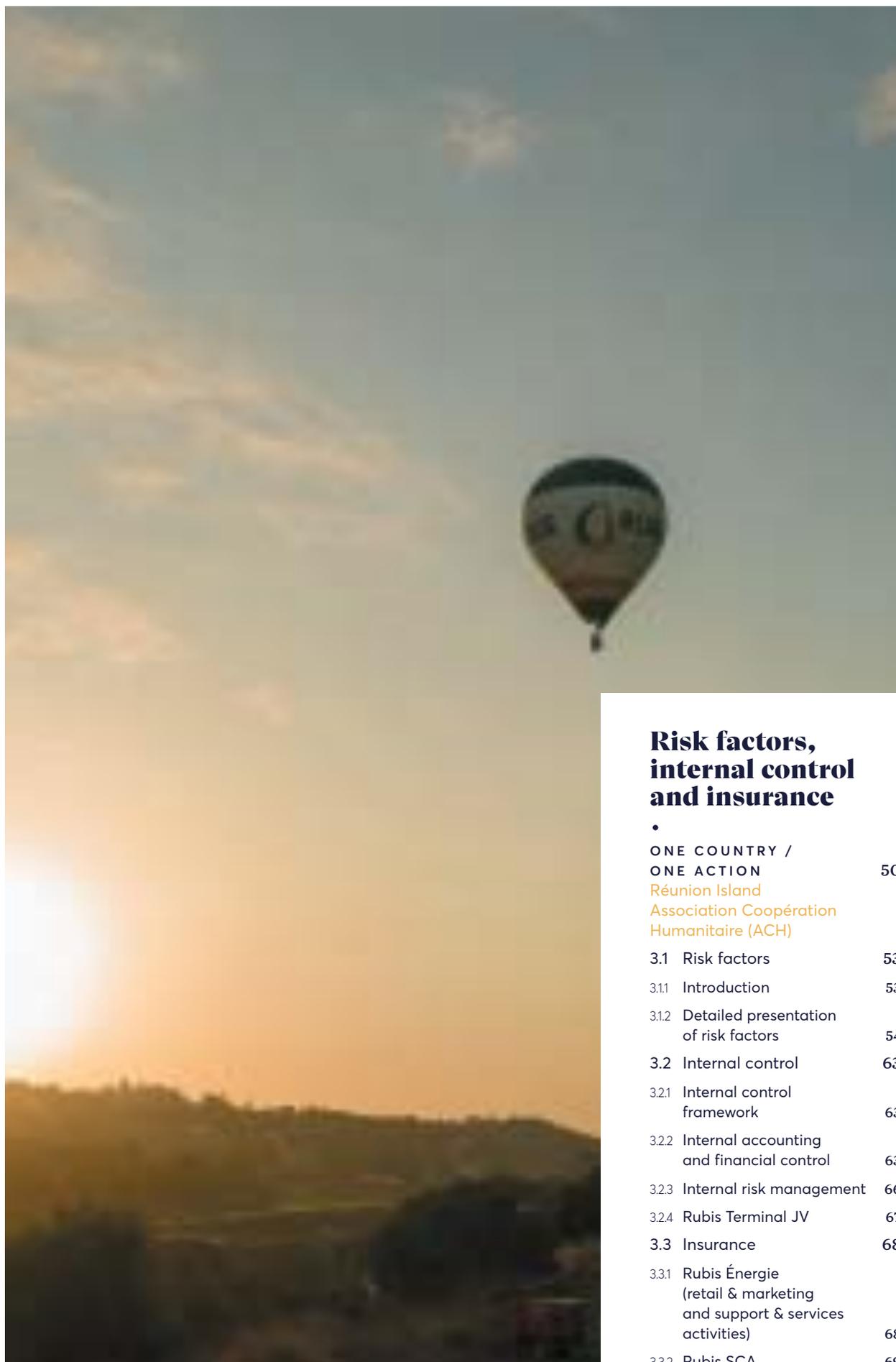


# RI- SKS

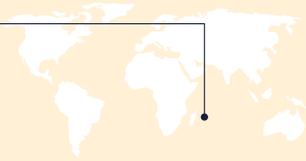


## Risk factors, internal control and insurance

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**One country...**

RÉUNION ISLAND



# An association helping the most vulnerable



Entrance  
to the circus  
of Mafate, Réunion Island

## ... one action

### ASSOCIATION COOPÉRATION HUMANITAIRE (ACH)

The Association Coopération Humanitaire (Humanitarian Cooperation Association, ACH), was founded in 1992 by five women seeking to combat extreme poverty, first in Senegal, then in Madagascar and finally in the French department of Réunion Island. The association comes to the aid of the most disadvantaged (homeless, sick, excluded, children, disabled, etc.) by committing itself to the fight against the social isolation of the most destitute.

In Réunion Island, the *Maison du Bonheur* was created for that purpose in 2016.

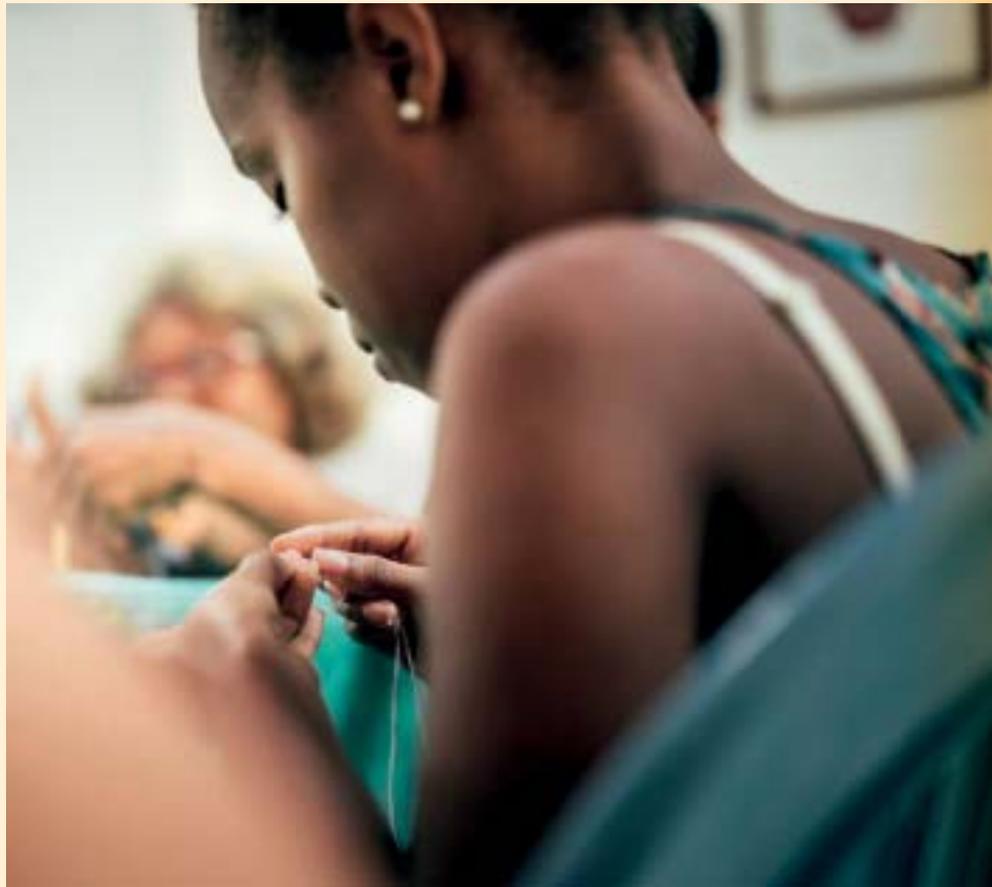
Workshops help beneficiaries:

- by giving them greater autonomy through the acquisition of practical knowledge and new techniques;
- by creating social ties and facilitating their reintegration into the world of work;
- by promoting Réunion's culture and traditional craftsmanship through the creation of handmade objects that are sold during open days.

The Rubis Group, through its local subsidiary SRPP, has been supporting this association since 2017.

