

## Insurance

The group insures risks to:

- protect the assets of the company shareholders;
- comply with legal requirements;
- secure financing to cover and manage losses;
- obtain supplementary consulting services to assess insurable risks, and recommendations on risk reduction;
- provide incentive and social support programmes for personnel as part of the benefits package.

To maximise efficiency in terms of the number of risks insured, the Group takes a centralised approach to risk insurance to develop and deliver a unified risk insurance strategy across the Group. To this end, mandatory insurance practices are implemented in all subsidiaries, with the latter having the opportunity to propose improvements to the Group existing insurance framework. The Company develops, adopts, and maintains up-to-date rules and procedures with respect to different types of insurance that reflect specific nature of the insured risks.

The group risks are only insured and reinsured with those insurance companies that meet the requirements in terms of reliability and quality

of risk distribution. When terms and conditions of insurance contracts are determined, the group actively applies self-retention, which means independent (without involving the insurance market) compensation for losses. The self-retention level means the amount of potential losses during one year in all the group subsidiaries, which will worsen ROACE by 5%, as calculated on the basis of the group consolidated business plan. The risks are subject to compulsory or voluntary insurance, if their realisation may result in a loss exceeding the self-retention level.

The group main risks to be insured, and examples of insurance coverage conditions for these risks in 2020 are given below:

Various types of liability related to damage to property, life and health of third parties, including (but not limited to) the following types:

- comprehensive liability (to third parties, manufacturers, for pollution, to terminal owners, etc.), with an extension to compensation for losses related to legal requirements for environmental damage, and the limit of €500 million per insured event;
- liability of directors and officers, with the indemnity limit of \$50 million per insured event;
- liability of a hazardous facility owner for damage resulting

from an accident at the hazardous facility;

- mandatory vehicle insurance (basic and additional insurance);
- liability for damage resulting from a terrorist act at a facility of the fuel and energy complex;
- liability of fuel tankers, with the indemnity limits of up to \$250 million per insured event;
- liability of a charterer;
- liability of a carrier;
- liability of a shipowner (P&I), with the limit of at most \$3 billion;
- liability for defects affecting the safety of capital construction facilities .

The group strictly complies with the legal requirements of the Russian Federation and other countries where the group enterprises operate, in terms of insurance coverage, and acquires all types of insurance stipulated by the laws of Russia and the countries of operation.

Insurance companies are selected in accordance with regulated contractor selection procedures adopted by the group.

The insurer of the majority of the group risks is SOGAZ JSC, which is number one on the Russian insurance market. Some group risks are insured by Rosgosstrakh PJSC.