

RISK FACTORS, INTERNAL CONTROL AND INSURANCE

IT'S BETTER TO PUMP
EVEN IF NOTHING HAPPENS
THAN TO RISK SOMETHING WORSE
HAPPENING THROUGH NOT PUMPING.



The Group's operations are split into 3 divisions: bulk liquid storage (petroleum, chemicals and agrifood products), distribution of petroleum products, and support and services (refining, trading and shipping).

These diverse activities and the type of products handled expose the Group to risks that are regularly identified, updated and monitored strictly, in accordance with applicable regulations, international standards and best professional practice.

Using mapping techniques, Rubis annually reviews the risks liable to have a material adverse effect on its business and financial position, including its earnings, reputation and outlook. They are described in this chapter (see section 4.1) and in the chapter on the Group's corporate social and environmental responsibility (CSR policy) (see chapter 5).

In order to avoid unnecessary repetition for the reader, this chapter contains frequent references to the chapter 5 "CSR", which includes a detailed discussion of the Group's management of its social and environmental risks.

The Group also has internal control procedures (see section 4.2) that contribute to the control of its activities and the effectiveness of its risk management policy.

Lastly, for risks that cannot be fully controlled or eliminated, the Group ensures, when they are insurable, that they are covered by adequate insurance policies (see section 4.3).

BULK LIQUID STORAGE: PETROLEUM, CHEMICAL AND AGRIFOOD PRODUCTS

Through Rubis Terminal, the Group stores hazardous liquids, including petroleum and chemical products, as well as agrifood products including molasses and edible oils. Its facilities in Europe are therefore subject to stringent regulations, particularly, as a result of the Seveso directives. Rubis Terminal's primary role is to return the products entrusted to it by its customers in the state in which they were received, with customers being responsible for transportation. These operations do not involve any industrial processing, thus, air discharges and energy consumption are limited. New services have also been developed to accompany the development of biofuels (blending or dilution of products), none of which are liable to generate significant pollution.

DISTRIBUTION OF LPG, AUTOMOTIVE FUEL AND BITUMEN

Through Rubis Énergie, the Group distributes butane and propane (LPG), fuel (gasoline, diesel, kerosene, fuel oil, etc.), notably through its gas stations network, facilities on customer premises and aircraft refueling facilities, and bitumen.

The transportation, storage and handling of these different hazardous liquids require particular attention to safety and the environment, and this means implementing rigorous operating systems under strict regulations (such as Seveso in Europe).

SUPPORT AND SERVICES ACTIVITY

The Group's support and services division, run by Rubis Énergie, comprises trading and shipping activities, as well as refining. The latter is the sole Group's business involving industrial transformation; as such, it has a greater environmental impact than Rubis' other subsidiaries.



4.1

DESCRIPTION OF THE RISKS FACING THE GROUP

The risks to which the Group is exposed stem from its activities, the legal, commercial and financial constraints it faces and its external environment. This section sets out

the significant risks identified depending on the nature of the activity performed. Nevertheless, it is possible that certain risks, unidentified or deemed immaterial to date,

could have an adverse impact on the Group if they were to materialize.

4.1.1 RISKS RELATED TO ACTIVITIES**4.1.1.1 INDUSTRIAL AND ENVIRONMENTAL RISKS**

Rubis' businesses (storage, distribution, and support and services), described in the introduction to this chapter, entail industrial risks depending on the nature of the products handled (petroleum products, LPG, bitumen, chemical and agrifood products), each of which has environmental impacts of very different natures and scales.

Description of risks

These products may be flammable, explosive or even toxic, and could present an environmental hazard if discharged into the soil, air or water.

The infrastructure most likely to encounter these risks comprises storage facilities, LPG cylinder filling plants, gas stations, facilities on customer premises and the refinery. The environmental impact is, nevertheless, more significant in Rubis Terminal's storage business and the Rubis Énergie refinery than in the Group's other businesses due to the large size of the terminals (and as such the quantities of products stored and transferred), the nature of certain products handled, requiring energy-intensive equipment (e.g. boilers) or an industrial transformation processes (used in the refinery). The environmental impact of the activities is described in chapter 5, section 5.2.1.3 and subsequent sections.

Transportation activities, both by land and by sea, can also generate significant risks including accidental spills (see section 4.1.1.2).

Risk prevention and management system

Most of the Group's facilities in France and the rest of Europe (storage sites and LPG cylinder filling plants) are classified as Seveso sites, and are consequently subject to very strict regulations in respect of environmental protection and industrial safety (regular risk assessments, establishment of measures to prevent and, where necessary, manage the consequences of potential accidents). These standards are being phased in gradually by non-European subsidiaries, taking into account the constraints of the local environment.

Rubis also strives to reduce the industrial risks inherent in its activities, whether or not they are subject to European regulations, via an HSE (health, safety and environment) policy based on the following objectives:

- spread the Group's fundamental HSE principles among subsidiaries;
- implement best business and industry practices;
- have documentation systems (established in accordance with quality standards as far as possible) ensuring reliability and safety of operations;
- assess and prevent risks to ensure the safety of people and property;
- reinforce preventative maintenance of facilities and the understanding of risks by employees;
- analyze incidents through feedback procedures;

- regularly inspect the facilities and processes and address identified issues;
- regularly train employees and raise their awareness of technological risks;
- establish a crisis management organization that can come into play quickly in the event of a major event.

The HSE policy is described in more detail in chapter 5, section 5.2.1.1.