# 10,000

BENEFICIARIES



### Rubis in Réunion Island

## 94

EMPLOYEES



## No. 1

IN THE MARKET

## 52

GAS STATIONS  
UNDER THE VITO BRAND

## 2015

DATE GROUP  
OPERATIONS BEGAN

## 14,200

TONNES OF LPG  
DISTRIBUTED IN 2020



The Group organizes its activities around two divisions:

- the retail & marketing business (distribution of petroleum products); and
- the support & services business (trading-supply, shipping and refining).

Rubis SCA also owns 55% of the securities of the Rubis Terminal joint venture, which it controls jointly with its partner and which it consolidates using the equity method (see chapter 1, section 1.5).

The diversity of the Group's activities and the nature of the products handled expose it to risks that are regularly identified, updated and monitored as part of a rigorous management process aimed at mitigating them as far as possible, in accordance with applicable regulations, international standards and best professional practice.

Rubis has identified 14 risk factors related to its activities, considered to be significant and specific (including risks related to Covid-19, which are subject to special monitoring), divided into four categories (section 3.1).

In addition, the Group has implemented for many years internal control procedures (section 3.2) that contribute to the control of its activities and the effectiveness of its risk management policy.

Finally, for residual risks that cannot be completely eliminated, the Group ensures that they are covered by appropriate insurance policies, whenever this is possible (section 3.3).

## 3.1

# Risk factors

## 3.1.1 Introduction

Using mapping techniques, Rubis annually reviews financial, legal, commercial, technological and maritime risks liable to have a material adverse effect on its business and financial position, including its earnings, reputation and outlook. In addition to risk mapping, an overall review of risks by all the relevant departments is organized in order to select the risks that should be included in this chapter. The risks selected are then presented to the Accounts and Risk Monitoring Committee, a specialized Committee of the Rubis SCA Supervisory Board.

Only those risks deemed **specific to the Group and important for investors** as of the date of this document are described in this chapter. Investors should take all the

information contained in this document into consideration.

Risk factors are divided into four categories based on their nature:

- industrial and environmental risks;
- risks related to the external environment;
- legal and regulatory risks;
- financial risks.

The categories are not presented in order of importance. Within each category, the most important risk factor as of the date of the risk assessment is presented first. Note that the NFIS (Non-Financial Information Statement) contains a description of non-financial risks.

Depending on their importance, some of those risks are also included in the risk factors described in this chapter. To avoid unnecessary repetition for the reader and to present each risk factor concisely, this chapter contains references to chapter 4 "CSR", which includes a detailed discussion of the Group's management of its environmental, social and societal risks.

The description of Rubis' main risk factors (see below) presents the possible consequences in the event of a risk occurring, and provides examples of measures implemented to reduce them. The assessment of the level of impact and probability of each risk mentioned takes into account the control measures implemented (net risk).

**Probability**

Low ▲ Medium ▲▲ High ▲▲▲

**Impact**

Low ● Medium ●● High ●●●

Category	Risk	Probability	Impact
<b>Industrial and environmental risks</b>	Risk of a major incident in industrial facilities	▲	●●●
	Risk of a major incident in distribution facilities	▲	●●
	Risks related to product transportation		
	• Maritime transportation	▲	●●●
	• Road transportation	▲▲	●●
<b>Risks related to external environment</b>	Risks related to a health crisis	▲▲▲	●●
	Country and geopolitical environment risks	▲▲	●●
	Climate risks	▲▲	●
	Risks related to changes in the competitive environment	▲▲	●
<b>Legal and regulatory risks</b>	Ethics and non-compliance risks	▲	●●●
	Legal risks (loss of operating license and major disputes)	▲▲	●●
	Risks linked to a significant change in environmental regulations	▲	●
<b>Financial risks</b>	Foreign exchange risk	▲▲▲	●
	Risk of fluctuations in product prices	▲▲	●
	Risks related to acquisitions	▲	●
	Risks related to management of the stake in the Rubis Terminal JV	▲	●

## 3.1.2 Detailed presentation of risk factors

### 3.1.2.1 INDUSTRIAL AND ENVIRONMENTAL RISKS

Rubis Énergie's business lines (retail & marketing and support & services), described in greater detail in chapter 1, entail industrial and environmental risks that may have impacts of varying nature and scope

depending on the activities and the type of products handled (fuels, heating fuels, bitumen, liquefied gases). In most countries, such activities are subject to many very stringent environmental, health and safety

regulations requiring the implementation of risk prevention systems (the European Seveso regulations for industrial facilities or the ADR for the carriage of hazardous materials by road, for instance).

#### RISK OF A MAJOR INCIDENT IN INDUSTRIAL FACILITIES<sup>(1)</sup>

Probability: ▲ Impact: ●●●

#### Description of the risk

Rubis Énergie operates industrial sites where petroleum products (fuels, heating fuels, bitumen, liquefied gases) are the main items handled. Such products are inherently flammable and, in some cases, explosive.

The facilities in question are import or storage terminals for petroleum products, gas cylinder filling plants and a refinery. Fifteen are classified Seveso (high and low threshold) in the European Union; 43 similar sites are operated outside the European Union.

Although the Group's entities ensure that these facilities and their operations comply strictly with standards predefined by the Group and the regulations applicable to them, a major incident (explosion, fire, massive pollution), including as a result of malicious acts, could occur on a site and cause damage to people, the environment and/or property, as well as to the Group's reputation. The liability of the Group, its Senior Managers or employees could be incurred. As no single site makes a significant contribution to the Group's earnings, only the simultaneous shutdown of several of them would have an adverse impact on the Group's financial position.

#### Examples of risk management measures

Due to the nature of Rubis Énergie's activities, the safety of operations is a constant concern for its teams. In addition to strict compliance with the applicable Seveso-type regulations, significant resources are devoted to preventing the risk of accidents, and especially major industrial incidents, including:

- an **active risk prevention approach** through the implementation of proven **HSE**

(health, safety and environment) **and quality management systems**, guaranteeing the implementation of rigorous operational processes;

- **investments** totaling €131 million for the security, maintenance and adaptation of facilities in 2020;
- **membership of professional bodies** such as GESIP (Groupe d'Étude de Sécurité des

Industries Pétrolières et Chimiques – Group for Safety Research in the Petroleum and Chemical Industries) and the Joint Inspection Group (JIG), **which provide general operational, training and safety support;**

- the establishment of **crisis management organizations** that can be implemented swiftly in response to a major event in order to limit its consequences.

#### RISK OF A MAJOR INCIDENT IN DISTRIBUTION FACILITIES<sup>(1)</sup>

Probability: ▲ Impact: ●●

#### Description of the risk

Rubis Énergie operates a network of 1,015 gas stations in 22 countries, most often entrusting their management to managers or independent resellers.

Although the quantities of products stored in gas stations are limited (frequently less than 80 m<sup>3</sup>), the main risk stems from the fact that such facilities are often located in urban or suburban areas and that they are accessible to the public.

An explosion, fire or a massive product leak, including those caused by malicious acts, could result in serious harm to personnel (most often not Group employees), customers and local residents, the environment and/or property, as well as to the Group's reputation.

(1) This risk is described in the NFIS, chapter 4, section 4.2.

### Examples of risk management measures

In addition to strict compliance with the applicable regulations, measures taken to prevent risks, and especially major incidents, include:

- the establishment of a **documentary base for the operation of gas stations focused on risk prevention/protection**, notably setting out detailed safety instructions and

guidelines for operations, the regular training of managers and staff, and rigorous monitoring of fuel stocks;

- the implementation of **technical compliance programs for fuel distribution facilities**, notably with the gradual replacement of underground tanks and pipelines by equipment using double wall

technology fitted with leak detectors, ensuring continuous leakage monitoring to guard against any possible pollution;

- the rollout of **preventive maintenance** programs in gas stations, using regularly updated descriptive specifications, as well as regular inspections to ensure that maintenance work is carried out properly.

### RISKS RELATED TO PRODUCT TRANSPORTATION<sup>(1)</sup>

**Maritime transportation** > Probability: ▲ Impact: ●●●

**Road transportation** > Probability: ▲▲ Impact: ●●

#### Description of the risk

The products distributed by Rubis Énergie are considered dangerous insofar as they are flammable or, in some cases, explosive, and may also be subject to accidental spillage liable to pollute the ground and water. Their transportation therefore involves a risk, attributable to both the nature of the product and the means of transportation, mainly maritime or road.

