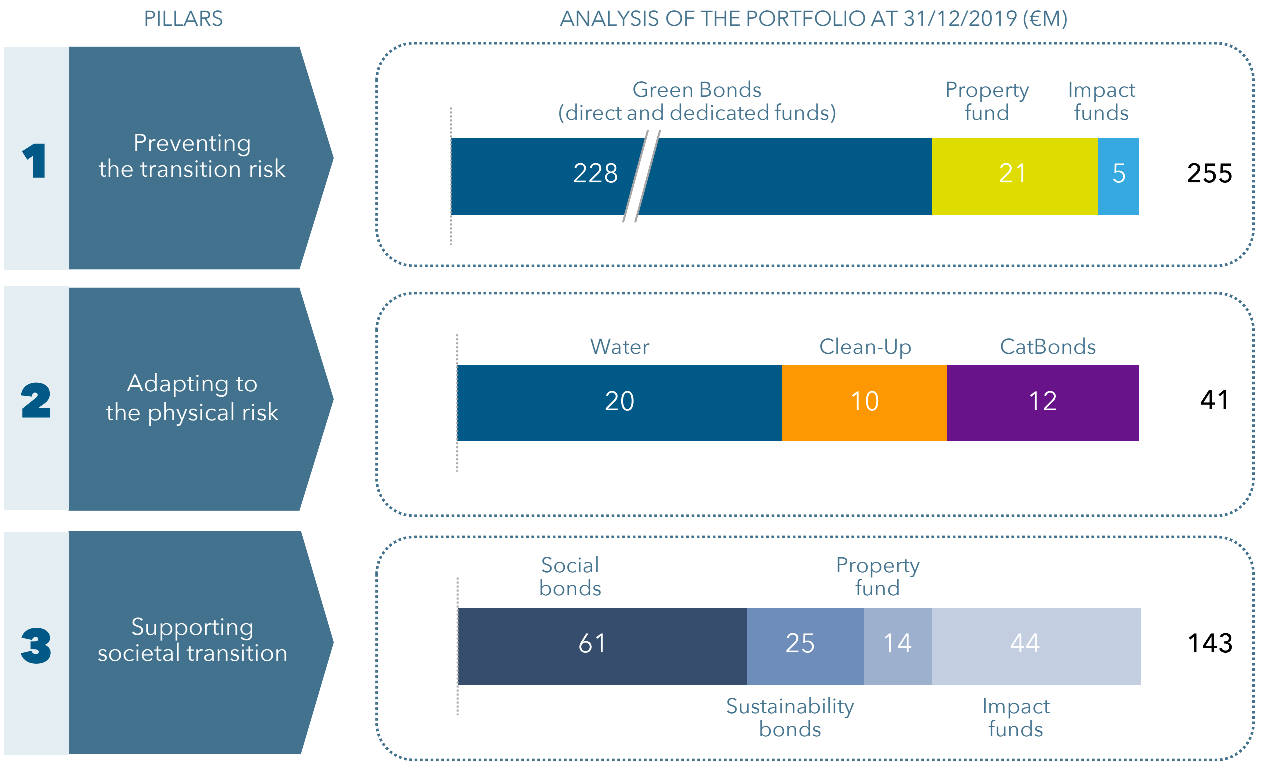
GENERAL OBJECTIVE FOR CONTRIBUTING TO THE LONG-TERM PERFORMANCE OF THE CCR GROUP

	PILLARS	RISK MANAGEMENT
1	Preventing the transition risk	• Progressive withdrawal from securities (directly held or in dedicated funds) of issuers exposed to coal • Analysis of the portfolio with regard to the transition risk
2	Adapting to the physical risk	• Analysis of the exposure of the asset portfolio to the physical risk using the internal natural disaster modelling expertise
3	Supporting societal transition	• Analysis of the ESG scores of the issuers (and in particular the societal component) • Analysis of controversies • Encouraging partners to vote in the General Meeting

The CCR Group thus undertakes to apply this risk measurement policy from 2019 over a significant section of the investment portfolio, and to extend the scope of analysis to each financial year in order, over time, to cover all of the portfolio (assets managed directly and those under delegated management).

At the same time, from 2019, the CCR Group decided to continue the deployment of assets contributing directly to one of the three pillars and to formalise its commitment by allocating to it, every year, 20% of investment flows, i.e. about € 100M per year, which, over time, would result in more than doubling the size of the thematic investment portfolio associated with each of the charter's three pillars.

GENERAL OBJECTIVE FOR CONTRIBUTING TO THE LONG-TERM PERFORMANCE OF THE CCR GROUP

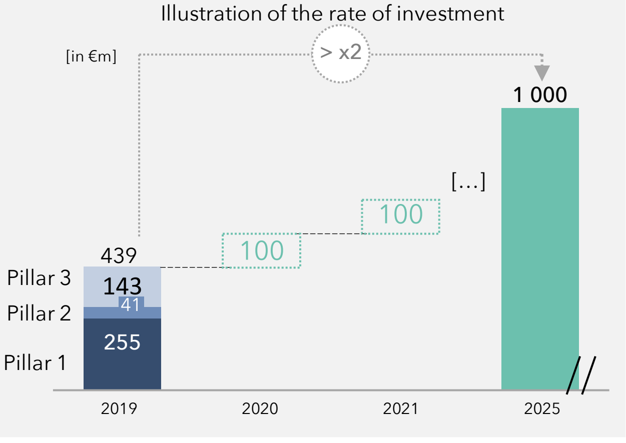


INVESTMENT PROGRAMME OVER THE THREE PILLARS

20% of the annual investment flows (i.e. about € 100m/year) will be allocated to one or more of the three pillars

Examples of support :

- Green bonds
- ILS
- Sustainable & social bonds
- Impact funds
- Accredited property
- Infrastructures



3.1 STRUCTURE OF THE PORTFOLIO AND SCOPE OF ANALYSIS

At 31 December 2019, CCR managed a portfolio of € 10.1bn made up of direct investments in sovereign bonds (15%), corporate bonds (32%) and direct property (7%), as well as investments under delegated management through listed and unlisted dedicated and collective vehicles (34%). The portfolio also includes monetary investments (12%).

The management of the CCR Group's assets is overseen first and foremost under the constraint of the liabilities as part of a prudent management. Within the definition of its responsible investment policy, the CCR Group asserts its commitment to include the ESG criteria in the management of its financial assets with a view to be a responsible investor. Risk management is at the heart of the Group's expertise. The CCR Group thus aims to apply its policy mainly over the three pillars of its charter and plans to adapt its practices to each asset class and management method with a focus on the climate risk analyses, on the one hand (pillars 1 and 2) and on the ESG risks (pillar 3), on the other.

The table below summarise the analyses completed in 2019 and indicates the references to the sub-sections of the report presenting their results.

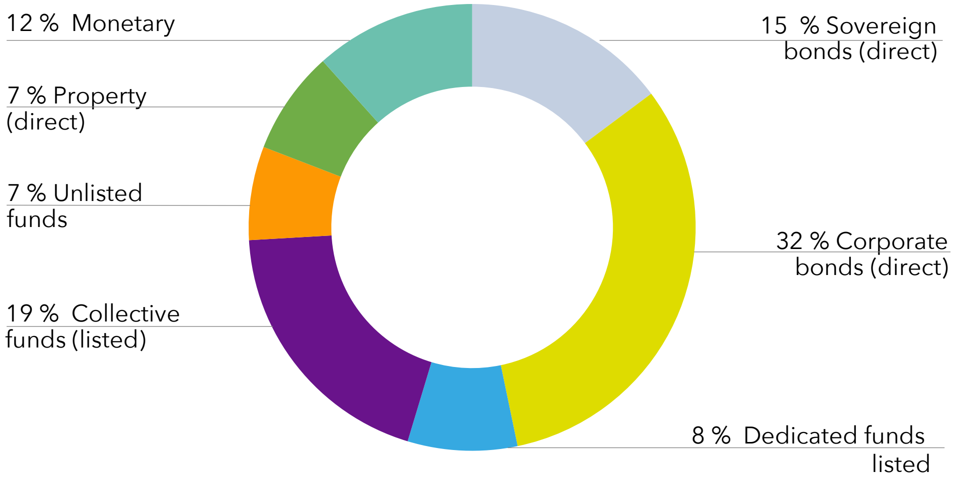
The CCR Group's (climate and ESG) risk analysis is intended to be pragmatic and evolutive. In 2019 the assets held directly (bonds and property), the dedicated funds and part of the collective funds, i.e. a total of € 8.1bn assets, or 80% of the overall portfolio, were analysed. The coverage rates of each analysis are stated in the corresponding sub-sections.