The environmental aspect of policies established by subsidiaries to prevent water and soil pollution, reduce atmospheric discharges and improve waste management is described more fully in chapter 5, section 5.2.

More specifically, with regard to gas stations, equipment liable to cause soil pollution (storage tanks and pipes) is periodically checked and maintained and is gradually being replaced by equipment with double-walled technology. These preventive measures are presented in chapter 5, section 5.2.2.

Generally speaking, the Group ensures that it sets aside sufficient provisions (see note 4.11 to the consolidated financial statements).

4.1.1.2 RISKS RELATED TO PRODUCT TRANSPORTATION

Product transportation is confined essentially to Rubis Énergie's distribution, and support and services activities, since customers are responsible for transporting and shipping their products to and from Rubis Terminal's storage activity.

Description of risks

Petroleum products distributed (LPG, fuel oils, automotive fuels, bitumen) are considered hazardous insofar as they are flammable or explosive and can be spilled accidentally. There is therefore a risk associated with transporting these products, related not only to their hazardous characteristics but also to the means of transportation used, the quantities transported and the sensitivity of the areas through which they pass.

Risk prevention and management system

The Group is subject to strict regulations (particularly in Europe) governing the **transportation of hazardous materials**:

- for the road network: the European agreement concerning the International Carriage of Dangerous Goods by Road (ADR);
- for the rail network: the regulations concerning the International Carriage of Dangerous Goods by Rail (RID), derived from the Convention concerning International Carriage by Rail (Cotif);
- for inland waterways: the European agreement concerning the International Carriage of Dangerous Goods by Inland Waterways (ADN).

In Europe, these provisions are supplemented by consolidated Directive 2008/68/EC of September 24, 2008, on the inland transport of dangerous merchandise.

These rules are closely monitored within the Group.

The Group's French companies (or European or non-European companies based in countries that have ratified the ADR agreement) appoint a hazardous materials transportation safety advisor, certified by an approved body, to ensure compliance with safety procedures. This person audits and evaluates the safety of the carriers' services, drafts reports on reported accidents, identifies corrective measures accordingly, and prepares, at the beginning of each year, an annual report setting out his or her findings and recommendations.

Other Group companies are strongly encouraged to take similar actions as part of the continuous improvement of risk prevention measures.

In addition to the application of the regulations applicable to the transportation

of hazardous materials, additional measures are taken concerning **road haulage** in order to prevent the **risk of traffic accidents**. Courses in defensive driving have been introduced in countries where this risk is heightened due to driving habits, distances, the poor quality of road infrastructure or the specific nature of the product transported.

In addition, the Group's **shipping activity** is subject to the regulations applicable to **international shipping** (mainly the International Maritime Organization standards):

- **as a ship charterer**, the Group systematically uses a specialized company to vet the quality of vessels, notably to limit the risk of maritime pollution. It collects, via the SIRE reports in the format laid down by the Oil Companies International Marine Forum (OCIMF), information relating to the condition of the vessel (date built, maintenance, etc.), as well as the standard of the operator (experience of officers, etc.). It then submits a recommendation on the risks in using the vessel, which Rubis Énergie relies on before signing the charter agreement;
- **as the owner** of petroleum product transportation **vessels**, the Group has established procedures (maintenance, repairs, certifications, membership of the Tanker Management Self-Assessment guidelines, training of crews, etc.) to prevent product contamination, breakdowns, marine accidents and accidental spills.

Whether as charterer or owner, Rubis insures its shipping risk with P&I Clubs of international stature (Gard, Skuld).

Lastly, since 2014, the Group has been a member of Oil Spill Response Ltd, a company that can assist it in the event of any maritime pollution that may occur during the loading/unloading of products in the Rubis Énergie terminals.

4.1.1.3 RISKS RELATED TO EQUIPMENT MADE AVAILABLE TO CUSTOMERS

Description of risks

The equipment made available to customers is essentially LPG cylinders and tanks installed at customers' premises (LPG, fuels, bitumen, etc.). The risks associated with LPG

cylinders result from the flammability of the product. Leakage can also occur in tanks, in the event of faulty sealing.

Risk prevention and management system

The equipment made available to LPG customers (cylinders and tanks) is maintained in accordance with regularly updated descriptive specifications. Cylinders are systematically inspected when brought to the filling plants and tanks are regularly inspected on site at the customer's location. Distributors with direct responsibility for these operations are made aware of the need to comply with Group standards. Note also that a certain number of Rubis Énergie's subsidiaries operate under Quality certifications, such as ISO 9001 (see chapter 5, section 5.2.1.1). Customer fuel tanks are also regularly inspected; where necessary, they are refurbished.

4.1.1.4 RISKS RELATED TO SITE REMEDIATION

Description of risks

Site remediation work (industrial or commercial sites such as gas stations) is performed when existing facilities are taken over and/or when operations are discontinued and/or land is handed back, resulting in facility dismantling costs. It is also performed when pollution is discovered, even if it occurred before the Group started using the site.

The Group may be confronted with "legacy" pollution that predates its activity, identified by an audit prior to the acquisition (initial condition), allowing for clean-up costs to be calculated and, where necessary, for the conditions and timing of the relevant work to be determined in conjunction with the competent authorities.

