



# Thailand VISION



Power Life  
with Premier Energy  
Experience

เติบโตพลังชีวิต  
ด้วยประสบการณ์พลังงาน  
ที่เหนือกว่า

ANNUAL REPORT  
2020

Esso (Thailand) Public Company Limited







ESSO

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Synergy

ESSO

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## Message from the Chairman of the Board of Directors

Sawasdee krub. I do hope that you and your family are safe and well. 2020 was an unprecedented challenging year. It is difficult to understate the impact of the Coronavirus 2019 (COVID-19) pandemic on every aspects of our lives, on every community, and every country around the world. I know the level of stress and pain that you have faced and I want to acknowledge the incredible circumstances that we all endured. Yet, despite all these, we helped our business rise to the unique challenges that the pandemic has presented to our industry and Esso (Thailand) Public Company Limited. It is inspiring to see that we have achieved record safety and strong reliability performance, while supplying Thailand critical energy's need. We met our business objectives and support various relieve efforts critical to the response of the pandemic. We achieved all these while balancing health concerns and new responsibilities both at work and at home.

With the Company's stringent COVID-19 measures in-placed following the recommendations from the Ministry of Health, the cooperation and the attention of our employees, as well as the great leadership in the organization, I'm proud to report that in 2020 there were no employees of Esso Thailand infected by COVID-19. Moreover, in regard to safety, Esso Sriracha refinery and terminals continued to operate with an excellent safety performance without a lost-time incident. Clearly, this reflected our commitment to ensure proper safe guards are in place so we can achieve our key safety objective of Nobody Gets Hurt.

The refining industry and the sales of petroleum products have been severely affected globally from COVID-19 pandemic. The demand for petroleum products had diminished significantly, especially jet fuel, gasoline, and diesel, as a result of lockdown measures in many countries as well as travel restrictions during the first half of 2020. These demand destructions have caused significant pressure on refining margins. Both crude and finished

product prices collapsed to the lowest levels in the past decades. Despite the fact that oil prices started to rebound during the second half of the year from relaxing lockdown measures, the price levels have not yet reached back to the pre COVID-19 level.

The uncontrollable factors mentioned above resulted in significant impact in Esso's financial performance in 2020 when comparing to those of the past years. Nevertheless, I am pleased to share that our operations in many businesses had outstanding performances in 2020. Esso Sriracha refinery creatively adjusted the production to meet declining demand. The refinery was able to stop producing jet fuel by upgrading to diesel. In addition, in August the refinery achieved the highest asphalt production in the past 3 years in responding to higher demand and strong uplift. In Retail business, the Company continued to expand service stations network to 702 stations at the end of this year, which is the highest number in decade. Furthermore, we have partnered with our new alliance, Minor Food, launched quality coffee at affordable prices called, "Coffee Journey" shops, in Esso service stations, and will continue to grow. In Commercial business, sales to industrial and commercial segment had increased against industry declining demand. It is imperative in this challenging environment that we put significant focus on structural cost reduction effort. In 2020, the Company managed to reduce its selling and administration expenses by 15% when compared to the previous year.

During this difficult time, we have done our best to ensure the safety and health of frontline personnel and help the vulnerable overcome the crisis. For instance, we gave face shields made by our employees and their families, and Personal Protective Equipment (PPE) to several public hospitals such as Bamrasnaradura Infectious Diseases Institute for use by medical staff battling COVID-19. In addition, our employees and customers donated 355,600 baht for the Thai Red Cross for obtaining medical devices and other medical necessities.





Anticipating that students of low-income families would be forced to leave schools due to economic recession caused by COVID-19, the Company, together with employees, Esso Club, Esso service station dealers, alliance partners, Mobil lubricant distributors, donated more than 2.5 million baht to Equitable Education Funds in the program "Esso brings back students to schools."

The pandemic has brought a significant head winds for our business and we continue to navigate the most difficult economic environment ever seen.

2020 achievements reflect the competency, experiences, and strong dedication of all employees to ensure that the Company continues to grow strongly and sustainably and to be an integral part of Thailand future growth in years to come as well as to create highest value to our shareholders following our vision "Power Life with Premier Energy Experience".

Last but not least, on behalf of the Board of Directors, I would like to thank you for your continued support to Esso Thailand.

## Business Response to COVID-19: Crisis vs Opportunity

**2020** was an unprecedented year. The impact of the COVID-19 pandemic on every aspect of our lives, every community, and every country around the world is beyond imagination. Throughout the incredible circumstances, Esso (Thailand) Public Company Limited was able to rise our business against unique challenges that the pandemic has presented to our industry and the Company. By focusing on agile operations and being resilience, together with advanced technology, the Company was able to adapt in response to drastic changes in market environment. In the midst of the crisis, the Company has gained organizational strength and is able to move forward through a new normal and to further improve our business under the new Thailand vision of “Power Life with Premier Energy Experience”.

The Company have weathered through the unprecedented challenges. Thanks to our robust Business Continuity Plan or BCP, which translated the potential worst-case scenarios into action plans with annual drills, even in times of no crisis. Despite the fact that COVID-19 outbreak was an unusual event, we were able to promptly build on the existing plans. Furthermore, emergency response team was formed at the end of January to oversee overall pictures, including response plans, preventive actions, issue handling, and internal communication plans. The employees worked from home for about two months, returning to the office in July, and strictly followed social distancing and wore masks

at all times. With all employees' capability, commitment, and cooperation; the effective emergency response team and business continuity plan; as well as the prompt adaption to the situation as mentioned earlier, the Company were able to operate safely, smoothly, and flawlessly with no confirmed case for our staff.

In terms of sales and crude oil refining, the country's lockdown measures resulted in a decrease in fuel and lubricants demand, especially jet fuels. Esso refinery quickly reacted to the fast-declining demand in the market by reducing the crude run and upgrading jet fuels to diesel, while, at the same time, keeping our commitment to the environmental policy,





“Protect Tomorrow. Today”. For service stations, we launched a campaign to promote social distancing and to educate service stations’ executives and staff across the country on the importance of cleanliness and hygiene within the service stations to prevent the spreading of the virus, while maintaining the high level of customer experience. The hygiene standard at Mobil 1 Center and Mobil Express was also enhanced with additional sterilization. Digital platform was leveraged at service stations such as contactless point redeem and QR code payment. In addition, the Company supported customers and public in various activities, such as alcohol gel distribution to Supreme+ customers, 4,000 cloth masks distribution, face shields

and PPE equipment donation to hospitals in Bangkok and nearby provinces, and survival bags distribution to affected communities nearby Esso Sriracha refinery.

By focusing on agile operation and being resilience, together with advanced technology, the Company was able to adapt the operations accordingly and progress more aggressively in the market. Such ability to react to the situation has led to the new Thailand Vision of **“Power Life with Premier Energy Experience”**, which is believed will further create strong and sustainable growth of the Company, and ultimately increase value to the shareholders.



Power  
**Life** with  
Premier Energy  
**Experience**

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In the midst of unstable and challenging business environments locally and globally, we recognized an opportunity to re-look and reorganize ourselves to get ready to compete in the market once again. The Company has launched Thailand Vision, **“Power Life with Premier Energy Experience”**, to lead the organization towards further success. 3 missions have also been introduced to support our vision, which are:



We are committed to spend every day to collect valuable experiences as well as to learn and explore fresh, new ideas and perspectives. This includes sharpening our skills and enhancing the capability of our employees to produce the products, to offer the quality services that comprehensively answer to the specific and multifaceted needs of our customers, as well as to move forward strategically with our business partners. With these combined missions, we expect to move stronger in the market as we are ready to drive the Company to further success with the Thailand Vision;

**“Power Life with  
Premier Energy Experience”**





## Grow Skills

Develop  
globally competitive **talents**  
that drive **future growth**



## Compete to Win

Leverage  
**strong integration**  
footprint in Thailand to  
**differentiate** our products  
and services



## Maximize Brand Value

Promote  
brand value to become the **Company of Choice**

## General Information

### Company Information

**Company Name:**

Esso (Thailand) Public Company Limited

**Symbol:** ESSO**Registration Number:**

0107539000073

**Business:**

Integrated petroleum refining, petrochemical, and marketing

**Registered Capital**

Baht **17,110,007,246.71**

**Comprising**

- 3,467,916,666 common shares of Baht
- Baht 4.9338 per share

**Paid-up Capital**

Baht **17,075,181,200.40**

**Comprising**

- 3,460,858,000 common shares of Baht
- Baht 4.9338 per share





#### Head Office

3195/17-29 Rama IV Road, Klong Ton  
Klong Toey District, Bangkok 10110  
**Telephone:** 02 407 4000

**Website:** [www.esso.co.th](http://www.esso.co.th)

#### Investor Relations

**Telephone:** 02 407 4788  
**E-mail:** [essolR@exxonmobil.com](mailto:essolR@exxonmobil.com)

## References

#### Securities Registrar

Thailand Securities Depository Company Limited  
The Stock Exchange of Thailand Building,  
93 Ratchadaphisek Road,  
Dindaeng, Dindaeng, Bangkok 10400  
**Telephone:** 02 009 9999 (SET Contact Center)

#### Auditor

PricewaterhouseCoopers ABAS Limited  
15<sup>th</sup> Floor, Bangkok City Tower,  
179/74-80 South Sathorn Road, Bangkok 10120  
**Telephone:** 02 844 1000











## Business Overview

Esso (Thailand) Public Company Limited ("the Company") is an affiliate of Exxon Mobil Corporation, an industry leader in the global energy business. The Company has been doing business in Thailand more than 126 years and employs ExxonMobil's integrated business model with a focus on long-term fundamentals and growth in shareholder value. The benefits of majority ExxonMobil ownership include access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational, and engineering services, and research and development programs. We also benefit from the use of "Esso" and "Mobil" brands and other trademarks licensed from ExxonMobil, as well as the availability of ExxonMobil and affiliated management, technical personnel, and corporate support services.

We are an integrated petroleum refining, petrochemical, and marketing company with the following key businesses:

- A complex refinery with a maximum rated capacity (based on stream days) of 174,000 barrels per day
- An aromatics plant with a capacity of 500,000 tons per annum of paraxylene
- A solvent production unit with a capacity of 50,000 tons per annum
- An extensive network of Esso-branded retail service stations throughout Thailand
- Direct commercial sales of petroleum products in the industrial, wholesale, aviation, and marine sectors comprising of LPG, gasoline, jet fuel, kerosene, diesel, fuel oil, asphalt, and lubricants
- A premier line of Mobil 1 synthetic lubricants and a network of Mobil 1 centers
- Sales of aromatics and other chemical products

The Esso refinery is strategically located near the Laem Chabang deep sea port in Sriracha, Chonburi Province. Refinery configuration incorporates ExxonMobil's unique proprietary technologies that provide significant flexibility to process a wide range of crude oil and produce high-value products such as gasoline, diesel, and jet fuel. The site also benefits from its ready access to a deep sea port, road networks, and a multi-product transmission pipeline. This provides the flexibility to deliver refined petroleum products via pipeline in addition to truck and marine transportation.

Aromatics production is fully integrated with refinery operations. The Company produces aromatics, primarily paraxylene, which is used to make purified terephthalic acid (PTA), the raw material used for producing polyester film, packaging resin, and fabrics. Other chemical products in the Esso portfolio include solvents and plasticizers.

## Operation and Revenue Structure

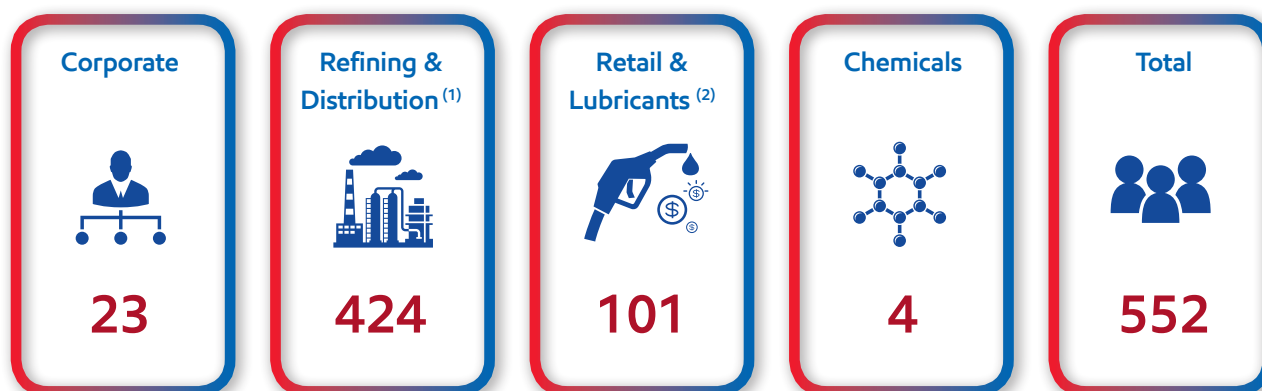
Sales revenue in the downstream and petrochemical segments is divided as follows:

	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Net Sales</b>						
Downstream segment:						
Refined petroleum products	115,934	91.5	152,111	89.8	178,350	88.8
Lubricants	2,584	2.0	2,781	1.7	2,950	1.5
Services and others <sup>(1)</sup>	1,242	1.0	1,256	0.7	680	0.3
<b>Total Downstream Segment</b>	<b>119,760</b>	<b>94.5</b>	<b>156,148</b>	<b>92.2</b>	<b>181,980</b>	<b>90.6</b>
Petrochemical segment:						
Paraxylene	3,709	3.0	8,352	4.9	12,969	6.5
Services and others <sup>(2)</sup>	3,203	2.5	4,848	2.9	5,849	2.9
<b>Total Petrochemical Segment</b>	<b>6,912</b>	<b>5.5</b>	<b>13,200</b>	<b>7.8</b>	<b>18,818</b>	<b>9.4</b>
<b>Total Sales Revenue</b>	<b>126,672</b>	<b>100.0</b>	<b>169,348</b>	<b>100.0</b>	<b>200,798</b>	<b>100.0</b>

<sup>(1)</sup> Mainly sales of crude oil purchased from an affiliate and resold before processing, franchise fees from dealers, product handling and storage fees from aviation customers, and rental income.

<sup>(2)</sup> Mainly sales of benzene, solvents, and plasticizers.

## Number of Employees of the Company as of December 31, 2020



<sup>(1)</sup> Includes engineers, technical staff, and operators at Sriracha Refinery and oil terminals, together with commercial and export sales personnel.

<sup>(2)</sup> Includes retail and lubricant sales personnel.





## Subsidiaries, Associated, and Related Companies

Company Name and Address	Business	Registered Capital (Baht)	Shareholding (%)
<b>Mobil Enterprises (Thailand) Limited (METL)</b> 3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407 4000	Currently dormant	3,333,000	100
<b>Industry Promotion Enterprises Limited (IPEL)</b> 3195/26 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407 4000	Real estate leasing	3,333,400	30 <sup>(1)</sup>
<b>United Industry Development Company Limited (UIDC)</b> 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407 4000	Real estate leasing	10,000,000	49 <sup>(1)</sup>
<b>Pacesetter Enterprises Limited (PSE)</b> 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407 4000	Real estate leasing	10,000,000	33 <sup>(2)</sup>
<b>Thai Petroleum Pipeline Company Limited (THAPPLINE)</b> 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Telephone: 02 991 9130	Petroleum products pipeline transportation	8,479,000,000	21
<b>Bangkok Aviation Fuels Services Public Company Limited (BAFS)</b> 171/2 Moo 10, Vibhavadi Rangsit Road, Sikan, Don Muang District, Bangkok 10210 Telephone: 02 834 8900	Aircraft refuelling services	637,496,657	7

<sup>(1)</sup> The remaining preferred shares are held by employees of the Company and/or ExxonMobil's affiliates.

<sup>(2)</sup> The remaining shares are held by UIDC and IPEL.





# 2020

## OPERATIONAL HIGHLIGHTS



# 2020 Refining and Petrochemical HIGHLIGHTS



Esso Sriracha Refinery and the adjoining petrochemical facilities work together to produce higher-value fuels and chemical products at a competitive cost. Our operations division continuously seek opportunities to enhance margins and reduce costs with improvement projects; for example, high-grading production enabled through logistic projects, operation flexibility for prompt sale opportunity, diversification of crudes and feedstock to lower raw material cost, and energy efficiency projects.

## In 2020,

both the refinery and the aromatics plant maintained a strong safety and environmental performance with no safety lost-time incidents and no recordable spills during the year. The refinery and the aromatics plant achieved 13 years without recordable spill and 9 years without lost time incident for employees and contractors. Furthermore, the terminal operations facilities outstandingly accomplished the 27<sup>th</sup> year of no lost-time incident.

In addition, the refinery completed the planned maintenance during third quarter this year with operation excellence on safe performance, downtime duration, and under budget. This maintenance work at Atmospheric Pipestill tower 2 (APS2) and Continuous Catalytic Reforming (CCR) regenerator will improve operational reliability and efficiency.





> **Continued strong safety and environmental performance with**

**9 consecutive years**  
without a lost time injury

**13 years**  
without  
a recordable  
spill

**27 years**  
without a lost-time  
incident at terminal  
operations facilities

> **Flexible operations and capable manpowers**  
to enable timely response to rapid change

> **11** new challenged crudes processed as part  
of continued crudes diversification

> 2020 crude throughput was **115** KBD  
and produced **200,000** tons of paraxylene

> High operating reliability, received **4** Operations  
Excellence Awards of ExxonMobil Fuels and Lubricants Company

In response to demand disruption caused by the COVID-19 pandemic, the refinery kept its flexibility and timely adjusted its production in coping with changing economic conditions and local demands. For example,

**The refinery optimized production**

by minimizing jet fuel production and high grading to diesel, and is able to achieve zero jet fuel production most of the time in June. The refinery promptly adjusted the production to capture high-margin asphalt and achieved the highest asphalt production in the past 3 years

in August  
at **5.2 KBD**

In terms of expenses,  
refinery significantly achieved

**operating expense  
reduction**

and

**capital efficiency**

to be in-line with corporate-wide  
expense efficiency effort.

In addition,

the refinery continued to utilize new and challenging crudes that were traded at discounts in order to improve refining margins.

**11** new crudes

from Asia and Africa were used in the production this year. In total, the refinery diversified its crude intake by employing 47 new crudes over the past six years.

The refinery received 4 ExxonMobil Global Standard of Excellence Awards for personal safety, process safety, environment, reliability, earnings growth, and overall excellence in 2020.

# 2020

## Retails Fuels Sales HIGHLIGHTS



➤ **Adapted** service station operations for our Thai community and consumers in response to **COVID-19**

➤ Continuously **growing network** with **702** Esso service stations at the end of 2020

➤ Partnered with SUSCO, converted **21** SUSCO service stations to Esso-branded ones

➤ **Increased availability** of Synergy Supreme+, Biofuel support, and **Marketing programs** (Esso Smiles & LINE Connect)

➤ Launched **Coffee Journey** for the first time

### In response to COVID-19 outbreaks

**In 2020**, Retails fuels sales adapted pandemic response plans and best practices into the operation. The Company launched the **"Away... but always care"** campaign for service station attendants to always wear masks and maintain social distancing with customers, enforce regular hands sanitizing, increase cleaning frequency of contact points such as toilets, provide alcohol gels in service stations, as well as distribute alcohol gels to Esso Supreme+ customers. The Company also launched QR code payment and virtual Esso Smiles card with registered mobile phone numbers as an option to enhance touchless experience to its customers. At the same time, the Company remains committed to further grow the business through strategic investments to ensure Esso is well-positioned to compete in the dynamic and competitive Thailand retail market with superior product quality and service, including consistent supply availability. Sales through the retail sales channel accounted for 44% of total fuel sales volume in 2020.

The Company continued to grow its network by making appropriate investments while maintaining capital and cost discipline with 69 service stations newly added to the network. The total number of service stations at the end of 2020 was 702, thanks to the partnerships with Susco Public Company Limited to transform 21 Susco's





service stations to Esso brand and standards. This reflects the Company's strategy to continue expanding our retail footprint and brand presence of Esso in Thailand.

The Company continues to expand its premium fuels or Esso Synergy Supreme+ throughout Esso service station network. The numbers of service stations offering Esso Synergy Supreme+ Diesel and Esso Synergy Supreme+ Gasohol 95 at the end of the year were 485 and 315 respectively. The Company also launched biofuels B10, which is now diesel main grade, to support the government roadmap of promoting biofuels in Thailand, while retains biofuels B7 offering as an alternative for consumers. At the end of the year, there were 652 service stations offering B10 and 655 service stations offering B7.

Esso Smiles Driver Rewards Program, which allows the Company to understand the insight of its customers' behaviors for better services and experiences at Esso service stations, continued to grow with more than 3.1 million members in 2020. Esso Thailand LINE Official Account, which helps enhance the communication with our customers, now had more than 6.6 million individual friends with more than 400,000 accounts linked their Esso Smiles cards to get some extra benefits.

Supporting successful fuels marketing operations, the Company continued to grow non-fuel offers by expanding existing alliance stores at its service stations and finished 2020 with 350 alliance stores across its retail network. At the same time, the Company also enhanced its non-fuel income through strong alliance by partnering with The Minor Food Group Public Company Limited ("Minor Food"), which is one of the leaders in the food business, to launch a new coffee shop under "Coffee Journey" brand in Esso stations for the first time in September 2020 in an effort to enhance consistency in Esso service stations. Coffee Journey, managed by Minor Food, will be opened both inside service stations, which is limited only at Esso service stations, as well as outside service stations. At the end of 2020, there were altogether 2 branches in Esso service stations with more shops to open in 2021.



# 2020

## Commercial Sales HIGHLIGHTS

### 2020

was a very challenging year for our commercial fuels business in Thailand due to the lack of demand, especially jet fuel, as a result of COVID-19 pandemic.

Nevertheless, with the active prospecting activities, a strong collaboration and supply-demand management across our fuels value chain, as well as resiliency in responding to the market in the midst of COVID-19 situation, the Company was able to grow sales volume by 5%, excluding jet fuel, in various sales segments; Industrial & Commercial and Cross-border. Commercial sales continues to be our second most profitable sales channel, which accounted for 51% of total sales volume in 2020.

The last tier of petroleum products sales went through export, mainly in the Asia Pacific region. Export volumes increased from 4% in the previous year to 5% in 2020, due to absence of plant-wide maintenance activity occurred in 2019.





➤ Increased sales volume, excluding Jet, by **5%** ▲ in various segments of Industrial and Commercial and Cross-border

➤ Launched and marketed **4 premium products** in 2020; EMF.5, EDE, UGR 92 RON, and EAP

➤ Successfully expanded footprint into “**Power Generation**” segment with new deals

Besides, the company has proudly launched and marketed four premium products sales segments, which are;

- **EMF.5:**  
0.50% sulphur fuels specifically formulated to meet the requirements of the International Maritime Organization's (IMO) 2020 sulphur cap. EMF.5 was successfully launched end of 2019 and continued to succeed in the market in 2020.
- **Esso Diesel Efficient (EDE):**  
A new premium diesel grade with a wide range of benefits such as reducing fuels consumption up to 2.8%, cleaning additives for cleaner injectors, more responsive and engine power, environmentally friendly, etc.
- **UGR 92 RON:**  
An unleaded Regular Gasoline with 92 Research Octane number for marketing in Cambodia.
- **Emulsified Asphalt Prime (EAP):**  
A brand new asphalt prime for coating purposes.



With the commitment to further grow sales, the Company has recently expanded its footprint into “Power Generation” sales segment and has successfully signed sales contracts with multiple power plants, both national power plants and independent power producers (IPP) in this year following our target to grow ratable sales.

To support sustainable sales growth, the Company continued to look for opportunity to expand the distribution network as well as to improve the efficiency at our terminals. At the end of 2020, the Company has altogether nine terminals across the country. Also, facility improvement projects at Sriracha, Lumlukka, and Lampang terminals have increased loading capability, improved operational efficiency, and enhanced customer experience.

# 2020 Lubricants HIGHLIGHTS

In 2020,

the Company focused on enhancing consumers' and customers' rewarding experiences through loyalty and digital marketing programs. Our high quality products help business owners reduce their maintenance costs through longer oil drain and help sustain environment through lower waste production. The Company also actively participated in social responsibility activities in response to COVID-19.



> Enhanced rewarding consumer and customer experiences through loyalty and digital marketing programs

> Leveraged Fuels & Lubricants synergy

> Strengthened market coverage of Mobil brand presence through 1,900 outlets

> Distributed 4,000 reusable face masks and provided UV-C sterilizers to Mobil 1 Center and Mobil Express nationwide

The Company leverages Fuels & Lubricants synergy to make Mobil lubricants available in Esso service stations nationwide. Consumers can earn Esso Smiles loyalty points when purchasing Mobil lubricants at Esso service stations and can also redeem Esso Smiles points for Mobil lubricants purchase. During Covid-19 pandemic, the Company offered a special promotion to consumers to get free oil filters and Tesco vouchers on top of double Esso Smiles points at participating sites.





Through understanding of our customers and channel partners, the Company analyzed market insights and deployed targeted digital marketing programs such as “Mobil Rewards” to drive brand loyalty and penetration into more than 2,000 independent car maintenance workshops. Our Mobil signage campaign continued its momentum to reach 1,939 auto-part shops and workshops, increasing Mobil brand presence in Thailand and driving a stronger distribution of high-quality Mobil lubricants. The Company has continuously strengthened brand experience through our service network of 263 Mobil Auto Care outlets, which comprise of 231 Mobil 1 Center and 32 Mobil Express sites to provide best-in-class car care services and premium products to consumers across Thailand. The Company has also leveraged strong partnership with well-known car care network like B-Quik to capture growing demand.