The objective of the CCR Group, during the coming financial years, is to extend the scope of these analyses by including all of the delegated management and by adjusting the methodologies to take account of the most recent changes and in this way to refine the accuracy and the relevance of the results.

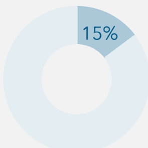
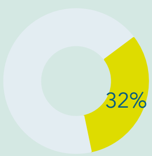
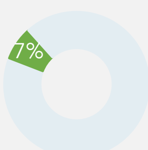
IN 2019, THE ANALYSIS OF THE ESG AND CLIMATE RISKS COVERED 80% OF THE PORTFOLIO OF ASSETS

The analyses of the physical risk associated with the portfolio of assets are in the process of being deployed and will be presented in subsequent publications.

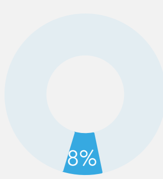
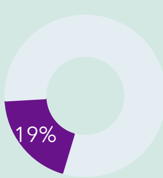
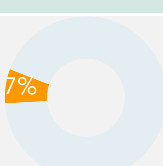
FIGURE 1
STRUCTURE OF CCR'S PORTFOLIO AT 31/12/2019



DIRECT MANAGEMENT

	CLIMATE	ESG
	Preventing the transition risk and adapting to the physical risk	Supporting societal transition
SOVEREIGN BONDS 	Analysis of the CO2 emissions associated with sovereign debt (p.18) Green Bond investments (€ 60m) (p.23) Analysis of the physical risk forecast for the coming financial years	Analysis of the ESG score (p.24) Analysis of controversies (p.24) Investment in Social Bonds (€ 24m) (p.26)
CORPORATE BONDS 	Analysis of the CO2 emissions associated with corporate issuers (p.18) Green Bond investments (€ 145m) (p.23) Analysis of the physical risk forecast for the coming financial years	Analysis of the ESG score(p.24) Analysis of controversies (p.24) Investment in Social Bonds (€ 36m) and Sustainability Bonds (€ 24m) (p.26)
PROPERTY 	Carbon footprint analysis (Scope 1 & 2) (p.28) Energy performance certification and audits (p.28) Analysis of the physical risk under way	Inventory of social property funds (residences for senior citizens) (p.30)

DELEGATED MANAGEMENT

DEDICATED FUNDS 	Analysis of the CO2 emissions associated with portfolios under dedicated management (p.23) Analysis of the management companies' ESG policies (p.27) Green Bond Investments (€ 21m) (p.23)	Analysis of the ESG score (p24) Analysis of controversies (p.24) Investments in Sustainability and Social Bonds (€ 1.9m) (p.26)
COLLECTIVE FUNDS - LISTED 	Analysis of the CO2 emissions associated with the 10 looked-through funds with the greatest amount of assets under management (p.18) Green Bond investments of the looked-through funds (€ 2.2m) (p.23) Investments in themed funds: certified property (€ 21m), energy transition funds (€ 5m), themed funds associated with adapting to the physical risk (€ 41m) (p.23)	Analysis of the ESG score of the 10 most invested in looked-through funds (p.24) Analysis of controversies (p.24) Investments in Sustainability and Social Bonds (€ 0.2m) (p.26)
UNLISTED FUNDS 	Analysis of the property funds' management companies (p.30)	Analyses under way; the results will appear in subsequent publications

3.2 CLIMATE: PREVENTING THE TRANSITION RISK AND ADAPTING TO THE PHYSICAL RISK

The progressive setting up of policies aimed at reducing the emissions of greenhouse gas into the atmosphere in order to limit global warming below 2°C between now and 2100 gives rise to a transition risk for financial actors. According to the TCFD's segmentation, this risk is characterised in particular by:

- a legal and regulatory risk associated with changes in the laws and standards aimed at steering the economic actors towards a low carbon economy,
- a technological risk emerging from technological research and innovations allowing the energy efficiency of production processes and equipment to be improved,
- a market risk arising from the impact of climate change on supply (scarcity of certain resources) and demand (changes in consumer behaviour),
- a reputation risk associated with changes in the perceptions of all stakeholders, in particular clients and consumers, on climate change issues and the positioning of the economic actors with respect to them.

The CCR Group is progressively incorporating these risks into the monitoring of its asset management. An initial tool used by the CCR Group for several years has been the identification of issuers with the highest carbon intensity and the measuring of the scope 1 and 2 weighted average carbon intensities of certain portfolios. The carbon intensity is a good equivalent of the legal and regulatory risk, on the one hand (carbon taxes have a direct impact on the largest scope 1 and 2 CO_2 emitters), and of the market risk, on the other (the largest scope 1 and 2 CO_2 emitters are major consumers of energy and are therefore sensitive to fluctuations in energy prices).

In addition, the CCR Group has an asset investment programme aimed at financing the transition, particularly green bonds.

Risk analysis methodology and results

Transition risks:

To measure the carbon intensity of the portfolio, the Financial and Investment Department has chosen to use a specialist partner, Sequantis, whose methodology consists of assessing the carbon intensity of the ultimate emitters, by the look-through of the dedicated and collective funds, with the aim of improving risk measurement. This change in method compared to previous years does, however, result in variations in measuring the carbon footprint.

The 2019 analyses of carbon intensity cover:

- direct investments in corporate bonds, investments in dedicated funds and investments in collective funds for the ten looked-through vehicles for which the amounts invested are the greatest. The total amount invested in these assets was € 4.6bn (46% of the overall portfolio). This database has allowed 1,780 issuers and € 3.2bn of assets to be covered, i.e. a coverage of 68% of the portfolio analysed and 31% of the overall portfolio;
- the other listed collective funds, without look-through via Morningstar, i.e. € 0.5bn of assets or 15% of the assets under delegated management and 5% of the total assets managed, like previous years;
- sovereign issues, amounting to € 1.0bn, i.e. 68% of the sovereign bond portfolio and 10% of the total portfolio via public data;

Sequantis and Morningstar use the same provider of carbon intensity data and ESG research - the company Sustainalytics - which ensures the homogeneity of the data across all of the indicators on the funds under delegated management.
Generally, the analyses of carbon intensity of the listed portfolio have enabled € 4.8bn of assets, i.e. 47% of the total portfolio (excluding directly owned property for which the analysis results are presented in part 3.5) to be covered this year.

Analysis of the carbon intensity of the portfolio of directly held corporate bonds, dedicated funds and the 10 most invested in collective funds:

Sustainalytics's carbon intensity indicator covers scopes 1 and 2 of the emissions of more than 10,000 issuers and uses about a hundred estimation models for issuers that do not directly publish their greenhouse gas emission indicators.

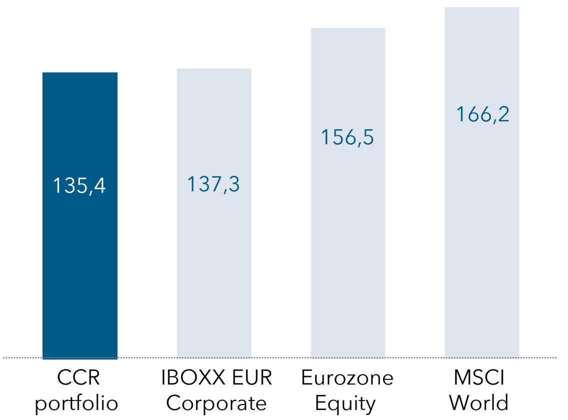
The carbon intensity of the portfolio analysed (corporate bonds, dedicated funds and looked-through collective funds) amounts to 135.4 tCO_2/€m of turnover. The main sectors contributing to the portfolio's carbon intensity are the materials (chemical and construction materials), the services to communities (utilities) and the energy (oil & gas production, refineries and pipelines) sector.