Risk management system

All activities and sites are covered by environmental insurance and civil liability policies. For risks not covered by insurance, namely those related primarily to events occurring prior to the acquisition by Rubis, reviews and estimates of probable liabilities are performed by the subsidiaries' technical and finance teams to determine the amount of provisions needed to cover the identified risks (on initial consolidation). These risks relate either to highly probable or confirmed

cases of pollution, to work required to ensure the dismantling or restoration to "normal", i.e. the minimal standards acceptable to

the Group in respect of industrial and environmental safety, or to disputes with third parties or employees. Depending on

the forecast timeframe, these provisions may be discounted.

4.1.2 RISKS RELATED TO THE LEGAL, COMMERCIAL, COMPETITIVE AND FINANCIAL ENVIRONMENT

4.1.2.1 LEGAL RISKS

Description of risks

The Group's businesses (storage, distribution, and support and services) are generally subject to strict regulation in terms of environmental protection and industrial safety (see section 4.1.1).

To comply with these regulations, the Group is required to obtain or renew operating permits. Similarly, the acquisition or renewal of port concessions or leases concerning the land on which the facilities are located is monitored very closely.

The other major risks relate to litigation between the Group and its customers, suppliers and service providers, or local residents in the event of pollution. Litigation may also occur following acquisitions of companies or in joint ventures.

In addition, in the normal course of business, the Group may be involved in lawsuits, be subject to tax and customs audits, or be the target of proceedings brought by national authorities.

Risk prevention and management system

These risks are primarily managed and monitored by the Finance and Legal Departments of Rubis Terminal and Rubis Énergie, with the assistance of specialist outside consultants and firms.

The main role of Rubis' Corporate Secretary, in charge of the Legal Department, is to handle matters relating to the listed partnership, its relationship with the Autorité des Marchés Financiers, its shareholders, financial transactions, and its long-term incentive compensation and employee stock ownership plans. It is in close contact with the Legal Departments of the subsidiaries

for any important issues or disputes liable to have a material impact on the Group. It supervises and coordinates the risk mapping process, the reporting of CSR information and the Group's ethics policy. In 2017, Rubis' Corporate Secretary strengthened the Group's teams by recruiting a Compliance and CSR Officer tasked with overseeing and coordinating the Group's compliance policy, as well as risk management and CSR issues.

The Group has, in any event, set aside sufficient provisions to cover any legal risks that it is able to measure (see note 4.11 to the consolidated financial statements).

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, likely to have or having had in the last 12 months a significant impact on the financial position or profitability of the Group.

4.1.2.2 ETHICAL AND NON COMPLIANCE RISKS

Description of risks

Shortcomings in respect of ethics and failure to comply with applicable regulations may expose the Group to civil and criminal penalties and could damage its reputation. Risks of this nature include fraud, corruption and non-compliance with embargoes.

The Group is potentially vulnerable both to internal fraud (fraudulent use or misappropriation of inventories or funds) and to external fraud (CEO impersonation, cyber intrusions, fraud in the loading/unloading of maritime cargoes, etc.).

Acts of corruption may also take various forms, involving public officials or private individuals indifferently.

Risk prevention and management system

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

In the area of compliance, the Group has taken detailed measures described in chapter 5, section 5.3.1, including anti-corruption and embargo mechanisms.

In the area of internal fraud, the Group has implemented preventative measures in all subsidiaries, such as the supervision of the powers of the Managers of subsidiaries to incur expenses (double signature) in order to control expenditure, monitoring of discrepancies in stocks, etc. Management and/or internal audit systems are also in place (see section 4.2).

The Group is vigilant on the issue of external fraud so as to avoid being exposed to this risk and to strengthen its control and prevention systems, especially as regards recurrent cases of CEO impersonation, deceitful change in bank identification details or false transfer orders to which the Group entities are exposed.



4.1.2.3 BUSINESS RISKS

Risk of dependency on suppliers, subcontractors and customers

Description of risks

The impact of the risk of being dependent on suppliers, subcontractors and customers and that of the risk of non-payment varies depending on the activity.

In the storage activity, there is considerable supplier dependency, insofar as Rubis Terminal's 5 biggest suppliers account for 55% of purchases (excluding joint ventures). Rubis Terminal's exposure to its customers is moderate, insofar as its 10 biggest customers accounted for only 43% of revenue in 2017 (excluding joint ventures).

In the distribution, and support and services activities, the top 10 suppliers account for 48.7% of Rubis Énergie's purchases. Most of them are global companies, meaning that there is always an alternative solution allowing a given region to be supplied through another company. The situation can be more challenging in some local environments, particularly Switzerland, where supply facilities are connected by pipeline to a refinery, in the Channel Islands, where logistical constraints are significant (limited port and supply vessel infrastructure due to the significant tidal range), and Southern Africa, where local refineries can be unreliable. Customer concentration is not particularly significant. In 2017, the top 10 customers accounted for 22.2% of Rubis Énergie's revenue excluding taxes.

Information relating to the weighting of key customers and suppliers can be found in the Notes to the consolidated financial statements (notes 4.5.6 and 4.10.5).

Risk prevention and management system

The risk of non-payment that Group companies could potentially face is limited thanks to the implementation of effective management and follow-up of trade receivables. It is nevertheless difficult for the Group to fully guarantee long-term commercial contracts that could be called into question as a result of a customer's possible bankruptcy triggered by the prevailing economic climate.

Bank guarantees or advances are generally requested from those Rubis Énergie customers that have significant amounts outstanding. Prepayments are required for customers representing a risk.

Collection and dispute procedures are in place and are monitored. Deliveries may also be frozen to limit risks.