##### Maritime transportation

In its supply and shipping activities, Rubis Énergie operates five proprietary vessels and a further nine time-charter vessels. Rubis Énergie also charters vessels for single voyages.

A major incident involving a vessel (fire, explosion, pollution, navigation accident), including those resulting from acts of piracy, whose probability of occurrence is low but whose impact would be potentially significant, could cause damage to people, the environment and/or property, as well as to the Group's reputation. The liability of the Group, its Senior Managers or employees could be incurred.

##### Road transportation

The transportation of products to distribution sites or customers requires the circulation of numerous trucks liable to generate risks for people and the environment. The risk of accidents is heightened in certain areas (Africa, certain Caribbean Islands) due to the poor quality of road infrastructures, driving habits, distances traveled and/or the population density present on roads. The consequences of a road accident involving hazardous materials are generally limited in space, due to the small quantities transported, but could generate damage to people or the environment and/or damage to property and the Group's reputation in the event of a serious incident such as the explosion of a vehicle, fire or spillage of a vehicle's cargo.

### Examples of risk management measures

#### Maritime transportation

In addition to compliance with the regulations applicable to international navigation (mainly the International Maritime Organization standards), the following measures are implemented:

- **systematic vetting of chartered vessels** by a specialized company, Rightship;
- **membership of Oil Spill Response Ltd**, a company that can assist in the event of maritime pollution occurring during the

loading/unloading of products in Rubis Énergie terminals;

- as charterer or owner, Rubis Énergie insures its **shipping risk with international P&I Clubs**.

#### Road transportation

In addition to the application of the regulations applicable to the transportation of hazardous merchandise, further measures are taken in order to prevent the risk of traffic accidents:

- **driving training programs (defensive driving)** in particular in countries where the risk is greatest; application of special instructions are also applied (for example the prohibition of driving at night);

- **truck fleet renewal** programs and the installation of monitoring equipment for vehicles on the move, such as video surveillance and/or geolocation tracking.

(1) This risk is described in the NFIS, chapter 4, section 4.2.

### 3.1.2.2 RISKS RELATED TO THE EXTERNAL ENVIRONMENT

Rubis Énergie, and consequently Rubis SCA, is sensitive to cyclical and structural risk factors, due to its business segment and the countries in which it operates.

#### RISKS RELATED TO A HEALTH CRISIS

Probability: ▲▲▲ Impact: ●●

#### Description of the risk

The occurrence of a serious health crisis or a pandemic can in the first place affect the health of employees and therefore their availability. It is also liable to lead governments to adopt measures restricting the movement of people and goods, or even lockdown measures in order to reduce the circulation of a serious contagious disease. Depending on their nature, scope and duration, these government measures may thus affect the distribution of petroleum products in a heterogeneous manner depending on the product markets and countries or regions. The distribution of fuels and liquefied gases, some of which meet basic needs (production of cold and heat, cooking, mobility for essential activities, etc.), is considered by governments as essential. While preserving the safety of employees and customers, the continuity of these activities must be ensured in order to meet these needs. As for the distribution of liquefied gases to the agrifood industry and the sales of bitumen (West Africa), these activities are generally less sensitive to the health context. However, sales of jet fuel to airlines may be more severely and durably affected in the event of restrictions on international mobility leading to a decline in tourism and aviation activities. Nevertheless, this activity only represented 2% of Rubis Énergie's total gross margin in final distribution for fiscal year 2020. In addition, the potential long-term shutdown of certain industries that are heavy consumers of LPG (particularly in southern Africa, Morocco and Madagascar for Rubis Énergie) in such a context may lead to a decline in volumes sold and thus impact the Group's financial performance and cash flow. Lastly, the upheavals related to a major health crisis are also a breeding ground for greater political, economic or social instability, particularly in countries with weaker governance, in some of which the Group operates.

**Covid-19:** the health crisis linked to the Covid-19 pandemic that has been ongoing since the beginning of 2020 continues to affect the Group's 41 countries of activity alternately and to different extents (including its Rubis Terminal JV). This pandemic has a more marked impact on subsidiaries that are dependent on the upturn in tourism (particularly in the Caribbean region). However, in general, the Group has seen strong resilience in its activities, as the Group's global footprint and the diversity of products sold have helped to mitigate the effects of this crisis. The effect of this risk on the results of fiscal year 2020 is detailed in note 2.2 "Accounting standards applied: Information specific to the Covid-19 pandemic" to the consolidated financial statements. Figures for the first quarter of 2021 are broadly in line with the last quarter of 2020; the second quarter of 2021 should mark an improvement compared to the same period of 2020, and the second half should reap the initial effects of the widespread intensification of vaccination campaigns, themselves accompanied by the gradual lifting of restrictions.

#### Risk management measures

In a health crisis situation, the Group focuses on controlling the main risks, namely:

- protecting the health of its employees and, in general, of external service providers working on its industrial sites, through the implementation of health protocols, the constant monitoring of inventories and the supply of protective equipment, a ban on international travel, the use of teleworking for positions that allow it, etc.;
- the operational continuity of its industrial and commercial activities with a permanent concern for the safety of facilities and operations, through the implementation of

business continuity plans that take into account industrial and environmental safety requirements;

- following through on its commitments to customers, as well as managing the risk of non-payment: this risk remains low due to the nature of payments in the main business sectors affected. Small airlines generally pay in cash (no specific customer outstandings), while gas stations have no cash flow problems as most customers also pay cash. Large industrial customers such as electricity companies are also often guaranteed by States;

- the implementation of strict financial discipline in order to maintain a strong balance sheet;

- country risk monitoring (see the risk factor "Country and geopolitical environment risks").

**Covid-19:** management of the Covid-19 health crisis has demonstrated the effectiveness of the management measures implemented in a reactive and agile manner, both at Group level and by the various entities.

**COUNTRY AND GEOPOLITICAL ENVIRONMENT RISKS**

Probability: ▲▲ Impact: ●●

**Description of the risk**

The Group (excluding the Rubis Terminal JV) operates in 38 countries. In 2020, it generated 14% of its revenues in Europe, 48% in the Caribbean and 38% in Africa. Part of Rubis Énergie's activities are exposed to risks and contingencies in countries that may experience, or have experienced, political, economic, social and/or health situations that can be described as unstable, or in countries with fragile governance (notably Haiti, Nigeria and Madagascar). In addition to the usual consequences, this instability can in particular have an impact on Rubis Énergie through a unilateral review of fuel distribution margins, with many states regulating the prices of petroleum products. The point of equilibrium nevertheless remains the granting of sufficient margins to operators to ensure a long-term supply of essential products and to maintain adequate safety standards. Another aspect of geopolitical risk is the safety of Group employees, for which strict protection measures are in place in high-risk countries. Personal safety is becoming a priority management issue in certain countries, as is the security of petroleum product storage facilities.

Except in extreme cases, continuity of the subsidiaries' fuel distribution activities is in principle secured, as these products meet the essential needs of populations. The simultaneous occurrence of such events in several countries could have an unfavorable impact on the Group's earnings.

Lastly, shipping activity may be exposed to acts of piracy in certain areas in which the Group operates (in particular in the Gulf of Guinea or the Indian Ocean). Such acts could cause harm to the people on board, damage to the vessel itself and to the cargo, as well as cause financial losses due to delays in expected deliveries, or even the inability to deliver cargoes.

NB: risks related to the Covid-19 pandemic are discussed in this section 3.1.2.2.

**Examples of risk management measures**

- **The geographic diversity of the Group's operations mitigates its exposure** to the risks of a given country by limiting the concentration of activities, and as such dependence on that country. The existing risks are, moreover, assessed at the time of the acquisition in question, and are taken into account in the operational management of the subsidiaries, which perform regular monitoring in order to anticipate them.
- In areas that are particularly exposed to security risks, **employee and site protection measures are reinforced in accordance with the assessment of the surrounding risks** in order to deal with acts of malicious intent, intrusion, kidnapping, vandalism or theft.
- **To deal with health risks, business continuity plans are established** and measures taken (vaccination, information campaigns, etc.) to combat infectious or viral diseases (plague, malaria, Ebola, Covid, etc.).
- Regarding the risk of piracy, **the Group's port facilities comply with the International Ship and Port Facility Security (ISPS) Code**. Recommendations relating to countries designated as "high risk areas" by the International Maritime Organization are also taken into account.