For commercial customers, our **Mobil Delvac MX** can extend oil drain up to 40,000 kilometers, enabling truck fleet owners to save money on their maintenance costs as well as waste production. Our industrial synthetic lubricants help save energy by 3.6% vs conventional oil, which in turn helps preserve environment. The Company has always had a role in Thailand’s economic development and touched peoples’ lives as our industrial lubricant products are widely used in power plants to generate electricity for the country.

In response to Covid-19, the Company also distributed 4,000 reusable face masks to deliverymen at selected Esso service stations as they play a critical role in supplying home-bound individuals with important necessities during the Covid-19 pandemic. In addition, the Company provided UV-C sterilizer to all Mobil 1 Center and Mobil Express outlets to sanitize customers’ cars upon receiving service as customers’ well-being is one of our top priorities.

The Company is committed to bring breakthrough products and services to our customers and strive to advance our Thai customers’ mobility, productivity, and sustainability ambitions through rewarding Mobil brand experiences.

## Financial Highlights



(Unit Million Baht, unless otherwise stated)

Financial Highlights	2020	2019	2018
Sales revenue	126,672	169,348	200,798
Gross profit/(loss)	(4,736)	2,004	8,212
EBITDA	(7,245)	(2,060)	4,453
Profit/(loss) for the period	(7,910)	(3,065)	2,226
Profit/(loss) per share (Baht) <sup>(1)</sup>	(2.29)	(0.89)	0.64
Total assets	61,378	66,243	61,750
Total liabilities	47,019	44,125	35,918
Total shareholders' equity	14,359	22,118	25,832

Key Financial Ratios	2020	2019	2018
Net profit/(loss) margin (%)	(6.2)	(1.8)	1.1
Interest coverage (times)	(20.1)	(6.4)	18.1
Net debt to equity (times)	1.9	1.2	0.6

Dividend Payment	2020	2019	2018
Dividend payment per share (Baht) <sup>(1)</sup>	0.0 <sup>(2)</sup>	0.0	0.3

<sup>(1)</sup> Based on current number of shares: 3,461 million shares

<sup>(2)</sup> To propose to the 2021 Annual General Meeting of Shareholders for approval.



## Management's Discussion and Analysis

Review of consolidated results for 2020

(Unit: Million Baht, unless otherwise stated)

Statement of Comprehensive Income	2020	2019
Revenue from sales	126,672	169,348
Gross profit	(4,736)	2,004
Selling expenses	(4,949)	(5,800)
Administrative expenses	(268)	(310)
Profit (loss) from sales	(9,953)	(4,106)
EBITDA	(7,245)	(2,060)
Finance costs, net	(357)	(313)
Income tax (expense) credit	2,048	892
Profit (loss) for the period	(7,910)	(3,065)
Earnings (loss) per share (Baht) <sup>(1)</sup>	(2.29)	(0.89)

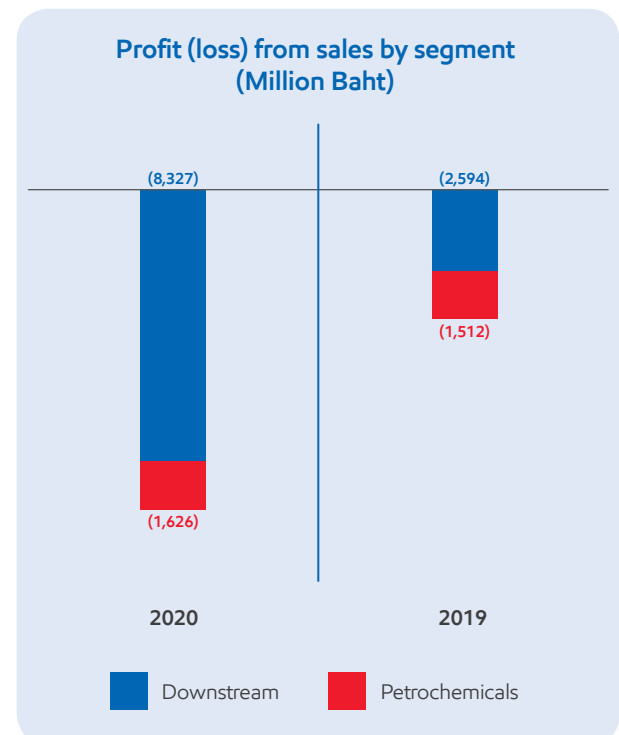
<sup>(1)</sup> Based on current number of shares: 3,461 million shares

Revenues from sales for full year 2020 were lower than the same periods last year, largely due to lower market selling prices and sales volume from COVID-19 pandemic.

In response to weak industry environment and COVID-19 impact, the Company has increased focus on cost saving in our operations and successfully achieved selling and admin expenses reduction by 15% in 2020.

Loss from sales for full year 2020 was primarily driven by unfavorable inventory effects, lower gross refining margin, and continued weak paraxylene margins. These factors resulted in a loss from sales of Baht 9,953 million. The Downstream segment made loss from sales of Baht 8,327 million, which was Baht 5,733 million lower than last year. Petrochemical segment made loss from sales of Baht 1,626 million, compared to a loss of Baht 1,512 million in 2019.

Compared to the same period last year, net finance costs increased by Baht 44 million for the year. Excluding the impact from recognition of interest expenses on lease liabilities according to the adoption of leases financial reporting standards (TFRS 16) effective January 1, 2020, net finance costs slightly declined, benefiting from lower interest rates partly offset by higher debt balances.

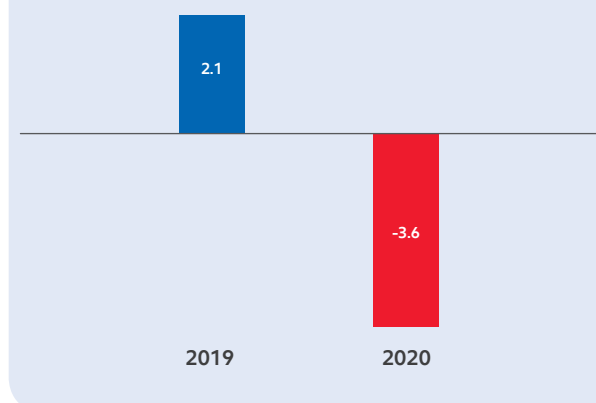


## Gross Refining Margin (GRM)

Full-year 2020 Gross Refining Margin (GRM) of negative \$3.6 per barrel, a decrease of \$5.7/Bbl compared to 2019, was essentially driven by unfavorable inventory effects and lower industry margins. Lower industry refining margins were caused by crude prices falling from the price war between Saudi Arabia and Russia at the beginning of the year and supply overflow. At the same time, industry fuel product prices were significantly reduced from collapsed oil demand as a result of COVID-19 pandemic. Full year 2020 crude intake was reported at 115 KBD, slightly higher than last year due to lower scale of maintenance during 2020; more-than-60-day plant-wide maintenance during the third quarter and the fourth quarter of 2019 versus one-month Atmospheric Pipestill number 2 (APS-2) maintenance in 2020.

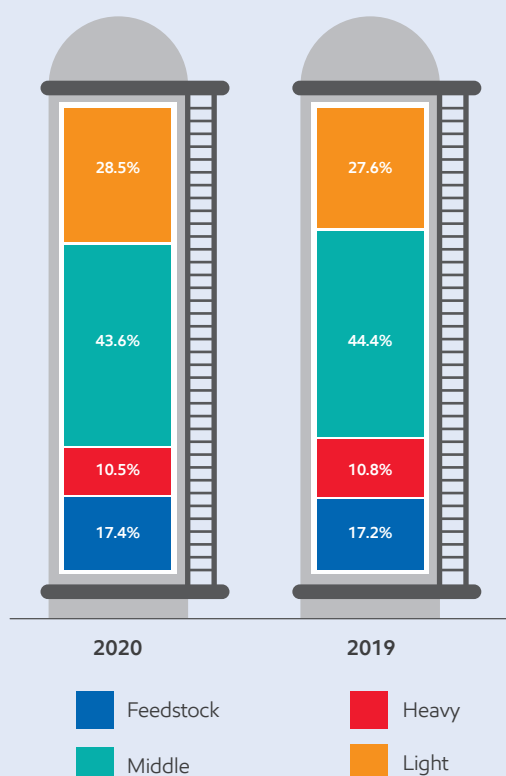
### Gross Refining Margin (GRM)

Unit: USD per Barrel

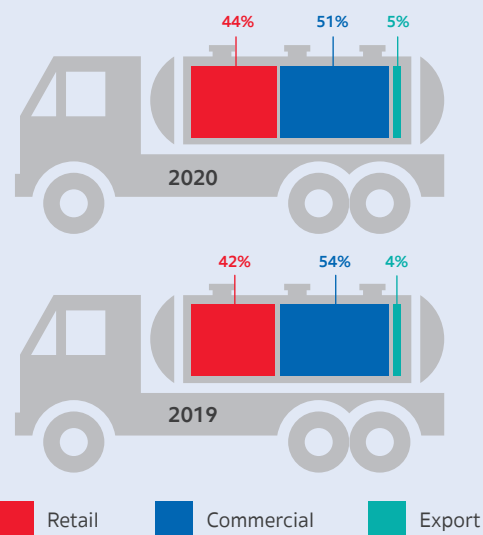


Refinery production yields for the full year 2020, when comparing with the same period last year, reflected continued production adjustment in response to changes in demand during COVID-19 pandemic and a shorter period of plant maintenance shutdown. Lower middle distillates yields were resulted from jet fuel demand disruption, partially offset by an increase in diesel as a result of product upgrading. Lower heavy production yields were from fuel oil upgrade to asphalt to capture strong demand and margins.

### Refinery Production (%)

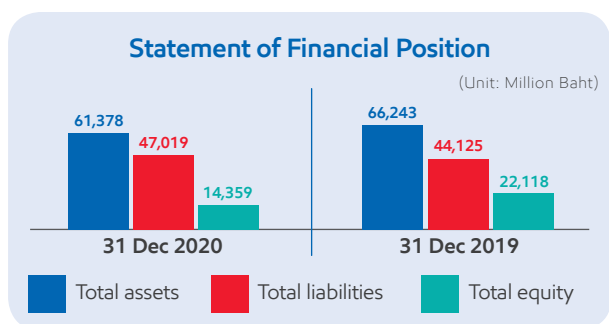


### Sale Channels (%)



In 2020, Retail business continued to grow footprints via service station expansion. As the year 2020-ended, there were 702 service stations nationwide. Meanwhile, proportion of Commercial sales drop reflected deteriorated demand of jet fuel, partially offset by sales volume increase through high-grading Esso Diesel Efficient (EDE) and the expanding of new outlets.





Current assets as of December 31, 2020 decreased by Baht 9,057 million from year-end 2019, mainly due to lower inventory balances and trade receivables from significant price drop, and the utilization of prepaid excise tax. Non-current assets increased by Baht 4,192 million mainly from right-of-use assets according to the adoption of leases financial reporting standards (TFRS 16) and deferred income tax assets relating to tax loss carried forward.

Total liabilities of Baht 47,019 million, an increase of Baht 2,894 million, were primarily driven by higher lease liabilities according to the new lease financial reporting standards (TFRS 16), and higher long-term loans partly offset by lower short-term borrowings.

Total debt was Baht 28,203 million as of December 31, 2020 compared to Baht 26,943 million at year-end 2019. The company continued to maintain adequate financing sources to support payment obligations. At the end of December 2020, long-term loans increased to Baht 6,334 million, and short-term loans decreased to Baht 21,869 million.

Total equity decreased by Baht 7,759 million reflecting losses in 2020 and unrealized loss from the re-measurement of Bangkok Aviation Fuel Services Public Company Limited (BAFS) investment, partially offset by the re-measurement of provision for employee benefits.

(Unit: Million Baht)

Statement of Cash Flows	2020	2019
Cash flows from (used in) operating activities	409	(10,167)
Cash flows from (used in) investing activities	(1,251)	(1,211)
Cash flows from (used in) financing activities	827	11,172

Cash flows generated from operating activities was Baht 409 million for the full year 2020, reflecting favorable working capital effects, mainly from lower inventory and prepaid excise tax, offset by operating loss in the period. Cash flows used in investing activities was Baht 1,251 million, mainly for new or upgraded service stations, refinery projects, and payments for right-of-use assets, partly offset by dividends received from investments. Cash flows generated from financing activities was Baht 827 million, mainly derived from net proceeds from borrowings.

## Financial Ratios

	31 Dec 2020	31 Dec 2019
Current ratio (times)	0.6	0.9
Quick ratio (times)	0.2	0.2
Total debt to equity ratio (times)	2.0	1.2
Long term debt to equity ratio (times)	0.4	0.2
Net debt to equity ratio (times)	1.9	1.2

### Financial ratios calculation:

Current ratio	=	Current assets / Current liabilities
Quick ratio	=	(Cash and cash equivalents + Short term investments + Trade receivables) / Current liabilities
Total debt to equity ratio	=	Total debt / Total shareholders' equity
Long term debt to equity ratio	=	Non-current borrowings / Total shareholders' equity
Net debt to equity ratio	=	(Total debt - Cash and cash equivalents) / Total shareholder's equity





## 1.1 Directors



### Mr. Adisak Jangkamolkulchai

Chairman (Executive) Age: 58

**Re-appointment Date:** July 10, 2020

**Number of Years in the Board:** 1 Year and 11 Months

**Education:**

- Bachelor of Science in Chemical Technology, Faculty of Science, Chulalongkorn University
- Master of Science in Chemical Engineering; University of Tulsa, USA
- Ph.D in Chemical Engineering, University of Tulsa, USA

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2008

**Current Positions:**

- Chairman and Managing Director, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

**Other listed company:** -

**Other non-listed companies:** 6 companies

- Chairman, Managing Director and Asia Pacific Operations Manager, ExxonMobil Limited
- Chairman and Managing Director, Mobil Enterprises (Thailand) Limited
- Director, ExxonMobil Exploration and Production Khorat Inc.
- Director, Exxon Limited
- Director, ExxonMobil Hong Kong Holding Limited
- Director, ExxonMobil East Terminal Hong Kong Limited

**Position in other business or organization: - Experience in the past 5 years:**

**August 2020 - Present**

- Chairman and Managing Director, Esso (Thailand) Public Company Limited
- Chairman, Managing Director and Asia Pacific Operations Manager, ExxonMobil Limited

**February 2020 - July 2020**

- Chairman and Managing Director, Esso (Thailand) Public Company Limited
- Chairman and Managing Director, Chairman and Managing Director, Esso (Thailand) Public Company Limited

**August 2019 - January 2020**

- Executive Director Thailand Major Growth Venture, ExxonMobil Limited

**2017 - August 2019**

- Engineering Manager for Europe/ Middle east/Asia Pacific, ExxonMobil Engineering Europe Limited

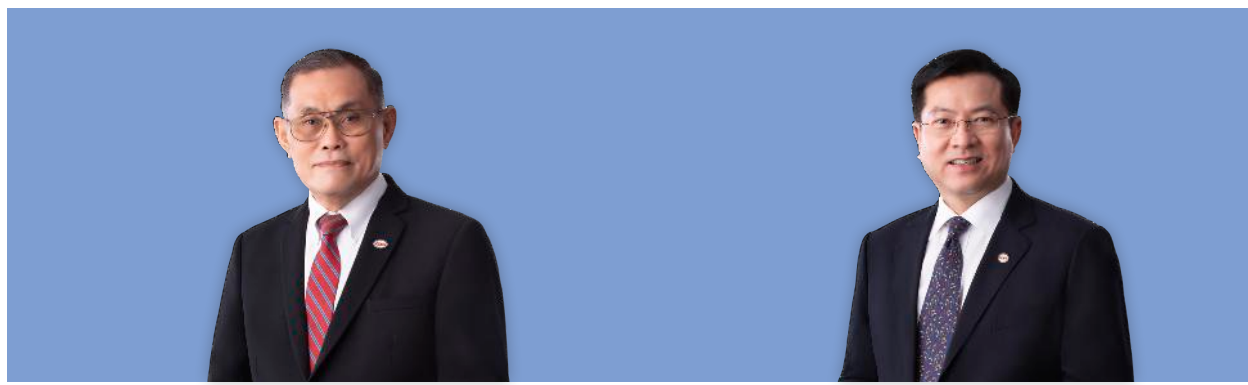
**2013 - 2017**

- Director and Refinery Manager, Esso (Thailand) Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None



### Mr. Wattana Chantarasorn

**Independent Director and Chairman of the Audit Committee (Non-executive)**      **Age: 74**

**Re-appointment Date:** April 24, 2018

**Number of Years in the Board:** 13 Years and 2 Months<sup>(1)</sup>

#### Education:

- Bachelor of Science, Chemical Engineering, Chulalongkorn University
- M.Sc in Chemical Engineering, Illinois Institute of Technology, USA

#### Director Training:

- Advanced Audit Committee Program organized by Thai Institute of Directors in 2018
- Director Accreditation Program organized by Thai Institute of Directors in 2009

#### Current Positions: -

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

#### Experience:

##### 2006 - 2007

- Asia Pacific Refining Business Advisor, ExxonMobil Limited

##### 2004 - 2006

- Asia Pacific Refining Business Advisor, Esso (Thailand) Public Company Limited

##### 1997 - 2004

- Refinery Manager, Esso (Thailand) Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

<sup>(1)</sup> Number of years serving as the Independent Director: 6 Years and 6 Months

### Mr. Buranawong Sowapruks

**Independent Director, Chairman of Nomination, Remuneration and Performance Evaluation Committee and Member of Audit Committee (Non-executive)**      **Age: 63**

**Appointment Date:** April 23, 2019

**Number of Years in the Board:** 1 Year 8 Months

#### Education:

- Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University
- Master of Engineering, Industrial Engineering, Texas A&M University, Texas, USA
- Doctor of Engineering, Industrial Engineering, Texas A&M University, Texas, USA

#### Director Training:

- Director Certification Program (DCP) organized by Thai Institute of Directors in 2019
- Advance Audit Committee Program (AACP) organized by Thai Institute of Directors in 2019

#### Current Positions: -

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: 2 companies

- Independent Director, The Blue Circle Pte. Ltd, Singapore
- Director, Able Asset Sukhumvit Company Limited

#### Position in other business or organization:

- Independent Observer, Anti-Corruption Organization of Thailand

#### Experience in the past 5 years:

##### 2016 - February 2019

- Sub-Committee on the Determination of Gas Price

##### 2015 - February 2019

- Member, Petroleum Committee

##### 2016 - 2017

- Sub-Committee on the Management of Expiring Concession

##### 2009 - 2013

- Global Business Analysis and Reporting Manager, ExxonMobil Global Services Company, Houston, USA

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None





**Ms. Prachit Hawat**

**Independent Director, Member of Nomination, Remuneration and Performance Evaluation Committee and Member of Audit Committee (Non-executive)**  
**Age:** 62

**Re-appointment Date:** April 23, 2019

**Number of Years in the Board:** 3 Years and 1 Month

**Education:**

- Bachelor of Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University
- MSBA, Management Information Systems, Mississippi State University, USA
- M. Acc., Accounting, Chulalongkorn University
- Ph.D. Management Information Systems, The University of Calgary, Canada

**Professional Certifications:**

- Certified Internal Audit (CIA)
- Certified Information System Auditor (CISA)
- Certified Public Accountant (CPA, Thailand)
- SAP Certified Consultant - Financial Accounting Module

**Director Training:**

- Director Certification Program organized by Thai Institute of Directors in 2018
- Director Accreditation Program organized by Thai Institute of Directors in 2011

**Current Positions:** -

**Directorship in other listed company and other non-listed company:**

**Other listed company:** -

**Other non-listed companies:** -

**Position in other business or organization:**

- Associate Professor, Department of Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University
- Advisor to the Internal Audit Procedure Efficiency and Effectiveness Promotion Committee, Sports Authority of Thailand
- Advisor to the Internal Control Operation Committee, Thai Health Promotion Foundation
- Member of the University of Council of Kasem Bundit University

**Experience:**

- Lecturer, Department of Accountancy, Chulalongkorn University
- Independent Director and Member of Audit Committee, Thailand Iron Works Public Company Limited
- Senior Internal Auditor, Charoen Pokphand Group of Companies
- Assistant Auditor, Jaiyos & Co., Ltd

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

**Mr. Boontuck Wungcharoen**

**Independent Director (Non-executive)** **Age:** 64

**Re-appointment Date:** April 23, 2019

**Number of Years in the Board:** 2 years and 3 months<sup>(1)</sup>

**Education:**

- Bachelor's Engineering, Chemical Engineering, Chulalongkorn University
- MBA, Finance and International Business, New York University, USA

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2008

**Current Positions:** -

**Directorship in other listed company and other non-listed company:**

**Other listed company:** 3 companies

- Director, Vice Chairman of the Executive Committee, Chairman of the Risk Management Committee and The Nomination and Remuneration Committee, Asset World Corp Public Company Limited
- Independent Director and Planner, Thai Airways International Public Company Limited
- Independent Director, SYNEX (Thailand) Public Company Limited

**Other non-listed companies:** -

**Position in other business or organization:** -

**Experience in the past 5 years:**

**2017 - 2019**

- Independent Director, Member of the Risk Oversight Committee and Member of Technology Committee, Siam Commercial Bank Public Company Limited

**2008 - 2017**

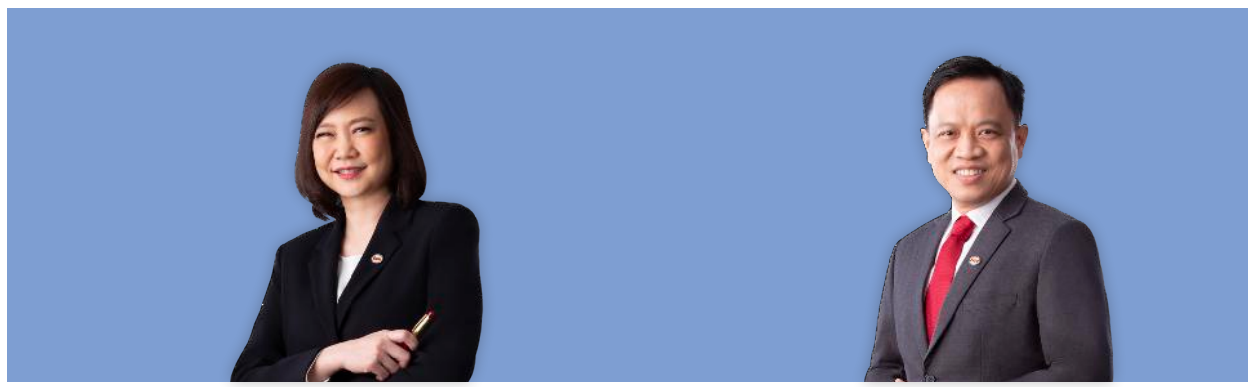
- Director and Chief Executive Officer, TMB Bank Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

<sup>(1)</sup> Number of years serving as the Independent Director:  
1 Year 8 Months



### Ms. Ratrimani Pasiphol

**Director and Designated CFO (Executive)** Age: 53

**Re-appointment Date:** April 24, 2018

**Number of Years in the Board:** 8 Years and 10 Months

**Education:**

- Bachelor of Accountancy, Chulalongkorn University
- MBA, University of Washington, USA

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2012

**CFO Training:**

- TLCA CFO Professional Development Program organized by Thai Listed Companies Association

**Current Positions:**

- Business Services Manager and Tax Manager, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: 1 company

- Director, ExxonMobil Limited

**Position in other business or organization: -**

**Experience in the past 5 years:**

**January 2020 - Present**

- Business Services Manager and Tax Manager, Esso (Thailand) Public Company Limited

**2015 - January 2020**

- Treasurer/Tax Manager, Esso (Thailand) Public Company Limited
- Director and Treasurer/Tax Manager, ExxonMobil Limited
- Treasurer, Industry Promotion Enterprises Limited
- Treasurer, United Industry Development Company Limited
- Treasurer, Pacesetter Enterprises Limited
- Treasurer, Thai C-Center Company Limited <sup>(1)</sup>
- Treasurer, ExxonMobil Exploration and Production Khorat Inc.
- Treasurer, Mobil Enterprises (Thailand) Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** 10,000 shares (0.0003%)

### Mr. Suchart Phowattanasathian

**Director (Executive)** Age: 49

**Re-appointment Date:** April 23, 2019

**Number of Years in the Board:** 3 Years and 8 Months

**Education:**

- Bachelor of Science in Chemical Technology, Faculty of Science, Chulalongkorn University
- Master of Science in Chemical Engineering; The Petroleum and Petrochemical College, Chulalongkorn University

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2018

**Current Positions:**

- Refinery Manager, Sriracha Refinery, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

**2017 - Present**

- Refinery Manager, Sriracha Refinery, Esso (Thailand) Public Company Limited

**2016 - 2017**

- Process Manager, Sriracha Refinery, Esso (Thailand) Public Company Limited

**2013 - 2016**

- Technical Manager, Singapore Refinery, ExxonMobil Asia Pacific Pte. Ltd.

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

<sup>(1)</sup> Until year 2016





**Mr. Manoch Munjitjuntra**

**Director (Executive)** Age: 52

**Re-appointment Date:** April 24, 2018

**Number of Years in the Board:** 3 Years and 1 Month

**Education:**

- Bachelor of Science, Mechanical Engineer, Faculty of Engineering, Chulalongkorn University
- MBA in Finance, Sasn Graduate Institute of Business Administration of Chulalongkorn University

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2018

**Current Positions:**

- Thailand Lubricant Sales Manager, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: 1 company

- Director, Mobil Enterprises (Thailand) Limited

**Position in other business or organization: -**

**Experience in the past 5 years:**

**August 2020 - Present**

- Thailand Lubricant Sales Manager, Esso (Thailand) Public Company Limited
- Director, Mobil Enterprises (Thailand) Limited

**2017 - July 2020**

- Retail Sales Manager, Esso (Thailand) Public Company Limited
- Director and Managing Director, Industry Promotion Enterprises Limited
- Director and Managing Director, United Industry Development Company Limited
- Director and Managing Director, Pacesetter Enterprises Limited

**2016 - 2017**

- Sales Support and Business Development Manager, Esso (Thailand) Public Company Limited

**2015 - 2016**

- Retail Project Development Manager, ExxonMobil Asia Pacific Pte. Ltd.