FIGURE 2
CONTRIBUTIONS TO THE PORTFOLIO'S CARBON INTENSITY OF THE MAIN ECONOMIC SECTORS REPRESENTED IN THE PORTFOLIO

	THE SECTORS' CONTRIBUTION TO THE CARBON INTENSITY OF THE PORTFOLIO ANALYSED (TCO2/M€)	CARBON INTENSITY OF THE SECTOR (TCO2/M€)	WEIGHTING IN THE PORTFOLIO ANALYSED
Materials	55	1277	4.3%
Services to communities	42	719	5.9%
Energy	13	294	4.4%
Industry	11	141	7.6%
Basic consumer goods	5	54	9.3%
Finance	2	6	43.7%
Discretionary consumer goods	2	23	9.9%
Health	2	28	5.7%
Telecommunication	1	38	3.3%
Property	1	38	2.2%
Information technologies	1	21	3.6%
Public sector	0	235	0.1%

The portfolio's carbon intensity is close to a bond index like IBOXX EUR Corporate (137.3 tCO_2/€m) and below a European share index such as Eurozone Equity (156.5 tCO_2/€m) or a world share index such as MSCI World (166.2 tCO_2/€m).

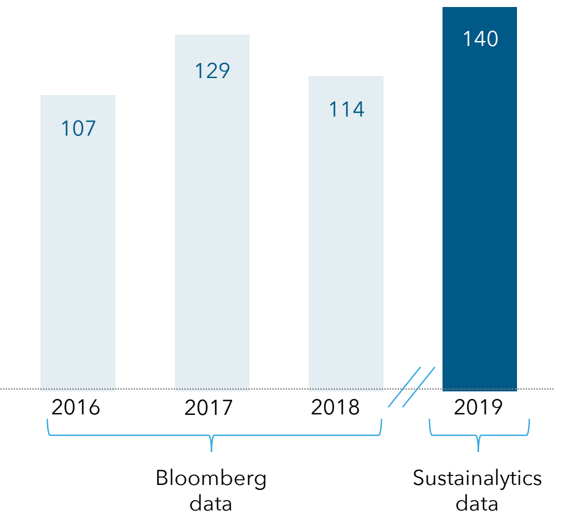
FIGURE 3
COMPARING THE PORTFOLIO'S CARBON INTENSITY WITH MARKET INDICES (TCO2/ €M)



Since 2016, CCR has published the carbon footprint of its directly held corporate bond portfolio using Bloomberg's data. As mentioned above, the decision was taken for the portfolio at 31/12/2019 to go through a specialised agency (Sustainalytics, whose data is consolidated by Sequantis). Thanks to Sequantis, this new modus operandi has allowed the scope to be broadened to dedicated and collective funds. However, this change in methodology brings with it a break in the historical analysis. The data from 2019 is therefore not strictly comparable to the historical data. For reasons of transparency, this historical data is published again below. The effects of the variation in the carbon intensity are complex to analyse and are due to various factors:

- the variation in the carbon intensity figures published by the issuers and in the results from models used by the data analysts (Bloomberg vs. Sustainalytics);
- the change in the weighting of each issuer in the portfolio between 2018 and 2019 (strong market effect);
- the variations in the scope of analysis.

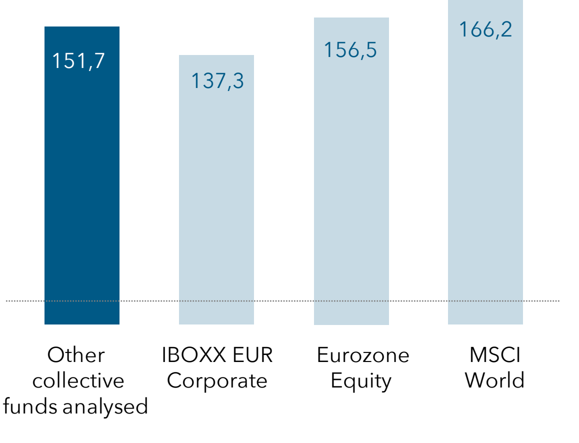
FIGURE 4
CHANGES IN THE CARBON INTENSITY OF THE DIRECTLY HELD CORPORATE BOND PORTFOLIO



Analyse of the carbon intensity of the other collective funds

The weighted average carbon intensity of the portfolio made up of other collective funds that have not been analysed by look-through is higher, at 151,7 tCO_2/€m, at the level of the benchmark index for European shares (Eurozone Equity at 156.5 tCO_2/€m).

FIGURE 5
CARBON INTENSITY OF THE COLLECTIVE FUNDS (TCO2/€M)



Analysis of the carbon intensity of the sovereign bond portfolio

The analysis of the carbon intensity of the sovereign portfolios focused on the national issuers representing an invested total of € 1.0bn, i.e. a rate of coverage of 68% of the sovereign portfolio. The carbon intensity of the sovereign issuers was calculated as the total greenhouse gas emissions of the States relative to the GDP for the corresponding year. The carbon intensity of the sovereign bond portfolio amounts to 217.0 tCO2/€m of GDP. The main countries contributing to the portfolio's carbon intensity are France, given its weighting in the portfolio (53% of the investments of the portfolio analysed) and Canada because of the high carbon intensity of its economy.

FIGURE 6
CARBON INTENSITY OF THE SOVEREIGN PORTFOLIO (TCO2/€M OF GDP)

	THE COUNTRIES' CONTRIBUTION TO THE CARBON INTENSITY OF THE PORTFOLIO ANALYSED	CARBON INTENSITY OF THE COUNTRY	WEIGHTING IN THE PORTFOLIO ANALYSED
France	86	162.6	52.9%
Canada	55	388.0	14.1%
Austria	17	176.0	9.7%
Germany	14	221.3	6.1%
Spain	12	232.0	5.1%
Israel	8	239.3	3.1%
Mexico	7	424.4	1.5%
Poland	6	701.9	0.9%
Netherlands	3	207.4	1.5%
United Kingdom	3	158.8	1.9%
Finland	2	194.1	1.2%
Latvia	2	334.2	0.7%
Chile	2	388.0	0.5%
Sweden	1	87.0	0.6%

Disinvestment policy

The CCR Group will gradually withdraw from the most carbon-intensive sectors of its direct bond management portfolio, primarily from issuers whose coal-related business share (power generation or mining activities) exceeds the 10% turnover threshold. The share of investments meeting this criterion remains low and represents less than 1% of the total bond portfolio. Beyond this withdrawal and within the context of its new investments, the CCR Group will exclude issuers whose coal-related activity accounts for more than 10% of their turnover. The investment teams are favouring dialogue to encourage issuers to regularly reduce their use of coal.

Changes in the transition policy

The carbon footprint assessed by the portfolio's carbon intensity is a static indicator which does not allow for the analysis of the carbon trajectory projected by the issuers and its consistency with the Paris agreements aimed at keeping the rise in temperatures at the earth's surface down below 2°C. In the coming years, CCR intends to define tools for measuring this trajectory.

In addition, the CCR Group will also conduct climate stress tests, the methodologies for which are still under construction, according to different transition scenarios defined by the recommendations of the European regulators.

The Group will also implement the green share analyses according to the activity repository defined by the European taxonomy.

Finally, during the coming financial years, the CCR Group will endeavour to extend the share of the portfolio covered by the carbon intensity analyses, in particular on the listed and unlisted collective funds, so as to obtain an overall measurement of its portfolio.

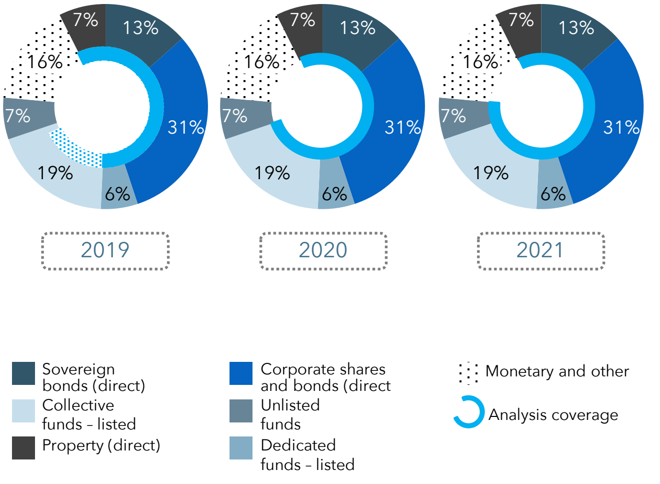
Physical risks

The CCR Group has acknowledged expertise in the modelling of natural disaster risks in mainland France and French overseas departments for the management of insurance risks on the liabilities side of the balance sheet. The physical risks on the portfolio of assets were not subject to specific analyses in 2019. But the Group's ambition for the coming financial years is to mobilise all of the internal modelling expertise in order to construct a robust analysis of the physical risks to which the Group's portfolio of assets is exposed.