Risks related to acquisitions

Description of risks

Acquisitions are an integral part of the Group's 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 information systems. Risks relating to the valuation of assets and liabilities may also emerge after the completion of an acquisition.

Risk prevention and management system

The Group carries out an in-depth analysis of the companies or assets it plans to acquire as part of due diligence procedures in order to better understand uncertainties and anticipate such risks. However, various factors can prevent analyzes of this nature from being exhaustive. Risk assessment hinges on the quality of the information transmitted, which is sometimes limited by the local regulatory framework.

4.1.2.4 COMPETITIVE RISKS

In the storage activity, the competitive environment must be considered over the long term, first because of the very high barriers to entry from both a financial and safety perspective, and second because of the gradual withdrawal of the major players from this market.

However, logistics needs, continue to grow, on the one hand, owing to the increase in imports resulting notably from the closure of refineries and, on the other hand, changes in standards for petroleum products, and the storage of new products (edible oils).

Distribution and support and services activities are faced with a less stable competitive environment. Rubis Énergie favors niche markets in which the Company controls its supplies and/or has a strategically located logistics facility (marine import terminals, refinery, pipeline connection).

4.1.2.5 ACCOUNTING AND FINANCIAL RISKS

The consolidated financial statements presented for Rubis (see chapter 9) have been audited by the Company's Statutory Auditors.

Risks of changes in product prices

The storage activity, which involves renting storage capacity, is not linked to product prices or to changes in these prices.

The same applies to the distribution of petroleum products, insofar as prices are generally regulated in the regions where Rubis operates (the Caribbean and Réunion). In other regions, the risk of price fluctuations exists but is mitigated by the Group's diversification, both geographic and in terms of product categories, and by the short product storage life. In addition, 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.

Despite the risks of supply price volatility, the Group has demonstrated its ability to preserve its sales margin. For this reason, the Group has decided not to systematically use product hedges to smooth the differences.

Lastly, Rubis Énergie has, in its support and services activity, a trading department that allows physical flows of product supplies to be secured and optimized upstream.

Market risks

Risks relating to liquidity, interest rates, foreign exchange, changes in the prices of petroleum products, shares and financial covenants are covered in the Notes to the consolidated financial statements (notes 4.10.2 and 4.10.5).

Rubis has conducted a specific review of its liquidity risk, and believes it is in a position to meet future payments.

Accounting risks related to business combinations

Following major acquisitions in recent years, the Group recorded significant goodwill (€1,096 million as of December 31, 2017). In accordance with IFRS, Rubis is required to perform goodwill impairment tests, as detailed in note 4.2 to the consolidated financial statements.

4.1.3 RISKS RELATED TO THE EXTERNAL ENVIRONMENT

4.1.3.1. NATURAL AND CLIMATE RISKS

Description of risks

Rubis operates in some 30 countries, which increases its exposure to natural disasters and climate risks (earthquakes, floods, heat waves, tsunamis, hurricanes, lightning, etc.).

Moreover, the physical effects of climate change are liable to affect the Group's activities (infrastructure integrity, sales volume).

In 2017, some Rubis Énergie infrastructure was exposed to hurricanes Irma (Antigua, St. Barthélemy and the Turks-and-Caicos Islands) and Maria (Martinique and Dominica). Procedures applicable in the event of a hurricane alert have been established to ensure the safety of persons and installations. The material damage from these events was, however, minor, and will be covered by the Group's insurance policies. Moreover, business picked up quickly. The Group took part in the disaster relief operations.

Risk prevention and management system

In countries where natural hazards are liable to occur, they are taken into account in the design and operation of facilities that require it.

For existing facilities, assessments are carried out, and may result in work to make them compliant with applicable regulations, particularly as regards earthquake and hurricane risks.

As regards the impact of weather conditions on volumes, Rubis has the advantage of operating in several business lines that do not have the same degree of exposure to climate risks:

- in the storage business (Rubis Terminal), the tank fill rate is not subject to climate risk;

- Rubis Énergie's petroleum products distribution activity is, in contrast, exposed to climate variability. This could, for example, result in a fall in demand for LPG/domestic heating oil during summer or mild winters, or hurricane risk in the Caribbean. Sales of bitumen are also impacted by the West African rainy season. However, the Group has greatly reduced its exposure to climate risk through its diversification—both geographic (Europe, Africa, the Caribbean) and by product/user category (automotive fuel, aviation fuel, diesel, fuel oil, LPG and bitumen)—and by expansion of the Group's scope.

4.1.3.2. COUNTRY RISK

Description of risks

Although Rubis has numerous subsidiaries in some 30 countries, the regions in which it operates generally represent limited political or social risk.

However, the Group operates in certain countries that present a political and/or economic situation that can be described as unstable. They include Nigeria, Djibouti, Jamaica, Haiti and Madagascar. These countries may in particular be exposed to risks of economic and political instability, social unrest, pandemics, insecurity,

corruption and abrupt changes to regulations.

Lastly, the maritime transportation activity may be exposed to acts of piracy in certain areas where this occurs (in particular in the Gulf of Guinea).

Risk prevention and management system

The diversity of the Group's locations mitigates its exposure to country risk. 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 performs regular monitoring in order to keep ahead of them.