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

**Ms. Pajaree Meekangvan**

**Director (Non-Executive)** Age: 44

**Re-appointment Date:** July 10, 2020

**Number of Years in the Board:** 3 Years and 1 Month

**Education:**

- Bachelor Degree, Major International Business Management, Chulalongkorn University
- MAIB, International Business Management, University of Florida, USA

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2018

**Current Positions:**

- Revenue Management Lead, Thailand and Greater Mekong Tributary

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

**August 2020 - Present**

- Revenue Management Lead, Thailand and Greater Mekong Tributary, Esso (Thailand) Public Company Limited

**2018 - July 2020**

- Thailand Lubricants Sales Manager, Esso (Thailand) Public Company Limited

**2018**

- Thailand Lubricants Sales Manager, ExxonMobil Limited

**2016 - 2017**

- Project Advisor, ExxonMobil Limited

**2016**

- AP PVL Brand Supervisor, ExxonMobil Limited

**2013 - 2016**

- Project Advisor, Esso (Thailand) Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None



### Mr. Taweesak Bunluesin

Director and Member of Nomination,  
Remuneration and Performance Evaluation  
Committee (Non-Executive) Age: 52

**Re-appointment Date:** July 10, 2020

**Number of Years in the Board:** 2 Years and 6 Months

**Education:**

- Bachelor of Science, Chemical Engineering, Massachusetts Institute of Technology, USA
- Master of Science, Chemical Engineering, University of Pennsylvania, USA
- Ph.D. Chemical Engineering, University of Pennsylvania, USA

**Director Training:**

- Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2018

**Current Positions:**

- Public & Government Affairs Manager, ExxonMobil Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

**2019 - Present**

- Public & Government Affairs Manager, ExxonMobil Limited

**2018 - 2019**

- Public & Government Affairs Manager, Esso (Thailand) Public Company Limited

**2013 - 2018**

- Business Support & Control Manager, Sriracha Refinery, Esso (Thailand) Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

### Mr. Jesada Chancherngkij

Director (Executive) Age: 47

**Appointment Date:** September 3, 2020

**Number of Years in the Board:** 3 Months

**Education:**

- Bachelor of Mechanical Engineer (1<sup>st</sup> class honours), Kasetsart University
- Master of Business Administration, Thammasat University

**Director Training:**

- To enroll Director Accreditation Program (DAP) organized by Thai Institute of Directors in 2021

**Current Positions:**

- Retail Sales Manager, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: 3 companies

- Director and Managing Director, Industry Promotion Enterprises Limited
- Director and Managing Director, United Industry Development Company Limited
- Director and Managing Director, Pacesetter Enterprises Limited

**Position in other business or organization: -**

**Experience in the past 5 years:**

**August 2020 - Present**

- Retail Sales Manager, Esso (Thailand) Public Company Limited
- Director and Managing Director, Industry Promotion Enterprises Limited
- Director and Managing Director, United Industry Development Company Limited
- Director and Managing Director, Pacesetter Enterprises Limited

**2018 - July 2020**

- Revenue Management Lead, Thailand and Greater Mekong Tributary Esso (Thailand) Public Company Limited

**2015 - 2018**

- Asia Pacific Marketing Communication Manager, ExxonMobil Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None



## 1.2 Executive Officers



### Mr. Warathum Tungittiplakorn

Thailand Fuels Operations Manager (Executive)

Age: 53

**Appointment Date:** August 1, 2015

**Education:**

- Chemical Engineering, Chulalongkorn University
- MBA, Old Dominion University, Virginia, USA

**Current Positions:**

- Thailand Fuels Operations Manager, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: 1 company

- Director, Thai Petroleum Pipeline Company Limited

**Position in other business or organization: -**

**Experience in the past 5 years:**

2015 - Present

- Thailand Fuels Operations Manager, Esso (Thailand) Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

### Mr. Vanchai Vichakchon

Thailand Commercial Sales Manager (Executive)

Age: 52

**Appointment Date:** June 1, 2017

**Education:**

- Bachelor Degree, Business Administration Faculty, Marketing Major, Assumption University

**Current Positions:**

- Thailand Commercial Sales Manager, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

2017 - Present

- Thailand Commercial Sales Manager, Esso (Thailand) Public Company Limited

2017

- Thailand Wholesale Fuels Area Manager, Esso (Thailand) Public Company Limited

2012 - 2017

- Thailand Industrial and Commercial Area Manager, Esso (Thailand) Public Company Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None



### Ms. Jutarat Wareechuensuk

Investor Relations and Planning Manager (Executive)

Age: 55

**Appointment Date:** July 1, 2018

**Education:**

- Bachelor of Petroleum Engineer, Faculty of Engineering, Chulalongkorn University
- Master of Industrial Engineering and Management, Asian Institute of Technology, Thailand
- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

**Current Positions:**

- Investor Relations and Planning Manager, Esso (Thailand) Public Company Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

2018 - Present

- Investor Relations and Planning Manager, Esso (Thailand) Public Company Limited

2016 - 2018

- Payables Center Manager, ExxonMobil Limited

2014 - 2016

- North America Payables Operations Manager, ExxonMobil Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

### Ms. Vorraya Kosalathip

Treasurer's (Executive) Age: 43

**Appointment Date:** February 4, 2020

**Education:**

- Bachelor of Engineering (Civil), Chiang Mai University
- Master of Business Administration, University of North Carolina at Chapel Hill, USA

**Current Positions:**

- Treasurer, Esso (Thailand) Public Company Limited
- Treasurer, Industry Promotion Enterprises Limited
- Treasurer, United Industry Development Company Limited
- Treasurer, Pacesetter Enterprises Limited
- Treasurer, ExxonMobil Exploration and Production Khorat Inc.
- Treasurer, Mobil Enterprises (Thailand) Limited
- Treasurer, ExxonMobil Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

February 2020 - Present

- Treasurer, Esso (Thailand) Public Company Limited
- Treasurer, Industry Promotion Enterprises Limited
- Treasurer, United Industry Development Company Limited
- Treasurer, Pacesetter Enterprises Limited
- Treasurer, ExxonMobil Exploration and Production Khorat Inc.
- Treasurer, Mobil Enterprises (Thailand) Limited
- Treasurer, ExxonMobil Limited

2018 - January 2020

- Lead Fuels and Lubricant Treasurer - Asia Pacific, ExxonMobil Asia Pacific Pte. Ltd

2016 - 2017

- Financial Advisor, Global Fuels and Lubricant Treasurer, Exxon Mobil Corporation

2015 - 2016

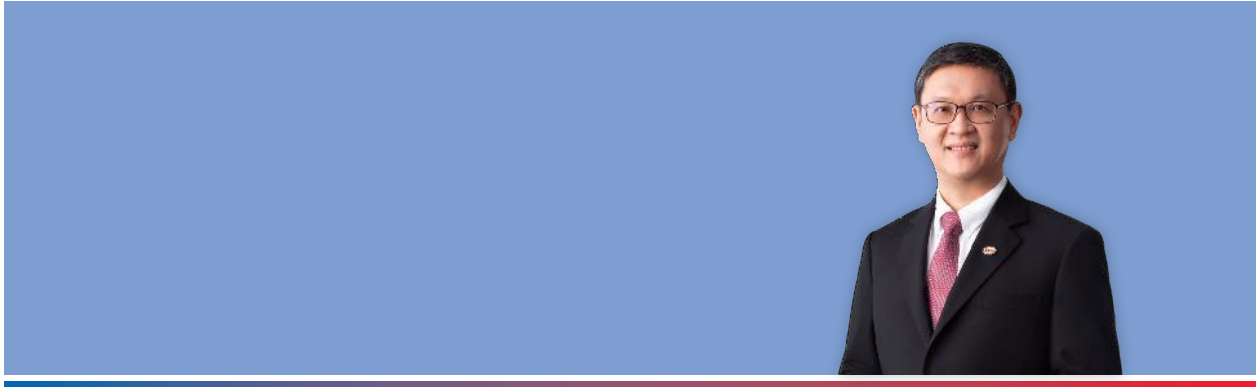
- Downstream Financial Advisor, Controller's, Exxon Mobil Corporation

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None





**Mr. Suwat Srikanapongse**

**Controller (Executive) Age: 52**

**Appointment Date:** October 1, 2020

**Education:**

- Bachelor of Business Administration, Accounting Major, Assumption University
- Master of Business Administration, Eastern Michigan University, USA

**Current Positions:**

- Controller, Esso (Thailand) Public Company Limited
- Controller, Industry Promotion Enterprises Limited
- Controller, United Industry Development Company Limited
- Controller, Pacesetter Enterprises Limited
- Controller, ExxonMobil Exploration and Production Khorat Inc.
- Controller, Mobil Enterprises (Thailand) Limited
- Controller, ExxonMobil Limited

**Directorship in other listed company and other non-listed company:**

Other listed company: -

Other non-listed companies: -

**Position in other business or organization: -**

**Experience in the past 5 years:**

**October 2020 - Present**

- Controller, Esso (Thailand) Public Company Limited
- Controller, Industry Promotion Enterprises Limited
- Controller, United Industry Development Company Limited
- Controller, Pacesetter Enterprises Limited
- Controller, ExxonMobil Exploration and Production Khorat Inc.
- Controller, Mobil Enterprises (Thailand) Limited
- Controller, ExxonMobil Limited

**2018 - September 2020**

- Credit Manager, ExxonMobil Limited

**2014 - 2018**

- Tax BSC Section Manager, ExxonMobil Limited

**Records of violation of law\*:** None

**Family Relationship with Executives of the Company:** None

**Shareholding in the Company\*\*:** None

\* This covers any of the following within the past 10 years:

- (1) a conviction under a criminal charge, excluding conviction for traffic offences and minor charges;
- (2) being declared bankrupt or having assets controlled; or
- (3) being dismissed from government service or a state organization or agency for dishonest at work.

\*\* As of December 31, 2020

# Shareholding and Management Structure

## 1. Shareholders

The top 10 shareholders registered in the share register book as of June 22, 2020 were as follows:

Major Shareholders	Number of Shares	% Shares
1. ExxonMobil Asia Holdings Pte. Ltd.	2,283,750,000	65.99
2. Vayupak Fund 1 by MFC Asset Management Public Co., Ltd	167,918,350	4.85
3. Vayupak Fund 1 by Krung Thai Asset Management Public Co., Ltd	167,918,350	4.85
4. Mr. Sombat Panichewa	51,000,000	1.47
5. South East Asia UK (Type C) Nominees Limited	18,570,998	0.54
6. Bank of Ayudhya PCL by Krungsri Asset Management PCL	16,000,000	0.46
7. Mr. Charn Sophonpanich	14,680,000	0.42
8. State Street Europe Limited	14,319,366	0.41
9. Department of Public Welfare by Krungsri Asset Management PCL	13,530,100	0.39
10. East Fourteen Limited - Dimensional EMER MKTS Value FD	9,313,400	0.27
<b>Total *</b>	<b>2,757,000,564</b>	<b>79.66</b>

\* Excluding 99,124,817 shares (2.86%) under Thai NVDR Co., Ltd.



## 2. Dividend Policy

The Board of Directors may recommend annual dividends, subject to approval by the Company's shareholders. The Board of Directors may, by resolution, decide to pay interim dividends as appear to the directors to be justified by Company profits. Distribution of an interim dividend must be reported to the shareholders at the next general meeting of shareholders following approval by the Board of Directors.

It is the current policy of the Board of Directors to recommend a dividend of not less than 40% of net profits after deduction of all specified reserves, subject to investment plans, applicable laws, to be contingencies, and other relevant considerations. The actual dividend payout ratio may vary above or below the level indicated in the dividend policy and is subject to the risks outlined in associated regulatory filings.

### 3. Board of Directors

The Board adopted the Board Corporate Governance Guidelines, setting out the governance, to responsibilities, and diversity of the Board reflecting the Company's current practices suitable for the Company's business was developed and posted on the Company's website ([www.esso.co.th](http://www.esso.co.th)).

The Articles of Association provide that the Board of Directors (the "Board") will include at least five directors, not less than half of whom are required to reside in Thailand. In addition, one-third, or the number of directors closest to one-third if the number of directors is not a multiple of three, of the Board is required to retire at each annual general meeting of shareholders. Retiring directors are eligible for re-election. Pursuant to the Board Governance Guidelines adopted by the Board of Directors, to provide sufficient diversity, normally, the Board intends to have approximately ten to thirteen members, with no less than one-third of the Board being comprised of Independent Directors as per definition set forth by the Office of the Securities and Exchange Committee and the Stock Exchange of Thailand. The Board will include the Company's executives who can effectively represent material aspects of the Company's operations and areas of functional expertise.

It is expected that directors will serve on the boards of other companies only to the extent that such services do not detract from directors' ability to devote the necessary time and attention to the Company. Currently, none of directors serves on the board of other listed companies more than 5 listed companies. However, pursuant to the Board Governance Guideline as of the date of when this Annual Report is published, the number of listed companies of which each director can be a director should not exceed five listed companies unless approved otherwise by the Board in case of a necessity.

The Board of Directors serving in 2020 comprised the following:

Name	Position
Mr. Adisak Jangkamolkulchai <sup>(1)</sup>	Chairman
Ms. Ratrimani Pasiphol	Director
Mr. Suchart Phowatthanasathian	Director
Mr. Manoch Munjitjuntra	Director
Ms. Pajaree Meekangvan	Director
Mr. Taweesak Bunluesin	Director and Member of Nomination, Remuneration and Performance Evaluation Committee <sup>(2)</sup>
Mr. Jesada Chancherngkij <sup>(3)</sup>	Director
Mr. Boontuck Wungcharoen	Independent Director
Mr. Wattana Chantarasorn	Independent Director and Chairman of Audit Committee
Ms. Prachit Hawat	Independent Director, Member of Audit Committee, and Member of Nomination, Remuneration and Performance Evaluation Committee <sup>(2)</sup>
Mr. Buranawong Sowaprun	Independent Director, Chairman of Nomination, Remuneration and Performance Evaluation Committee <sup>(2)</sup> , and Member of Audit Committee

Ms. Angsna Pirentorn is Company secretary

<sup>(1)</sup> Mr. Adisak Jangkamolkulchai was appointed as the Chairman, Director, and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

<sup>(2)</sup> Effective November 30, 2020

<sup>(3)</sup> Mr. Jessada Chancherngkij was appointed as Director to replace Ms. Pachara Sungkhapan effective September 3, 2020.

<sup>(4)</sup> Mr. Chakkrit Parapuntakul resigned as independent director effective October 1, 2020.



## Scope of Duties and Responsibilities of the Chairman and the Board

Roles and responsibilities of the Chairman are as follow:

1. Determination of agenda items to be discussed at the Board meetings and calling Board meetings consistent with agenda items reviewed and approved in advance by the Board of Directors (including independent directors) in the previous year. However, the Chairman may consider adding any specific agenda items when appropriate.
2. Presiding as the Chairman of the Board meeting and shareholders' meeting and conducting Board meeting and shareholders' meeting in compliance with the sequence of the agenda specified in the notice of meeting, Company's Articles of Association, and relevant laws and regulations.



The Board of Directors has full power and authority to conduct the Company's business in accordance with the Company's policies, objectives, Articles of Association, Board and shareholder resolutions and applicable laws. The Board also has duties and responsibilities prescribed in applicable laws. The Board appreciates the importance of good corporate governance, and believes in the following principles:

1. Commitment to the creation of sustainable value to the business in the long run, management of the business with prudence, and the avoidance of conflicts of interest;
2. Consider and the Company's visions, mission, and strategy, promote governance outcomes as a framework for the operation of the Company and ensure that the Company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilizing innovation and technology effectively.
3. Operation of the business in a transparent way with adequate disclosure to relevant parties;
4. Operation of the business based on appropriate risk control and management systems;
5. Implementation of appropriate Standards of Business Conduct applicable to the Company's directors, officers, and employees.
6. Regularly monitoring financial liquidity and debt servicing ability together with the management committee, including discussion to establish a mechanism to support operations under tight financial constraints.
7. Review succession plans for senior management positions within the Company at least once every two years. Such succession plan was recently reviewed in 2019.
8. Conduct an annual internal review of the implementation of recommended corporate governance practices as described by the 2017 Thai Corporate Governance (CG) Code by means that are suitable to the Company's business.

The Board will issue a directors' report on the activities of the Company and its financial performance for review prior to the shareholders' meeting. In the past year, the Board of Directors duly conducted the Company's business in accordance with principles stipulated above including but not limited to considering and reviewing the Company's visions, missions and strategy as well as monitoring the implementation of Company's strategies.

## Board Appointment

The appointment, removal, or resignation of directors is prescribed in our Articles of Association which is summarized as follows:

1. The Board shall consist of at least five directors and not less than half of the directors are required to reside in Thailand.
2. The shareholders shall appoint directors in accordance with the following principles and procedures:
  - a. In the election of each director, each shareholder will have vote(s) equal to the number of shares held by him/her.
  - b. Each shareholder may vote all of his/her shares in the exercise of the right he/she has under (i) to elect each of the candidates of his/her choice as a director but he cannot split his/her shares and cast his/her split votes in favor of two or more candidates to one directorship; and
  - c. Candidates who receive the largest number of votes in descending order from the highest to the lowest number of votes received will be elected until all director positions required at such time are filled. In the event of candidates receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall have a casting vote, or, in case the chairman is not the Company's shareholder, the decision shall be made by drawing a lot;
3. At each annual general meeting of shareholders, one-third or the number of directors closest to one-third, of the Board is required to retire. Retiring directors are eligible for re-election;
4. Any director who decides to resign must submit a letter of resignation to the Company. The resignation shall be effective on the date the Company receives the letter; and
5. Removal of a director before the end of the term shall require a resolution of shareholders passed by not less than three-fourths of the total votes of shareholders and proxies (if any) attending the meeting and eligible to vote and not less than one-half of the total number of shares held by shareholders and proxies (if any) attending the meeting and eligible to vote.

## Independent Directors

In addition to the qualification described in item 7 (Nomination of Directors and Executives), independent directors meet the following

qualifications pursuant to the regulation of the Securities and Exchange Commission and Stock Exchange of Thailand:

1. Not hold shares exceeding 1% of the total number of voting rights of the Company, its parent company, its subsidiaries, affiliates, major shareholder, or controlling person, including the shares held by related persons of the independent director;
2. Not be nor have been an executive officer, employee, staff, salaried consultant, or a controlling person of the Company, its parent company, its subsidiaries, affiliates, same-level subsidiaries, major shareholder, or controlling person unless foregoing status has ended not less than two years prior to the date of appointment except where the independent director(s) was the government officer or consultant of the government agency which is the major shareholders or a controlling person of the Company;
3. Not be a person related by blood or registration under laws, such as father, mother, spouse, sibling or child, including spouse of the children, executives or majority shareholders or controlling persons or persons to be nominated as executive or controlling persons of the Company or its subsidiaries;
4. Not have business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person which may interfere with his independent judgment and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term "business relationship" includes the normal business transaction, rent or lease of immovable property, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions which result in the Company or its counterparty being subject to indebtedness payable to the other party amounting to three (3) percent or more of the net tangible assets of the Company or Baht twenty (20) million, whichever is lower. The value of the business

relationship shall be calculated according to the method stipulated by the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither be nor have been an auditor of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment;
6. Neither be nor have been any professional advisor, including legal advisor or financial advisor, who receives an annual service fee exceeding two million Baht from the Company, its parent company, its subsidiaries, affiliates, major

shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years prior to the date of appointment;

7. Not be a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
8. Not operate a business of the same nature as and in competition with the Company or subsidiaries nor be the partner or executive, director, employee, staff, salaried consultant or hold shares exceeding 1% of the total number of voting rights of the other companies operating the business of the same nature as and in competition with the Company or subsidiaries; and
9. Not have any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.



## 4. Audit Committee

The Audit Committee, which was appointed by the Board of Directors, is comprised solely of independent directors who meet the qualifications set out in the Securities and Exchange Commission and Stock Exchange of Thailand regulations. The Chairman and members of the Audit Committee hold office for a term of three years subject to them meeting the requisite qualifications and remaining as directors of the Company. The Chairman of the Audit Committee may be rotated as deemed appropriate by the Board.

The Audit Committee members listed below were re-elected or elected (as the case may be) for another 3-year term effective October 19, 2020:

Name	Position
Mr. Wattana Chantarasorn	Independent Director / Chairman
Mr. Buranawong Sowaprun	Independent Director / Member
Ms. Prachit Hawat	Independent Director / Member (with accounting and finance background)

Mr. Suwat Srikanapongse is the Audit Committee secretary. Mr. Kriengkrai Srisawat is the Audit Committee coordinator.



### Audit Committee Responsibilities

The scope of duties and responsibilities of the Audit Committee are as follows:

- 1) To review the Company's financial reporting process to ensure accuracy and adequacy;
- 2) To ensure that the Company has a suitable and efficient internal control system and an internal audit system, to determine the internal audit unit's independence, as well as to approve the appointment, transfer, and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit;
- 3) To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand and laws relating to the business of the Company;
- 4) To consider, select, nominate, and recommend remuneration of the Company's external auditors (in practice, if the Audit Committee thinks fit, to recommend dismissal the Company's external auditor) as well as to attend a non-management meeting with the external auditor at least once a year;
- 5) To review connected transactions or transactions that may lead to a conflict of interest so as to ensure that they are in compliance with laws and the Exchange's regulations, and are reasonable and for the benefit of the Company;
- 6) To prepare a report on monitoring activities of the Audit Committee and disclose it in the annual report of the Company, and have such report signed by the Chairman of the Audit Committee provided that it shall consist of at least the following information:
  - a) an opinion on the reliability, completeness, and credibility of the Company's financial reports,
  - b) an opinion on the adequacy of the Company's internal control system,
  - c) an opinion on the Company's compliance with the securities and exchange laws and regulations, and other laws applicable to the Company's business,
  - d) an opinion on the suitability of the nominated external auditors,
  - e) an opinion on transactions that may lead to conflicts of interest, if any,
  - f) the number of audit committee meetings, and the attendance at such meetings by each committee member,
  - g) an opinion or general comment observed by the audit committee from its performance of duties in accordance with the charter, and
  - h) other transactions, within the scope of duties and responsibilities assigned by the Board, which, according to the audit committee's opinion, should be disclosed to the shareholders and general investors;
- 7) To perform any other task assigned by the Board and agreed to by the Audit Committee;
- 8) To report to the Board for rectification within the period that the Audit Committee thinks fit if the Audit Committee found or suspected that there is a transaction or any of the following acts which may materially or significantly affect the Company's financial condition and operating results:
  - a) a transaction which causes a conflict of interest;
  - b) any fraud, irregularity, or material defect in an internal control system; or
  - c) an infringement of the securities and exchange laws and regulations, or any law applicable to the Company's business; and
- 9) To review without delay after receiving written notice from the external auditor of the discovery of any suspicious circumstance that the director, manager, or any person responsible for the Company commits an offence as prescribed by the relevant Securities and Exchange regulations, report any finding confirming the suspicion of the external auditor to the Board and request the Board to disclose such finding to the Office of the Securities and Exchange Commission and/or the external auditor or to the Office of the Securities and Exchange Commission and/or the external auditor as required by the Securities and Exchange Act within thirty days.



## 5. Nomination, Remuneration and Performance Evaluation Committee

At the Board's meeting held on November 30, 2020, the Board passed the resolutions to add scope of former Performance Evaluation Committee, to change its name to Nomination, Remuneration and Evaluation Committee and to appoint one new addition member. The Nomination, Remuneration and Performance Evaluation Committee was appointed by the Board of Directors. The Chairman and members of the Nomination, Remuneration and Performance Evaluation Committee will hold office for a term of two years subject to them retaining their position as directors of the Company.

The Nomination, Remuneration and Performance Evaluation Committee members listed below were re-appointed for another 2-year term effective November 29, 2019 or newly appointed for the remaining term of the committee effective November 30, 2020:

Name	Position
Mr. Buranawong Sowaprxu	Independent Director, Chairman of Nomination, Remuneration and Performance Evaluation Committee and Member of Audit Committee
Ms. Prachit Hawat*	Director and Member of Nomination, Remuneration and Performance Evaluation Committee
Mr. Taweesak Bunluesin	Director and Member and Secretary to Nomination, Remuneration and Performance Evaluation Committee

\* Appointed as the member of the Nomination, Remuneration and Performance Evaluation Committee effective November 30, 2020

### Nomination, Remuneration and Performance Evaluation Committee Responsibilities

Pursuant to the resolutions passes at the Board's Meeting held on November 30, 2020, the scope of duties and responsibilities of the Nomination, Remuneration and Performance Evaluation Committee are, in consultation with the Chairman and the Company's working team, to nominate and propose to the Board a slate of director candidates for election and propose the Board and to consider setting the structure of directors' remuneration. The scope of duties and responsibilities are also to assess the performance of the Managing Director, to review the Managing Director's performance with the Board, and to provide feedback to the Managing Director's home affiliate regarding such performance during the regular performance appraisal cycle.



## 6. Executive Officers

The executive officers as of December 31, 2020 were as follows.

