Marinus Link Project

Project Insurance

Insurance Report

June 2025

Executive Summary

Lockton Companies Australia ("LCA" or "Lockton") has been engaged by Marinus Link Pty Ltd ("MLPL") to provide insurance advisory and broking services in respect of the Marinus Link Project (the "Project"). Lockton's objective is to support the Project with an insurance program that is robust and appropriate for a project of this scale and nature and compliant with the various project agreements.

MLPL is procuring a Principal Controlled Insurance Program ("PCIP") for the main project insurance policies required for the construction and operational phases which is in line with most large infrastructure projects in Australia and internationally.

This approach provides MLPL direct control over the key insurance policy coverage terms and claims management. The dovetailing of the construction phase insurance policies with the commercial operational phase of the completed Project is also a key feature of principal controlled insurance arrangements.

Main Project Insurances – <u>Construction Phase</u>:

- **Contract Works (CW)** – Physical loss or damage to cable and all associated works. MLPL will procure CW insurance that covers both onshore and offshore works scope.
- **Public/Products Liability (PPL)** – Claims from third parties for injury/damage claims caused by the Project works. The policy extends to defend MLPL against litigation against such claims/allegations.
- **Marine Transit/Project Cargo (MC)** – Cover for items being shipped to site from first pick up to Tasmania and Victoria.
- **Delay in Start Up (DSU)** – In the event of a delayed commencement of commercial operations due to damage that is insured by the CW or MC policies, the DSU will cover the debt interest payments due from the scheduled debt service commencement and other fixed cost expenses incurred until the Project achieves actual commercial operations.

Main Insurances – <u>Operational Phase:</u>

MLPL is obligated to maintain the operational phase insurances after successful commissioning of the completed Project (from the Take Over Date (TOD)). These policies will be annually renewable and initial placement will be finalised 3-6 months in advance of the TOD.:

- **Industrial Special Risks - (ISR)** – Physical loss or damage to the assets insured (cable, convertor halls and associated assets). The policy will exclude construction-related damage, which remains covered by the defects liability period cover under the construction phase insurances.
- **Public/Products Liability (PPL)** -Claims from third parties for injury/damage arising from the commercial operations of the completed Project. The policy extends to include legal defence expenses incurred by MLPL arising from any litigation by 3rd parties.
- **Other corporate insurances** will also be put in place to commence from the Take Over Date.

- The construction phase quoting insurers were requested to indicate terms for the initial operational phase insurances. Unfortunately given the TOD is some 5 years away insurers were not willing to commit so far out. Lockton suggests that the work on the operational phase insurances commences at least 6 months in advance of TOD.

1) Onshore & Offshore Placement Approach

The insurance market capacity for offshore interconnector projects is limited in terms of the number of insurers that can provide insurance. Higher premiums and deductibles are applicable to the offshore projects compared to onshore project.

The level of certainty to secure compliant insurance for the offshore works is necessary in advance of FID sign-off to shareholders. To mitigate that risk, it was agreed that Lockton would proceed to secure offshore CW and

DSU insurance (syndicated by several insurers to 100% of the policy limit), that is firm and bindable in advance of FID[1]. The decision to combine or separate the packages for the purposes of insurance cover was ultimately influenced by a range of factors:

- The Offshore CW and DSU represents 75% of the overall insurance budget.
- Financial Investment Decision ("FID") sign off by the MLPL Board is set for the end of May 2025.
- The BOW contractor selection process will not be completed until Q4 2025.

The onshore insurances were still offered to the same insurers quoting the offshore, to gauge levels of interest and appetite. Ideally the quoting insurers would accommodate the onshore and consistent lead markets for both placements would prevail. Despite the status of the BOW contract negotiations, a number of the insurers provided competitive terms for the onshore.

Lockton reported no material coverage downsides to separation ensuring that MLPL can secure insurance confidence for the CBL contract in advance of FID.

2) Insurance Marketing

Following a detailed project overview presentation provided by MLPL to the insurance market in February 2025, which included a segment presented by Prysmian, Lockton engaged prospective lead[2] insurers in detailed follow up discussions that included the provision of comprehensive underwriting information (technical project information) and an insurance term sheet for insurers to quote against.

Lockton conducted negotiations with each potential lead insurer individually, seeking to generate competition for the rights to lead the MLPL project insurance placement (7 quoting offshore insurers and 5 insurers quoting the onshore).

After receiving the quotations, Lockton in conjunction with MLPL, evaluated each lead-insurer quote based on relevant experience, claims approach, risk management support, compliance with term sheet conditions, as well as premium costs. MLPL chaired the comparison review, resulting in agreement to the preferred insurers for the second round of negotiations; objective to build consensus of the lead terms and conditions to ensure successfully completing a fully syndicated (100% of policy limits) placement.

The results of the second-round lead insurer negotiations have achieved consensus to the lead terms and conditions of both the on and offshore placements securing substantial cost savings and lower deductibles than budgeted.

3.1) Lead Insurance Quotations – consensus terms and conditions achieved

At the date of this report, the consensus lead quotation maintains the types and amounts of insurance coverage that we would expect a similar project to maintain and that satisfies the contractual requirements of those documents reviewed (noting that the BOW contract remains in negotiation). We can confirm the following:

[1] The insurances are not confirmed until bound and 'put on cover'. There is therefore a gap between FID MLPL Board sign off and formal Shareholder agreement. However, the insurers will commit to their quotes other than events that can materially impact their participation (global event that could impact their reinsurance for instance).

[2] Lead Insurer – an insurer that is experienced, has a track record with interconnector projects and respect of its peers to conduct detailed technical underwriting and to set premiums and policy terms and conditions, that other insurers would follow.

[redacted]

[redacted]					
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] [redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

[redacted]

Policy	Budget (Higher Estimate – February 2025)	Lead Terms	Lead Insurer(s)
[redacted]	[redacted] [redacted]	[redacted]	[redacted]
[redacted]	[redacted] [redacted]	[redacted]	[redacted]
[redacted]	[redacted] [redacted]	[redacted]	[redacted]
[redacted]	[redacted] [redacted]	[redacted]	[redacted]
[redacted]	[redacted] [redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	
Total	$85.45m	$75.85m	

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]

[redacted]

- [redacted]

[redacted]

- [redacted]

[redacted]

- [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

---

3 [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]					
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	

[redacted]

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]		[redacted]	[redacted]		
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]		

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Independence changes everything.

LOCKTON®