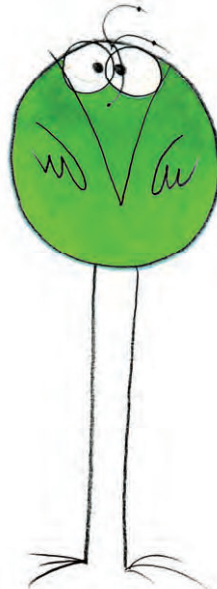
As such, to deal with pandemic risks, business continuity plans are established and measures are taken to combat viral diseases (vaccination, information campaigns, etc.).

As regards the risk of piracy, the Group's port facilities comply with the International Ship and Port Facility Security Code (ISPS), and additional measures are envisaged to better take into account recommendations relating to countries designated as "high risk areas" by the International Maritime Organization (IMO).

In areas that are particularly exposed to security risks, site protection measures are reinforced in accordance with the assessment of the surrounding risks, in order to deal with acts of malicious intent, intrusion, vandalism or theft.

Broadly speaking, the Group strives to implement specific security measures to protect its employees, its facilities and the products it stores or distributes, whenever there is a risk of social instability in the area surrounding one of its entities.

Ethical and non-compliance risks (corruption, embargoes) are addressed in section 4.1.2.2.



4.2 INTERNAL CONTROL

4.2.1 INTERNAL CONTROL FRAMEWORK

FRAMEWORK

For the following description of Rubis Group internal control procedures, Rubis referred to the 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 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 apply to subsidiaries controlled by Rubis, joint operations and joint ventures.

SYSTEM COMPONENTS

Although Rubis operates internationally, it has opted to remain a human-sized business, with a decentralized structure close to the ground, encouraging regular contact between Top Management, on the one hand, and the General Management and functional departments at its 2 business divisions and their foreign subsidiaries, on the other.

This managerial model gives the Manager of each industrial site or subsidiary full responsibility for the activity he or she manages, 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, and of the functional departments of Rubis Énergie/Support and Services and Rubis Terminal (see sections 4.2.2.3 and 4.2.3.2).

Lastly, Rubis' Supervisory Board, through its Accounts and Risk Monitoring Committee, is informed by the Top 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 6, sections 6.4.1 and 6.4.2).



4.2.2 ACCOUNTING AND FINANCIAL INTERNAL CONTROL

Rubis controls the subsidiaries that head its divisions (Rubis Énergie/Support and Services and Rubis Terminal). 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 its subsidiaries. It has established accounting and financial structures and procedures to ensure robust internal control.

4.2.2.1 GENERAL ORGANIZATION OF THE GROUP

Executive management of subsidiaries and Rubis

Rubis' Accounting and Consolidation Department draws up the Group's quarterly, half-yearly and annual consolidated financial statements in close cooperation with the services of Rubis Énergie/Support and Services and Rubis Terminal, each of which consolidates their own subgroups. Its duties include the following:

- 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 2 reporting dates.

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

It is assisted by a specialist audit and accounting firm, and works under the oversight of the Top Managers, the Chief Financial Officer and the Director of Accounting and Consolidation.

At Rubis Terminal, accounting and financial information for France is prepared by the accounting department, overseen by the head office Finance Department, which is in charge of verifying the financial information reported by subsidiaries. For foreign subsidiaries, Rubis Terminal's accounting department is assisted by the accounting departments of the subsidiaries and by external accounting firms.

At Rubis Énergie/Support and Services, accounting and financial information is prepared in each country by the respective accounting departments, which report operationally to the country Director and functionally to the division's Finance Department. In addition, in view of its international expansion, a department has been established to oversee management control, internal audit and consolidation.

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

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 6, section 6.4.2.1, 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.

In performing this work, the Accounts and Risk Monitoring Committee hears all Managers involved in the information chain: the Top Management, the Chief Financial Officer, the Director of Accounting and Consolidation, the Rubis Corporate Secretary 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.

4.2.2.2 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

Rubis and its subsidiaries, Rubis Énergie/Support and Services and Rubis Terminal,

have accounting procedure manuals that set out the organizational rules for the accounting department, budget accounting, treatment of purchases, sales, banking transactions, fixed assets, salaries, expense reimbursements, etc.

Together, these reference documents define the common principles for preparing the separate and consolidated financial statements.

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/Support and Services and Rubis Terminal have centralized information systems that they can use to consolidate all financial information: management reports of each company and terminal, standardized and harmonized by type of business/activity; quarterly financial statements, monthly margin analysis, monthly traffic analysis for each terminal (storage division), monitoring of capital expenditure, budget management and forward planning in 3 stages (initial budget validated in the prior year with a 3-year plan, budget forecast update in the second quarter, then in the fourth quarter of the current year). All financial data are archived and backed up daily.

Checks are also carried out automatically by the IT system to minimize any data 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/Support and Services and Rubis Terminal also operate a document management system allowing their various associates to share technical, HSE and legal information. This allows significant investment and construction projects to be monitored closely by the Technical Departments at each division.

Budgets and reporting

Budgets are prepared at year-end, successively, by direct subsidiaries and subsidiaries of the storage (Rubis Terminal), distribution, and support and services (Rubis Énergie/Support and Services) divisions, as part of a rolling 3-year budget plan in accordance with management items and budget indicators defined and standardized by business (storage, distribution of petroleum products). The indicators are defined by General Management and operational management in accordance with Rubis' strategy.

The budget indicators used include:

- gross margin;
- sales revenue;
- Ebitda;
- Ebit;
- capital expenditure;
- free cash flow;
- debt;
- volumes;
- traffic;
- capacity utilization;
- employees.