Name	Position
Mr. Adisak Jangkamolkulchai <sup>(1)</sup>	Chairman and Managing Director
Mr. Jesada Chancherngkij <sup>(2)</sup>	Director and Retail Sales Manager
Mr. Manoch Munjitjuntra <sup>(2)</sup>	Director and Thailand Lubricant Sales Manager
Mr. Suchart Phowatthanasathian	Director and Refinery Manager
Ms. Ratrimani Pasiphol <sup>(3)</sup>	Director and Business Services Manager and Tax Manager and Designated CFO
Ms. Jutarat Wareechuensuk	Investor Relations and Planning Manager
Mr. Vanchai Vichakchon	Thailand Commercial Sales Manager
Ms. Vorraya Kosalathip <sup>(3)</sup>	Treasurer
Mr. Warathum Tungtittiplakorn	Thailand Fuels Operations Manager
Mr. Suwat Srikanapongse <sup>(4)</sup>	Controller

<sup>(1)</sup> Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

<sup>(2)</sup> Effective August 1, 2020, Mr. Jesada Chancherngkij was appointed as Retail Sales Manager to replace Mr. Manoch Munjitjuntra and Mr. Manoch Munjitjuntra assumed new position as the Thailand Lubricant Sales Manager

<sup>(3)</sup> Ms. Ratrimani Pasiphol assumed new position as Business Services Manager and Tax Manager effective February 1, 2020. Ms. Vorraya Kosalathip was appointed as Treasurer to replace Ms. Ratrimani Pasiphol effective February 4, 2020. Ms. Ratrimani Pasiphol remains in the position as Designated CFO of the Company.

<sup>(4)</sup> Mr. Suwat Srikanapongse was appointed as Controller to replace Ms. Pachara Sungkhapan effective October 1, 2020.

## Managing Director's Responsibilities

The Managing Director has full authority to manage the affairs of the Company in accordance with its policies, objectives, Articles of Association, Board and Shareholders' resolutions, and applicable laws provided that the Managing Director may not exercise such authority if he/she has a conflict of interest in any manner with the Company, in exercising such authority.

If the Managing Director delegates authority to a person, such person shall have the right to exercise such authority on the Managing Director's behalf, provided that such person may not exercise such authority if he/she has a conflict of interest in any manner with the Company, in exercising such authority.

## 7. Nomination of Directors

Effective November 30, 2020, in the event a director vacancy arises or in the event that an additional director is to be appointed, the Nomination, Remuneration and Performance Evaluation Committee, together with the Chairman and the working group, will nominate a slate of qualified director candidate for election to the Board. The Board will elect director with relevant knowledge, experience and skill consistent with the Board Governance Guidelines to fill the vacancy. An appointed director must have all the qualifications set out in Section 68 of the Public Limited Companies Act B.E. 2535 (and as amended) and the Securities and Exchange Commission Notification, "The Characteristics including a Lack of Suitability and Trustworthiness of the Director and Executive" (and as amended). For directors retiring by normal rotation or for election of new directors, after the Board has approved the list of director nominees, the Board will propose the list of nominees at a general meeting of shareholders in accordance with the voting procedure described under item 3 (Board of Directors)



## 8. Remuneration of Directors and Executives

### Directors Remuneration

In the past year, the directors will determine the remuneration of directors taking into account all appropriate factors including market compensation levels for directors. The remuneration of directors who are not receiving separate compensation from the Company, or its affiliates for any type of full-time service is comparable to those paid by other companies, and is as follows:

- 1) Directors who also are members of the Audit Committee receive a monthly remuneration of Baht 191,667.
- 2) Directors who are not members of the Audit Committee receive a monthly remuneration of Baht 153,333.
- 3) Notwithstanding item (1) and (2), directors who receive separate compensation from the Company or its affiliates for any type of full-time service rendered are not eligible for remuneration as directors.

The following remuneration was paid to directors in 2020:

Name	For the Year ended December 31, 2020			
	Meeting Allowance	Monthly Remuneration	Bonus	Total
Mr. Adisak Jangkamolkulchai <sup>(1)(2)</sup>	-	-	-	-
Mr. Taweesak Bunluesin <sup>(1)</sup>	-	-	-	-
Mr. Manoch Munjitjuntra <sup>(1)</sup>	-	-	-	-
Mr. Suchart Phowattanasathian <sup>(1)</sup>	-	-	-	-
Ms. Pajaree Meekangvan <sup>(1)</sup>	-	-	-	-
Ms. Ratrimani Pasiphol <sup>(1)</sup>	-	-	-	-
Mr. Jesada Chanchengkij <sup>(1)(3)</sup>	-	-	-	-
Mr. Boontuck Wungcharoen	-	1,839,996.00	-	1,839,996.00
Mr. Wattana Chantarasorn	-	2,300,004.00	-	2,300,004.00
Ms. Prachit Hawat	-	2,300,004.00	-	2,300,004.00
Mr. Buranawong Sowapruux	-	2,300,004.00	-	2,300,004.00
<b>Director resigning during 2020</b>				
Ms. Pachara Sungkhapan <sup>(1)(3)</sup>	-	-	-	-
Mr. Chakkrit Parapuntakul <sup>(4)</sup>	-	1,379,997.00	-	1,379,997.00

<sup>(1)</sup> Not eligible for director remuneration as they receive separate compensation from the Company or its affiliates for full-time services rendered.

<sup>(2)</sup> Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

<sup>(3)</sup> Mr. Jesada Chanchernkij was appointed as Director to replace Ms. Pachara Sungkhapan effective September 3, 2020.

<sup>(4)</sup> Mr. Chakkrit Parapuntakul resigned as the independent director effective October 1, 2020.

### Executives Remuneration

For the fiscal year ended December 31, 2020, the total executive remuneration for 14 persons (including 10 executives whose names are listed in item 6, 3 executives whose ceased executive position in 2020, and 1 manager of the Company's affiliate based on this actual management provided to the Company), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 97.8 Million.

Compensation	2020		2019	
	Number of Executives	Amount (thousands Baht)	Number of Executives	Amount (thousands Baht)
Salaries and other short-term employment benefit	14	76,449	10	72,593
Post-employment benefit	14	21,328	10	18,911
Bonus	14	0	10	0
<b>Total</b>		<b>97,777</b>		<b>91,504</b>

## 9. Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2020 is as follows:

Name	Company	Subsidiaries/Associated Company				
		1	2	3	4	5
Mr. Adisak Jangkamolkulchai <sup>(1)</sup>	● ● ●	● ● ●				
Mr. Jesada Chancherngkij <sup>(2)</sup>	● ●		● ● ●	● ● ●	● ● ●	
Mr. Taweesak Bunluesin*	●					
Mr. Manoch Munjitjuntra*	● ●	●				
Mr. Suchart Phowattanasathian*	● ●					
Ms. Pajaree Meekangvan*	●					
Ms. Ratrimani Pasiphol*	● ●					
Mr. Boontuck Wungcharoen	●					
Mr. Wattana Chantarasorn	●					
Ms. Prachit Hawat	●					
Mr. Buranawong Sowapruux	●					
Mr. Vanchai Vichakchon	●					
Mr. Warathum Tungittioplakorn	●					●
Ms. Jutarat Wareechuensuk	●					
Ms. Vorraya Kosalathip <sup>(3)</sup>	●	●	●	●	●	
Mr. Suwat Srikanapongse <sup>(4)</sup>	●	●	●	●	●	

● Chairman

● Director

● Executive Officer

\* Authorized Director of the Company

1. Mobil Enterprises (Thailand) Limited

2. Industry Promotion Enterprises Limited

3. United Industry Development Company Limited

4. Pacesetter Enterprise Limited

5. Thai Petroleum Pipeline Company Limited

<sup>(1)</sup> Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

<sup>(2)</sup> Mr. Jesada Chancherngkij was appointed as Director to replace Ms. Pachara Sungkhapan effective September 3, 2020.

<sup>(3)</sup> Ms. Vorraya Kosalathip was appointed as Treasurer to replace Ms. Ratrimani Pasiphol effective February 4, 2020.

<sup>(4)</sup> Mr. Suwat Srikanapongse was appointed as Controller to replace Ms. Pachara Sungkhapan effective October 1, 2020.

## 10. Shareholding of Directors and Executives

Shareholding of directors and executives as of December 31, 2020 is as follows:

Name	Company				Subsidiaries
	No. of shares as of December 31, 2020	No. of shares as of December 31, 2019	Change Increase/ (Decrease) in 2020	Shareholdings (%)	(Company/No. of shares (%))
1. <b>Mr. Adisak Jangkamolkulchai<sup>(1)</sup></b> Spouse and minor child (children)					
2. <b>Mr. Jesada Chancherngkij<sup>(2)</sup></b> Spouse and minor child (children)					
3. <b>Mr. Taweesak Bunluesin</b> Spouse and minor child (children)					
4. <b>Mr. Manoch Munjitjuntra</b> Spouse and minor child (children)					
5. <b>Mr. Suchart Phowatthanasathian</b> Spouse and minor child (children)					
6. <b>Ms. Pajaree Meekangvan</b> Spouse and minor child (children)					
7. <b>Ms. Ratrimani Pasiphol<sup>(3)</sup></b> Spouse and minor child (children)	10,000	10,000	0	0.0003%	
8. <b>Mr. Boontuck Wungcharoen</b> Spouse and minor child (children)					
9. <b>Mr. Wattana Chantarasorn</b> Spouse and minor child (children)					
10. <b>Ms. Prachit Hawat</b> Spouse and minor child (children)					
11. <b>Mr. Buranawong Sowapru</b> Spouse and minor child (children)					
12. <b>Mr. Vanchai Vichakchon</b> Spouse and minor child (children)					
13. <b>Mr. Warathum Tungittiaplakorn</b> Spouse and minor child (children)					
14. <b>Ms. Jutarat Wareechuensuk</b> Spouse and minor child (children)					
15. <b>Ms. Vorraya Kosalathip<sup>(3)</sup></b> Spouse and minor child (children)					
16. <b>Mr. Suwat Srikanapongse<sup>(4)</sup></b> Spouse and minor child (children)					

<sup>(1)</sup> Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

<sup>(2)</sup> Mr. Jesada Chancherngkij was appointed as Director to replace Ms. Pachara Sungkhapan effective September 3, 2020.

<sup>(3)</sup> Ms. Vorraya Kosalathip was appointed as Treasurer to replace Ms. Ratrimani Pasiphol effective February 4, 2020.

<sup>(4)</sup> Mr. Suwat Srikanapongse was appointed as Controller to replace Ms. Pachara Sungkhapan effective October 1, 2020.

Remark: Some of the employee directors and executives may own shares of Exxon Mobil Corporation through employee savings or other plans sponsored by Exxon Mobil Corporation and/or its affiliates.





## Risk Management

### Comprehensive Risk Management

The Company systematically applies risk assessment and management practices and processes to address inherent risks in both the operational and financial aspects of its business. We have put in place processes to identify, analyze, and assess the significance of potential risks and determine mitigation measures to reduce those risks to acceptable levels. The ultimate goal is to safeguard shareholders' interests and company's assets. The primary cornerstones of the Company's risk management approach are the Operations Integrity Management System (OIMS) and the Controls Integrity Management System (CIMS). OIMS is utilized for setting tolerance levels for safety, security, health, and environmental (SSH&E) risks while methodically managing them. The purpose of CIMS is to do the same for the financial and business risks faced by the Company.

In accordance with the aforementioned frameworks and guidelines, risk management plans are embedded as an integral part of every business process. The plans are developed with consideration for both internal and external risk factors and include ongoing assessments and follow-up processes to ensure effective implementation and continuous improvement. As a result of this embedded risk management structure, the Company's management committee comprising of each business' manager effectively assumes the roles and responsibilities of a risk management committee.

The Company's risk management process is in place with a focus on creating value for shareholders

over the long term. The Company's management committee, which fulfills assuming the roles and responsibilities of a risk management committee, regularly conducts a rigorous and disciplined review process to ensure risk management plans are embedded as an integral part of every business process, are consistent and aligned with the Company's strategies. In additions, the Company's management committee also continues to revisit the process for improvement.

On a quarterly basis, the Board of Directors reviews operational and financial performance including Safety, Security, Health & Environment (SSH&E) performance, to ensure operations of the businesses are based on appropriate risk control and management systems. On an annual basis, the Board Audit Committee reviews mitigation of key risk areas impacted by external and internal factors and attests the adequacy of risk management processes.

The key risk areas reviewed with the Board Audit Committee, on behalf of the Board of Directors, in 2020 included operational reliability, safety, business controls, oil price and margin volatility, deteriorating economic conditions, intense competition with expanded offerings and greater customer expectations, profitability risk, cyber security threats, and government energy reform policy. The Board of Audit Committee concluded that the risk management system in place is comprehensive and appropriate.

## Operations Integrity Management System (OIMS)

The Company is committed to conducting business in a manner that is compatible with the environmental and economic needs of the communities in which we operate, and strives to protect the safety, security, and health of its employees, those involved with its operations, its customers, and the public. These commitments are documented in the Company's Safety, Security, Health, Environmental, and Product Safety policies. These policies are put into practice through a disciplined management framework called the Operations Integrity Management System (OIMS).

OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects. In 2020, Lloyd's Register Quality Assurance, Inc. attested that OIMS is consistent with the standard on environmental management systems of the International Organization for Standardization (ISO 14001:2015) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 45001:2018). OIMS consists of the 11 elements illustrated in the following diagram.



## Control Systems

The System of Management Control Basic Standards (SMC) defines essential principles and concepts that form the foundation of the Company's business controls. The Controls Integrity Management System (CIMS) is designed to assess and measure financial and business risks. CIMS includes embedded procedures for mitigating risks, steps to monitor compliance with standards, and practices for reporting results to the appropriate operational and management groups. These company-wide controls meet or exceed the requirements of the Sarbanes-Oxley Act and NYSE listing standards.

PricewaterhouseCoopers ABAS Limited conducted an independent assessment of the Company's internal control systems and determined they are effective. Regular self-assessments and internal audits help ensure that every operating unit consistently implements these control standards.

## Risk Factors

The Company is subject to a variety of financial and operational risks inherent in the regional and global petroleum and petrochemical businesses. Although the Company monitors and manages these risks through the comprehensive management systems mentioned previously, many of these risk factors are not within the Company's control and could adversely affect its business as well as financial and operating results. Some of these risk factors include the following:

### Supply and Demand

The petroleum and petrochemical businesses are fundamentally commodity businesses. This means the Company's operational and financial results, including stock gains and losses, may be significantly impacted by changes in refined petroleum and petrochemical product prices and margins. Refined petroleum and petrochemical product prices and margins are determined by local, regional, and global events or

conditions that affect supply and demand for the relevant commodity. Oil prices can fluctuate with abundant or disruptive supply.

In 2020, the outbreak of COVID-19 had a drastic negative impact on the demand for fuel products both domestically and internationally. Many countries, including Thailand, had restricted the domestic travel through lockdown and restricted international travel by closing down the country. These policies resulted in travel, especially air travels, being temporarily suspended. A significant drop in demand for fuel products had resulted in a significant decrease in products' prices. Therefore, the company needed to promptly cut production run and adjust production plan in accordance with such rapid change in demand conditions.

### **Economic Conditions**

The demand for refined petroleum and petrochemical products correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates or periods of civil unrest, also impact the demand for energy and petrochemicals. Economic conditions that impair the functioning of financial markets and institutions also pose risks to the Company, including risks to the safety of financial assets and the ability of partners and customers to fulfill their commitments to the Company.

According to the Office of the National Economic and Social Development Council, the Thai economy contracted by 6.1 percent in 2020, down from 2.4 percent in 2019, mainly due to COVID-19 pandemic both domestically and internationally leading to travel restriction and area lockdowns, which significantly deteriorated the business activities, and decelerated growth in domestic demand.

### **Other Demand-Related**

Other factors that may affect the demand for oil and petrochemicals include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources and changes in technology or consumer

preferences that alter fuel choices such as alternative energy fueled vehicles.

### **Other Supply-Related**

Changes in industry refining margins, marketing margins, or increasing competitive pressures in fuels marketing and lubricants businesses also have direct impact to profitability of the Company. In particular, the intense competition within the fuels retailing business is another risk factor. Many fuel retailers have rapidly expanded their number of service stations, and have launched marketing campaigns to increase market share.

Commodity prices and margins vary depending on a number of factors affecting supply. For example, increases in industry refining or petrochemical manufacturing capacity above demand levels tend to reduce margins. The global petroleum and petrochemical industry can also be affected by other factors that reduce available supplies, such as adherence by OPEC member countries to production quotas, the occurrence of wars, hostile actions, natural disasters, or the unexpected unavailability of distribution channels. Technological change can also alter the relative costs to produce and refine oil and manufacture petrochemicals.

### **Other Market Factors**

The Company's business results are also exposed to potential negative impacts due to changes in currency exchange rates, interest rates, inflation, and other local or regional market conditions. We generally do not use financial instruments to hedge or otherwise mitigate such market exposures.

### **Government Policies, Laws, and Regulations**

The Company's results can be adversely affected by changes in government policy, the laws that govern the Company's businesses, or other regulatory factors such as increases in taxes; restrictive permitting; price controls; changes in environmental regulations or other laws that increase cost of compliance or reduce or delay available business opportunities; adoption of regulations mandating the use of alternative fuels or other uncompetitive fuel components. The Company also may be adversely affected by the outcome of litigation or other legal proceedings including large and unpredictable punitive damage awards.



In 2020, the Company considered several potential regulatory and energy policies when evaluating future operating plans. Some examples include adoption of Euro 5 fuels standard for Gasoline and Diesel by Thai government by 2024, biofuels component adjustment, Gasohol 91 phase-out plan, ex-refinery prices formulae calculation adjustment, and LPG price mechanisms review.

### Management Effectiveness

In addition to external factors, future business results depend on the ability to successfully manage those factors that are at least in part within the Company's control. The extent to which the Company can manage these factors will impact its performance.

### Operational Efficiency

An important component of the Company's performance, especially given the commodity-based nature of many of its businesses, is the ability to operate efficiently, including managing expenses and improving production yields. This requires ongoing management focus, technology improvements, cost control, productivity enhancements, and regular reappraisal of the asset portfolio.

### Safety, Business Controls, and Environmental

The Company faces a variety of risks associated with safety, business controls, and the environment that are inherent to the petroleum and petrochemical businesses. The Company's results depend on management's ability to mitigate these risks and effectively control business activities. We apply rigorous management systems and maintain a constant focus to minimize or eliminate risks such as workplace safety, spills or other adverse environmental events, air emissions, and cybersecurity breaches. Substantial liabilities and other adverse impacts could result if management systems and controls do not function to mitigate these risks.

### Preparedness

The Company's ability to mitigate adverse impacts from natural disasters, human error, political or civil unrest, and similar events depends in part upon the effectiveness of rigorous disaster preparedness and response planning, as well as business continuity planning (BCP). The Company reviews, updates and tests the plan annually. The Company categorizes critical activities, identifies positions required to sustain

critical activities, and documents the workarounds and mitigation measures in the event of disruption. These are events that we included in our BCP; loss of people, loss of facilities, loss of IT, and loss of other key external suppliers of critical activities.

### Others

#### Dependence on Exxon Mobil Corporation and/or its affiliates for numerous services

The Company is highly dependent on Exxon Mobil Corporation and/or its affiliates with respect to several aspects of its operations, including access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, research and development programs, trademarks and other services. We cannot assure that Exxon Mobil Corporation and/or its affiliates will continue to provide this support to us. If we were to lose the support of Exxon Mobil Corporation and/or its affiliates, or if any significant agreements with Exxon Mobil Corporation and its affiliates were terminated, and we are unable to secure alternative sources for such services or recruit additional key personnel, this could adversely affect the Company's business. Many of the agreements we have with ExxonMobil for services, technology, trademarks and other support services contain automatic termination clauses in the event Exxon Mobil Corporation directly or indirectly ceases to own or control more than 50 percent of the ownership interest in the Company. Certain pre-emption rights apply if ExxonMobil shareholders wish to reduce their aggregate shareholdings in the Company to below 50 percent.

ExxonMobil shareholders are not bound to retain any minimum interest in the Company and may reduce their shareholdings in the Company at any time. In addition, Exxon Mobil Corporation and its affiliates are not obligated to grant loans or provide any other type of financial assistance and there can be no assurance that they will do so in the future.

#### Current and future litigation

We are defendants in a variety of litigation cases in the ordinary course of business. Any significant new litigation with an unfavorable outcome could have a materially adverse effect on the Company's business.



### Engaging with critics on climate change

Society continues to face the dual challenge of meeting the world's growing energy demand, while simultaneously addressing the risks of climate change. The Company believes the risks of climate change warrant thoughtful action. We are committed to providing reliable and affordable energy to support human progress while advancing effective solutions to address climate change. Our climate change risk management strategy includes four components: developing technology solutions, mitigating emissions in our operations, providing solutions that reduce greenhouse gas emissions for our customers and engaging on climate change policy.

### Technology evolution and alternative energy

Recent advances in technology have resulted in abundant supply a range of energy choices such as wind turbines, solar arrays, biofuels, and electric vehicle options. Forecasts by the company and the industry anticipate that for the next few decades, oil will likely remain the country's primary energy source, supporting transportation needs, and chemical production. Nevertheless, modern renewable sources will likely have the highest growth rates, becoming a more prominent source of energy.

### Cybersecurity

Cybersecurity is the body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access. Cybersecurity threats aimed at stealing Company information or damaging operational facilities are increasing, making the proper training and vigilance of all IT users an important part of our cybersecurity defenses. It is essential that all of the Company's computer users are able to recognize cybersecurity threats, and understand their role in protecting against these attacks. Therefore, cybersecurity awareness training is a mandatory annual requirement for all employees, contractors, JV workers, and third parties. Email phishing attacks are one of the largest cybersecurity risks the Company faces. As part of the Company's training and awareness efforts on cybersecurity risks, mock phishing emails are regularly sent to test a user's ability to identify suspicious emails that could be used in a cyber-attack.



## Internal Controls

The Audit Committee independently evaluates and reviews the effectiveness of the Company's internal control systems to ensure that they are in compliance with good corporate governance principles and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework which is a generally accepted control framework. COSO consists of five integrated components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Audit Committee reviewed internal audit reports including audit findings and recommendations. Based on the Audit Committee's assessment, the Board concluded that the Company's internal control systems are adequate and effective, and are functioning consistently with corporate governance principles and the COSO internal control framework as summarized in the following sections.

### Control Environment

The existing organizational structure is appropriate and effective for the Company's business operations. It is the Company's policy that directors, officers, and employees are expected to observe the highest code of ethics and avoid any actual or apparent conflict between their own personal interests and the interests of the Company. They are also expected to deal fairly with each other or with the Company's suppliers, customers, competitors, and other third parties.

### Risk Management

The Company applies rigorous risk assessment and management practices in all aspects of its business. The Company has processes in place to analyze and assess the significance of risks and determine mitigation measures to reduce those risks to the extent feasible. Risk management plans are embedded as an integral part of business processes, developed with consideration for both internal and external risk factors, and designed to include follow-up processes to ensure effective implementation and continuous improvement.



## Control Activities

The Company adopted a Delegation of Authority Guide which summarizes the responsibilities and authorities that form the overall framework for ensuring business arrangements and transactions are reviewed and approved at an appropriate level. By delegating authority, management ensures decisions will be made by individuals with the required skills and knowledge. A basic premise is that the delegated authority bears with it the obligation to exercise good business judgment and due diligence as well as effective segregation of duties. In addition, the Company's computer systems include effective application and general controls.

## Information and Communication

Meeting agendas and supporting information are provided to Board members in a timely fashion to ensure that material information is available to those responsible for making relevant decisions. Minutes of the Board meetings, including relevant comments by Board members, are properly documented for subsequent review. All financial and supporting documents are retained in accordance with the Company's Information Management System (IMS). The Company provides ongoing internal control training for employees.

## Monitoring Activities

Internal audit staff independently assesses compliance with policies and procedures and evaluate the effectiveness of all control systems relating to the business. The control weaknesses, irregularities, and business practice issues are promptly addressed and reported to management and subsequently reviewed by the Audit Committee. Corrective actions, in accordance with internal audit findings and recommendations, are monitored by the management of each business unit until the issues are appropriately resolved. The Audit Committee periodically reviews and assesses the effectiveness of the management follow up process.





## Internal Control System

The Company recognizes the importance of an effective internal control system. In this regard, extensive internal controls and procedures, including those set out in the Company's System of Management Control (SMC) - Basic Standards and Controls Integrity Management System (CIMS), are fully established at all levels in the organization.

The internal control system, including compliance with policies and procedures, is formally assessed by independent internal audit staff and external auditors during each audit cycle. This includes a review of the effectiveness of all financial, operational, and related controls.

### System of Management Control (SMC)

The System of Management Control (SMC) sets forth basic control principles, concepts, and standards. The Company implemented this system of management control to ensure the effective, efficient, and proper

utilization of the Company's resources. The basic purpose of the controls framework is to make sure business activities are conducted properly and in accordance with management's general and specific directives.

The SMC is based on 7 basic principles: Decentralization of Management, Segregation of Duties and Responsibilities, Documentation, Supervision and Review, Timeliness, Relevance to Risk, and Minimum Interdependence of Controls. Management at all levels and in all areas is required to establish systems and procedures that meet these control principles.

### Controls Integrity Management System (CIMS)

The Controls Integrity Management System (CIMS) is a formal system of internal methods and analytical tools to assess and mitigate operational, financial, and administrative control risks. It also facilitates the timely reporting to management of control weaknesses and

business practice issues. CIMS is based on the principles and standards of SMC and provides key attributes of an effective control system that helps to ensure the Company's policies and in-line controls are implemented and effectively sustained over time.

CIMS is comprised of 7 elements: Management, Leadership, Commitment & Accountability, Risk Assessment, Business Process Management & Improvement, Personnel & Training, Management of Change, Reporting & Resolution of Control Weakness, and Controls Integrity Assessment. Each element has 5 components: Objectives, Standards, Procedures, Expected Results, and Verification & Feedback Mechanism.