### CLIMATE RISKS<sup>(1)</sup>

Probability: ▲▲ Impact: ●

#### Description of the risk

##### Physical risk

In 2020, the Group (excluding the Rubis Terminal JV) generated 48% of its revenues in the Caribbean zone, which is particularly exposed to natural and climatic risks, the intensity of which is tending to increase (earthquakes, hurricanes, etc.). The occurrence of extreme events could affect the integrity of the sites, in particular the import terminals necessary for the supply of petroleum products, which are generally located in coastal areas. This could disrupt the operations of the subsidiaries in question and in turn cause operating losses. The most recent cyclones in the Caribbean nevertheless had a moderate effect on the Group's earnings.

To a lesser extent, Rubis Énergie's distribution activity is exposed to changes in temperature, mainly during mild winters in Europe (14% of Group consolidated sales revenue), affecting volumes of fuel sales in the heating market.

##### Transition risk

Rubis is exposed to the challenges of its sector in terms of energy transition. Occasionally rapid shifts in the regulatory environment and policies in support of a low-carbon economy (carbon tax, energy saving certificates, obligation to blend fuels) could impose a significant reduction in CO<sub>2</sub> emissions and make other less carbon-intensive energies more competitive in the long term. In addition, growing concern among stakeholders (customers, investors, etc.) about climate change is liable to have an adverse effect on the Group's petroleum product distribution business, its financial position, its reputation and its outlook, with varying levels of uncertainty that are sometimes hard to measure over the long term. The immediate impact is considered to be low to moderate depending on the products and areas covered.

#### Examples of risk management measures

- The Group is committed to **monitoring the vulnerability of its existing and future facilities**, as well as its activities, taking into account climate change projections and implementing any appropriate safety measures, notably by factoring natural hazards into the design and operation of the facilities exposed.
- Geographic **diversification** (presence on three continents) and the **broadening of the Group's scope** greatly limit exposure to the climate hazards liable to be experienced in any given area.
- The **diversification of business lines and products sold**, both by product category and by user (automotive fuel, aviation fuel, diesel, fuel oils, liquefied gases, bitumen and lubricants) limits the impact of a climate event.
- The Group has implemented measures to increase the **energy efficiency of the most energy-intensive industrial facilities**, such as the Rubis Énergie refinery in Martinique, so as to reduce their carbon footprint.
- The establishment of a **Governance structure and teams responsible for monitoring climate challenges** (regulatory, technical, societal changes) and **identifying development opportunities** should further reduce these risks in the near future. The Climate Committee, created in May 2020, has finalized targets for reducing Rubis Énergie's CO<sub>2</sub> emissions. The Climate & New Energies team created in 2020 supports the Climate Committee and coordinates the operational efforts of all Group subsidiaries.

### RISKS RELATED TO CHANGES IN THE COMPETITIVE ENVIRONMENT

Probability: ▲▲ Impact: ●

#### Description of the risk

The retail & marketing business operates in an intense competitive environment. The profile of competitors is changing with the entry into distribution of players from trading, who have a competitive advantage over a larger part of the value chain in markets highly dependent on the import of petroleum products, or local actors supported by governments. In addition, the use of fossil fuels is gradually facing competition from other energies, although this phenomenon is to date still confined to a few regions in which the Group operates, mainly in Western Europe.

Failure to take these various developments into account in the Group's strategy could have an impact on its development outlook, earnings financial position and reputation.

#### Examples of risk management measures

- **Rubis Énergie favors markets in which the Group has a leading position, controls its supplies and/or has strategically located logistics facilities** (maritime import terminals, refinery, pipeline connection). External growth around its areas of activity contributes to increasing intra-group synergies and increasing competitiveness.
- **The regular extension** of Rubis Énergie's portfolio of suppliers (stockists, refiners, traders) contributes to the competitiveness of supplies.
- **In Europe**, Rubis Énergie's activity is dominated by the **distribution of liquefied gases**, considered to be a transitional energy.
- **Compliance with high safety, product quality and ethics standards** constitutes a differentiating competitive advantage, especially in markets where local players are unable to meet the requirements of international customers.

(1) This risk is described in the NFIS, chapter 4, section 4.2.2.3.1.

### 3.1.2.3 LEGAL AND REGULATORY RISKS

#### ETHICS AND NON-COMPLIANCE RISKS<sup>(1)</sup>

Probability: ▲ Impact: ●●●

##### Description of the risk

Given the geographic location of a large part of its activities, the Group pays particular attention to the risk of breaches of ethical and compliance rules. Rubis ensures that all of its employees act in accordance with the values of integrity and in compliance with applicable internal and external standards, and ensures that the same standards are respected in the entities in which it holds significant interests (primarily the Rubis Terminal JV). In a context of increased judicialization, with supervisory authorities enjoying broad powers, non-compliance with laws and regulations (such as anti-corruption laws, international economic sanctions, the GDPR, competition) or claims against the Company and/or its Senior Managers could expose the Group to consequences harmful to its financial equilibrium (administrative, civil, criminal sanctions), its reputation, its attractiveness, its values, its sources of financing and, ultimately, its growth and earnings.

##### Examples of risk management measures

The Group closely monitors ethical and non-compliance risks by establishing measures designed to prevent the occurrence of such risks:

- a specific system for preventing the risk of corruption and non-compliance with the rules governing international economic sanctions, notably including a documentary framework formalizing the ethics guidelines in accordance with which all of the Group's employees must carry out their professional

activity; training dedicated to these subjects; an internal Rubis Integrity Line whistleblowing system allowing each employee to issue an alert in the event of breaches of ethical rules (described in chapter 4, section 4.4.1.1). The Governance rules in place within the Rubis Terminal JV provide for the application of ethical standards at least equivalent to those applied within the Rubis Group;

- **Group-level Governance** including the creation in 2017 of a CSR & Compliance Manager position, tasked with overseeing and coordinating the development and implementation of the Group's compliance policy, as well as risk management and CSR issues; appointment of a Compliance Manager for each division; establishment of a network of 37 Compliance Officers (including five within the Rubis Terminal JV) in each of the countries where the Group operates.

#### LEGAL RISKS

Probability: ▲▲ Impact: ●●

##### Description of the risk

Rubis operates in France and internationally, in complex legal and constantly changing regulatory environments.

##### Loss of an operating license

Rubis Énergie's activities are generally subject to strict and complex regulations in the field of environmental protection and industrial safety. Compliance with these regulations is the condition for obtaining or renewing operating licenses, port concessions or leases concerning the land on which facilities are located.

The loss of authorization to operate a major site, such as the Martinique refinery, a key import site for the supply of a country or any other essential infrastructure, for which the contribution to Group earnings is significant, could have adverse consequences on the Group's earnings or outlook.

##### Major litigation

The other major legal risks relate to litigation between the Group and its customers, suppliers and service providers, or local residents in the event of major pollution. Litigation may also occur following acquisitions of companies or in joint ventures. In tax matters, the Group's subsidiaries may be subject to tax and customs controls or be subject to procedures conducted by the national authorities, within the framework of which there is no guarantee that the tax authorities will validate the positions taken by the Group, even if it deems them correct and reasonable in the context of its activities. Disputes of that nature could bear on significant amounts, liable to affect the Group's earnings, particularly in terms of transfer pricing policy between countries.

To date, there are no governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, either pending or with which the Group is threatened, that are liable to have or have had in the last 12 months a significant impact on the financial position or profitability of the Group.

(1) This risk is described in the NFIS, chapter 4, section 4.4.4.1.

### Examples of risk management measures

- **These risks are primarily managed and monitored by the Rubis Énergie Finance and Legal Departments**, in collaboration with the subsidiaries, with the assistance of external consultants and specialized firms. The Rubis SCA Corporate Secretary works closely with the Legal Departments of the subsidiaries for any important issues or disputes liable to have a material impact on the Group.
- In tax matters, **Group companies ensure that tax returns and payments are submitted in accordance with local regulations**. Moreover, the Group does not have any subsidiaries that are not underpinned by economic activities (mainly local commercial operations).
- The Group assesses the risks associated with pending litigation and **sets aside provisions** in accordance with applicable accounting policies to cover risks that it is able to assess reliably (see note 4.11 to the consolidated financial statements).