At Rubis Terminal, budgets are prepared by site Directors with the support of the accounting departments and are signed off by the operational Directors and members of the Management Committee. Joint venture budgets are prepared by these companies and approved by their Board of Directors. Rubis Terminal's Finance Department draws up a consolidated budget, which is submitted to the Management Committee and then forwarded to Rubis.

At Rubis Énergie/Support and Services, 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 the Management Committee (see section 4.2.2.3). After discussing and/or reviewing budget proposals by the Management Committee, the Finance Department prepares a consolidated budget, which it sends to Rubis.

The Finance and Management Control Departments of the 2 main subsidiaries draw up monthly reports and analyze any differences 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 the Top Management in attendance. Budget dashboards are adjusted accordingly.

Financing and cash management

Rubis' Finance Department negotiates with banks to raise acquisition financing. It also analyzes banking covenants. Cash is invested in high quality instruments, never in speculative or risky products or ventures, and managed by the entity concerned.

Financial statements

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

4.2.2.3 CONTROL 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 Rubis' Top Management and the functional and operational departments of the 2 main subsidiaries, to ensure the effectiveness of the internal control systems, via monitoring by the corresponding Management Committees.

Functional departments of Rubis Énergie/Support and Services and Rubis Terminal

The functional departments of the divisions examine the procedures implemented in their respective areas both regularly and as necessary. Reporting procedures

and indicators are used to optimize the monitoring process.

Internal audit

Internal audit is an independent and objective activity through which Rubis can ensure that its operations are properly managed and constantly improve the procedures in place. Internal audit allows the Group's General 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.

Rubis Énergie/Support and Services

At Rubis Énergie/Support and Services, this function is part of the Management Control, Audit and Consolidation Department. The Head of the department and its staff members conduct internal audits across the full scope of the division. These audits are planned with the division's General Management at the beginning of the year. There are numerous fields of inquiry, mainly covering the correct application of local and Group processes, the improvement of internal control and accounts approval procedures, inventory, cash and fixed asset control, and the assets and liabilities contained in the financial statements of the audited company, whether recognized or unrecognized. The audit may also cover capital expenditure and analysis of differences between expected returns and actual profitability.

The auditor has the freedom to conduct the audit at his/her discretion 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 division's General Management. 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 action, which must be followed by the company concerned. Furthermore, the

implementation of this corrective action 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 General Management of Rubis Énergie/Support and Services every 2 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 of Rubis Énergie/Support and Services' subsidiaries is audited once every 2 years on average.

Rubis Terminal

Unlike Rubis Énergie/Support and Services, and despite its relatively recent international expansion, Rubis Terminal is still a medium-sized company, whose business activity (storage) involves a limited number of long-term (B2B) transactions.

Rubis Terminal has therefore chosen not to create an Internal Audit Department.

For its subsidiaries, accounting and financial transactions are monitored by the Finance Department and the Management Control and accounting departments.

Risk monitoring is carried out by site Directors, who are fully responsible for this, and by QHSE officers, who perform regular audits.

As for joint ventures, accounting, financial and risk internal control is carried out by local departments, which generate monthly reports.

Management Committees of the subsidiaries

In each division, control procedures are structured around the Management Committees of each of the 2 main business units, namely: Rubis Énergie/Support and Services and Rubis Terminal.

At Rubis Terminal, the Management Committee meets approximately every 3 weeks, bringing together the General Management and the Chief Operating Officers (France, Operations and Finance) as well as the Top Managers and the Chief Financial Officer of Rubis.

At Rubis Énergie/Support and Services, a Management Committee has been set up for each country or region. It meets twice a year and includes: the country Director, General Management, Finance Department, Management Control, Audit and Consolidation Department, Technical Department and Resources and Risks Department of the division, and the Top Managers and Chief Financial Officer of Rubis.

During these meetings, budget reportings and dashboards are analyzed, along with the separate and consolidated financial statements from each business division, development projects and their follow-up, and events considered to be significant for the Company and Group in terms of strategy, operations or personnel. Questions

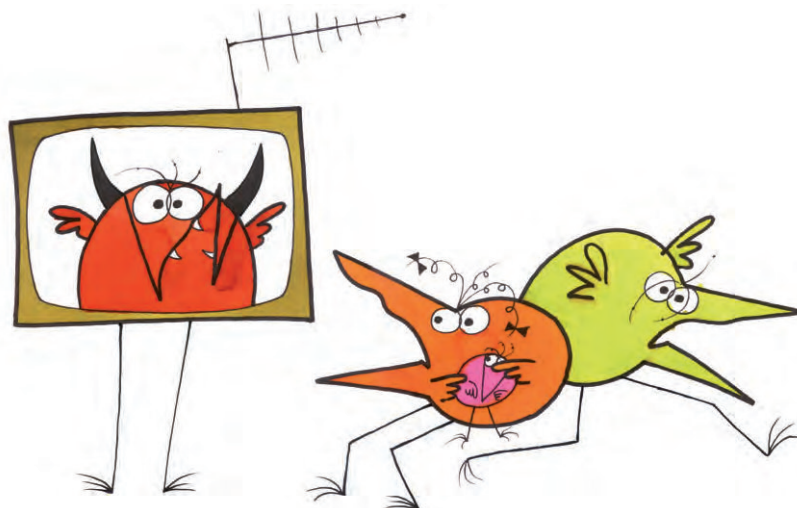
and issues raised at previous meetings may also be reviewed if necessary.