### **Auditing and Compliance Business Practice Reviews (BPRs)**

The Company has long recognized the importance and value of sound corporate governance, a straight-forward business model, and high ethical business standards. We believe the methods we use to obtain business results are as important as the results themselves. All employees are expected to be familiar with the Company's policies and standards of business conduct and apply them to their daily work. They are required to confirm their knowledge and compliance with the policies and standards on an annual basis. In addition, formal business practice reviews (BPR) are attended by all employees every four years. The BPR objectives are:

- Promote the Company's reputation for honesty and straightforward approach to business integrity
- Promote clear understanding of and compliance with the Standards of Business Conduct
- Demonstrate applicability of the Standards to all aspects of day-to-day business activities and practices at every level in the organization
- Convey consequences for non-compliance with the Standards
- Identify, evaluate, report, and where necessary, correct practices that may not be consistent with policies
- Report compliance concerns and ensure employee awareness of channels available for reporting concerns

### **Internal Audit**

The internal audit staff independently assesses compliance with policies and procedures, and evaluates the effectiveness of all control systems related to the business. Generally, each segment of the business is subject to an internal audit every three years.

In addition, business segments appoint controls advisors to provide guidance on controls and facilitate self-assessments for their units at the mid-point of the audit cycle based on CIMS and audit standards.

Management of each business segment is obligated to consider all internal audit and self-assessment findings and recommendations, and take appropriate corrective actions. In addition, the results of internal audits are reviewed by the Audit Committee.

### **Independent External Audit**

Independent external auditors audit the Company's financial statements in accordance with generally accepted auditing standards in Thailand to ensure that the financial statements are free of material misstatement and in conformity with generally accepted accounting principles.

### **Auditor's Remuneration**

The audit fees paid to the external auditor, PricewaterhouseCoopers ABAS Limited, for the 2020 accounting period were Baht 4,600,000. There were no other fees paid to the Company's auditor.



## Corporate Sustainability



With the Company's vision, "Power Life with Premier Energy Experience," the Company commits to meet growing demands for energy and chemical products in Thailand and neighbouring countries. At the same time, the Company also advances other priorities such as environmental protection, education, health, security, and human rights, resulting in sustainable economic growth. Key sustainability concepts were woven into the Company's policies, culture, and procedures in efforts to maintain and strengthen the Company's approach to sustainability.

### Environmental Performance

Strong environmental management is critical for the Company's business and for society. The Company's environmental management approach is guided by an understanding of the potential environmental impacts of the Company's operations and a commitment to sustainably develop, maintain, and operate projects using appropriate standards that enable us to follow the Company's 'Protect Tomorrow. Today.' expectations.

The Company conducts regular reviews of all aspects of its business to ensure compliance with environmental laws, regulations, and internal policies, and implement various pollution control and other environmental impact mitigation measures, including the use of ExxonMobil technologies that reduce emissions and conserve energy. Adoption of the ExxonMobil's Global Energy Management System (GEMS) equips the Company with a comprehensive and rigorous



**Protect Tomorrow.  
Today.**

system of operational, maintenance, and design best practices for energy management. Capital investments are continuously made to improve the reliability and efficiency of the refinery, as well as pollution control and other equipment to effectively manage environmental performance. Regular maintenance is performed on all units within the refinery to maintain safe and reliable operations.

## Mitigating Emissions in Our Operations

The Company proactively manages our operations with consideration of greenhouse gas emissions. To mitigate greenhouse gas emissions from our operations, the Company focuses on increasing energy efficiency and reducing flaring, venting, and methane emissions. The Company continuously works to improve efficiency across all its operations. The three cogeneration gas turbine generators at the Esso Sriracha facility enable lower greenhouse gas emissions compared to conventional electricity generation.

The Company also implements various pollution controls and other environmental impact mitigation measures to manage emissions as required by applicable law, including applying advanced technologies to reduce emissions and conserve resources.

The strategic location of our refinery at Sriracha provides us access to a convenient product delivery network that allows distribution of products in a cost effective manner, including a multi-product pipeline, and with lesser emissions. The pipeline, to which our refinery is connected, is capable of transporting jet fuel, diesel, and gasoline. Pipeline transportation is a safe and efficient means to move products from the refinery to terminals strategically located near demand centers for our products.

## Energy Efficiency

Energy optimization is a key focus of Esso Sriracha refinery operation. The Company has set up an energy committee to closely monitor energy consumption, identify improvement opportunity, and introduce necessary measures to achieve improved energy efficiency. Some measures were successfully implemented in 2020 (e.g. Desalination (unit that produces the cooling water for use in operation) energy efficiency improvement; Steam Taskforce to effectively report and timely repair steam leaks in the field; Preventive maintenance of air conditioning and ventilation systems for electricity saving). These successes help the refinery to utilize energy more efficiently and consequently reduce greenhouse gas emissions.

## Air Quality

The Company seeks opportunities to reduce air emissions associated with our operations and the products the Company delivers to increase shareholder value and meet regulatory requirements. The Company has an ongoing Leak Detection and Repair (LDAR) program to detect leaks from equipment and repair as needed to meet government limits for Volatile Organic Compound (VOC) leakage. Most of the furnaces at the refinery are equipped with low NOx burners, which have lower emissions compared to normal burner type. The Esso Sriracha refinery has rigorous processes to control air emissions from all stacks to be within Government limits and Environmental Impact Assessment (EIA) control limits.

## Spill Prevention and Emergency Preparedness and Response

The ability to promptly and efficiently respond to emergencies is critical, and the Company conducts extensive training and drills to prepare for such situations.

The Company takes a disciplined and structured approach to emergency preparedness that is based on clear communication. As the Company believes effective emergency preparedness requires competent response teams, strategic emergency response team (ERT) and emergency support groups (ESGs) have been established at the terminals, at the refinery, and at the country level to develop and practice





emergency response strategies and assist field responders to ensure readiness and preparedness for emergency response in country. The Company routinely trains both ERT and ESG members, a wide variety of our employees, on a range of possible scenarios, including simulated spills, fires, explosions, natural disasters, and security incidents. Moreover, at the Sriracha Refinery, more than ten exercises are conducted per year in various possible scenarios as mentioned earlier.

Regardless of the size of an event, our facility and business unit also have access to a wide array of trained responders, including more than 200 members of ExxonMobil regional response teams (RRTs), which provide rapid tactical support when needed. In Thailand, there are about 30 Thai employees who are members of ExxonMobil's RRT. All of them and members from regional response teams attended training annually.



### Water Management

The Company implemented measures to preserve fresh water sources and treat waste water. Our refinery operations mainly use demineralized water produced by our desalination plants, followed by recycled water from operations, then fresh water thus saving natural fresh water resources and energy as well as minimizing impact of drought conditions to the communities nearby. Our water treatment system features various units to separate oil from the water, including oil skimming tanks, an oily water separator, and an induced air floatation unit, before further treated by our biological oxidation (BIOX) wastewater treatment system or Activated Sludge (AS), and then through final treatment at a polishing pond.



### Waste Management

All wastes, from both industrial operations and domestic sources like offices, are managed by using global ExxonMobil standards. Each step of the waste management process receives focus. For example, know what wastes are generated, know how each waste should be managed, segregate wastes according to risk and disposal method, send waste only to approved disposal sites, track wastes from source to disposal, and minimize waste generated. Since 2012, about 90 percent of disposed wastes from the refinery have been sent to either recycle as energy or alternative raw material.



## Social Performance



### Safety

The Company strongly encourages and consistently fosters a culture in which the value of safety is embedded at every level of the organization. The Operations Integrity Management System (OIMS), provides a robust framework for managing both the safety of the Company's operations and its personnel. The Loss Prevention System (LPS) encourages employees to focus on underlying personal behaviors to identify enhancements to facilities, systems, and competencies. The Company's approach for effective management of employee safety and health produces positive results and facilitates progress toward the objective of achieving a work environment in which Nobody Gets Hurt.



One critical success factor in achieving the goal of a work environment in which Nobody Gets Hurt is the empowerment of everyone in the Company to intervene and challenge when potentially unsafe acts are observed. Each and every employee in the organization has authority to caution their colleagues if they observe a potentially unsafe situation or behavior. Employees are also encouraged and are

cultivated to welcome suggestions on how to work more safely.

As a result of these robust programs, the Company achieved several impressive safety milestones in 2020 as outlined under Operational Highlights.

### People and Workforce

The Company's capable and dedicated employees are one of its greatest strengths. Employee development systems utilize integrated processes to support the development of a highly-productive, dedicated, and motivated workforce.

The Company recruits talented individuals and invests in employee development through work assignments, on-the-job experience, and career-long training and education. Career development is undertaken as a shared responsibility between the Company and the employee. The Company promotes an environment of inclusion and diversity with high expectations that this will enhance employees' contributions to both individual and team goals.

The Company values talented people from diverse backgrounds, and inspires and empowers them to think independently, take initiative, and be innovative. With our focus on hiring local talents, the Company has created a positive impact on the economies in which the Company operates.

## Developing a workforce

Our people development philosophy is to develop leaders and workforce from within, through a wide range of assignments and experiences. The Company encourages all employees to contribute fully to the achievement of superior business results.

Developing a premier workforce is the goal of the Company's career development process. The Company places a high priority on leadership and employee development, with an approach based on long-term business orientation. Early identification and accelerated development of talent are critical. Employees' behavioral and functional skills and competencies are built through training and various work experiences in a wide range of assignments in multiple functions around Thailand and the world. The Company set clear expectations of our leaders in setting standards, creating clarity, inspiring and motivating, and promoting innovations to allow the Company to compete and win.

The Company provides education and skills development through a proven global training curriculum, customized to our business environment, and through on-the-job training provided by multiple assignments over a career. This helps us develop competent and committed employees who are prepared to meet future business needs, both locally and globally.



## Retaining a workforce

The Company strives to offer a work environment where all employees have the opportunity to fully express their creative talents, learn and adapt to enable excellent business results, and create shareholder value.

Care for employees, partners, and community is one of our core values. The Company upholds disciplined employment practices, and offers employee mentoring programs, robust training, competitive compensation, and benefits programs that support employee retention.

## Worksite health and wellness

The success of the Company operations depends on a healthy and competent workforce. Our health policy communicates corporate expectations for identifying and managing health risks related to our operations. The Company develops workplace health programs that consider local health care systems and health needs.

Improvements in worker health increase quality of life and employee productivity. The Company supports voluntary health programs that promote employee well-being while reducing health-plan costs. Through our Culture of Health program, the Company enables the provision of services including health education, disease management assistance, and fitness programs.

**CULTURE OF  
HEALTH!**



## Diversity and inclusion

Diversity of thought, ideas, perspectives, skill, knowledge, and culture makes the Company more innovative, resilient, and able to navigate better in the complex and changing global energy business. Creating an inclusive workplace enables our employees to bring their unique perspectives to help achieve the business objectives.

Our objectives are to seek and hire talented, dedicated employees and give them opportunities to learn, grow, and succeed. The result is a diverse and multi-faceted employee base representing different perspectives and ideas. The Company encourages participation in employee-led resource groups that assist in fostering a culture of diversity and inclusion through development programs, community service opportunities, and mentoring. We consider and monitor diversity through all stages of employment, including recruitment, training, and development of our employees.



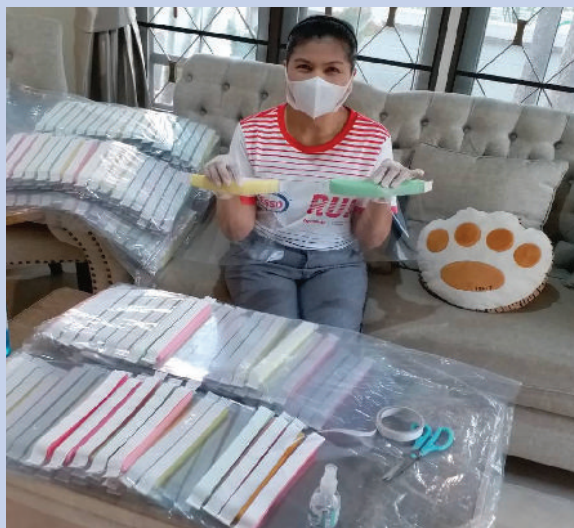
## Human Rights

Our Statement of Principles on Security and Human Rights establishes the expectation that all business units provide security for personnel, facilities and operations in a manner that respects human rights. Our Company is committed to respecting human rights as a fundamental principle in our operations, reinforced through training, and integrated into our policies and practices. Our Company is committed to complying, and expects our employees, officers, and directors to comply, with all applicable laws and regulations, and seeks to work with suppliers and business partners who share our commitment to respecting human rights. Within our own workforce, our commitment to respecting human rights is supported by our Standards of Business Conduct and our Statement on Labor and the Workplace. Our Statement on Labor and the Workplace reinforces support for the principles of the International Labor Organization 1998 Declaration on Fundamental Principles and Rights at Work, notably the elimination of child labor, forced labor and workplace discrimination and harassment, and recognition of freedom of association. Our approach to respecting human rights reflects the spirit and intent of the Universal Declaration of Human Rights and is guided by elements of the United Nations (UN) Guiding Principles on Business and Human Rights.



## Corporate Social Responsibility Program

Esso (Thailand) Public Company Limited continues to be committed to improving safety, health, education, environment, and community livelihoods through a variety of programs, many of which employees have actively participated.



### Helping frontline workers work safely

In the wake of the COVID-19 pandemic, our employees and their families have banded together to enable doctors and nurses to have the Personal Protective Equipment (PPE) they need to do their jobs safely.

Early on, a message on the chat app 'LINE' saw 20 members of the Esso Club making face shields by the thousands. The shields were then donated to Rajavithi Hospital, Bhumibol Adulyadej

Hospital, Pranangklao Hospital, Wetchakarunrasm Hospital, Samutprakarn Hospital and Bangbo Hospital.

In addition, the Company donated 750 pieces of PPE to five public hospitals - Bamrasnaradura Infectious Diseases Institute, Namphong Hospital, Ubonratana Hospital, Chonburi Hospital and Queen Savang Vadhana Memorial Hospital; for use by medical staff battling COVID-19.

Other front liners who were often overlooked were delivery workers who are ensuring things continue to move during these difficult times. On April 22, 2020, the Company distributed 4,000 reusable face masks to delivery workers at four Esso service stations.



### Fund-raising activities for Thai Red Cross to fight COVID-19

Esso employees and customers donated 500,000 baht to the Thai Red Cross to fight COVID-19.

From late March to mid-April, 2020, Esso Club invited employees to donate for the Thai Red Cross Society to buy medical equipment for Chulalongkorn Memorial Hospital where there were a number of COVID-19 patients. Esso customers were also encouraged to join the effort by using their Esso Smiles Card member points to contribute. The fund-raising effort received a total donation of 355,600 baht from employees and a total of 144,400 baht from Esso Smiles customers in point redemption.

"I am consistently impressed by our employees and their desire to use their own time, talents, and funds to make a positive difference in our community," said Dr. Adisak Jangkamolkulchai, Esso chairman and managing director. "I am further humbled by the outpouring of support from our customers who utilized their Esso Smiles Card to join in the fight against COVID-19. I am amazed by the generosity reflected in this fund-raising effort. It really demonstrates how we are all in this together, and I am honored to represent our employees and customers to make this donation to the Thai Red Cross Society."



### Helping the vulnerable during times of crisis

The COVID-19 pandemic has caused an economic recession, impacting many vulnerable groups, ranging from senior citizens, disabled persons and bedridden patients and charity organizations' recipients.

At Esso Sriracha Refinery, our employees presented survival bags to communities' leaders as relief assistance during the COVID-19 pandemic for senior citizens, disabled persons and bedridden patients in the neighboring communities. Our employees and their families reached deep in their hearts to give funds and package up the necessities in the volunteer program, "Day of Caring".

The survival bags included rice, bottled water and alcohol-based hand sanitizer. Total donations in this activity have reached up to 243,632 baht which included 200,232 baht support by the Refinery and 43,400 baht from employees.

In Bangkok, Esso Club donated necessity items and cash totaling 150,000 baht to children in Klong Toey community through the Foundation for the Welfare of the Mentally Retarded of Thailand under the Royal

Patronage of HM the Queen (Klong Toey branch) and Slum Child Care Foundation under the Royal Patronage of HRH Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra.

The donation came from various fund-raising activities organized by Esso Club from mid-May to July such as selling t-shirts, cloth masks and delicious food with great support from employees.

### Keeping students in schools with Equitable Education Fund

Anticipating that students of low-income families would be forced to leave schools due to economic recession caused by COVID-19, the Company, together with employees, Esso Club, Esso service station dealers, alliance partners, Mobil lubricant distributors, donated more than 2.5 million baht to Equitable Education Funds (EEF) in the program "Esso brings back students to schools".

The Retail, Lubes, and Refinery businesses, partnered with Esso Club and Public and Government Affairs, organized several fund-raising activities for donation to EEF. The combined fund has reached 2,533,957.81 baht. The selections were based on the data analysis via iSEE (information System for Equitable Education) program of the EEF to find the students who are really in need of the support.

Some of the funds were provided through 258 scholarships (3,000 baht each) to students from 25 schools in Chanthaburi Province.







### Promoting STEM education

Esso Thailand believes that education - especially in science, technology, engineering, mathematics or STEM - is not only key to national development and economic growth, but also a vital part of the solution to social and environmental challenges.

Developing the next generation of scientists and engineers is critical to achieve success in today's highly competitive and technology-driven world. Our two signature programs supporting this effort are the Esso-Rattanakosin Bicentennial Scholarship and the Esso-Vocational Science Contest.

Esso and the Office of the Higher Education Commission established the Esso-Rattanakosin Bicentennial Fund in 1982. The Company has continued to support the fund as well as a scholarship program every year since then. To date, about 2,160 scholarships have been granted with a total contribution amount of more than 17.15 million Baht.

In 2020, the Company presented 30 scholarships worth 600,000 baht to undergraduate students in engineering, computer science, technology, science, accounting, business administration, finance field (STEM Education) from state universities nationwide.

On the vocational level, the Company has supported the Science Society of Thailand under the Patronage of His Majesty the King and Office of Vocational Education Commission to organize the Esso-Vocational Science Contest for over 30 years.

In 2020, the Company presented a 300,000-baht fund to support STEM education among vocational students nationwide and the application of their

knowledge to communities including the opportunities to turn into "start-ups."

The contests were organized among vocational institutes nationwide, categorized into provincial, regional and national rounds. 40 projects by vocational students were selected at the national level. The national winning team at high vocational level was Uttaradit Vocational Education College for the study project of the properties of bio tubes from jelly powder. Another national winning team at vocational level was Surat Thani Technical College for the study project of Nano sync oxide and TEFLON that affects the product properties of banana fibers dyed with teak leaves.

### Beach Cleaning Robotic Camp

With the belief in young students' creativity and innovation, Esso Thailand supported Burapa University's Institute of Marine Science to organize the Beach Cleaning Robotic Camp.

Students along the eastern coast region had a chance to develop their STEM knowledge and creativity in designing and making beach cleaning robots that can collect rubber bands and cigarette butts - which are a big portion of garbage on beaches and difficult to be collected.

### Women's Skill Enhancement Center in Laem Chabang

The Company believes that when women have control over their incomes, they invest in health, education and well-being of their families, creating a multiplier effect that benefits the society. The Company, therefore, established a Skill Enhancement Center for women in Laem Chabang in 2010.



Serving as a local training, marketing and selling hub, the center provides support for professional skills training. The center is managed by a governance, which consist of Laem Chabang Municipality, the Company's executives, and community leaders from 10 participating communities which are located close to Esso Sriracha Refinery.

Courses offered by the center range from resource and product assessment, professional skill training, e.g. making fancy face masks, to counseling on marketing strategies and online marketing, packaging design and distribution channels.

### Refinery's Volunteer Teaching English Program: Motivating local students with a lively English class

The Volunteer Teaching English Program has encouraged Esso refinery engineers to teach every-day English to the seventh grade students of Wat Laem Chabang School for one hour per week throughout the academic year since its beginning in 2003.

The program aims to improve the students' speaking and listening skills while inspiring them to enjoy using English in their daily lives. Since the start, the program has motivated the students with a lively English class.

### Employees Actively "Send Plastic Home"

The Company encourages employees to initiate sustainability activities. In 2020, our employees initiated the "Send Plastic Home" project to promote plastic waste reduction at our Bangkok and Sriracha refinery offices.

As the COVID-19 outbreak has caused more waste generated from food delivery services or bought takeaway foods, the campaign encouraged the sorting and dropping of rigid and flexible plastic at designated dropping points in the offices for recycling during September to December 2020.

The Company added 450 kgs of rigid plastic and 30 kgs of flexible plastic to the "Send Plastic Home" project under the Thailand Responsible Business Network (TRBN).



### Recognitions in 2020

In 2020, Esso (Thailand) Public Company Limited was recognized by the following organizations:

- Platinum CSR Excellence Recognition from The American Chamber of Commerce in Thailand (AMCHAM)



- Recognition Award as an Outstanding Organization on Energy and Social Development from Provincial Press Association of Thailand

- Appreciation Plaque for "Full Liters Fill-Up" from Department of Internal Trade



- Appreciation Award as an Organization with Outstanding Performance in Improving Public Toilets from the Department of Health, Public Health Ministry.





## Corporate Governance

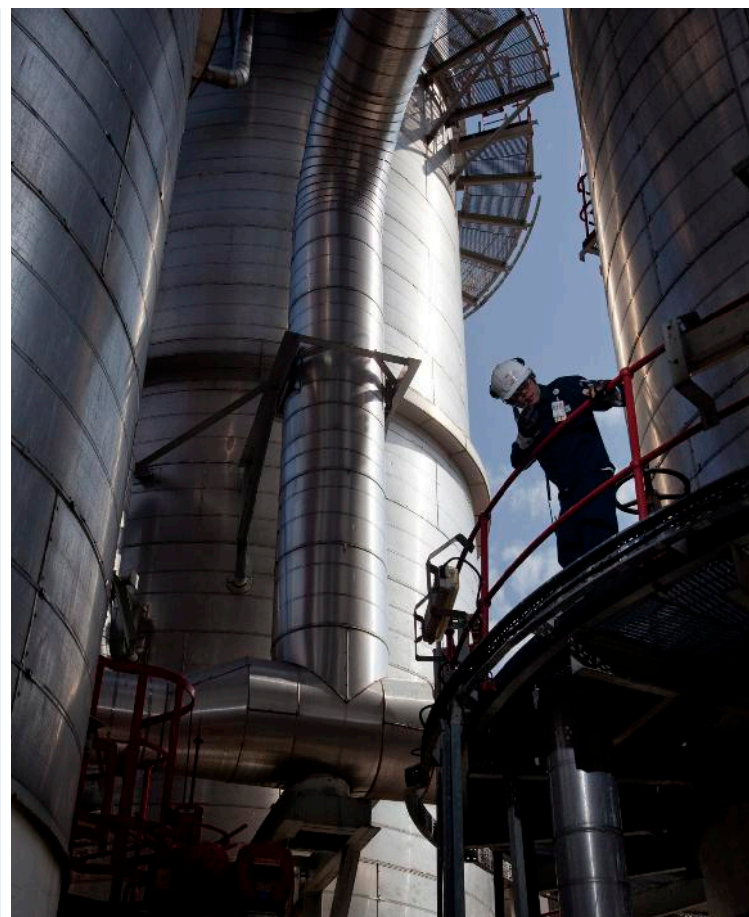
The Company believes the methods it employs to achieve results are as important as the results themselves. Directors, officers, and employees are expected to observe the highest standards of integrity and must comply with the Company's "Standards of Business Conduct". In addition, the corporate governance practices employed by the Company reflect the principles prescribed by the Stock Exchange of Thailand, and consistent with the Corporate Governance Code for listed companies 2017 developed by the Securities and Exchange Commission.

### 1. Standards of Business Conduct

The Company has well-established "Standards of Business Conduct" consisting of policies and guidelines regarding ethical behavior in all aspects of its operations and business, and these Standards apply to all officers and employees, without exception.

The Company's Standards of Business Conduct contain 17 foundational policies as follows:

1. Ethics
2. Conflicts of Interest
3. Corporate Assets
4. Directorship
5. Gifts and Entertainment
6. Anti-corruption
7. Political Activities
8. International Operations
9. Antitrust
10. Health
11. Environment
12. Safety
13. Product Safety
14. Customer Relations and Product Quality
15. Alcohol and Drug Use
16. Equal Employment Opportunity
17. Harassment in the Workplace





While the Company's policies cover a wide range of subjects, the uncompromising requirement for honesty, integrity, and ethical dealing is fundamental to all of them. In particular, the Company's stringent standards against corruption are clearly reflected in the Ethics, Conflicts of Interest, Directorship, Gifts and Entertainment, and Anti-Corruption policies.

It is not only the policy of the Company to comply with all governmental laws, rules, and regulations applicable to its business, but the Company's Ethics policy also goes further and requires that even where the law is permissive, the Company chooses the course of highest integrity. The Company expects compliance with its Standards of Business Conduct throughout the organization and will not tolerate employees who achieve results at the cost of violation of law or who deal unscrupulously. The Company's directors and officers support, and expect the Company's employees to support, any employee who passes up an opportunity or advantage that would sacrifice ethical standards. Officers and employees are required to review these policies annually and provide electronic written confirmation of compliance.



It is the Company's policy that all transactions be accurately reflected in its books and records. This, of course, means that falsification of books and records and the creation or maintenance of any off-the-record bank accounts are strictly prohibited. Employees are expected to record all transactions accurately in the Company's books and records, and to be honest and forthcoming with the Company's internal and independent auditors.

The Company expects candor from employees at all levels and adherence to its policies and internal controls. One harm which results when employees conceal information from higher management or the auditors is that other employees will perceive that the Company's policies and internal controls can be ignored when they are inconvenient. That mindset can result in corruption and demoralization

of an organization. The Company's system of management will not work without honesty, involving bookkeeping, budget proposals, and economic evaluation of projects. Local customs and practices may differ from place to place, but honesty is not subject to criticism in any culture.