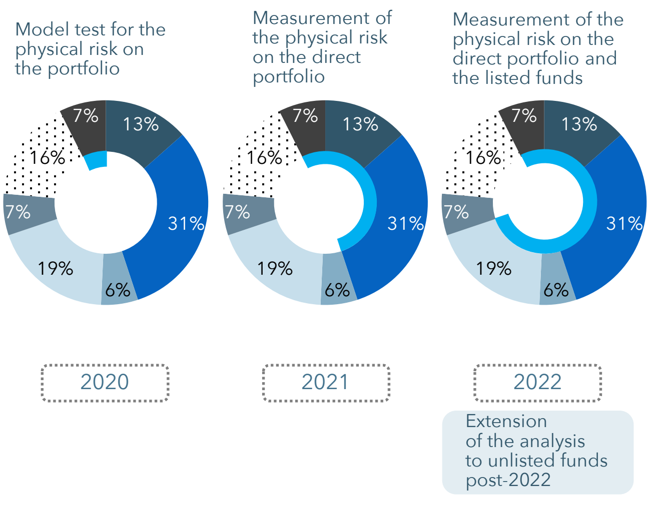
From 2020, the analysis of the physical risks associated with directly held property assets will be put in place.

The CCR Group has, for many years, also not only been contributing to the advancement of research on climate risks, particularly the physical risks, through research partnerships with the financial market regulatory authorities, universities and research institutions, but also to the regular publication of internal studies. This commitment to research on climate is described in more detail in part 4 of the report.

INDICATIVE TIMETABLE FOR IMPLEMENTING THE CARBON INTENSITY MEASURES ON THE PORTFOLIO



INDICATIVE TIMETABLE FOR IMPLEMENTING THE MEASUREMENT OF THE PHYSICAL RISKS ON THE INVESTMENT PORTFOLIO



Thematic investments

Preventing the transition risk

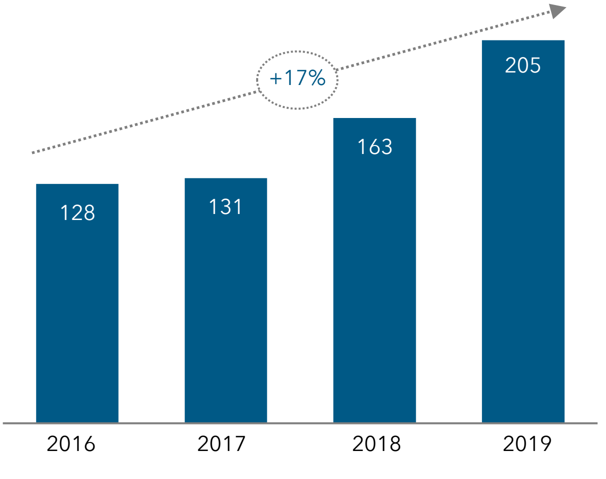
As part of its investment programme for energy and ecological transition, the CCR Group has been investing in green bonds since 2014. The first green bond was issued in 2007 by the EIB. Since then, the markets have not stopped growing; while the overall market value of green bonds was no more than about a hundred billion euros in 2016, it has now reached a figure exceeding € 500bn. According to the figures compiled by the Climate Bonds Initiative, issues of green bonds were record-breaking in 2019: $ 255bn (€ 231bn) of securities were issued on the primary market, compared to $ 167bn in 2018. The benchmark Bloomberg Barclays MSCI Global Green Bond Index grew by 6.50% in the year 2019, after a year 2018 in the red (-0.72%).

The CCR Group is taking part in these market dynamics with the total amount of green bonds held increasing by 17% between 2016 and 2019 (total amounts representing 4.5% of the directly held bond assets).

The selection of Green Bonds is based on various criteria:

- selection filter based on GBP (Green Bond Principles),
- regular exchanges with specialist analysts,
- assessment of the interest of the projects and monitoring changes in their financing,
- the issuers' track record: proven reputation, analysis of past achievements, quality of the reporting (frequency, relevance, comprehensiveness of the key data).

FIGURE 7
CCR'S INVESTMENTS IN GREEN BONDS



The CCR Group also invests € 23m in green bonds through its investments under delegated management (€ 21m in dedicated funds and € 2m in collective funds).

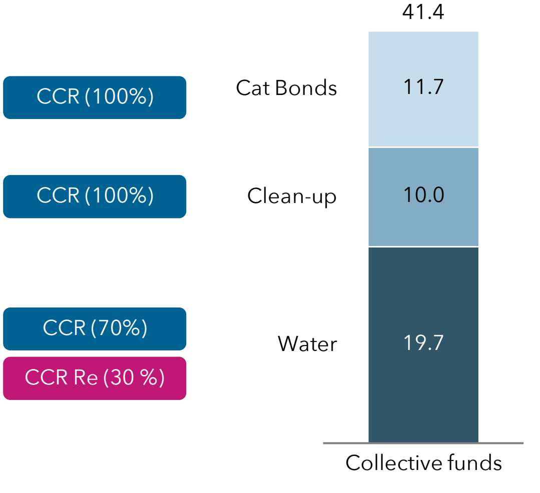
Furthermore, € 5m are invested[4] in impact funds associated with the theme of energy transition, financing, in particular, renewable energy production infrastructures.

Adapting to the physical risk

In 2019, within its portfolio, CCR held € 41.4m of collective funds associated with themes of adapting to the physical risk:

- € 19.7m of funds associated with water,
- € 10.0m of clean-up funds,
- € 11.7m of Cat Bond funds.

FIGURE 8
INVESTMENTS IN COLLECTIVE FUNDS ASSOCIATED WITH THE THEME OF ADAPTING TO THE PHYSICAL RISK (€M)



The theme of water has been present in the composition of the portfolio for more than 10 years via an equity themed fund. This fund, whose investment process includes an ESG approach, invests in companies selling products or services in the field of the supply of water, water treatment, and technology and environmental services associated with water.

The CCR Group is also involved in the strategies for adapting to climate change by investing in financial products hedging against natural disasters (insurance linked securities). By offering capacity to absorb the expenses of claims associated with natural disasters, these investments contribute to the protection of insurers and the recovery of the economy in the event of a major loss.

CCR also invests in funds for cleaning up industrial sites and the reclamation of urban wastelands in Europe. The aim is to limit the environmental and health risk that might arise from such sites and also to ensure a recycling of the building spaces to fight against urban sprawl and remobilise land in areas that have a structural scarcity of construction land

4 / € 20m of total commitments.

3.3 ESG ISSUES: SUPPORTING SOCIETAL TRANSITION

The management of climate risks (both physical and transition) and the implementation of thematic investment programmes aimed at strengthening the resilience of assets and guiding the economy towards a lower carbon intensity will only be effective if the populations and the territories are combined and involved in this transition effort. This is why the CCR Group has made supporting societal transition the third pillar of its responsible investment policy.

The approach on this third pillar is a monitoring of the ESG scores of the issuers in the portfolio and an investment programme geared towards societal themed bonds or funds, regardless of the expertise and advisory activities which the public reinsurer is also offering to the Ministry of Energy and Inclusive Transition, the regional authorities and the special public institutions.

Risk analysis methodology and results

The analysis of the ESG risks is based on Sustainalytics's ESG Risk Rating that allows the material ESG issues presenting the most significant risks for the value of the assets. The issuers' rating is based on two aspects:

- the issuers' exposure to the ESG risks that a business faces;
- the issuers' mechanisms for managing these risks.

