

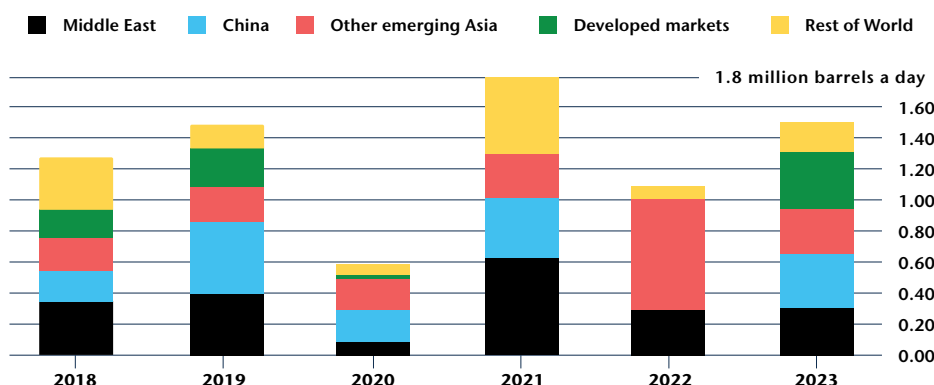
Downstream Energy- Refining

A period of change:

According to the International Energy Agency the downstream refining sector will see major change over the course of the next five years, as the consequences of excess refining capacity start to impact margins through supply and demand economics.

By 2023 it is anticipated that global refining capacity will increase by 7.7mb/d, whilst demand for refined products will grow by only 5mb/d over the same period.

Notably the majority of this new capacity will be located in the Middle East, China and the broader Asian continent, adjacent to the anticipated areas of demand growth.



Source: International Energy Agency

Note: Projected gross additions and expansions in global refining capacity.

This will inevitably cause complications for refiners located in areas that are not realising the same levels of economic growth, which will have consequences for the demand of refined products.

At any time, but particularly when margins are tightening, refiners need to remain vigilant by controlling costs effectively and managing risks in the most efficient way possible – this is where Aon can support clients.

Aon solutions

By developing a mature approach to risk management, organisations can become more resilient to the impact of wider economic influences as well as internal loss events. Risk management tools, such as those listed below can assist in mitigating this uncertainty:

- **Risk engineering** – improve risk quality and share international best practice in loss control
- **Loss forecasting** – using Aon's innovative new loss estimating risk tool (ALERT) to enhance understanding of loss scenarios and loss quantification
- **Risk modelling** – recognise the natural catastrophe exposures clients face with Aon's advanced modelling capability
- **Risk tolerance studies** – make informed decisions on risk retention levels based upon balance sheet resilience
- **Valuations** – build a risk transfer strategy which is underpinned by an accurate asset valuation declaration
- **Cyber solution** – protect physical assets and revenue against the impact of a cyber-attack

These service capabilities complement Aon's widely proven ability to place traditional property damage and business interruption programs.

Aon's downstream portfolio includes a number of the world's refineries. Working with a large proportion of the refining industry affords Aon a comprehensive understanding of the challenges faced by the sector.

Furthermore, Aon's market share translates into the following benefits to Aon's client base:

- Identification of the most competitive insurers in the international market
- Benchmarking against peer group programs to ensure competitive pricing and coverage is achieved
- Ability to leverage market share
- Being at the forefront of coverage evolution

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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