The Company believes that a well-founded reputation for honest dealing is itself a priceless corporate asset. In support of these policies, the Company has adopted detailed guidelines and programs, such as:

1. Conflicts of Interest Guidelines
2. Directorship Guidelines
3. Gifts and Entertainment Guidelines
4. Guidelines for Interaction with Government Officials
5. Anti-corruption Legal Compliance Guidelines



## 2. Anti-Corruption Practice

The Company's anti-corruption policy and compliance program are based on global ExxonMobil standards, which meet stringent US, UK, and EU standards. While these have always been part of the Company's way of doing business, the Company formalized the policy and programs in 2011 and 2012. The Company's board of directors adopted the Anti-Corruption policy in November 2011, and added it to its Standards of Business Conduct so it is explicit to all employees and stakeholders. The Company's Chairman formally endorsed a consolidated Anti-Corruption Compliance Program in November 2012, setting out the practical framework, which contains six (6) elements as follows:

1. Management Leadership and Accountability
2. Assessment of Risk
3. Prevention and Detection Procedures and Measures
4. Communication of Policies and Procedures
5. Training
6. Assessment of Effectiveness

### These elements require management to:

- Provide visible leadership and be accountable for the Company's anti-corruption efforts
- Continually assess anti-corruption risks in the Company's operations and businesses, review these with legal counsel, as needed, and take appropriate mitigation or corrective action
- Have in place appropriate controls and procedures to detect and prevent corruption
- Regularly communicate the Company's anti-corruption policy, guidelines, and programs to employees
- Provide regular training in all applicable anti-corruption laws, including US Foreign Corrupt Practices Act, UK Bribery Act, and Thai anti-corruption laws, to ensure consistent understanding among all employees
- Conduct regular internal audits and internal self-assessments to help ensure rigorous enforcement of the Company's ethical standards

The Company guidelines provide detailed explanations and practical rules for complying with the relevant policies, and avoiding conflicts between the Company's interests and those of officers and employees, whether real or apparent. In particular, these policies and

guidelines seek to prevent corruption, and uphold the integrity of the Company in all its operations and businesses without exception. For example, The Gifts and Entertainment Guidelines defines the scope of "gifts" and "entertainment", the review and approval requirements for providing and receiving gifts and entertainment, and acceptable business contexts for providing and receiving gifts and entertainment. Another example is the Guidelines for Interaction with Government Officials, which defines "Government Officials", as well as "gifts", "entertainment" and "hosting" offered or provided to Government Officials, and the review and approval requirements for the same. It should be noted that the gift of cash or cash equivalents of any nature are strictly prohibited, as are facilitating payments of any kind. Further, high-value entertainment and hosting is subject to additional rules and stricter review processes.

Failure to behave honestly, to comply with law, the Company's policies, and the Company's internal controls may result in disciplinary action, up to and including separation. No one in the Company has the authority to make exceptions or grant waivers to the Company's foundation policies.

The Company also enforces these ethical standards with contractors and third parties acting on our behalf. Contractors and third parties acting on behalf of the Company are prohibited from making payments to or engaging in transactions with government officials that improperly influence the proper performance of their official duties. The Company makes efforts to include in all procurement contract requirements to keep accurate books and records and, where appropriate, contains anti-bribery commitments from our vendors and suppliers.

Lastly, the Company has an Open Door Communications Procedure set out in the Standards of Business Conduct which encourages employees to ask questions, voice concerns, and make appropriate suggestions regarding the business practices of the Company. Employees are expected to report promptly to management suspected violations of law, the Company's policies, and the Company's internal controls, so that management can take appropriate corrective action. Depending on the subject matter of the question, concern, or suggestion, each employee

has access to alternative channels of communication, for example, the Controller's Department; Internal Audit; the Human Resources Department; the Law Department; the Safety, Health and Environment Department; the Security Department; and the Treasurer's Department. Suspected violations of law or the Company's policies involving a director or executive officer, as well as any concern regarding questionable accounting or auditing matters, should be referred directly to the Company's General Auditor. Employees may also address communications to individual non-employee director or to the non-employee directors as a group or make complaints without identify themselves via communication channel as detailed in the Open Door Communication Procedure. No action may be taken or threatened against any employee for asking questions, voicing concerns, or making complaints or suggestions in conformity with the procedures described above, unless the employee acts with willful disregard of the truth.

The full text of these foundational policies and the Open Door Communications Procedure can be found on the Company's website at [www.esso.co.th](http://www.esso.co.th).

### 3. Corporate Governance Practices

The Company generally observes the principles of good corporate governance that is consistent with the Corporate Governance Code for listed companies 2017 developed by the Securities and Exchange Commission, and encouraged by the Stock Exchange of Thailand. In 2020, the Board acknowledged the result of annual review of the application of the 2017 Corporate Governance Code conducted by working team as assigned by the Board. In general, the Company's existing policies, tools, processes, and practices substantially fulfill the intended outcome of the 2017 CG Code. The principles of good corporate includes the following:

#### 3.1 Rights of Shareholders

The Company recognizes the rights of shareholders, including the right to freely buy, sell, or transfer shares; to participate in, express opinions at, raise questions during, or propose agenda items for the annual general meeting of shareholders; nominate directors; and vote at general meetings of shareholders regarding the Company's performance, election or removal of directors, directors' remuneration,

appointment of external auditors, auditor's fee, declaration of final dividends, amendments to the Memorandum and Articles of Association, capital increases or decreases, and the approval of extraordinary transactions requiring shareholder approval. General meetings of shareholders are attended by relevant knowledgeable executives to answer questions.

Shareholders are provided with adequate information, including relevant opinions of the directors, regarding issues presented for voting at general meetings of shareholders in a timely manner to enable shareholders to exercise their voting rights effectively. The notice of general meeting of shareholders in both Thai and English are posted on the Company's website at least 30 days before the meeting.

The Company facilitates and encourages its shareholders, including institutional shareholders, to attend the general meetings of shareholders. The Company attempts to select a meeting venue accessible by mass transportation for the convenience of its shareholders. In case of an appointment of a proxy, shareholders, including institutional shareholders, are encouraged to submit registration documents duly prepared in accordance with rules stipulated in the notice of the general meeting of shareholders along with all supporting documents to the Company prior to the meeting date. A barcode system is used for registration and vote counting to expedite the registration and vote computation process. The Company also provides stamp duty for the appointment of proxies.

#### 3.2 Equitable Treatment of Shareholders

It is the Company's policy that directors, officers, and employees should avoid any actual or apparent conflict between their own personal interests and the interests of the Company. Furthermore, directors, officers, and employees are expected to avoid securities transactions that are based on material, non-public information obtained through their positions with the Company. In relation to the potential misuse of insider information, the Company has undertaken the following steps:

- Educate the Company's executives regarding their responsibilities to report holdings of the Company's shares, and the penalties for non-disclosure under the Securities and Exchange Act B.E. 2535 and Stock Exchange of Thailand regulations;

- Advise the Company's executives to report changes in such holdings of the Company's shares to the Securities and Exchange Commission in accordance with the Securities and Exchange Act B.E. 2535;
- Counsel the Company's executives on the sensitivities associated with the use of Company's information which may have a bearing on the Company's share price. The Company advises relevant employees one month prior to the release of the Company's financial statements not to disclose any material information prior to disclosure of such information to the SET and the board of directors; and
- Remind the Company's directors, executives, employees, and officers, that they and their respective spouses and dependents, are prohibited from using the Company's information to sell, buy, transfer, or receive any transfer of the Company's shares before such information is disclosed to the public. Any such use may violate applicable laws and subject the individual to disciplinary action by the Company.

### 3.3 Role of Stakeholders

The Company recognizes the importance of the legal rights of various groups of stakeholders including shareholders, customers, employees, and communities. It is the Company's policy to comply with all governmental laws, rules, and regulations applicable to its business including but not limited to intellectual property and copyrights. We strive to provide channels for stakeholders to communicate their concerns (Whistle Blowing) to the Board of Directors with regard to potential irregularities, incorrect financial reporting, deficiencies in internal controls, or unethical practices via Investor Relations as per contact details prescribed in 3.4. Investor Relations will contact responsible director/executive for further investigation as necessary or via communication channel as details in the Open Door Communication Procedure as a forementioned.

We recognize the importance and value of the communities and the environment in which we operate. We have a policy that sets the expectation of compliance with all applicable laws, rules, and regulations, and reiterates the importance of respect for local and national cultures. Above all other objectives, we are dedicated to running safe and environmentally responsible operations.

### 3.4 Disclosure and Transparency

The Company expects compliance with its standards of integrity throughout the organization and will not tolerate employees who achieve results by violating laws or the Company's policies. It is expected that all transactions are appropriately and accurately reflected in the Company's books and records. The falsification of books and records or the creation or maintenance of any off-the-record bank accounts is strictly prohibited.

It is the Company's policy to make full, fair, accurate, timely, and understandable disclosures in reports and documents that the Company's files with the authorities or in other public communications. Relevant information is disclosed to shareholders in accordance with applicable laws. In the past year, the Company disclosed essential matters as required by relevant rules and regulations through the Stock Exchange of Thailand in a timely manner. Financial reports and relevant information are also posted on the Company's website ([www.esso.co.th](http://www.esso.co.th)).

Moreover, the Company's Investor Relations function serves as a focal point to conduct investor relations activities and ensure effective communication with investors and securities analysts. Various communication channels and methods are utilized including the Company's website, quarterly analyst meetings, company visits, e-mails, and telephone calls.

#### Investor Relations Contact

Phone line: 02 407 4788

E-mail: [essolR@exxonmobil.com](mailto:essolR@exxonmobil.com)

### 3.5 Board Responsibilities

The Board of Directors developed and adopted the Board Governance Guidelines describing guideline for Board's good governance, responsibilities, diversity reflecting the Company's current practice/procedure suitable for the Company. The full text of Board Governance Guidelines can be found on the Company's website at [www.esso.co.th](http://www.esso.co.th).

#### Board Structure and Responsibilities

Pursuant to the Board Governance Guidelines adopted by the Board of Directors, the size of the Board will provide for sufficient diversity among Directors and Independent Directors. Normally, the Board intends to have approximately ten to thirteen members with



no less than one-third of the board being comprised of Independent Directors as per definition set forth by the Office of the Securities and Exchange Committee and the Stock Exchange of Thailand. The Board will include Company's executives and/or employee of the Company's affiliate(s) who can effectively represent material aspects of the Company's operations and areas of functional expertise.

Directors should be individuals who have achieved prominence in their fields, with experience and demonstrated expertise in managing large, relatively complex organizations or in a professional or scientific capacity, and be accustomed to dealing with complex situations preferably those with international breadth without any limitation on sex or age. The Company recognizes that the strength and effectiveness of the Board reflects the experience and diversity of directors, their commitment to the success of the Company and its shareholders, and the ability of directors to work effectively as a group to carry out their responsibilities. Thus, the Company seeks candidates with diverse personal experiences and background who possess complementary knowledge and skills in areas of importance to the Company. These may include knowledge of the oil and gas industry, refining, petrochemicals, finance, and international operations.

New non-employee directors will receive a comprehensive orientation from appropriate management regarding the Company's business and affairs.

See the Board of Directors structure and responsibilities and the list of the directors serving on the Board in the section Shareholding and Management Structure under item 3 (Board of Directors).

### Board Meetings

In accordance with the Articles of Association, the Board normally meets once every three months. However, additional meetings may occur as required. The dates of the Board meetings throughout the year are scheduled with notification provided to each director in advance. The Chairman will review the agenda items throughout the year with the Board including independent directors. However, any additional agenda items may be determined and discussed at the Board as necessary and appropriate. Normally, the notice of the meeting is sent to the directors at least seven days prior to the date of the meeting.

Normally, when passing resolutions at the Board meeting, directors of not less than two-third of all directors present at the Board meeting. The minutes of key items are documented and presented for approval at subsequent Board meetings, and retained for review by relevant persons.

Independent directors may meet to discuss Company items or issues without the presence of management. The outcome of such discussions are subsequently communicated to the Board.



The Board met 7 times in 2020. Each director attended not less than 83 percent of all Board meetings and the average of all directors' attendance was approximately 84 percent with details of attendance as follows:

Name	Board Meeting Attendance (times)
Mr. Adisak Jangkamolkulchai <sup>(1)</sup>	7/7
Mr. Taweesak Bunluesin	7/7
Mr. Manoch Munjitjuntra	6/7
Mr. Suchart Phowatthanasathian	6/7
Ms. Pajaree Meekangvan	7/7
Ms. Ratrimani Pasiphol	7/7
Mr. Jesada Chanchengkij <sup>(2)</sup>	2/2
Mr. Boontuck Wungcharoen	7/7
Mr. Wattana Chantarasorn	7/7
Ms. Prachit Hawat	7/7
Mr. Buranawong Sowapruux	7/7
<b>Director resigning during 2020</b>	
Ms. Pachara Sungkhapan <sup>(2)</sup>	5/5
Mr. Chakkrit Parapuntakul <sup>(3)</sup>	5/6

<sup>(1)</sup> Mr. Adisak Jangkamolkulchai was appointed as director and Chairman to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

<sup>(2)</sup> Mr. Jesada Chanchengkij was appointed as director to replace Ms. Pachara Sungkhapan effective September 3, 2020

<sup>(3)</sup> Mr. Chakkrit Parapuntakul resigned as independent directors effective October 1, 2020.

### Audit Committee

See the Audit Committee charter, responsibilities, and list of members in the section Shareholding and Management Structure under item 4 (Audit Committee).

The Audit Committee met 7 times in 2020 which included meetings involving individual discussions with the external auditors. The details of attendance are as follows:

Name	Audit Committee Attendance (times)
Mr. Wattana Chantarasorn	7/7
Ms. Prachit Hawat	7/7
Mr. Buranawong Sowapruux	7/7

### Nomination, Remuneration, and Performance Evaluation Committee\* (Formerly Performance Evaluation Committee)

See the Nomination, Remuneration, and Performance Evaluation Committee charter, responsibilities, and list of members in the section Shareholding and Management Structure under item 5 (Nomination, Remuneration, and Performance Evaluation Committee).

The Nomination, Remuneration, and Performance Evaluation Committee assessed the Managing Director's performance for 2020, reviewed the assessment with the Board, and provided feedback to the Managing Director.

\* This committee was formerly known as Performance Evaluation Committee and become Nomination, Remuneration and Performance Evaluation Committee effective November 30, 2020 pursuant to Board's resolution passed at the Board's Meeting held on November 30, 2020.

### Director Remuneration

Details of remuneration paid to directors is disclosed in the section Shareholding and Management Structure under item 8 (Remuneration of Directors and Executives).

### Executive Remuneration

Total remuneration paid to executives is disclosed in the section Shareholding and Management Structure under item 8 (Remuneration of Directors and Executives).

### Director and Executive Report of Interest

Directors and executives are required to file a report with the Company regarding their interest or related person's interest (i.e. information on shareholdings, directorships, or executive positions in other legal entity (ies)) which relates to management of the Company or its subsidiaries at the beginning of the year or upon a change.

### Board Self-Evaluation and Director Development

At least annually, the Board will evaluate its performance and effectiveness. The Company Secretary distributed the self-evaluation form consistent with template recommended by the Stock Exchange of Thailand to each director for evaluating the performance of the Board of Directors. Afterwards, the Company Secretary summarized and presented the results of performance evaluation to the Board of Directors.

It is expected that directors remain well-informed regarding current aspects of the Company's operations, projects, and best practices in corporate governance. In that regard, the Board encourages directors to participate in continuing education opportunities inside and outside of the Company, such as the programs offered by the Thai Institute of Directors Association (IOD) and Thai Listed Companies Association (TLCA).

Director participation in training courses sponsored by the IOD/TLCA is summarized as follows:

Name	Course	Date of Attendance	Course Attendance in year 2020
Mr. Adisak Jangkamolkulchai	DAP	2008	-
Mr. Jesada Chanchengkij	DAP	To attend in 2021	-
Mr. Taweesak Bunluesin	DAP	12 November 2018	-
Mr. Manoch Munjitjuntra	DAP	15 January 2018	-
Mr. Suchart Phowattanasathian	DAP	19 February 2018	-
Ms. Pajaree Meekangvan	DAP	15 January 2018	-
Ms. Ratrimani Pasiphol	DAP	16 July 2012	-
	TLCA CFO CPD	1 October 2019	-
	TLCA CFO CPD	30 October 2019	-
		1 July 2020	TLCA CFO CPD
		23 July 2020	
		14 August 2020	
		30 September 2020	
Mr. Boontuck Wungcharoen	DAP	2008	-
Mr. Wattana Chantarasorn	AACP	26 February 2018 - 19 March 2018	-
	DAP	27 March 2009	-
Ms. Prachit Hawat	DCP	3 September 2018 - 5 November 2018	-
	DAP	15 February 2011	-
Mr. Buranawong Sowapruux	DCP	13 June 2019 - 11 July 2019	-
	AACP	6 September 2019 - 27 September 2019	-

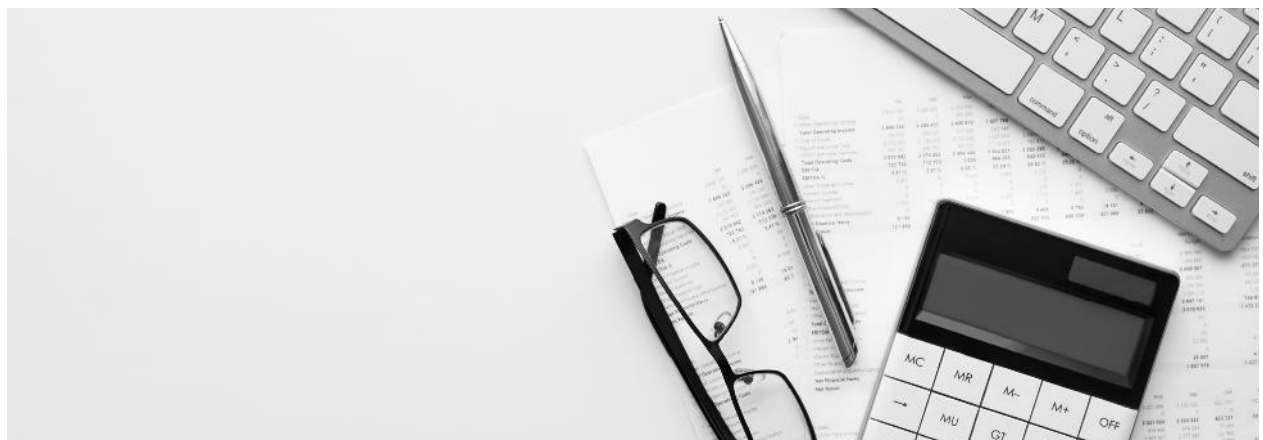
DAP = Director Accreditation Program  
FN = Finance for Non-Finance Director  
AACP = Advanced Audit Committee Program

DCP = Director Certification Program  
BMT = Board Matters and Trends  
TLCA CFO CPD = TLCA CFO Professional Development Program

ACP = Audit Committee Program  
ELP = Ethical Leadership Program

## Auditor Remuneration

The audit fees paid to the office of the external auditor is disclosed in the section Internal Controls under item Auditor's Remuneration.





## Related Party Transactions

The Company executed numerous agreements with ExxonMobil and its affiliates in order to leverage their expertise in the global oil and gas industry. These agreements are beneficial to the Company and its operations. The terms and conditions of the agreements are on the same basis as those applied generally to all ExxonMobil affiliates worldwide and are appropriate and reasonable. All of the related party agreements were either reviewed by the Audit Committee or are consistent with prescribed criteria.

### Necessity and reasonableness of related party transactions

Related party transactions undertaken in the past year pursuant to these agreements are for the benefit of the Company and were subject to review by the Audit Committee and the Company's external auditors as part of their audit of the Company's annual financial statements. The Audit Committee considered and provided an opinion that such transactions were entered into in the normal course of business, consistent with prescribed criteria, and were properly disclosed.

### Approval of related party transactions

Related party agreements are established in the normal course of business. The approval processes for related party agreements are consistent with those prescribed by the relevant rules and regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. If there is a likelihood of a conflict of interest arising from the Company's entry into a related party agreement with a person who is a shareholder, director or executive of the Company, the said shareholder, director or executive will not participate in the approval process for the agreement.

On August 28, 2008, the Board of Directors provided an approval for the Company and its subsidiaries to enter into certain transactions with its directors, executives, and/or related persons (as defined in the Securities and Exchange Act) where, in principle, such transactions are on the same terms as those which may ordinarily be entered into by persons with unrelated counterparties under similar circumstances, based on commercial negotiations, and without preference resulting from the status of being a director, executive or related person, as the case may be, or where the transactions reflect fair prices or are on a cost or cost plus basis pursuant to agreements between the Company and its affiliates, or where the charges under the transactions are consistent with those charged by other affiliates around the world for similar services or goods, or where the interest expense in connection with financing transactions with the Company's affiliates is generally based on market rates.

### New related party transactions

Any new related party agreements will comply with the Board resolution of August 28, 2008 described above, as well as the applicable laws and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand.

Subject to the above, if the Company proposes executing a related party agreement not consistent with the August 28, 2008 Board resolution, the Audit Committee will review and render an opinion on such an agreement. The Audit committee's opinion will be communicated to the Board of directors or shareholders, as the case may be, to ensure the proposed agreement is in the best interest of the Company.

Listed below are the main agreements with related parties as of December 31, 2020.

Detail of related party transactions of the previous years are available in the Company website (<http://esso-th.listedcompany.com/home.html>)

Agreements	Parties/Relationship with the Company	Main Purposes	2020 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Goods and Services					
Crude Oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement	ExxonMobil Asia Pacific Pte. Ltd. ("EMAPPL") EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), EMC indirectly holds 100% of shares in EMAPPL.	EMAPPL sells or procures for sale to Esso Asia Pacific crude oil. In addition to such crude oil, EMAPPL agrees to sell or procure for sale LPG, products and feedstock, and lube basestock. EMAPPL purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.			
Assignment and Assumption Agreement for the Manufacture and/or sale of Toyota Oil and Chemical Product	EMAPPL	EMAPPL assigns its rights and obligations under relevant agreements with Toyota Motor Corporation as a local blender and/or seller of Toyota branded oil and chemical products in Thailand to Esso.			
Inter-Affiliate Product Sale and Purchase Agreement	EMAPPL	Eso purchases finished lubricants, base oils, base stocks, and/or lubricant additives from EMAPPL.			
Inter-Affiliate Product Sale and Purchase Agreement	EMAPPL	Eso sells finished lubricants, and/or lubricant additives as ordered by EMAPPL from time to time.	3,479	51,323	1,059
Downstream Regional Headquarters/Affiliate Master Service Agreement*	EMAPPL	EMAPPL provides services to Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business of refining, sales and marketing of fuels, lubricants and petroleum specialties, and other services necessary for sale and efficient operations of Esso.			
Chemical Regional Headquarters/Affiliate Service Agreement	EMAPPL	EMAPPL provides services to Esso covering certain management consulting, functional advice, administrative, technical, professional, and other supporting services in connection with Esso's chemical business such as accounting, legal, tax, human resources, office space, and clerical activities, computer network services, and procurement services.			

Agreements	Parties/Relationship with the Company	Main Purposes	2020 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Goods and Services					
Sale Agreement	ExxonMobil Chemical Asia Pacific ("EMCAP"), a division of EMAPPL EMCAP is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCAP.	EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time.			
Inter-Affiliate Supply Agreement	EMCAP	EMCAP sells to or procures for Esso paraxylene, benzene concentrate, and feedstock in such a volume as Esso nominates. Esso sells EMAPPL paraxylene, benzene concentrate, and feedstock.	1,776	1,577	158
Crude Oil, Products and Feedstocks Supply Agreement	ExxonMobil Sales and Supply ("EMS&S") EMS&S is an affiliate of EMC, EMC indirectly holds 100% of shares in EMS&S.	EMS&S sells or procures to sell non Asia Pacific crude oil. In addition to such crude oil, EMS&S agrees to sell or procure for sale products and feedstock to Esso. EMS&S purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.		11,393	
Bangkok Business Support Center Master Service Agreement	ExxonMobil Limited ("EML") EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc. EMC indirectly holds 100% of shares in EML.	EML provides various services including certain management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's business and operations.			1,216
Master Service Agreement	ExxonMobil Global Services Company ("EMGSC") EMGSC is an affiliate of EMC, EMC directly holds 100% of shares in EMGSC.	EMGSC provides Esso with advice and assistance relating to (i) information technology services (ii) procurement services (iii) real estate services and facilities services.			160



Agreements	Parties/Relationship with the Company	Main Purposes	2020 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Goods and Services					
ExxonMobil Petroleum & Chemical Master Business Support Agreement	ExxonMobil Petroleum & Chemical ("EMPC") EMPC is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMPC.	EMPC provides services to Esso a variety of services relating to accounting and administrative services through personnel based out of business centers established outside of Thailand.			20
	Downstream Regional Headquarters/Affiliate Master Service Agreement*	EMPC provides services to Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso such as fuels marketing, refining and supply, etc.			
Downstream Regional Headquarters/Affiliate Master Service Agreement*	ExxonMobil (China) Investment Co., Ltd ("EMCI") EMCI is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCI.	EMCI provides services to Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso such as fuels marketing, refining and supply, etc.			
EssoAir Service Agreement	ExxonMobil Aviation International Ltd. ("EMA") EMA is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMA.	EMA provides Esso a wide range of marketing and technical assistance appropriate to Esso's aviation fuel business including solicitation of aviation sales and general advisory services and consultancy.			21
Inter Affiliate Marine Transportation Services Agreement	SeaRiver Maritime LLC ("SRM") (Formerly, Standard Tankers Bahamas Ltd) SRM is an affiliate of EMC, which EMC indirectly holds 100% of shares in STB.	SRM provides services related to (i) vessel pool activities and transportation for purchasers' cargoes of crude oil, petroleum products, and chemicals (ii) chartering and transportation support services (iii) marine vetting services (iv) other supporting services related to the pool vessels as well as other marine transportation activities.		2,347	3

Agreements	Parties/Relationship with the Company	Main Purposes	2020 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Goods and Services					
Standard Research Agreement	ExxonMobil Research and Engineering Company ("EMRE") EMRE is an affiliate of EMC, which EMC directly holds 100% of shares in EMRE.	Agreement is made for the purpose of (i) creation, acquisition and management of a body of technical information, technical services, and patent and copyright protection for the benefit of petroleum and chemical operations (ii) access to technical information and the use of patent and copyright protection (iii) engineering assistance and special research (iv) administer intellectual property and technical information acquired or made for the benefit of Esso.			329
Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LLC ("EMCT") EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT.	EMCT, as a lessor, commits to supply and lease catalysts to Esso.			35
Catalyst Supply Agreement	EMCT	Esso purchases catalysts from EMCT.			
Trademark License Agreement	Exxon Mobil Corporation ("EMC") EMC is the ultimate parent company of various affiliates and subsidiaries.	EMC authorizes Esso to use Esso, Exxon, Esso Oval and Exxon Emblem trademarks in Thailand in association with the products and services sold or provided.			
Clearing House Service Agreement	EMC	EMC provides the service of operating the Trade Central Clearing House Sub-Account and other Central Clearing House Sub-Accounts for the purpose of facilitating efficient settlement and processing of transactions.			4
Downstream Regional Headquarters/Affiliate Master Service Agreement*	EMC	EMC provides services to Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso such as fuels marketing, refining and supply, etc.			