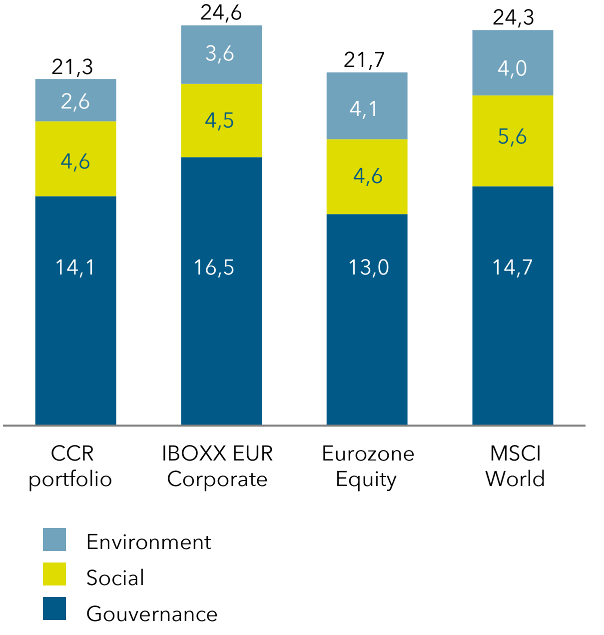
The portfolio analysed comprises the directly held sovereign and corporate bonds, the dedicated funds and the ten collective looked-through funds for which the amounts invested are the greatest, i.e total assets of € 6.2bn corresponding to 61% of the total portfolio;

Sustainalytics's database has enabled a total of 1,781 issuers to be covered, representing € 5.1bn (83% of the stock market value of the portfolio analysed), i.e. 51% of the stock market value of the overall portfolio.

An additional analysis relating to the other listed collective funds, without look-through, via Morningstar, as in previous years, has also enabled € 0.7bn to be covered, i.e. 20% of the assets under delegated management and 7% of the total assets managed.

The ESG risk of the portfolio is considered moderate with a score of 21.3 /100 (a score closer to 100 indicates an increased risk), below the MSCI World index (24.3) and the IBOXX EUR Corporate (24.6) index and at a level equivalent to the Eurozone Equity index (21.7).

FIGURE 9
COMPARING THE ESG SCORE OF CCR'S PORTFOLIO WITH MARKET INDICES



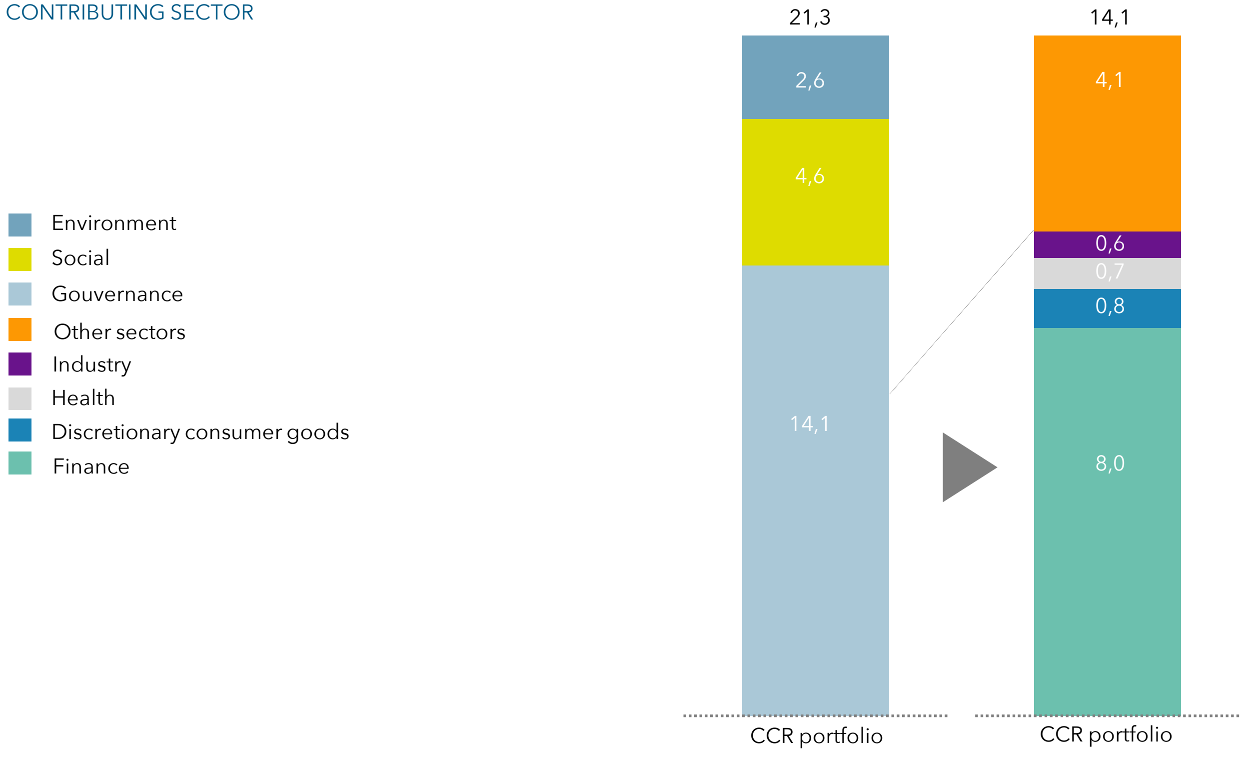
The portfolio's ESG risk arises mainly from the governance risk, with the environmental and social risks being low.

The governance risk essentially comes from the finance sector because of its significant weighting in the portfolio analysed (33%) and its sector risk level.

FIGURE 10
ESG RISK OF THE SECTORS REPRESENTED WITHIN THE PORTFOLIO

	THE SECTORS' CONTRIBUTION TO THE GOVERNANCE SCORE OF THE PORTFOLIO ANALYSED	ESG SCORE OF THE SECTOR	WEIGHTING IN THE PORTFOLIO ANALYSED
Finance	9	26.7	33.3 %
Public sector	4	13.5	32.3 %
Basic consumer goods	1	23.9	5.6 %
Discretionary consumer goods	1	21.2	6.1 %
Industry	1	24.6	4.6 %
Services to communities	1	25.7	3.6 %
Energy	1	35	2.7 %
Health	1	26.1	3.6 %
Materials	1	21.4	2.6 %
Telecommunication	0	19.7	2.0 %
Information technologies	0	16.9	2.2 %
Property	0	12.8	1.3 %

FIGURE 11
BREAKDOWN OF THE GOVERNANCE SCORE PER CONTRIBUTING SECTOR



The ESG score of the collective funds analysed without look-through shows an average ESG risk level (21.4), which is similar to that of the dedicated funds (21.1) and the Eurozone Equity index (21.7).

With a coverage of 51% of the portfolio of assets, the CCR Group aims to cover more than 80% of the portfolio by 2022, thanks to the expansion of the analyses to the listed and unlisted collective funds.

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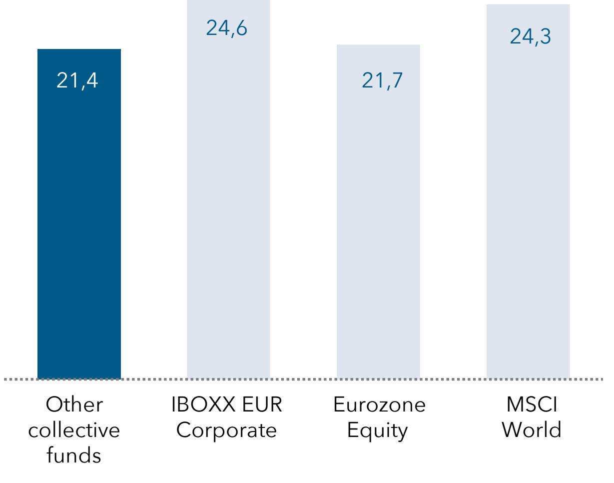
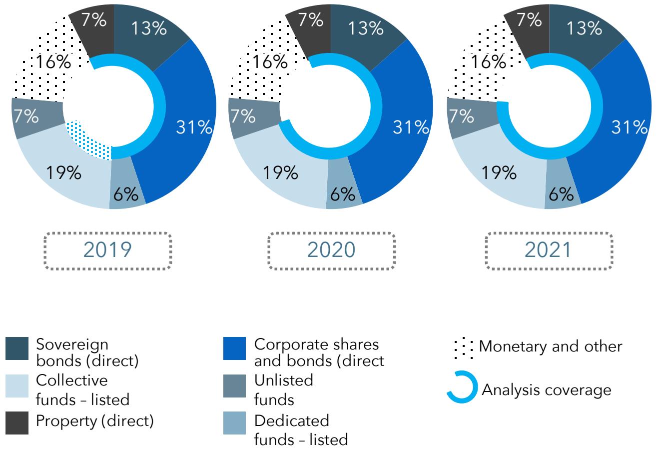
FIGURE 12
ESG SCORE OF THE COLLECTIVE FUNDS