### RISKS LINKED TO A SIGNIFICANT CHANGE IN ENVIRONMENTAL REGULATIONS

Probability: ▲ Impact: ●

#### Description of the risk

The growing trend towards stricter environmental and industrial safety regulations for both the retail & marketing and support & services businesses could generate significant additional costs to bring facilities into compliance, which could have an impact on the business of the entities and on the Group's earnings. Both in France and internationally, sites and products are subject to increasingly stringent rules governing environmental protection (water, air, soil, noise, nature protection, waste management, impact studies, etc.), health (workstation, product chemical hazards, etc.) and the safety of employees and local residents.

In addition, for most of the Group's activities, closure would necessitate compliance with applicable regulations including the securing and then dismantling of sites and their rehabilitation in environmental terms after they are shut down. The associated costs could significantly exceed the provisions set aside by the Group, and could therefore have a negative impact on its operating results. Future expenses for site restitution are recognized by the Group in accordance with the accounting policies indicated in note 4.11 to the consolidated financial statements.

### Examples of risk management measures

- **The teams carry out constant regulatory watch**. In addition, the situation of each site is regularly reviewed with regard to existing or future regulatory obligations.
- The Group contributes, notably *via* sector-based professional bodies or unions, to the development of standards adapted to the challenges facing the industry.
- Rubis' assessment of the related risks has led the Group to recognize **provisions totaling €32 million** for clean-up and renewal of fixed assets (see note 4.11 to the consolidated financial statements).

#### 3.1.2.4 FINANCIAL RISKS

##### FOREIGN EXCHANGE RISK

Probability: ▲▲▲ Impact: ●

#### Description of the risk

Due to its international footprint and its business segment, Rubis is naturally exposed to fluctuations in foreign currencies (excluding the euro, its functional and reporting currency), primarily those of the US dollar, most of the Group's revenue being generated in that currency. Rubis Énergie buys petroleum products on international markets in US dollars, whereas the sales and expenses of the Group's international subsidiaries outside the euro zone are generally expressed in their local currency, which fluctuates widely for certain countries (e.g. Nigerian naira and Haitian gourde). Currency fluctuations are liable to impact the Group's earnings, both upwards and downwards.

Moreover, in some countries (Jamaica, Nigeria, Haiti, Madagascar, Suriname), the lack of foreign currency cash (shortage of dollars) can cause temporary difficulties in supplying petroleum products, purchased on international markets in dollars, impacting the activity of the subsidiaries located there.

### Examples of risk management measures

- **End customers are invoiced in the functional currency of the distributing entity**, with some exceptions.
- Where possible, **foreign exchange hedges on product purchases** are put in place in the event that the exchange rate of the US dollar used to establish the selling price of the product in local currency is fixed in advance, in order to preserve the margin.
- **Letters of credit are negotiated with the banks** of the relevant countries in order to guarantee that US dollars can be obtained at the official rate.
- **The depreciation of the local currency is reflected in selling prices as far as possible** when currency hedging is not possible.

**RISKS OF CHANGES IN PRODUCT PRICES**

Probability: ▲▲ Impact: ●

**Description of the risk**

With a few exceptions, Rubis Énergie's business is not very sensitive to product prices and their variations. In a significant number of areas where Rubis Énergie operates, prices are administered (the Caribbean and Réunion Island). However, in some countries, administered price structures are not always applied or take insufficient account of variations in product prices on international markets, especially during pre-electoral periods, generating a shortfall for the relevant entities (Madagascar, Haiti).

The LPG distribution business is more exposed to the risk of product price variations. As it can take longer to pass change on to customers in certain markets, temporary shifts can arise including both rises and falls.

**Examples of risk management measures**

- **Rubis Énergie's diversification**, both geographically and by product category, reduces the consequences of the occurrence of this risk on earnings.
- **Increases in product costs are generally passed on to the customer**, whether contractually or unilaterally, market conditions permitting. Failing this, temporary differences could arise.
- **Purchases may however be hedged** when the product selling price is fixed and determined in advance.
- Rubis Énergie has a **supply department** that allows physical flows of product supplies to be secured and optimized upstream.

**RISKS RELATED TO ACQUISITIONS**

Probability: ▲ Impact: ●

**Description of the risk**

Acquisitions are an integral part of Rubis' growth strategy. The risks in transactions of this nature are mainly related to difficulties or delays in the Group's integration of acquisitions and, in particular, the implementation of the Group's management standards. Risks relating to the measurement of assets and liabilities may also emerge after the completion of an acquisition, as the quality of the information transmitted is sometimes limited in view of the local regulatory framework. Lastly, external environmental factors could affect the achievement of the expected benefits, including the macroeconomic environment, country risks as described in section 3.1.2.2, changes in the specific markets in which the transaction takes place, the response from or changes in the competition, or the loss of a competitive advantage in logistics. There is a risk of impairment related to these risks.

Following major acquisitions in recent years, the Group has recorded significant goodwill (€1,220 million as of December 31, 2020).

**Examples of risk management measures**

- Rubis SCA's General Management and Rubis Énergie's Management conduct a detailed examination of the companies or assets they plan to acquire as part of **the due diligence process, in order to better understand the contingencies, anticipate the risks and integrate them into the valuation of the project.**
- **A structured acquisition integration procedure has been implemented**, notably including the appointment of a Chief Executive Officer familiar with the rules and processes of the Group and the relevant business line.
- In accordance with IFRS, **Rubis tests goodwill for impairment** at least once a year, and whenever Management identifies an indication of loss of value (see note 4.2 to the consolidated financial statements). Impairment is recognized if the recoverable value falls below the net book value, the recoverable value being the greater of the value in use and fair value, less costs to sell.
- Rubis SCA's General Management and Rubis Énergie's Management conduct detailed analysis of the investment programs of the various Group subsidiaries to ensure that the expected value creation is realistic.

## RISKS RELATED TO THE MANAGEMENT OF THE INVESTMENT IN THE RUBIS TERMINAL JV

Probability: ▲ Impact: ●

### Description of the risk

The Rubis Terminal JV, created as part of the partnership concluded in April 2020 between Rubis SCA and an infrastructure fund, is 55% and 45% owned respectively and jointly controlled by the two partners (see organization chart in chapter 1, section 1.5). Due to the loss of exclusive control by Rubis SCA, this activity has been accounted for using the equity method in Rubis SCA's consolidated financial statements since April 30, 2020 (see note 3.2.2 to the consolidated financial statements).

The partnership's aim is to support the development of the bulk liquid storage business (operated by Rubis Terminal Infra and its subsidiaries, formerly Rubis Terminal) by strengthening its existing positions on its markets (ARA zone, France, Spain and Turkey), by diversifying its offer, and by enabling it to consider new development opportunities outside Europe. It allows the economic and financial risks to be shared by limiting the amount of capital committed.

As a partner in this joint venture, Rubis SCA could be exposed to a risk of loss of value of its investment in the event of difficulties in implementing the strategy defined with its new partner, which could affect the achievement of the expected benefits.

In addition to the usual factors relating to the external environment (such as changes in competition, country and geopolitical risks) or legal and regulatory risks (such as the loss of an operating license, major litigation, significant changes in environmental regulations) liable to influence the development of Rubis Terminal Infra, deadlock in the event of disagreement between the partners on the decisions to be taken or the failure of the partner to respect its commitments and obligations could have unfavorable consequences on the expected results. The success of this partnership therefore depends in particular on the efficiency of the Governance framework in place.

In addition, Rubis could be exposed to image risk following the occurrence of a major operational risk (particularly industrial risk) due to the name of the joint venture being associated with the Group. Lastly, as Rubis SCA holds 55% of the capital of the joint venture, it may be liable in the event of non-compliance by RT Invest with regulations applicable to entities considered as subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code.

### Examples of risk management measures

Rubis SCA has chosen as partner a major infrastructure fund with a long-term investment policy. The fund, which has a global footprint, invests in line with the best international ESG standards.

The Group ensures that its interests as a partner are protected, notably through the signature of a **shareholders' agreement, its**

**representation on the Governance bodies of the joint venture** (Board of Directors) and **regular feedback from the Management of Rubis Terminal Infra** (see section 3.2.4).