Agreements	Parties/Relationship with the Company	Main Purposes	2020 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
<b>Goods and Services</b>					
Service Agreement	ExxonMobil Hong Kong Limited ("EMHKL") EMHKL is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMHKL.	EMHKL provides services to Esso covering managerial, professional and administrative, and other operational advice relating to their overall corporate operations to Esso.			
Service Agreement	ExxonMobil Catalyst Services Inc. ("EMCSI") EMCSI is an affiliate of EMC, EMC directly holds 100% of shares in EMCSI.	EMCSI provides services including arranging for supply of precious metals; arranging for the fabrication of catalysts, the reclamation of precious metals from spent catalysts, and catalyst operations such as regeneration as well as consulting services relating to catalysts.			3
Service Agreement	ExxonMobil Chemical Company ("EMCC") EMCC is a division of EMC.	Esso provides certain services relating to marketing efforts in Thailand to EMCC.			
ExxonMobil Marine Fuels Supply and Services Agreement	ExxonMobil Marine Limited ("EMML") and EMAPPL EMML is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMML.	Esso sells and delivers marine fuels as well as provides related services to EMML and EMAPPL.			
Inter-Affiliate Product Sale and Purchase Agreement	EMML	Esso sells finished lubricants, lubricating oils, greases and/or other marine lubricant products as ordered by EMML from time to time.	14		
<b>Others</b>				(7)	62
<b>TOTAL (see notes to financial statements no. 35)</b>			<b>5,269</b>	<b>66,633 <sup>(1)</sup></b>	<b>3,070</b>

\* EMAPPL, EMPC, EMCI and EMC are collectively the Service Providers under the Downstream Regional Headquarters / Affiliate Master Service Agreement amended and restated as of January 1, 2019.

<sup>(1)</sup> Baht 524 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included



Agreements	Parties	Main Purposes	2020 Transaction Value (Million Baht)			
			Loan Balance	Deposit Balance	Interest Expense	Interest Income
Financial Assistance						
Loan and Current Account Agreement	EML	Esso provides a loan facility to EML with the maximum principal amount of Baht 3,000 million. In the event that money from EML is deposited in current account, Esso can make use of such funds and is required to pay interest for the deposited amount.	2,733		22	
Short-Term Loan Agreement	ExxonMobil Development Finance Company ("EMDFC")	EMDFC provides a revolving loan facility to Esso with the maximum aggregate amount of Baht 12,000 million. Drawdowns and repayment can be made once per calendar month.	7,888		81	
Long-Term Loan Agreement	EMDFC	EMDFC provides a Thai Baht-denominated long-term loan to Esso of Baht 6,000 million with principal repayment every 3 months. The loan will mature in June 2023.	5,500		59	
Long-Term Loan Agreement	EMDFC	EMDFC provides a Thai Baht-denominated long-term loan to Esso of Baht 6,000 million with principal repayment every 3 months. The loan will mature in October 2020.	0		2	
Long-Term Loan Agreement	EMDFC	EMDFC provides a Thai Baht-denominated long-term loan to Esso of Baht 3,000 million with principal repayment every 3 months. The loan will mature in November 2022.	2,000		27	
Long-Term Loan Agreement	EML	EML provides a Thai Baht-denominated long-term loan to Esso of Baht 700 million with principal repayment every 3 months. The loan will mature in June 2022.	350		5	
TOTAL (see notes to financial statements no.35)			18,471		196	

## Report of the Audit Committee



The current Audit Committee of Esso (Thailand) Public Company Limited consists of three independent directors, with experiences and competencies in international business management, petroleum business management, auditing, and accounting.

Members of the Audit Committee in the fiscal year 2020 were as follows:

1. Mr. Wattana Chantarasorn as the chairman,
2. Mr. Buranawong Sowapruux
3. Ms. Prachit Hawat

Mrs. Pachara Sungkhapan was the Secretary of the Audit Committee for the period of January 1 to September 30, 2020 and was succeeded by Mr. Suwat Srikanapongse. The Committee held seven meetings in 2020 to fulfill its duties in accordance with the Audit Committee charter, consistent with the regulations of the Stock Exchange of Thailand (SET), by reviewing matters with the external auditor, the internal audit coordinators, and the Company's management. The Committee reported results of these activities to the Board of Directors quarterly, which are summarized as follows.

### Review of Financial Statements

The Committee reviewed significant data and information in the quarterly and annual financial statements of the Company for the year 2020 by meeting with the Company's management and the external auditor. Applicable accounting policies and management judgment made in connection with financial reporting, including Key Audit Matters and findings were considered. The Committee had a meeting with the external auditor without the presence of the Company's management, according to SET best practices, with regards to the appropriateness of accounting policies, the application of new and revised financial reporting standards in effect, and the effectiveness of controls in mitigating risk related to the Company's financial reporting. The Committee also focused on oil price volatility, which could potentially result in a significant financial impact through the stock gain or loss on the Company's earnings.

Based on the aforementioned reviews, the Committee had a conclusion consistent with the opinion of the external auditor that the financial statements of the Company for the year ended December 31, 2020 were fairly stated, in all material respects, in conformity with Thai Financial Reporting Standards (TFRS), and the financial information was disclosed adequately and appropriately. In addition, the external auditors made no remarks from the audit.

### Risk Management

Management reviewed risk management process with the Audit Committee. Key management systems and tools to manage enterprise risks were discussed. The Committee were also updated on key risk areas in 2020 and the actions taken to mitigate these risks.

The Committee viewed that the risk management process in place is comprehensive, appropriate, and consistent with the Company's current and long-term business strategy as well as significant risk factors in its operating environment.

### Internal Controls and Internal Audit

In 2020, the Committee reviewed internal controls covering scope, activities, responsibilities, and resources of the internal control process. The Committee also reviewed the adequacy and effectiveness of internal controls, internal audit work plan, key issues identified in the internal audit reports, corrective actions and follow-up on the issues.

The Committee viewed that the internal control process is adequate and effective and the actions by management for correcting the identified control issues were effective.



### Related Party Transactions

The Committee reviewed the appropriateness and reasonableness of related-party transactions and those might result in potential conflicts of interest, based on the principles of reasonableness, transparency, disclosure adequacy, relevancy to normal course of business, and best interests of the Company. Based on the review, no issues were identified and information related to transactions with related parties was adequately disclosed.

### Legal and Regulatory Compliance

The Committee reviewed compliance with laws and regulations relevant to the Company's business including those issued by the Stock Exchange of Thailand (SET). Key legal developments relevant to the Company were also reviewed. The Committee noted that no litigation or penalties/fines significantly impacting the Company's financial statements.

The Committee assessed that the processes and systems used to ensure compliance with roles and accountability of directors and management are well defined. The Company has an effective oversight process in assuring compliance with the policies, laws, and regulations applicable to the business by all operating units across the Company.

### Appointment of External Auditor and Review of the Audit Fee for 2021

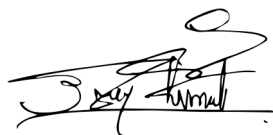
The Committee participated in evaluating the external auditor of the Company based on expertise, experience, and reputation including assessing its independence and their performance appraisal. For remuneration, the considerations included scope of responsibilities of the external auditor and the fees paid in the past.

The Committee concurred with the appointment of the external auditor from PricewaterhouseCoopers ABAS Ltd. and the annual audit and quarterly review fee for the Company's consolidated financial statements in the amount of Baht 4.6 million, and to recommend the Board of Directors to seek approval at the Annual General Meeting of Shareholders.

In summary, the Audit Committee concluded that the Company's financial statements were fairly stated, in all material respects, in accordance with Thai Financial Reporting Standards. The system of internal controls and risk management process were effective and appropriate. Applicable laws and regulations were complied with, and the review did not identify either issues related to related party transactions or conflicts of interest.

February 23, 2021

On behalf of the Audit Committee



**Mr. Wattana Chantarasorn**

Chairman of the Audit Committee

## Statement of Board of Directors' Responsibilities for Financial Reporting

The accompanying consolidated financial statements of Esso (Thailand) Public Company Limited and its subsidiaries and the financial statements of Esso (Thailand) Public Company Limited have been prepared in conformity with the requirements of the Public Company Act B.E. 2535, the Securities and Exchange Commission Act B.E. 2535, the Announcement of the Department of Business Development dated September 28, 2011 issued in accordance with Section 11, Paragraph 3 of the Accounting Act B.E. 2543, and the Financial Reporting Standards prescribed by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements which have been prepared in a prudent manner and contain accurate and complete material information to provide reasonable assurance that the financial position, results of operations and cash flows of the Company and its subsidiaries are presented accurately, an effective internal control system has been established, accounting records have been properly and adequately maintained to safeguard assets and prevent fraud and other irregularities with material implications, appropriate accounting policies have been consistently applied in accordance with Financial Reporting Standards and material information has been adequately disclosed in the notes to the financial statements. The independent auditor has expressed opinion on the financial statements of Esso (Thailand) Public Company Limited and its subsidiaries in the Auditor's Report.



**Mr. Adisak Jangkamolkulchai**

Chairman and Managing Director  
Esso (Thailand) Public Company Limited

# **ESSO (THAILAND) PUBLIC COMPANY LIMITED**

## **CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2020**



## Independent Auditor's Report

### To the shareholders (and the Board of Directors) of Esso (Thailand) Public Company Limited

#### My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Esso (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

#### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<b>Revenue Recognition</b> In 2020, the Group recognised revenues of Baht 123,649 million which derived from two main business segments, Downstream and Petrochemical segments, as disclosed in the Notes 7 to the financial statements.  The revenues are determined and recognised, based on the contractual price and volume of products delivered. The price is based on the market price and a number of other factors, depending on the distribution channels and contract terms with customers. The volumes sold are measured using applicable meters when the products are delivered to customers via pipeline, truck, or vessel.	My work performed over revenue recognition included: <ul style="list-style-type: none"> <li>• Obtaining an understanding and making inquiries to management about revenue recognition principle in accordance with TFRS15, accounting guidelines, disclosures and systems to support revenue recognition to assess correctness and appropriateness of the accounting standard and accounting policies the Group applied;</li> <li>• Obtaining an understanding and testing the design and operating effectiveness of key controls in relation to the recognition of revenues, particularly focus on controls around the timely and accurate recording of sales transactions;</li> </ul>

## Key audit matter

I focused on the revenue recognition of the petroleum products and petrochemical products because the revenue amounts and number of revenue transactions are material. In addition, selling prices are based on market prices and a number of other factors as stated in the contracts with customers.

## How my audit addressed the key audit matter

- Testing gross sales transactions and credit/debit notes on sampling basis by tracing to relevant supporting documents, including invoices to customers, delivery documents and subsequent cash receipts from those customers. Additionally, I inspected sales contracts and/or other related documents between the Group and customers to determine whether the revenue transactions were recognised correctly and appropriately;
- Selecting revenue samples prior to and after year end to test whether they are recorded in appropriate timing, based on terms and conditions set out in sales invoices and delivery documents or system generated reports; and
- Sending debtor confirmations for balances as at 31 October 2020, completing appropriate roll-forward procedures and performing subsequent receipt testing on customer balances for which confirmations were not received.

From the procedures performed, I found that the revenue recognition of the petroleum products and petrochemical products was appropriately applied in accordance with the Group's accounting policies.

## Cost of Inventory

As of 31 December 2020, the Group held inventories, mainly petroleum and petrochemical products, of Baht 5,077 million which represent 8 percent of the Group's total assets.

Cost of inventories primarily comprise purchase prices of crude oil and the manufacturing costs which are allocated to each type of products. Cost calculation requires the Group to perform the following procedures:

- Generating an automated report that computes the unit cost of each product. From this report, the production costs of inventories are pooled together and are allocated to each product using percentage of each product reference value to total production costs;
- Performing a comparison between product unit costs and market prices to ensure there is no significant unusual item; and
- Using final unit costs for calculation of inventory balance using FIFO application.

I focused on this area because the sizes of inventory balances from petroleum and petrochemical products are material to the Group's financial statements. In addition, the calculation of inventory cost is complex. The accuracy and the completeness of information used for unit cost calculation are important which influences pricing decision and the Group's profit and loss.

My work performed over cost of inventories included:

- Obtaining an understanding and testing the design and operating effectiveness of key controls in relation to over the inventory management and procurement cycle to the purchase requisitions, purchase orders, goods receiving, payments and recording to reflect the accuracy of the cost of inventory;
- Testing purchase transactions in relation to timing, amounts and volumes on sampling basis by tracing to relevant supporting documents, including invoices from suppliers and receiving documents;
- Selecting inventory purchase samples prior to and after year end to test whether they are recorded in appropriate timing, based on terms and conditions set out in delivery documents and recording to reflect the accuracy of the cost of inventory;
- Obtaining an understanding of basis of inventory cost to identify appropriateness of accounting policies the Group applied;
- Comparing unit cost of each product with its market price as at the reporting date to ensure there is no significant unusual item; and
- Engaging specialists in Information Systems and Technology to verify accuracy and reliability of the reports used in cost allocation.

From the procedures performed, I found that cost of inventories is calculated and allocated based on appropriate methodologies which are consistent with the Group's accounting policies.

## Valuation of deferred tax assets on net losses carried forward

As of 31 December 2020, the balance of deferred income tax assets relating to net losses carried forward of the Group was Baht 2,944 million which represents approximately 5 percent of the Group's total assets. The Group recognises deferred tax assets from tax losses carried forward to the extent it is probable that future taxable profits will allow it to be recovered.

I evaluated evidence supporting the recoverability of the deferred tax assets from net losses carried forward which is management's projected future taxable income by performing procedures below.

- Evaluating and challenging management's judgement and assumptions used in forming its five-year financial performance projection, which includes the assumptions for future growth of refinery margin, production volumes, and crude prices. The reasonableness of these underlying assumptions was verified against external sources, industry benchmarks, and historical information; and

Key audit matter	How my audit addressed the key audit matter
<p>Management of the Group has performed a financial performance projection of the Group, including expected future taxable profit to support recoverability of such deferred tax assets. The projection is based on historical data and expected future outcome. The significant assumptions include refining margin, production volumes, and crude prices.</p> <p>I focus on this area because there are a number of assumptions used in the Group's financial performance projection. Those assumptions involve significant judgement made by management in assessing the Group's future taxable profit. In addition, the balance of deferred income tax assets from net losses carried forward is significant to the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>Developing an independent projection of the Group's future taxable income using researched information and verified internal information, with no significant differences from the result that the Group's management prepared.</li> </ul> <p>Based on procedures I have carried out; I consider that management's key assumptions underlying the projection of future taxable income to be within a reasonable range.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably



be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

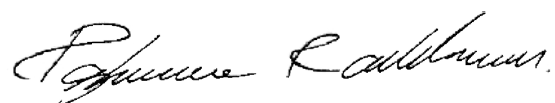
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Pongthavee Ratanakoses**

Certified Public Accountant (Thailand) No. 7795

Bangkok

23 February 2021

Esso (Thailand) Public Company Limited

**Statement of Financial Position**

As at 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

		Consolidated financial statements		Separate financial statements	
	Notes	2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	261,687	276,683	261,687	276,683
Trade receivables, net	9	5,083,153	6,464,042	5,083,153	6,464,042
Amounts due from related parties	35f	36,486	-	99,982	50,526
Inventories, net	10	13,144,237	19,085,170	13,144,237	19,085,170
Other receivables, net	11	2,888,219	1,377,578	2,888,219	1,377,578
Other current assets	4, 12	1,507,155	4,774,725	1,639,698	4,957,208
<b>Total current assets</b>		<b>22,920,937</b>	<b>31,978,198</b>	<b>23,116,976</b>	<b>32,211,207</b>
<b>Non-current assets</b>					
Financial assets measured at fair value through other comprehensive income	4, 13	1,071,000	-	1,071,000	-
Available-for-sale investments	4, 13	-	1,350,000	-	1,350,000
Investments in an associate	15	2,137,192	2,206,905	1,729,360	1,729,360
Investments in subsidiaries	15	-	-	114,589	114,589
Long-term loans to related parties	35g	-	-	3,443,943	3,251,419
Property, plant and equipment, net	16	24,750,398	25,599,800	20,545,508	21,394,910
Right-of-use assets, net	4, 17	4,287,336	-	4,342,922	-
Intangible assets, net	18	181,195	181,174	181,195	181,174
Deferred income tax assets, net	19	3,511,731	1,500,999	3,400,712	1,388,763
Prepaid rental and deferred charges	4	265,474	1,725,830	484,098	2,118,327
Other non-current assets	20	2,252,822	1,699,723	2,252,822	1,699,723
<b>Total non-current assets</b>		<b>38,457,148</b>	<b>34,264,431</b>	<b>37,566,149</b>	<b>33,228,265</b>
<b>Total assets</b>		<b>61,378,085</b>	<b>66,242,629</b>	<b>60,683,125</b>	<b>65,439,472</b>



Director .....

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.

Esso (Thailand) Public Company Limited

## Statement of Financial Position

As at 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

		Consolidated financial statements		Separate financial statements	
	Notes	2020	2019	2020	2019
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	21	6,081,506	6,488,377	6,081,506	6,488,377
Trade and other payables	22	4,451,951	5,020,169	4,451,535	5,019,720
Amounts due to related parties	35f	7,894,058	8,091,234	7,893,884	8,101,318
Current portion of long-term borrowings from financial institutions	21	1,933,333	1,466,667	1,933,333	1,466,667
Current portion of long-term borrowings from related parties	35h	3,233,333	1,633,333	3,233,333	1,633,333
Short-term loans from related parties	35h	10,621,104	13,188,379	10,621,980	13,189,278
Current income tax payables		617	632	-	-
Current portion of lease liabilities	4	357,665	-	383,717	-
Short-term provisions for employee benefits	23	872,389	787,070	872,389	787,070
<b>Total current liabilities</b>		<b>35,445,956</b>	<b>36,675,861</b>	<b>35,471,677</b>	<b>36,685,763</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	21	1,716,667	1,816,667	1,716,667	1,816,667
Long-term loans from related parties	35h	4,616,667	2,350,000	4,617,968	2,350,756
Lease liabilities	4	2,439,856	-	2,469,911	-
Long-term provisions for employee benefits	23	2,799,408	3,280,326	2,799,408	3,280,326
Other non-current liabilities		5	1,845	5	1,845
<b>Total non-current liabilities</b>		<b>11,572,603</b>	<b>7,448,838</b>	<b>11,603,959</b>	<b>7,449,594</b>
<b>Total liabilities</b>		<b>47,018,559</b>	<b>44,124,699</b>	<b>47,075,636</b>	<b>44,135,357</b>

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.

Esso (Thailand) Public Company Limited

**Statement of Financial Position**

As at 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

		Consolidated financial statements		Separate financial statements	
	Notes	2020	2019	2020	2019
Liabilities and equity (continued)					
Equity					
Share capital					
Authorised share capital					
3,467,916,666 ordinary shares with par value of Baht 4.9338 each	24	17,110,007	17,110,007	17,110,007	17,110,007
Issued and paid-up share capital					
3,460,858,000 ordinary shares with paid-up value of Baht 4.9338 each	24	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	24	4,031,711	4,031,711	4,031,711	4,031,711
Retained earnings (deficits)					
Appropriated					
Legal reserve	25	1,000,901	1,000,901	1,000,901	1,000,901
Unappropriated		(8,080,990)	(169,916)	(8,832,838)	(983,542)
Other components of equity	26	325,289	172,619	332,534	179,864
Equity attributable to owners of the parent		14,352,092	22,110,496	13,607,489	21,304,115
Non-controlling interests		7,434	7,434	-	-
Total equity		14,359,526	22,117,930	13,607,489	21,304,115
Total liabilities and equity		61,378,085	66,242,629	60,683,125	65,439,472

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.



Esso (Thailand) Public Company Limited

## Statement of Comprehensive Income

For the year ended 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenue from sales and services	27	123,649,223	168,529,734	123,649,223	168,529,734
Subsidy from Oil Fuel Fund		3,022,499	818,452	3,022,499	818,452
Cost of sales and services		(131,407,566)	(167,343,727)	(131,421,664)	(167,358,959)
<b>Gross (loss) profit</b>		<b>(4,735,844)</b>	<b>2,004,459</b>	<b>(4,749,942)</b>	<b>1,989,227</b>
Selling expenses		(4,948,491)	(5,800,455)	(5,132,340)	(5,995,374)
Administrative expenses		(268,293)	(309,886)	(267,968)	(309,886)
<b>Loss from sales</b>		<b>(9,952,628)</b>	<b>(4,105,882)</b>	<b>(10,150,250)</b>	<b>(4,316,033)</b>
Other income		67,127	81,884	424,443	447,857
Interest income		2,970	8,059	187,763	204,251
Finance costs		(360,485)	(321,533)	(361,369)	(321,592)
Share of profit from an associate	15	285,102	379,986	-	-
<b>Loss before income tax</b>		<b>(9,957,914)</b>	<b>(3,957,486)</b>	<b>(9,899,413)</b>	<b>(3,985,517)</b>
Income tax credit	29	2,047,599	892,545	2,050,117	895,580
<b>Loss for the period</b>		<b>(7,910,315)</b>	<b>(3,064,941)</b>	<b>(7,849,296)</b>	<b>(3,089,937)</b>
<b>Other comprehensive income (loss) for the year, net of tax:</b>					
Item that will not be reclassified to profit or loss:					
Remeasurements of provisions for employee benefits	26	375,870	(198,314)	375,870	(198,314)
Share of other comprehensive expense of an associate accounted for using the equity method	26	-	(5,065)	-	-
Changes in fair value of equity investments at fair value through other comprehensive income	26	(223,200)	-	(223,200)	-
Item that will be reclassified subsequently to profit or loss:					
Changes in fair value of available-for-sale investments	26	-	(99,000)	-	(99,000)
<b>Total comprehensive loss for the year</b>		<b>(7,757,645)</b>	<b>(3,367,320)</b>	<b>(7,696,626)</b>	<b>(3,387,251)</b>
<b>Loss attributable to:</b>					
Owners of the parent		(7,911,074)	(3,065,703)	(7,849,296)	(3,089,937)
Non-controlling interests		759	762	-	-
		<b>(7,910,315)</b>	<b>(3,064,941)</b>	<b>(7,849,296)</b>	<b>(3,089,937)</b>

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.

Esso (Thailand) Public Company Limited

**Statement of Comprehensive Income**

For the year ended 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(7,758,404)	(3,368,082)	(7,696,626)	(3,387,251)
Non-controlling interests		759	762	-	-
		(7,757,645)	(3,367,320)	(7,696,626)	(3,387,251)
<b>Loss per share for loss attributable to the equity holders of the parent</b>					
(expressed in Baht per share)					
Basic loss per share	30	(2.29)	(0.89)	(2.27)	(0.89)

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.

**Statement of Changes in Equity**

For the year ended 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

Consolidated financial statements													
	Attributable to owners of the parent												
	Retained earnings (Deficits)		Other components of equity										
			Other comprehensive income										
			Measurement of equity investments at fair value through other comprehensive income										
Notes	Issued and paid-up share capital	Share premium	Appropriated-legal reserve	Unappropriated - retained earnings (deficits)	Available-for-sale investments	Provisions for employee benefits	Share of other comprehensive income	Share of other comprehensive loss of an associate	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity	
Opening balance at 1 January 2019	17,075,181	4,031,711	1,000,901	3,241,873	1,150,200	(673,022)	-	(2,180)	474,998	25,824,664	7,434	25,832,098	
Changes in equity for the year 2019													
Total comprehensive (loss) income		-	-	-	(3,065,703)	(99,000)	(198,314)	-	(5,065)	(302,379)	(3,368,082)	762	(3,367,320)
Dividend paid	36	-	-	-	(346,086)	-	-	-	-	-	(346,086)	(762)	(346,848)
Closing balance at 31 December 2019		17,075,181	4,031,711	1,000,901	(169,916)	1,051,200	(871,336)	-	(7,245)	172,619	22,110,496	7,434	22,117,930
Opening balance at 1 January 2020													
- as reported		17,075,181	4,031,711	1,000,901	(169,916)	1,051,200	(871,336)	-	(7,245)	172,619	22,110,496	7,434	22,117,930
Retrospective adjustments from changes in accounting policy	4	-	-	-	-	(1,051,200)	-	1,051,200	-	-	-	-	-
Opening balance at 1 January 2020													
- restated		17,075,181	4,031,711	1,000,901	(169,916)	-	(871,336)	1,051,200	(7,245)	172,619	22,110,496	7,434	22,117,930
Changes in equity for the year 2020													
Total comprehensive (loss) income		-	-	-	(7,911,074)	-	375,870	(223,200)	-	152,670	(7,758,404)	759	(7,757,645)
Dividend paid	36	-	-	-	-	-	-	-	-	-	-	(759)	(759)
Closing balance at 31 December 2020		17,075,181	4,031,711	1,000,901	(8,080,990)	-	(495,466)	828,000	(7,245)	325,289	14,352,092	7,434	14,359,526

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.