INDICATIVE TIMETABLE FOR IMPLEMENTING THE MEASURE AND ASSET COVERAGE

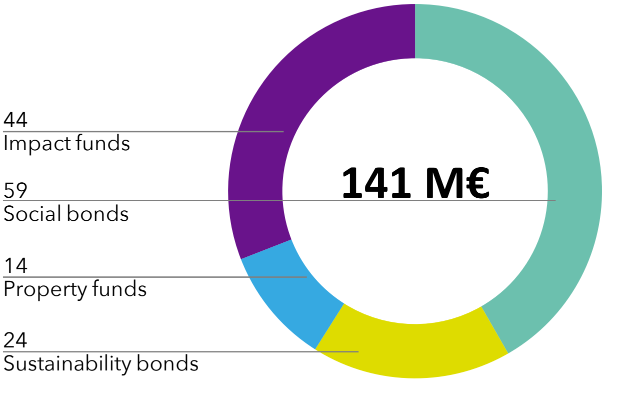


Thematic investments

The investments associated with the theme of supporting societal transition amount to € 141m and are distributed over various asset classes:

- € 83m in bonds, of which:
  - € 59m are Social Bonds (financing of projects favouring access to basic goods for underprivileged populations and financing actions to combat poverty),
  - € 24m are Sustainability Bonds (financing of projects contributing to achieving the sustainable development goals),
- € 14m invested in property funds geared towards social themes (residences for senior citizens),
- € 44m invested[5] in funds dedicated to themes such as microfinance, the long-term financing of businesses and the economic development of developing countries.

FIGURE 13
INVESTMENTS ASSOCIATED WITH THE THEME OF SOCIETAL SUPPORT



5 / € 25m of total commitments.

3.4 THE GROUP'S RESPONSIBLE INVESTMENT PRINCIPLES

Direct management

The teams of the Finance and Investment Department regularly take part in the road shows organised by the issuers so as to maintain dialogue with the financial and institutional investors. These events are the opportunity to ask issuers about their strategies concerning future issues of Green Bonds, the main advances in investments, elements of the published reports and their investment principles and thus to assess their consistency with the Group's responsible investment principles. Every year, the Finance Department also analyses the ESG reports published by the issuers in the portfolio in order to monitor the evolution of the projects implemented and to ensure that the internal assessment reports are properly updated.

Delegated management

CCR's Finance Department constantly ensures that the ESG criteria are taken into account by its managers in conducting their activity and monitors the quality of their methodology. The ESG/Climate issues are broached during the external fund selection process in order to understand to what extent and how the investment processes include such issues. The CCR Group systematically encourages its partners to set up an ESG/Climate reporting for the funds. The partner companies in the portfolio must also have an active policy on shareholder voting and dialogue.

All companies managing the dedicated funds are signatories to the PRI, have formalised a responsible investment policy and have a dedicated ESG analysis team. All of them have also set up internal ESG integration models to assess the ESG performance of their portfolio and implement a voting policy and regular shareholder dialogue. The sector exclusion practices do however differ and not many management companies have already incorporated measurements of the exposure to climate risks of their portfolio.

As part of the ongoing dialogue with the partner management companies and the renewal of the management agreements, the CCR Group is progressively incorporating the ESG commitment of the management companies into the drafting of the management agreements. In the future, the CCR Group's aim will be to align, as far as possible, the ESG practices of the partner management companies with the principles of its responsible investment charter.

The risk analyses carried out on the looked-through portfolio under delegated management allow areas for improvement in respect of ESG/Climate to be identified. The CCR Group's methodology voluntarily retains a fundamental and qualitative nature because of the evolutive nature of the data over time and the diversity of the approaches. The shortcomings or deviations not justified by special constraints or constraints specific to a class of assets can result in the non-selection of an investment proposal or the reconsideration of a position already in the portfolio.

During upcoming financial years, the CCR Group wants to extend the scope of the climate and ESG analysis of the collective funds analysed by look-through, with the aim being, in particular, to use these analyses as part of the dialogue with the management companies. The CCR Group will also, via annual questionnaires, systemically analyse the ESG practices of the companies managing the collective funds.

At the end of the year 2019, 96.8% of the assets under delegated management were entrusted to companies that are signatories to the United Nations' Principles for Responsible Investment (UN-PRI). This indicator is interpreted as a willingness of the management companies to commit and take account of the ESG/Climate issues in the management process of their range of funds.

The vast majority of the partner management companies have a formalised ESG policy. They manage 96.6% of the assets under delegated management. Most of them have a dedicated ESG risk analysis team (90.9% of the assets managed).

FIGURE 14
INCORPORATION OF THE ESG ISSUES BY THE PARTNER MANAGEMENT COMPANIES

3.5 RESPONSIBLE INVESTMENT POLICY IN PROPERTY MANAGEMENT

The CCR Group's property assets are owned directly or through subsidiaries. The assets owned directly consist mainly of residential properties (58% of the surface area in m²), offices (39%) and shops (3%), located mainly in Paris. The CCR Group's portfolio also consists of holdings in French property investment funds for professional investors.

Direct property

The CCR Group incorporates the ESG criteria into its direct property investments when selecting the assets by taking account of their intrinsic qualities and the future performance potential, limiting their environmental impact. All of the E, S and G aspects are taken into account in assessing the assets before and after acquisition, with about thirty indicators defined by the Green Building Observatory monitored on the following themes:

- Environment: energy performance, GHG emissions, water usage, waste management, physical risk,
- Social: occupants' health and safety, accessibility, comfort and well-being,
- Governance: business ethics, economic dependence of suppliers, relations with the management companies, internal governance, responsible procurement.

The recently acquired or restructured buildings systematically seek certifications (BREEAM, HQE, LEED).

In 2019, 50% of the surface area of tertiary buildings are accredited or certified. The CCR Group has also signed the Charter for the energy efficiency of public and private tertiary buildings of the Sustainable Building Plan. Every year, the Group devotes 30% of its works budget to reducing greenhouse gas emissions.

With the company ELOGIA the Group has also completed an estimate of the greenhouse gas emissions of its tertiary buildings in scopes 1&2.

In 2019, across the whole of the tertiary assets in the portfolio, 526 tCO_2 were emitted, which is a 20% reduction (-132 tCO_2eq.) from 2018, mainly because of the reduction in emissions associated with the use of electricity.

FIGURE 15
LOCATIONS OF THE DIRECTLY OWNED PROPERTIES

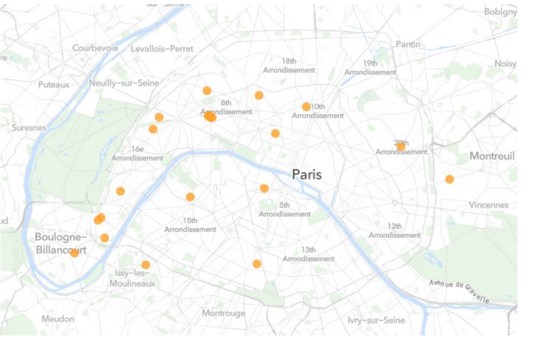


FIGURE 16
CHARACTERISTICS OF THE DIRECTLY OWNED PROPERTIES (SURFACE AREA IN THOUSAND OF M²)