Contractual arrangements are included in the shareholders' agreement enabling conflicts and deadlock within the partnership to be resolved.

Rubis ensures that the same level of standards as those implemented in its controlled entities are respected by Rubis Terminal Infra's Management teams, by means of monitoring indicators and reports transmitted by Management.



## 3.2

# Internal control

## 3.2.1 Internal control framework

### FRAMEWORK

For the following description of internal control procedures, Rubis referred to the French financial market authority (Autorité des Marchés Financiers - AMF) guide of July 22, 2010, which sets out a reference framework for risk management and internal control.

However, Rubis has adapted the general principles of the AMF framework to fit its business and characteristics.

### OBJECTIVES

Rubis has put in place a certain number of procedures to ensure:

- the compliance of its activities with laws and regulations;
- implementation of the instructions and strategic goals laid down by the corporate bodies of Rubis SCA and its subsidiaries;
- the smooth running of the Company's internal processes, particularly those concerned with safeguarding its assets;
- the reliability of financial information;
- the existence of a process for identifying key risks linked to the Company's business;
- the existence of tools to prevent fraud and corruption.

Like any internal control system, Rubis' system cannot provide an absolute guarantee that the Company will be able to achieve its objectives and eliminate all risks.

### SCOPE

The procedures described below are applicable to Rubis Énergie, which is wholly owned by Rubis SCA, and to its sub-subsidiaries.

The Rubis Terminal JV is managed jointly with the partner. The Management of the RT Invest joint venture is responsible for setting up and ensuring internal control (in accounting, financial and risk matters) in accordance with applicable standards and regulations and the expectations of its shareholders. Details of this joint venture are given in section 3.2.4 of this chapter.

### SYSTEM COMPONENTS

Although it has acquired an international dimension, Rubis wishes to remain a decentralized organization close to the field in order to provide its customers with solutions adapted to their needs by retaining the capacity to take the necessary operational decisions quickly. Regular

exchanges, conducted whenever necessary, between the General Management on the one hand, and the General and functional departments of Rubis Énergie and its foreign subsidiaries on the other hand, are the cornerstone of this organization.

This managerial model gives the Manager of each industrial site or subsidiary a large degree of autonomy in the management of his or her activity, although responsibilities delegated in this manner are heavily reliant on compliance with established procedures with regard to accounting and financial information and risk monitoring, as well as on regular monitoring of the relevant departments of Rubis SCA, and of the functional departments of Rubis Énergie (see sections 3.2.2.3 and 3.2.3.2).

Lastly, Rubis SCA's Supervisory Board, through its Accounts and Risk Monitoring Committee, is informed by General Management of the essential characteristics of the Group's internal control and risk management procedures. It ensures that the main risks identified have been taken into account in the Company's management, and that systems designed to ensure the reliability of accounting and financial information are in place (see chapter 5, section 5.3.2).

## 3.2.2 Internal accounting and financial control

Rubis SCA controls its head of division subsidiary Rubis Énergie (retail & marketing and support & services businesses) in collaboration with its General Management. It defines the Group's strategy, promotes and finances its development, makes the key management decisions that stem from this, and monitors their implementation at both its direct subsidiaries and those of their subsidiaries. It has established accounting and financial structures and procedures to ensure robust internal control.

### 3.2.2.1 GENERAL ORGANIZATION OF THE GROUP

#### MANAGEMENT OF SUBSIDIARIES AND RUBIS SCA

The Rubis SCA and Rubis Énergie Consolidation and Accounting Departments consolidate the Group's accounts on a quarterly, half-yearly and annual basis. Their work involves:

- checking that the consolidated financial statements are consistent with the provisional consolidated results prepared by the subsidiaries;

- verifying the correct application of IFRS;
- analyzing the consolidated financial statements through an analytical review, explaining changes in each item between two reporting dates.

They also monitor standards with a view to identifying any impact on the Group's financial statements from proposed accounting reforms.

They are assisted by a specialist audit and accounting firm, and work under the oversight of the Managing Partners, the Chief Financial Officer and the Director of Accounting and Consolidation.

Accounting and financial information prepared by the subsidiaries is reported to Rubis SCA, *via* the Consolidation and Finance Departments and, ultimately, the Management Board.

#### THE ACCOUNTS AND RISK MONITORING COMMITTEE OF THE SUPERVISORY BOARD

The main tasks of the Accounts and Risk Monitoring Committee, whose members and functioning are described in chapter 5, section 5.3.2, are as follows:

- examining the financial statements, ensuring consistency of methods, quality of data and completeness, and ensuring that the financial statements give a true and fair view;
- monitoring internal control procedures for accounting and financial matters and risk exposure.

To carry out its work, the Accounts and Risk Monitoring Committee hears all the key people in the information chain: the General Management, the Chief Financial Officer, the Director of Accounting and Consolidation, the Corporate Secretary of Rubis SCA, the Head of CSR & Compliance and the Statutory Auditors.

The members of the Accounts and Risk Monitoring Committee have access to the same documents as the Statutory Auditors, and examine the summary of their work.

#### 3.2.2.2 PREPARATION AND REPORTING OF ACCOUNTING AND FINANCIAL INFORMATION

The internal control system relies on several channels for reporting information designed to identify sensitive points comprehensively.

#### PROCEDURE MANUALS

Two manuals have been issued to harmonize the internal control and accounting treatment of the various transactions performed:

- the internal control manual;
- the accounting policies manual.

There are also formal notes and procedures covering areas such as:

- delegation of powers and limits in terms of incurring expenses (including investments), approval of invoices, and bank payment authorizations;

- sales management, to define the special terms and conditions granted to customers, limit the total outstanding amounts authorized, obtain bank guarantees, etc.

#### INFORMATION SYSTEMS

Rubis Énergie has a centralized information system that consolidates all financial information: management reports for each company and terminal, standardized by type of business/activity; quarterly accounts, monthly margin analyses, monitoring of capital expenditure, budgetary and management forecast monitoring in three phases (initial budget validated during the prior year with a three-year plan, updating of the budget forecast in the second quarter and then in the fourth quarter of the year in question). All financial data are archived and backed up daily.

Automatic consistency checks are also carried out directly by the IT system to limit any input errors. Documents stored in the central system also serve as a reference and a basis for reconciliation for the internal audit teams during their missions.

Rubis Énergie also operates a document management system allowing its various associates to share technical, HSE and legal information. Major investment and construction projects are thus closely monitored by the Rubis Énergie Technical Department.

#### BUDGETS AND REPORTING

Budgets are drawn up at the end of the year by Rubis Énergie's subsidiaries and sub-subsidiaries successively, within the framework of a rolling three-year budget plan based on management items and budget indicators defined and standardized by business. The indicators are defined by General Management and operational management in accordance with Rubis' strategy.

Budget indicators include gross margin, EBITDA, EBIT, capital expenditure, cash flow, debt, volume, traffic, capacity utilization and workforce.

At Rubis Énergie, budgets are drawn up by country and by each subsidiary. They are reviewed by the division's Management Control, Audit and Consolidation Department before being presented to Rubis Énergie's Management. After discussion and/or revision of the budgets presented to Rubis Énergie's Management, the Management Control, Audit and Consolidation Department

prepares a consolidated budget that is then reviewed by Rubis Énergie's Management and forwarded to Rubis SCA for review at Management Committee meetings.

Rubis Énergie's Finance and Management Control Department prepares monthly reports and analyzes any difference between actual data and budget forecasts.

The reports are issued roughly 10 days after the end of the month, and are then examined and compared with initial forecasts at the Management Committee meeting, with General Management in attendance.

#### FINANCING AND CASH MANAGEMENT

Rubis SCA's Finance Department negotiates with banks to raise acquisition financing. It also analyzes banking covenants. Cash investments are made in cash instruments, excluding any speculative or risky investments.

#### FINANCIAL STATEMENTS

The companies prepare quarterly, half-yearly and annual consolidation packages. The half-yearly and annual financial statement are reviewed and audited by the Statutory Auditors. Rubis SCA's Finance and Consolidation Departments prepare the Group's consolidated financial statements in accordance with the standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Consolidation procedures include a set of controls to guarantee the quality and reliability of the financial information.