Thus, the Management Committees are ultimately responsible for analyzing the financial and extra-financial information collected through the reporting process set up in each operations department of the 2 parent companies and their 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' control bodies

Rubis' Accounting and Consolidation Department runs numerous checks to ensure that financial information is reliable, particularly during year-end reviews.

The Group's General Management and Finance Department regularly analyze the financial statements of subsidiaries, and periodically meet with the Senior Managers of Rubis Énergie/Support and Services and Rubis Terminal in order to conduct a review, assess risks and instigate any corrective action needed to achieve the Group's targets. Lastly, Rubis' Corporate Secretary, who is in charge of the Legal Department and to whom the Group's Compliance & CSR Officer reports, maintains ongoing dialog with the subsidiaries on various topics, including litigation, trademarks, insurance, identification and mapping of risks, compliance (anti-corruption, embargoes, etc.).



IGNORANCE CAN'T BE TAUGHT.

4.2.3 INTERNAL RISK MANAGEMENT

All key risks, risk monitoring procedures and the corresponding hedging policies are described in detail in this chapter, section 4.1, and in chapter 5, section 5.2.

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 essential 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.

Furthermore, Group entities at both Rubis Terminal and Rubis Énergie/Support and Services often operate within the framework of ISO 9001 and ISO 14001 certification, particularly with regard to the establishment and application of safety and environmental procedures and processes (see chapter 5, section 5.2.1.1). Therefore, they follow extremely formal processes.

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.

4.2.3.1 GENERAL ORGANIZATION OF THE GROUP

Executive management of subsidiaries and Rubis

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 regularly informed.

At Rubis Énergie/Support and Services, Technical Departments (QHSE) at headquarters establish information reporting procedures and preventive measures for anticipating and managing risks as detailed below (see chapter 5, section 5.2.1.1). Some of the information collected, mainly in respect of health and safety issues, is

cross-checked with consolidated data by the Management Control, Audit and Consolidation Department, which handles reporting on social responsibility (see chapter 5, section 5.4).

At Rubis Terminal, the Technical Departments establish procedures and inspections comparable with those applied at Rubis Énergie/Support and Services. They work closely with local QHSE engineers.

The Rubis Énergie/Support and Services and Rubis Terminal Technical Departments report the information on the main risks to their respective General Management. Certain events may also be addressed in Management Committee meetings. Lastly, Rubis Énergie/Support and Services and Rubis Terminal lay out the main risks to the relevant departments of Rubis (Top Management, Accounting and Consolidation Department, Finance Department and Corporate Secretary, in charge of the Legal Department) through different transmission channels such as risk mapping (see section 4.2.3.2 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 4.2.2.1 and in chapter 6, section 6.4.2.1.

4.2.3.2 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 set up a mapping of the risks identified as significant, to which the Group's various activities may be exposed. The analysis of such significant risks also considers their occurrence as well as their financial and reputational impact

(on a scale from 1 to 5). The mapping was conducted in close cooperation with Rubis' Legal, Consolidation, and Finance Departments, together with the operational Managers and the Rubis Énergie/Support and Services and Rubis Terminal Financial and Technical Departments. A self-assessment is carried out at regular intervals to identify new risks.

Significant risks have been divided into various families: market, accounting miscalculation, insurance, business, environmental, industrial, climate, supply chain, social, legal, and IT risks. The category relative to legal risks also includes, among others, issues related to fraud, contractual breaches, ethics and corruption (see chapter 5, section 5.3.1).

Risk mapping is carried out yearly in each division by the Directors of Operations at each industrial site and by the Directors of the French and international subsidiaries concerned, assisted by the functional Managers of Rubis Terminal and/or Rubis Énergie/Support and Services. 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 risk mapping is consolidated by Rubis Terminal and Rubis Énergie/Support and Services before being passed on by Rubis' Top Management to the Accounts and Risk Monitoring Committee at the special meeting held to discuss risk (see chapter 6, section 6.4.2.1). In turn, the Accounts and Risk Monitoring Committee and Top Management report to the Supervisory Board at the meeting in March. Since its introduction, risk mapping has proved a useful tool for managing and monitoring risks and is highly valued by site and subsidiary Managers.

HSE reporting and procedures

The Rubis Énergie/Support and Services and Rubis Terminal 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 5, section 5.2.1.1.

4.2.3.3 CONTROL BODIES

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

Functional departments of Rubis Énergie/Support and Services and Rubis Terminal

The General Management in each division is ultimately responsible for the risk management policy, within the framework defined by Rubis' Top Management.

The operating Managers of each site are assisted by the functional departments of their parent company: Technical Department, Safety Department, Legal Department and Insurance Department.

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

Entity Managers have overall responsibility for the risk management and control at their facilities. In addition, Rubis Énergie/Support and Services and Rubis Terminal each have a Technical Department that regularly provides operational advice and inspects facilities to guarantee compliance with basic 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 of the subsidiaries

At meetings of subsidiaries' Management Committees (see section 4.2.2.3 above), 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 Top Management.

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 Rubis Énergie/Support and Services Management Control, Audit and Consolidation Department. The results of these inspections are included in the internal audit report, allowing Rubis Énergie/Support and Services' General Management to take the appropriate measures to correct abnormal situations. Implementation of a suitable control system is under consideration at Rubis Terminal.