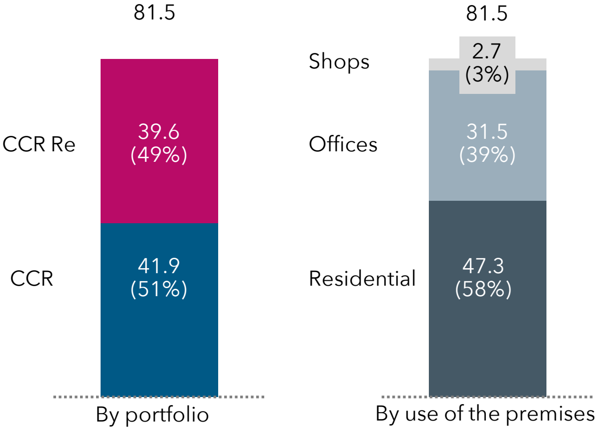
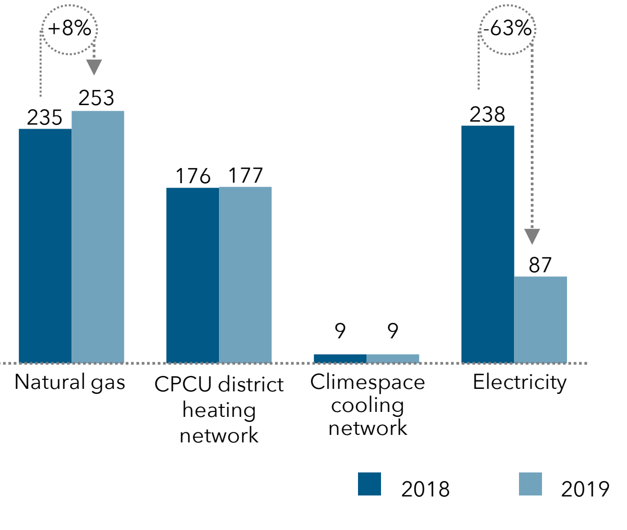


FIGURE 17
EMISSIONS ASSOCIATED WITH SCOPES 1 & 2 OF TERTIARY BUILDINGS (tCO_2)



The supply of electricity from renewable energy sources has been widespread in tertiary buildings, attested by the electricity certificates with a guarantee of a non-fossil origin.

Across all of the assets, the supply of green electricity has increased by 40% (in terms of the number of buildings) and 2730 MWh of renewable energy produced by the buildings have been fed back into the electricity distribution network.

One third of the tertiary buildings also have heating via the district heating network of the city of Paris. The aim is to continue increasing the share of clean and renewable energies in the energy mix of the buildings by signing "green" gas contracts.

For buildings owned for a long time, energy usage audits have been carried out which have resulted in the identification of the actions to be taken to make energy savings.

The CCR Group is continuing with its partnership with DEEPKI, a company specialising in collecting energy data to monitor and check changes in energy usages and measure the impact of the actions and work carried out.

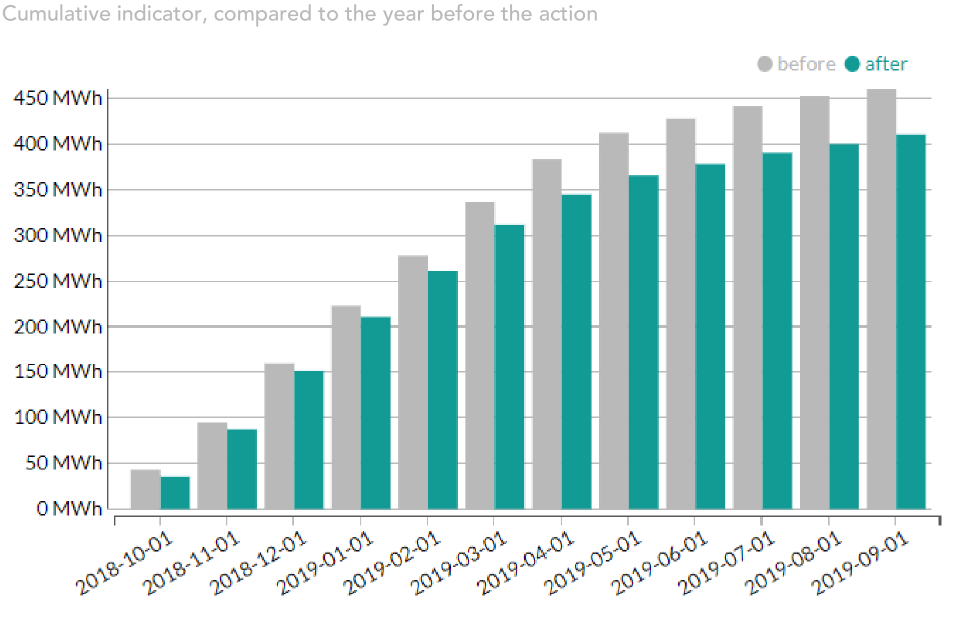
In 2019, 30% of the assets was subject to an energy audit, with the aim being to reach 100% in the next 2 years and thus to cover the residential portfolio by encouraging the tenants to provide their energy use.

Tertiary assets have an overall energy performance of D with an average of 346.83KwhEP/m²/year.

The CCR Group also uses a progress and continuous improvement approach in the residential buildings by highlighting the technical actions and the investments aimed at reducing energy use:

- 100% of the assets are equipped with a temperature controller (night-time reduction and setting of the heating curve),
- 70% of the assets have double-glazed windows,
- Systematically, each time that someone moves out of an apartment, double-glazed windows are installed as are thermostatic valves on the radiators (70 were installed in 2019),
- 100% of the common parts (other than car parks) have LED equipment, timers and/or presence detectors.

FIGURE 18
10% REDUCTION IN ENERGY USE ASSOCIATED WITH THE REPLACEMENT OF DOUBLE-GLAZED WINDOWS IN A RESIDENTIAL BUILDING



Initiatives aimed at reducing water usages (total use of 63,756 m3 in 2019. i.e. 3% less than 2018 - 0.37m3/m² in tertiary buildings and 1.11m3/m² in residential buildings) are also being implemented such as the installation of valves with a water-saving feature (150 installed in 2019).

There has been widespread creation of spaces for bicycles: 90% of the assets are equipped with spaces for bicycles.

The physical risks are also subject to a systematic analysis on acquisition and are one discriminating criterion for selecting the assets: 100% of the assets are outside of a flood zone.

The CCR Group is also vigilant about the safety of the occupants of its buildings. Particular attention is paid to air and water quality. Thus, in 2019, 50% of the tertiary buildings were equipped with a ventilation system by an air handling unit and 100% of the tertiary buildings have been measured for the performance of the ventilation system and the air quality; 85% of the of the tertiary buildings have been checked for water potability and quality.

Finally, the CCR Group is continuing with the strengthening of the governance mechanisms surrounding the acquisition and the management of the buildings. An ESG risk mapping based on questionnaires to be sent to partner companies to assess their ESG practices is being developed. The assessment of the suppliers' economic dependence risk plus the responsible procurement policies are taken into account by the Group.

Indirect property

In the context of indirect investments via holdings in French property investment funds for professional investors, taking account of the ESG criteria is critical both in the funds' themes but also at the time of selecting management companies.

Attention is drawn to the assets present in the funds and to the commitment of the management companies regarding environmental and social issues.

The majority of them publish an ESG report and are signatories to the PRI. Hence, 90% of the funds invested include the ESG criteria in their strategy and aim to build new or restructured accredited buildings.

In 2018 and 2019, CCR invested in two funds for the construction of residences for senior citizens (valued at € 14m at the end of 2019) and strengthened its commitment in a fund for the reclamation of industrial wastelands in an urban area (€ 10m invested).

4 CSR COMMITMENTS OF THE CCR GROUP

4.1 RESEARCH ON CLIMATE AND PARTNERSHIPS

The CCR Group has, for fifteen years, carried out research and development work in the area of natural disasters. These modelling studies conducted in partnership with French scientific bodies fall within the aim of an in-depth understanding of the phenomena and their impacts in terms of insured loss or damage. In addition to the indemnification mechanisms, this knowledge allows the culture of risk to be strengthened and enables the identification of good practices in terms of crisis prevention and management.

The CCR Group is pursuing its research and development work in the modelling of the physical and transition risks, particularly in the context of the PARI chair in cooperation with the ENSAE ParisTech and Sciences Po. The improvement in knowledge is likely to have an influence on the behaviour of the various players and on the inclusive pooling model used by the French State to cover natural disasters. How can this model, which is tried and tested, be retained with the emergence of more and more sophisticated tools? It is to address this situation that CCR supports this scientific research.

The precise accuracy of the model can give a false impression of the management of the risks and the commitments. The occurrence of events, even ones that are not very intense, brings its share of surprises: claims in areas which, until then, seemed low risk, aggravating factors having an effect on the amount of the claims, etc. Consequently, if the models contain uncertainties for events with quite low recurrence intervals, what happens when extreme events greatly exceed past observations in intensity? These already significant uncertainties in the current climate are even more so in a future climate, since beyond the limits of the models there are also uncertainties regarding the changes in the climate and in the issues insured over a long-term horizon. With this in mind, in 2019, CCR continued with its work with Météo-France, initiated in 2015 at the COP 21 in Paris, and extended for the next six years. In 2019, CCR also produced a study on the implications of global warming on the cyclone risk in the French overseas departments.