#### 3.2.2.3 SUPERVISORY BODIES

The internal control system relies on technical and operational procedures designed to identify sensitive points, in addition to a lean and streamlined organization built around the General Management of Rubis SCA and the Senior Management as well as the functional and operational departments of Rubis Énergie, to ensure the effectiveness of the internal control systems *via* the Management Committees. An internal control manual was drafted in 2020 in collaboration with the French Institute of Audit and Internal Control (IFACI), making it possible to list all the control points to be complied with in each area of the procedures of Rubis Énergie's subsidiaries. The new manual should ultimately enable the Group's various companies to assess themselves on a regular basis and to continue to ensure that the risks of fraud or malfunction are properly controlled.



### RUBIS ÉNERGIE'S FUNCTIONAL DEPARTMENTS

Rubis Énergie's functional departments carry out regular and necessary checks on the procedures in place in their respective fields. Reporting procedures and indicators are used to optimize the monitoring process.

### INTERNAL AUDIT

Internal audit is an independent and objective activity that ensures that operations are properly managed and the procedures in place constantly improved. Internal audits allow Rubis Énergie's Management to reach its targets by assessing, *via* a systematic and methodological approach, its risk management, control and Corporate Governance processes, and making recommendations to improve their efficiency.

At Rubis Énergie, this function is part of the Management Control, Audit and Consolidation Department. The Head of the department and his or her colleagues carry out internal audits on the entire scope of the retail & marketing and support & services businesses. These audits are planned with Rubis Énergie's Management at the beginning of the year. There are numerous fields of

inquiry, mainly covering the correct application of local and Group processes, notably as regards the prevention of corruption, the improvement of internal control and accounts approval procedures, inventory, cash and fixed asset control, and the off-balance sheet assets and liabilities recorded in the accounts of the company audited. The audit may also cover capital expenditure and analysis of differences between expected returns and actual profitability.

The auditor has complete freedom to conduct his/her work as he/she deems appropriate and is independent from the local management when performing this task. The audit brief and report follow a standard model so that the conclusions can be clearly understood by all parties involved, namely the Chief Executive Officer of the audited company, the Finance Department and the Management of Rubis Énergie. The risk factors identified during internal audits are also used to update the risk mapping of the company concerned.

The audit recommendations include a timetable for implementation of corrective actions, which must be followed by the company concerned. Furthermore, the implementation of these corrective actions is automatically verified during the next audit of the company concerned. In addition, each subsidiary sends a report monitoring the implementation of audit recommendations to the Management of Rubis Énergie every two months until all the measures recommended by the internal audit have finally been implemented.

The consolidators are also responsible for analyzing the monthly results and the consistency of the data supplied each month by all consolidated companies. This preempts any accounting errors and improves the reliability of the Group's financial statements.

Each Rubis Énergie subsidiary is audited once every two years on average. In 2020, due to the restrictions on movement resulting from the Covid-19 pandemic from the end of the first quarter of the year, the audit program was interrupted with the exception of a few assignments that could be carried out remotely. The internal audit teams put this time to good use to draft an internal control manual, which will provide a reference framework known to all and with varying levels of detail so that it can be used by all Senior Executives and Managers of the Group and its subsidiaries.

### MANAGEMENT COMMITTEES OF THE SUBSIDIARIES

Control procedures are structured around the Rubis Énergie Management Committee.

A Management Committee has been set up for each country or region. It meets twice a year and includes: the Country Director, Management, Finance Department, Management Control, Audit and Consolidation Department, Technical Department and Resources and Risks Department of the division, and the Managing Partners and Chief Financial Officer of Rubis SCA.

During these meetings, budget reports and dashboards are analyzed, along with the performance and results of each business line, development projects and their follow-up, and events considered to be significant for the Company and Group, as much in terms of strategy and operations, as personnel. Questions and issues raised at previous meetings may also be reviewed if necessary.

It is therefore ultimately the Management Committees that analyze the financial and non-financial information collected through the reporting process set up by the operational departments of Rubis Énergie and its sub-subsidiaries. The entire reporting cycle is based on standardized principles and a single database is shared by all teams within the Finance and Operational Departments involved in reporting.

### RUBIS SCA'S SUPERVISORY BODIES

Rubis SCA's Consolidation and Accounting Department runs numerous checks to ensure that financial information is reliable, particularly during account closing reviews.

Rubis SCA's General Management and Finance Department regularly analyze the financial statements of subsidiaries, and periodically meet with Rubis Énergie's Senior Managers in order to conduct a review, assess risks and instigate any corrective action needed to achieve the Group's targets. Lastly, the Group's Head of CSR & Compliance, maintains ongoing dialog with the subsidiaries on various topics, including litigation, trademarks, insurance, identification and mapping of risks, compliance (anti-corruption, embargoes, etc.).

### 3.2.3 Internal risk management

All key risks, risk monitoring procedures and the corresponding hedging policies are described in detail in this chapter, section 3.1, and in chapter 4.

In terms of risk, the Group operates in business sectors that are tightly controlled and regulated. Its structure is designed to reflect this. All French sites covered by the Seveso directive have safety management systems, whose main purpose is to define the organization, staff functions, procedures and resources that allow the Group to establish and implement a prevention policy for major accidents.

In addition, Group entities often operate under ISO 9001 and ISO 14001 quality certification, particularly with respect to the establishment and application of procedures and instructions relating to safety and the environment (see chapter 4, section 4.2.1.2). Therefore, they follow processes that are largely formalized.

Internal control procedures for risk management and monitoring cover all of the Group's businesses and assets. These are based on a process to identify and analyze the main risks, underpinned by the appropriate organization which allows Senior Managers to tackle these risks and maintain them at an acceptable level.

#### 3.2.3.1 GENERAL ORGANIZATION OF THE GROUP

##### MANAGEMENT OF SUBSIDIARIES AND RUBIS SCA

Internal risk management, in the same way as accounting and financial internal control, is subject to monitoring by the operational management of the subsidiaries, which keep Rubis SCA regularly informed.

At Rubis Énergie, the Technical Departments (QHSE) at headquarters establish information reporting procedures and preventive measures for anticipating and managing risks, as described in chapter 4, section 4.2.1.

Rubis Énergie's Technical Department reports information on the main risks to its Senior Management. Certain events may also be discussed by the Management Committee. Lastly, Rubis Énergie lays out the main risks to the relevant departments of Rubis SCA (General Management, Accounting and Consolidation Department, Finance Department and Corporate Secretary in

charge of the Legal Department, CSR & Compliance Department) through different transmission channels such as risk mapping (see section 3.2.3.2 below).

##### THE ACCOUNTS AND RISK MONITORING COMMITTEE

The Accounts and Risk Monitoring Committee reviews the organization of internal control and risk management procedures, under the conditions described in this chapter, section 3.2.2.1, and in chapter 5, section 5.3.2.

#### 3.2.3.2 IDENTIFICATION AND MONITORING OF THE MAIN RISKS

The internal control system relies on several channels for reporting information on the main risks, designed to identify sensitive points comprehensively.

##### RISK MAPPING

Rubis has developed and conducted mapping of risks to which the Group's various activities may be exposed. The analysis of such risks also considers their occurrence as well as their financial and reputational impact (on a scale from one to five). The mapping was conducted in close cooperation with Rubis SCA's Legal, Consolidation, and Finance Departments, together with the operational Managers and the Rubis Énergie Financial and Technical Departments. A self-assessment is carried out at regular intervals to identify new risks.

The risks analyzed have been divided into various families: market, accounting miscalculation, insurance, business, environmental, industrial, climate, supply chain, social, legal, and IT risks. The category relating to legal risks also includes issues related to fraud, contractual breaches, ethics and, until 2017, corruption. In 2018, the Group carried out specific mapping to assess the risks of corruption to which entities may be exposed, in accordance with the *Sapin II* law (see chapter 4, section 4.4.1.1).

The maps are completed annually by the operational Managers of the industrial sites and by the Directors of the French and international subsidiaries, assisted by the functional Managers of Rubis Énergie. They are updated during the year whenever the Management Committee meets. They aim to provide, on a yearly basis, a clear picture of

the significant risks that have been identified and any measures that have been taken or need to be taken to mitigate or eliminate them.