Standing external bodies

Controls are carried out by:

- the customs administration: at Rubis Terminal's oil depots classified as bonded

warehouses, products can be stored and payment of duty suspended until the products are dispatched for consumption. As a result, depot Managers regularly report, under the applicable regulations, to the customs authorities on movements in their inventory, which the Customs Administration has the right to verify with the accounts kept on site. Similarly, an additional thorough audit of the stock accounts is also carried out regularly;

- 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 Rubis Terminal's foreign subsidiaries;
- ISO certification bodies such as AFAQ (French Quality Assurance Association) or LRQA (Lloyds Register Quality Assurance), which conduct regular audits of Rubis Terminal and its main subsidiaries, as well as certain Rubis Énergie/Support and Services' 6 ISO 9001-certified 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;
- customers, who regularly carry out audits of the depots that they use. They check that the operator is complying with their specifications, usually regarding quality.



4.3 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, as well as "pecuniary losses".

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.

4.3.1 RUBIS ÉNERGIE (DISTRIBUTION/SUPPORT AND SERVICES)

The Group's main global programs have been renewed with leading insurers.

4.3.1.1 PROPERTY DAMAGE AND OPERATING LOSSES

The Group has renewed its previously established coverage with the same insurer.

The Damages guarantee in the event of fire and similar events, including terrorist attacks in France and Spain, provides compensation in the amounts of €130 million per claim for terminals and €10 million per claim for gas stations, with this ceiling having been calculated on the basis of the maximal amount of possible loss.

Due to local legislation, subsidiaries operating in Africa, Bermuda and Switzerland have taken out Property Damage insurance with local firms as the primary insurer, with the Group's master policy filling any gap.

Subsidiaries in the Caribbean (excluding DFA) and Haiti have been included in a new Group program negotiated from September with a natural event guarantee capped at €100 million. This new Property Damage program, which was the subject of a call for tenders, applies to the rest of Rubis Énergie and its subsidiaries as from January 1, 2018.

The existing Property Damage policy has been renewed for Eres NV and its subsidiaries.

Galana's Madagascar companies kept their existing insurance until it expired on December 31, 2017, and were then included in the new Rubis Énergie program from January 1, 2018, in accordance with local regulations.

4.3.1.2 CIVIL LIABILITY

The master program covers Operations civil liability and Post-delivery civil liability. The guarantee is €150 million per claim, all damages combined. It was renewed with the same insurer. Due to local legislation, the subsidiaries located in Africa, Bermuda, Switzerland and the Caribbean (excluding DFA) have taken out a frontline civil liability policy with a local insurer. The master program is used to fill any gaps resulting from caps imposed under local policies.

The Group's master Environmental Damage Civil Liability policy has been renewed with the same insurer. Compensation is capped at €20 million per claim, covering environmental liability, damage to biodiversity and clean-up costs. SARA, due to its refining operations, is the subject of specific coverage outside the master program. It has negotiated 2 lines of guarantees in a total amount of €50 million.

Global Aviation Civil Liability cover taken out by the Group for its subsidiaries distributing aviation fuel has been renewed under the

same conditions in the amount of \$1 billion for risks related to damage caused to third parties during refueling.

Eres NV renewed its Civil Liability insurance and that of its subsidiaries.

Haitian and Malagasy companies were included in the master program upon the expiration of existing programs, in accordance with local regulations.

4.3.1.3 SHIPPING

Charterer Civil Liability insurance has been taken out with a P&I Club, member of the International Group, with guarantees of \$500 million and \$1 billion for pollution for the entire Group.

Group Cargo insurance has been renewed to cover damage to goods, capped at \$30 million for all of Rubis Énergie's subsidiaries.

The 5 ship-owning companies acquired in 2015 are covered by a P&I Club, belonging to the International Group, for their civil liability, and by insurers in the UK market for hull and machinery damage.

4.3.2 RUBIS TERMINAL (STORAGE)

4.3.2.1 INDUSTRIAL RISKS

Coverage includes the following:

- buildings, facilities, equipment and customer inventories in the event of fire or similar events, including terrorist attacks, for a total amount of €1,581 million with indemnity limits per claim and per site of

€150 million and €30 million for product leakage;

- additional expenses and losses capped at €10 million per claim and per site;
- business-interruption losses in the amount of €202 million, capped at €10 million per claim and per site.

4.3.2.2 CIVIL LIABILITY

Rubis Terminal is covered, per claim and per year, for Operations for €150 million and for Post-delivery for €100 million for all losses (including bodily injury, material and non-material damage).

For environmental damage, coverage per claim and per year, all damages combined, is €20 million.

4.3.3 RUBIS

4.3.3.1 SENIOR MANAGERS' CIVIL LIABILITY

Senior Managers of Rubis and of 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 liability of the insured and attributable to any professional misconduct committed by such insured in the performance of their management duties.

The maximal coverage amount is set at €25 million per year for primary insurance and €25 million per year for secondary insurance, all losses combined.

4.3.3.2 PECUNIARY LOSSES - KEY PERSONNEL

As a result of the Group's international expansion, in countries where political and business risks may be real, Rubis decided to take out a Pecuniary Losses policy insuring its subsidiaries against:

- political risks: confiscation, expropriation, dispossession, nationalization;
- withdrawal by a local authority of permission to perform an economic activity;

- restrictions on the convertibility/transfer of financial flows, and notably dividends;
- failure to comply with an arbitration decision in favor of the insured party;
- risk of epidemics;
- discriminatory administrative measures;
- material and/or non-material damage caused by natural events;
- loss of key personnel.