The CCR Group is also involved in the NAIAD (NAture Insurance Value: Assessment and Demonstration) project initiated in 2015 with twenty-three partners from eleven countries. It is based on nine experimental sites across Europe. Its aim is to assess and demonstrate the relevance of Nature-based Solutions as prevention measures for the reduction of the risks associated with water (floods and droughts). Within the project, the CCR Group is also involved in defining strategic economic and financial instruments for a risk management based on prevention via green solutions.

Finally, in its work, the CCR Group also ensures that it contributes to the course of action orchestrated by the Banque de France and the Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervision and Resolution Authority) following their study relating to "French insurers confronted with the risk of climate change", with regard to both setting up better financial conditions for energy transition and protecting the public and private actors with respect to the risks associated with this change.

4.2 SPONSORSHIP

In 2019, the CCR Group supported about twenty humanitarian associations, institutions and projects, paying more than € 350,000 as part of its sponsorship policy. This policy includes various areas: humanitarian, environmental and cultural.

Environmental sponsorship

A sponsoring partner of Energy Observer since 2017, the CCR Group supports a human adventure which promotes French know-how around an experiment which could revolutionise marine transport by limiting the magnitude of climate change. Energy Observer's team set itself a challenge that was both human and technological, with the completion of a world tour to present its innovative solutions on board the first energy self-sufficient boat with no greenhouse gas or fine particle emissions, powered by hydrogen and renewable energies, thanks to energy diversity.

This adventure echoes CCR's economic and scientific ambition as a public reinsurer: to guarantee that all French citizens have insurance cover against natural risks and to contribute, through its respected expertise, to investigating and preventing the effects of climate change. As a private reinsurer, CCR Re also covers natural risks with market solutions in the rest of the world. Climate change calls for invention and the industrialisation of specific solutions to limit their impacts, in particular in marine transport. From this point of view, the journey undertaken by Victorien Erussard and Jérôme Delafosse highlights the collective know-how of the French scientists, insurers and mariners in this cause.

Humanitarian sponsorship

The CCR Group has been involved since 1996 in humanitarian sponsorship, providing financial support, every year, for humanitarian, social or environmental associations supported by its employees. More than 50 associations have benefited from its support in this way. Among these associations, some of them support people with disabilities (cf. 4.3).

Cultural sponsorship

In keeping with its CSR approach, the CCR Group has, for three years, been committed to Museums which, thanks to their action programme, promote access to culture for the most disadvantaged. Thus, the CCR Group has been committed to the Rodin Museum since 2018. Its support helps not only towards the enrichment, conservation and restoration of the works but also to the development of cultural exhibitions and programmes. The Group's sponsorship reflects its wish to support the artistic and cultural educational activities carried out by the museum.

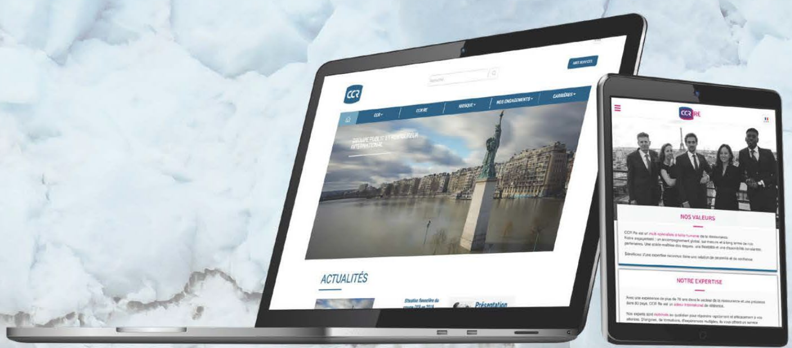
4.3 THE CCR GROUP'S COMMITMENT TO DIVERSITY AND SUPPORTING DISABILITY

The CCR Group has, for several years, been committed to the disabled by putting awareness-raising measures in place in partnership with the Agefiph. In 2019 a communication campaign on disability was rolled out for the workers together with the dissemination of an information note on disability. More than 80% of disabilities are not visible like hearing or visual deficiencies. In view of this, the Group encourages employees to have their disability recognised and supports them in the required administrative procedures. Since 2018, partnerships have been developed with associations committed to help disabled workers such as the Disability Mission of the FFA and the IFPASS (French Insurance Profession Training Institute). In 2019 the agreement relating to gender equality in the workplace and quality of life at work includes a chapter on the measures relating to the vocational integration and job retention of disabled workers, including a bonus of € 500 for employees who can prove that they are officially recognised as a disabled worker and also the appropriate adapting of workstations.

This commitment to disabled people is also evidenced by recruitment drives: in 2019, the CCR Group took part in the insurance recruitment forum for disabled people looking for a job, training or a work-study contract, organised by Le Club Handicap de l'Assurance, the IFPASS and the Paris Cap emploi (an agency that promotes the employment of disabled staff). Such participation resulted in the recruitment, on a fixed-term contract, of one disabled person in 2019, and the contract has been converted to an open-ended one in 2020. The Human Resources Department welcomes and helps its employees in the best conditions possible, in particular via the organisation of an induction day for new work-study employees and employees on a open-ended contract, starting with a breakfast provided by the ESAT (Centres and Services for Help with Work) Berthier (an establishment that has been open since 1975 and which accommodates 151 disabled workers). The purpose of the induction day is to be introduced to the CCR Group througth presentations by various members of the Human Resources, Communication and IT Departments and the DPO so as to share the practical information needed for a better understanding of the Group.

Finally the CCR Group gives financial support to associations which help disabled people as part of its humanitarian sponsorship policy and pays part of the apprenticeship tax to training bodies that welcome disabled trainees or pupils in the provinces and in the Paris region.

		Information	Section of the report
1		Presentation of the general approach of the entity or the portfolio management company (PMC)	2.1 and 2.2
2		Content, frequency and resources used by the entity or by the PMC to advise investors regarding the ESG criteria taken into account in the investment policy and, where applicable, the risk management policy.	Annual ESG-Climate report 2.1
3		For the PMCs: list of the UCIs involved and share as % of their assets managed in the total of the assets managed by the PMC	n.a.
4		Possible adherence to a charter, a code, an accreditation or and ESG initiative	4.1 and 4.3
5		General description of the risk management procedures that allow the ESG risks and the risk of exposure of the activities to such risks to be identified and a general description of such risks	3.1 and 3.5
6		Nature of both the ESG criteria taken into account and the reasons for choosing the criteria	
	6.1	ESG criteria: description of the nature of the main criteria taken into account and the reasons for choosing the criteria	3.3, 3.4 and 3.5
	6.2	Environmental criteria: Information whether it concerns:	
	6.2.1	Risks associated with climate change (corresponding to physical risks and transition risks)	3.2
	6.2.2	Assessment of the contribution to the compliance with the international objective of limiting global warming and to achieving the energy and ecological transition objectives	n.a.
7		Information used in analysing the criteria: For the ESG criteria and the environmental criteria, accuracy regarding the nature of the information used, which might be financial or non-financial data, internal analyses, external analyses or ratings	
8		Methodology and results of this analysis	
	8.1	ESG criteria: Description of the analysis methodology	3.3, 3.4 and 3.5
	8.2	Environmental criteria	
	8.2.1	Where applicable, main underlying hypotheses and compatibility with the international objective of limiting global warming	n.a.
	8.2.2	Explanatory information regarding the relevance of the methodology and the scope used	3.2
	8.2.3	Results of the analysis – exposure to risks associated with climate change	3.2
	8.2.4	Actions carried out following this analysis, in particular amendments to the investment and disinvestment policy, commitment among issuers, increase in the amounts invested in securities and funds contributing to the EET (energy and ecological transition) (themed funds, infrastructures, UCIs that have been subject to an accreditation, a charter, etc. or another initiative)	3.2
9		Incorporation of the results of this analysis in the investment policy	
	9.1	ESG criteria	
	9.2	Environmental criteria: contribution to the compliance with the international objective of the fight against global warming and achieving the EET objectives	n.a.



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