All of these maps are consolidated by Rubis Énergie, before being passed on, together with a review of the major events and non-financial issues of the past year, by the General Management of Rubis SCA to the Accounts and Risk Monitoring Committee at special meetings dedicated to risks (see chapter 5, section 5.3.2). In turn, the Accounts and Risk Monitoring Committee and General Management report to the Supervisory Board at its meetings in March and September.

##### HSE AND CSR REPORTING AND PROCEDURES

Rubis Énergie's functional departments have established reporting, analysis and information-sharing systems covering health, safety and environment (HSE) issues. These systems are described in greater detail in chapter 4, section 4.2.1.2.

Rubis SCA's CSR & Compliance Department has also implemented an IT tool for reporting and analyzing CSR data (environmental, safety, social, compliance and societal), as described in chapter 4, section 4.5.2 (methodological note on the Non-Financial Information Statement).

#### 3.2.3.3 SUPERVISORY BODIES

The control system is based on management accountability and risk monitoring entrusted by the General Management to each subsidiary Manager, as well as a system of internal and external audits.

##### RUBIS ÉNERGIE'S FUNCTIONAL DEPARTMENTS

Rubis Énergie's Senior Management is ultimately responsible for risk management policy, within the framework defined by Rubis SCA's General Management.

The operational Managers of each site are assisted by Rubis Énergie's functional departments: Technical/HSE Department, Finance Department, Management Control, Audit and Consolidation Department (including Compliance), Resources and Risks Department.

At larger sites, these Managers are supported by a Quality and/or HSE Engineer.

Entity Managers have overall responsibility for risk management and control at their facilities. In addition, Rubis Énergie has a Technical Department that regularly provides operational advice and inspects facilities to guarantee compliance with uniform operational, safety and environmental standards.

As part of its decentralized structure, the Group encourages quality and independence among its employees, who are responsible for all aspects of their role, including risk management.

#### MANAGEMENT COMMITTEES FOR THE SUBSIDIARIES

At meetings of subsidiaries' Management Committees (see section 3.2.2.3), an item bearing on the review and monitoring of risks is regularly included on the agenda, giving rise to discussions between the Managers of subsidiaries and the General Management.

### 3.2.4 Rubis Terminal JV

The Senior Management of Rubis Terminal Infra is responsible for implementing and ensuring internal control (in accounting, financial and risk matters) in all of the joint venture's subsidiaries, in accordance with the applicable standards and regulations. Rubis SCA exercises its control through monthly reports sent by Rubis Terminal Infra's Senior

#### INTERNAL AUDIT

Some non-financial risks are included in internal audit programs. Verifying the reliability of ethics and anti-corruption policies is accordingly one of the issues dealt with during inspections performed locally by the Rubis Énergie Management Control, Audit and Consolidation Department. The Covid-19 pandemic prevented on-site work at subsidiaries from the end of the first quarter of 2020. Rubis Énergie's internal audit teams did, however, continue to monitor the rollout of anti-corruption measures in its subsidiaries using an IT document management solution implemented within the Group in 2019. This work constituted a form of general remote audit of the compliance of Rubis Énergie's subsidiaries with the measures provided for in the *Sapin II* law. The results of these audits give rise to a specific report annexed to the standard internal audit report, allowing Rubis Énergie Senior Management to take the appropriate measures to correct faults.

Management to the designated members of the Board of Directors, on which Rubis SCA has representatives.

Rubis Terminal Infra's budget is drawn up by its Management in conjunction with the Finance Department and approved by the Board of Directors of RT Invest.

#### STANDING EXTERNAL BODIES

These are:

- French Regional Environment, Development and Housing Departments (DREALs), which are responsible in France for regular inspections of industrial facilities and the application of the Safety Management System to make sure the subsidiary has its business risks under control. Similar systems exist for the sites of certain foreign subsidiaries;
- ISO certification bodies such as AFAQ (Association Française de l'Assurance Qualité) or LRQA (Lloyds Register Quality Assurance), which regularly audit certain ISO 9001-certified Rubis Énergie subsidiaries. During these audits, facilities are regularly checked for compliance with procedures, processes and operating practices put in place as part of the Quality plan to ensure they keep their certification and identify areas for improvement.

Rubis Terminal Infra's Management provides RT Invest's shareholders with an annual update of the consolidated risk maps of all its subsidiaries (technological risk map; financial, legal and commercial risk map; corruption risk map), as well as a review of the major events and non-financial challenges of the past year.



## 3.3

# Insurance

In order to offset the financial consequences of a risk, the Group has taken out several insurance policies. The main policies cover both property damage and operating losses, and civil liability.

Specific policies have also been put in place for the Group's newly-developed businesses.

Lastly, the Group has also taken out a policy covering its Senior Managers' civil liability.

Insurance programs are taken out with leading international insurers and reinsurers. The Group believes that these are appropriate to the potential risks related to its businesses. Nevertheless, the Group cannot guarantee, in

the event of a claim, in particular of an environmental nature, that all of the financial consequences would be covered by the insurers. Nor can the Group also guarantee that it will not suffer any losses that are uninsured.

### 3.3.1 Rubis Énergie (retail & marketing and support & services activities)

International programs taken out by Rubis Énergie on behalf of itself and its subsidiaries have been renewed with leading insurers.

#### 3.3.1.1 PROPERTY DAMAGE AND PARAMETRIC INSURANCE

The "All Risks except" policy was renegotiated for one year with modified guarantees and a significant increase in premiums.

The Damages guarantee in the event of fire and similar events provides compensation in the amounts of €200 million per claim for terminals and €15 million per claim for gas stations. The ceiling was calculated on the basis of the maximum amount of possible loss.

Our exposure to natural events, particularly in the Caribbean, is covered in the amount of €15 million per claim and per event.

As the deductibles for natural events have increased, a parametric hurricane insurance policy has been set up covering sites in the Caribbean, with compensation capped at €5 million.

In compliance with local laws, the Group's international program is taken out, in subsidiaries located outside the European Union, with the local network of our lead insurer, with the Group policy providing coverage where there are differences in terms and limits.

#### 3.3.1.2 CIVIL LIABILITY

The Group program covers operating liability and post-delivery liability. Coverage amounts to €150 million per claim, all damages included, and the program has been renewed with the same insurers.

In compliance with local laws, the Group's first-line international program is taken out, in subsidiaries outside the European Union, with minimal coverage from our insurer's local network, with the Group policy providing coverage where there are differences in terms and limits.

The Group's Environmental Liability policy has been renegotiated for two years for Rubis Énergie and its subsidiaries. Compensation is capped at €40 million per claim, covering environmental liability, damage to biodiversity and clean-up costs.

Due to its refining activities, SARA has renewed specific first-line cover for two years in the amount of €20 million per insurance period, with the Master program in the second line.

The Group's Global Aviation Liability coverage taken out for its subsidiaries distributing aviation fuel has been renewed under the same conditions in the amount of US\$1 billion for risks related to damage caused to third parties during refueling.

#### 3.3.1.3 SHIPPING

Charterer's Civil Liability insurance has been taken out with a P&I Club, a member of the International Group, with guarantees of US\$500 million and US\$1 billion in the event of pollution for the entire Group. The five ship-owning companies are covered by the same P&I Club belonging to the International Group, for their civil liability.

Group Master Cargo insurance has been renewed to cover damage to goods, capped at US\$60 million for all Rubis Énergie subsidiaries.

A vessel Hull policy has been taken out to cover for damage and machinery breakdown.

#### 3.3.1.4 OTHER RISKS

A Political Risk policy (excluding the mandatory pools) has been taken out in the amount of €80 million. A local policy was taken out in Haiti to cover our gas stations, which the insurers had excluded from international programs.

The Cyber policy has been renewed for European countries subject to the GDPR, including Switzerland.

### 3.3.2 Rubis SCA

#### **DIRECTORS AND OFFICERS' CIVIL LIABILITY**

Senior Managers of Rubis SCA and its controlled subsidiaries are insured, as are Senior Managers of designated 50%-owned joint ventures.

The policy covers the financial consequences of damage resulting from any claim involving the individual or joint and several civil liabilities of the insured and attributable to any professional misconduct committed by such insured in the performance of their management duties.

The maximum amount of cover is set at €15 million per year for front-line insurance, €10 million per year for second-line insurance and €25 million per year for third-line insurance, all losses combined.