**Statement of Changes in Equity**

For the year ended 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

		Separate financial statements						
		Retained earnings (Deficits)			Other components of equity			
					Other comprehensive income			
					Measurement of equity investments at fair value			
					through other comprehensive income			
					Total other components of equity			
					Total equity			
Notes	Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated - retained earnings (deficits)	Available-for-sale investments	Provisions for employee benefits	Total other components of equity	Total equity
	17,075,181	4,031,711	1,000,901	2,452,481	1,150,200	(673,022)	-	25,037,452
Opening balance at 1 January 2019								
Changes in equity for the year 2019								
Total comprehensive loss	-	-	-	(3,089,937)	(99,000)	(198,314)	-	(3,387,251)
Dividend paid	-	-	-	(346,086)	-	-	-	(346,086)
36								
Closing balance at 31 December 2019	17,075,181	4,031,711	1,000,901	(983,542)	1,051,200	(871,336)	-	21,304,115
Opening balance at 1 January 2020 - as reported	17,075,181	4,031,711	1,000,901	(983,542)	1,051,200	(871,336)	-	21,304,115
Retrospective adjustments from changes in accounting policy	-	-	-	-	(1,051,200)	-	1,051,200	-
4								
Opening balance at 1 January 2020 - restated	17,075,181	4,031,711	1,000,901	(983,542)	-	(871,336)	1,051,200	21,304,115
Changes in equity for the year 2020								
Total comprehensive (loss) income	-	-	-	(7,849,296)	-	375,870	(223,200)	152,670
(7,696,626)								
Closing balance at 31 December 2020	17,075,181	4,031,711	1,000,901	(8,832,838)	-	(495,466)	828,000	332,534
13,607,489								



Esso (Thailand) Public Company Limited

## Statement of Cash Flows

For the year ended 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

		Consolidated financial statements		Separate financial statements	
	Notes	2020	2019	2020	2019
<b>Cash flows from operating activities</b>					
Cash generated from (used in) operations	31	135,975	(9,947,982)	159,735	(9,930,863)
Interest paid		(220,810)	(237,803)	(220,844)	(237,864)
Income tax received		493,764	18,938	495,079	20,126
Net cash generated from (used in) operating activities		408,929	(10,166,847)	433,970	(10,148,601)
<b>Cash flows from investing activities</b>					
Loan payments received from related parties	35 g	-	-	658	1,003
Loans made to related parties	35 g	-	-	(193,182)	(216,717)
Purchase of property, plant and equipment		(1,468,673)	(1,610,879)	(1,468,673)	(1,610,879)
Purchase of intangible assets	18	(17,923)	(47,838)	(17,923)	(47,838)
Payments for right-of-use assets		(181,872)	-	(181,872)	-
Proceeds from disposal of property, plant and equipment	31	13,292	15,437	13,292	15,437
Interest received		2,970	8,059	192,725	201,528
Dividends received from a subsidiary		-	-	2,500	3,700
Dividends received from an associate		354,815	362,271	354,815	362,271
Dividend received from financial assets measured at fair value through other comprehensive income		45,900	61,650	45,900	61,650
Net cash used in investing activities		(1,251,491)	(1,211,300)	(1,251,760)	(1,229,845)
<b>Cash flows from financing activities</b>					
Net (payments on) proceeds from short-term borrowings		(406,872)	1,192,188	(406,872)	1,192,188
Payments on long-term borrowings		(1,633,333)	(1,616,666)	(1,633,333)	(1,616,666)
Proceeds from long-term borrowings		2,000,000	2,300,000	2,000,000	2,300,000
Net (payments on) proceeds from short-term loans from related parties		(2,641,717)	8,360,175	(2,641,740)	8,360,156
Payments on long-term loans from related parties		(2,133,333)	(2,416,667)	(2,136,991)	(2,421,629)
Proceeds from long-term loans from related parties		6,000,000	3,700,000	6,004,203	3,704,518
Dividends paid to group shareholders		-	(346,086)	-	(346,086)
Dividends paid to non-controlling interests		(759)	(762)	-	-
Payments on lease liabilities		(356,420)	-	(382,473)	-
Net cash generated from financing activities		827,566	11,172,182	802,794	11,172,481
<b>Net decrease in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of the year		276,683	482,648	276,683	482,648
<b>Cash and cash equivalents at the end of the year</b>	8	261,687	276,683	261,687	276,683

The notes on pages 102 to 146 are an integral part of these consolidated financial statements and separate financial statements.

## Esso (Thailand) Public Company Limited

### Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2020

(All amounts in Baht thousand unless otherwise stated)

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#### 1. General information

Esso (Thailand) Public Company Limited ("the Company") is a public limited company incorporated and domiciled in Thailand. The address of its registered office is 3195/17-29 Rama IV Road, Klongton, Klongtoey, Bangkok, 10110.

The Company listed on the Stock Exchange of Thailand ("SET") on 6 May 2008.

The Company and its subsidiaries (together "the Group") are involved in the refining and marketing of petroleum products, which includes a network of retail service stations. The Group operates a refinery and chemical manufacturing plant in Sriracha, Thailand. The Group also operates distribution facilities and oil terminals throughout Thailand. The Group's products are sold through a network of retail service stations, directly to industrial customers, and through export. Additionally, the Group is involved in the sale of chemical products to both domestic and overseas customers.

The Company is a subsidiary of ExxonMobil Group which holds 65.99% of the Company's shares.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 23 February 2021.

#### 2. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy for certain financial assets.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 6.

As at 31 December 2020, the current liabilities of the Group exceeded the current assets by approximately Baht 12,525 million. The Group currently has adequate financing sources to generate operational cash flow and to enable the payment of liabilities when they become due as follows: (1) uncommitted borrowing facilities from related companies and financial institutions in the amount of Baht 76,866 million, and (2) the ability to offer Baht 11,500 million of bills of exchange in a revolving program as approved by the Securities and Exchange Commission. Even though the aforementioned situation exists, the Group continuously operates and considers operational and financial plans in order to ensure an ability to continue its operations as a going concern in accordance with the demand and supply of relevant industries of the Group. In addition, the Group places importance on and closely monitors the situations. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts,

or to amounts or classification of liabilities that may be necessary if the going concern basis of preparing the consolidated and separate financial statements is not appropriate.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 3. New and amended financial reporting standards

#### 3.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Group

##### a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 4.

##### b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 4.

#### 3.2 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2021 and have significant impacts to the Group

Certain new and amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Group.

##### a) Revised Conceptual Framework for Financial Reporting added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income

- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

- b) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also explains more clearly the application of materiality in TAS 1.

#### 4. Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 5.5 and 5.10.

The Group and the Company have adopted those accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

The impact of first-time adoption of new financial reporting standards on the consolidated and separate statements of financial position are as follows:

(Unit: Baht thousand)

		Consolidated financial statements			
	Notes	31 December 2019	TFRS 9 and TAS 32	TFRS 16	1 January 2020
<b>Current assets</b>					
Other current assets	B, C	4,774,725	-	(141,336)	4,633,389
<b>Non-current assets</b>					
Financial assets measured at fair value through other comprehensive income	A	-	1,350,000	-	1,350,000
Available-for-sale investments	A	1,350,000	(1,350,000)	-	-
Right-of-use assets, net	B, C	-	-	3,582,743	3,582,743
Prepaid rental and deferred charges	B, C	1,725,830	-	(1,367,374)	358,456
<b>Total assets affected</b>		<b>7,850,555</b>	<b>-</b>	<b>2,074,033</b>	<b>9,924,588</b>
<b>Current liabilities</b>					
Current portion of lease liabilities	B, C	-	-	207,579	207,579
<b>Non-current liabilities</b>					
Lease liabilities	B, C	-	-	1,866,454	1,866,454
<b>Total liabilities affected</b>		<b>-</b>	<b>-</b>	<b>2,074,033</b>	<b>2,074,033</b>



(Unit: Baht thousand)

		Separate financial statements			
	Notes	31 December 2019	TFRS 9 and TAS 32	TFRS 16	1 January 2020
<b>Current assets</b>					
Other current assets	B, C	4,957,208	-	(141,336)	4,815,872
<b>Non-current assets</b>					
Financial assets measured at fair value through other comprehensive income	A	-	1,350,000	-	1,350,000
Available-for-sale investments	A	1,350,000	(1,350,000)	-	-
Right-of-use assets, net	B, C	-	-	3,663,306	3,663,306
Prepaid rental and deferred charges	B, C	2,118,327	-	(1,367,292)	751,035
<b>Total assets affected</b>		<b>8,425,535</b>	<b>-</b>	<b>2,154,678</b>	<b>10,580,213</b>
<b>Current liabilities</b>					
Current portion of lease liabilities	B, C	-	-	233,632	233,632
<b>Non-current liabilities</b>					
Lease liabilities	B, C	-	-	1,921,046	1,921,046
<b>Total liabilities affected</b>		<b>-</b>	<b>-</b>	<b>2,154,678</b>	<b>2,154,678</b>

Note:

- A) Impacts from changes in classification and measurement of financial assets (Note 4.1)
- B) Recognition of right of use assets and lease liabilities under TFRS 16 (Note 4.2)
- C) Reclassification of leased assets and finance lease liabilities (Note 4.2)

#### 4.1 Financial instruments

On 1 January 2020 (the date of initial application), the management has assessed which business models apply to the financial assets, and has classified its financial instruments into the appropriate TFRS 9 categories as follows.

(Unit: Baht thousand)

Consolidated and Separate financial statements			
	Notes	Available-for-sale investments	FVOCI
<b>Financial assets</b>			
<b>Balance as at 31 December 2019 (Previously reported)</b>		<b>1,350,000</b>	<b>-</b>
Reclassify equity investments from available-for-sale to fair value through other comprehensive income (FVOCI)	a, b	(1,350,000)	1,350,000
<b>Opening balance 1 January 2020 - TFRS 9 adoption</b>		<b>-</b>	<b>1,350,000</b>

##### (a) Available-for-sale equity investments classified as FVOCI

As of 1 January 2020 the Group and the Company elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments. As a result, the Group's and the Company's assets with a fair value of Baht 1,350 million were reclassified from available-for-sale investment to financial assets measured at fair value through other comprehensive income.

**(b) Reclassifications of financial instruments on adoption of TFRS 9**

On 1 January 2020, the date of initial application, the measurement categories and carrying amounts of financial assets and financial liabilities were as follows.

(Unit: Baht thousand)

	Consolidated financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	Previously reported	New	Difference
<b>Current financial assets</b>					
Cash and cash equivalents	Amortised cost	Amortised cost	276,683	276,683	-
Trade receivables	Amortised cost	Amortised cost	6,464,042	6,464,042	-
<b>Non-current financial assets</b>					
Available-for-sale investments	Available for sale	FVOCI	1,350,000	1,350,000	-
<b>Current financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	Amortised cost	Amortised cost	6,488,377	6,488,377	-
Trade and other payables	Amortised cost	Amortised cost	4,150,723	4,150,723	-
Amounts due to related parties	Amortised cost	Amortised cost	8,091,234	8,091,234	-
Current portion of long-term borrowings from financial institutions	Amortised cost	Amortised cost	1,466,667	1,466,667	-
Current portion of long-term borrowings from related parties	Amortised cost	Amortised cost	1,633,333	1,633,333	-
Short-term loans from related parties	Amortised cost	Amortised cost	13,188,379	13,188,379	-
<b>Non-current financial liabilities</b>					
Long-term borrowings from financial institutions	Amortised cost	Amortised cost	1,816,667	1,816,667	-
Long-term loans from related parties	Amortised cost	Amortised cost	2,350,000	2,350,000	-

(Unit: Baht thousand)

	Separate financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	Previously reported	New	Difference
<b>Current financial assets</b>					
Cash and cash equivalents	Amortised cost	Amortised cost	276,683	276,683	-
Trade receivables	Amortised cost	Amortised cost	6,464,042	6,464,042	-
Amounts due from related parties	Amortised cost	Amortised cost	50,526	50,526	-
<b>Non-current financial assets</b>					
Available-for-sale investments	Available for sale	FVOCI	1,350,000	1,350,000	-
Long-term loans to related parties	Amortised cost	Amortised cost	3,251,419	3,251,419	-
<b>Current financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	Amortised cost	Amortised cost	6,488,377	6,488,377	-

(Unit: Baht thousand)

	Separate financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	Previously reported	New	Difference
Trade and other payables	Amortised cost	Amortised cost	4,150,274	4,150,274	-
Amounts due to related parties	Amortised cost	Amortised cost	8,101,318	8,101,318	-
Current portion of long-term borrowings from financial institutions	Amortised cost	Amortised cost	1,466,667	1,466,667	-
Current portion of long-term borrowings from related parties	Amortised cost	Amortised cost	1,633,333	1,633,333	-
Short-term loans from related parties	Amortised cost	Amortised cost	13,189,278	13,189,278	-
<b>Non-current financial liabilities</b>					
Long-term borrowings from financial institutions	Amortised cost	Amortised cost	1,816,667	1,816,667	-
Long-term loans from related parties	Amortised cost	Amortised cost	2,350,756	2,350,756	-

### (c) Impairment of financial assets

From 1 January 2020, the Group assesses expected credit loss on a forward looking basis for its financial assets carried at FVOCI and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk, except trade receivables which the Group applies the simplified approach in determining its expected credit loss.

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade receivables
- amounts due from related parties
- loans to related parties

While the above financial assets are subject to the new impairment requirement, the identified impact was immaterial.

#### Trade receivables

The Group applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has concluded that the expected loss for trade receivables are a reasonable approach, based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

The impairment of trade receivables are disclosed in Note 9.

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of TAS 17 Leases for leases of properties and motor vehicles with lease terms more than 12 months. As at 1 January 2020, these liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The Group's incremental borrowing rates applied to the lease liabilities on 1 January 2020 for 1-5 years lease term and over than 5 years lease term were 1.53% and 1.84%, respectively.

The Group measured right-of-use assets at the amount equal to the lease liability in which the incremental borrowing rate for the remaining lease terms from the initial application date is applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(Unit: Baht thousand)

	Consolidated financial statement	Separate financial statement
Operating lease commitments disclosed as at 31 December 2019	2,497,817	7,400,590
Less: Discounted using the lessee's incremental borrowing rate	(245,801)	(247,848)
Less: Non-qualified leases	(177,983)	(177,983)
Less: Variable lease payments	-	(4,820,081)
<b>Lease liability recognised as at 1 January 2020</b>	<b>2,074,033</b>	<b>2,154,678</b>
Current lease liabilities	207,579	233,632
Non-current lease liabilities	1,866,454	1,921,046
	<b>2,074,033</b>	<b>2,154,678</b>

Variable leases are from the leases of land from the Company's subsidiaries under lease agreements effective in 2018. Rental was a variable lease payments as a cost plus basis over 30 years lease term. Therefore, it will not be included in the measurement of lease liabilities.

Practical expedients applied

In applying TFRS 16 for the first time for the lease contract available before 1 January 2020, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the operating leases with less than 12 months remaining lease term as at 1 January 2020 be defined as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the election not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease.



## 5. Accounting policies

### 5.1 Group Accounting - Investments in subsidiaries and associates

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investments. Details of the subsidiaries are included in Note 15.

#### (b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investments in associates of the Group including identifiable goodwill at the time the investment was acquired.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its shares of post-acquisition movements in reserves are recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount related to share of profit/(loss) of associates in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, the investment in an associate is accounted for at cost less impairment. Cost also includes direct attributable costs of investments. Details of the associate are included in Note 15.

## 5.2 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## 5.3 Trade receivables

Trade receivables are carried at original invoice amount and subsequently measured at the invoice amount less allowance for impairment. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the carrying amount and the amount expected to be collected. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'selling expenses'. The receivables are written-off against the allowance account when it is uncollectible. Subsequent recoveries of accounts previously written-off are credited against 'selling expenses' in the statement of comprehensive income.

The impairment of trade receivables are disclosed in Note 5.5 (e).

## 5.4 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined under the following methods:

Crude oil and petroleum products	First-in, first-out method
Petrochemical products	First-in, first-out method
Materials and supplies	Average unit cost method
Other merchandise	Average unit cost method

Purchase cost includes the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods is primarily comprised of raw materials, transportation costs, direct labour, and direct manufacturing expenditures. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving, and defective inventories.

## 5.5 Financial asset

For the year ended 31 December 2020

### a) Classification

From 1 January 2020, the Group classifies its financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI).

### b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

### d) Equity instruments

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments are reported together with changes in fair value.

### e) Impairment

From 1 January 2020, the Group assesses on a forward looking basis the expected credit loss associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment (and reversal of impairment) losses are recognised in profit or loss.

For the year ended 31 December 2019

#### Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Investments are initially recognised at fair value of consideration paid plus transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale investments are subsequently carried at fair value based on the quoted bid price on the Stock Exchange of Thailand at the statement of financial position date.

Unrealised gains or losses arising from changes in the fair value of investments classified as available-for-sale are recognised, net of tax, in the consolidated and separate statement of comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated and separate statement of comprehensive income as part of other income or costs. Dividends on available-for-sale investments are recognised in the consolidated and separate statement of comprehensive income as part of other income when the Group's and Company's right to receive payment is established.

### 5.6 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.



## 5.7 Intangible assets

### (a) Royalties and licenses

Acquired royalties and licenses are shown at historical cost. Royalties and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of royalties and licenses over their estimated useful lives (5 to 20 years).

### (b) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overhead.

Computer software development costs recognised as assets are amortised over their estimated useful lives (5 to 20 years).

## 5.8 Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated and separate statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over its estimated useful life, as follows:

Buildings, plant and equipment	3 to 25 years
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An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 5.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'selling expenses', 'administrative expenses' and 'other income' in the statement of comprehensive income.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted-average interest rate applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the construction of property, plant and equipment, the amount of borrowing costs for capitalisation is determined from the actual borrowing costs during the period less any income on the temporary investment of those borrowings.

## 5.9 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 5.10 Leases

For the year ended 31 December 2020

### Leases - where the Group is the lessee

The Group leases office building, equipment, motor vehicle and various plots of land on which retail service stations are operated under lease agreement. The lease terms generally range between 3 to 30 years, and may have the renewal option at the end of the lease period.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

For the year ended 31 December 2019

### Leases - where the Group is the lessee

The Group leases certain property, plant or equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

## 5.11 Financial liabilities

For the year ended 31 December 2020

### a) Classification

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### b) Measurement

Financial liabilities are initially recognised at contractual amounts, net of transaction costs incurred and are subsequently measured at amortised cost.

For the year ended 31 December 2019

### Borrowings

Borrowings are recognised initially at contractual amounts, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds, net of transaction costs, and the redemption value being recognised in the consolidated and separate statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

## 5.12 Employee benefits

### (a) Provident Fund Plan

The Group operates a Provident Fund that is a defined contribution plan, the assets of which are held in a separate trust fund, in accordance with the Provident Fund Act B.E. 2530. The Provident Fund is funded by payments from employees and the Group. Contributions to the Provident Fund are charged to the statement of comprehensive income in the year to which they relate. All employees hired on or after 1 September 1997 are required to be members of the Provident Fund.

The Group provides for post-employment benefits, payable to Provident Fund members reaching normal retirement age, in accordance with Thai Labour Law. The benefit liability is recorded as the present value of estimated future cash outflows using interest rates which have terms to maturity approximating the terms of the related liabilities.

### (b) Employee Separation Benefit and Long Service Allowance Plan

The Group maintains a defined benefit plan for employees hired prior to 1 September 1997 and who do not elect to participate in the Provident Fund, with this plan being unfunded. The plan contains Employee Separation Benefit and Long Service Allowance Plans, which is in accordance with the retirement laws and regulations of Thailand. Entitlement to these benefits is based on a minimum service period, final month's salary, and the plan provisions.

Actuarial valuations of the benefit plan requirements are performed every 3 years using the projected unit credit method. Based on the valuation, appropriate provisions are accrued and all payments are

made against the accumulated provisions. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of Investment grade corporate bonds that are mainly denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

### (c) Employee Savings Plan

Beginning 2009, the Group operates an Employee Savings Plan for all regular Thai employees. The entitlement to this plan is based on a minimum service period of three years and the plan's provisions on withdrawal rights after vesting. This plan will vest 50 percent after three years and 100 percent after six years.

## 5.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events such that it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset at the time when reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 5.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## 5.15 Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.



### 5.16 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the sales of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

#### (a) Sales of goods

Sales are recognised when control of the products has transferred, being when the risks and rewards of ownership have passed to the buyer, which is generally at the point of delivery, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Contract assets are mainly from marketing assistance programs. Contract liabilities are mainly customer prepayments and accruals of expected volume discounts.

#### (b) Sales of services and other operating revenues

The Group receives rental income and franchise fees from dealers who operate branded retail stations. Rental income and franchise fees are recognised over the contract's term. Service revenues are recognised in the period in which the services are provided.

#### (c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

#### (d) Dividend income

Dividend income is recognised when the right to receive payment is established.

When inventories are exchanged or swapped for inventories which are of a similar nature and value, the exchange is not considered a transaction which generates revenue.

### 5.17 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the compensation of costs are recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grant, which is subsidy from oil fuel fund, is separately presented from revenue from sales.

### 5.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Board of Directors (as the case maybe).

### 5.19 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, trade receivables, amounts due from related parties, loans to related parties, and other assets. Financial liabilities carried on the statement of financial position include borrowings from financial institutions, trade and other payables, amounts due to related parties, loans from related parties, and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item where applicable.

## 5.20 Segment reporting

Segment results that are reported to the Group's Management Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 6. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognised to the extent it is probable that the tax losses carried forward will be utilised. Such an assessment is based upon management's review of the forecasted financial income.

### Asset retirement obligations

It is recognised that the Group may incur asset retirement obligations for the dismantling and site restoration costs of its manufacturing facilities. The timing and amount of cash flows is difficult to estimate as the Group has no intention to decommission the sites in the near future. Accordingly and consistent with industry practice, no provision is recorded for asset retirement obligations as the amount cannot be measured with sufficient reliability due to the significant uncertainties involved.

## 7. Segment information

As at 31 December 2020, the Group is organised into two main business segments, namely:

- Downstream, which includes the refining and marketing of petroleum products; and
- Petrochemicals, which includes the manufacturing and marketing of chemical products.

Inter-segment transactions are priced under normal commercial terms and conditions that would also be available to unrelated third parties.

The segment information for the year ended 31 December 2020 are as follows:

(Unit: Baht thousand)

	Downstream	Petrochemicals	Group
Total segment revenue	131,006,743	13,801,037	144,807,780
Inter-segment revenue	(11,246,963)	(6,889,095)	(18,136,058)
Revenue	119,759,780	6,911,942	126,671,722
Segment loss from sales	(8,326,795)	(1,625,833)	(9,952,628)
Segment fixed assets	23,798,891	951,508	24,750,399
Revenue from contracts with customers			
Timing of revenue recognition			
- At a point in time	116,559,511	6,911,886	123,471,397
- Over time	54,633	56	54,689
Total	116,614,144	6,911,942	123,526,086
Other revenue not from contracts with customers	3,145,636	-	3,145,636
Total revenue	119,759,780	6,911,942	126,671,722

The segment information for the year ended 31 December 2019 are as follows:

(Unit: Baht thousand)

	Downstream	Petrochemicals	Group
Total segment revenue	173,301,257	23,873,657	197,174,914
Inter-segment revenue	(17,153,402)	(10,673,326)	(27,826,728)
Revenue	156,147,855	13,200,331	169,348,186
Segment loss from sales	(2,593,424)	(1,512,458)	(4,105,882)
Segment fixed assets	24,190,455	1,409,345	25,599,800
Revenue from contracts with customers			
Timing of revenue recognition			
- At a point in time	155,149,479	13,183,309	168,332,788
- Over time	45,064	17,022	62,086
Total	155,194,543	13,200,331	168,394,874
Other revenue not from contracts with customers	953,312	-	953,312
Total revenue	156,147,855	13,200,331	169,348,186

## 8. Cash and cash equivalents

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Cash on hand	16,659	113,354
Cash at bank	245,028	163,329
Cash and cash equivalents	261,687	276,683

## 9. Trade receivables, net

### 9.1 Trade receivables

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Trade receivables, gross	5,103,506	6,496,747
Less: Loss allowance (2019: Allowance for doubtful accounts under TAS 101) (Note 31)	(20,353)	(32,705)
Trade receivables, net	5,083,153	6,464,042

Outstanding trade receivables, as at 31 December 2020 and 2019, are analysed as follows:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Current	5,055,300	6,354,026
Overdue:		
- Less than 3 months	27,130	103,953
- 3 to 6 months	112	3,835
- 6 to 12 months	86	1,928
- Over 12 months	20,878	33,005
	5,103,506	6,496,747
Less: Loss allowance		
2019: Allowance for doubtful accounts under TAS 101 (Note 31)	(20,353)	(32,705)
	5,083,153	6,464,042

## 9.2 Impairments of trade receivables

The reconciliations of loss allowance for trade receivables for the year ended 31 December 2020 and 2019 are as follow:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
<b>31 December - calculated under TAS 101</b>	<b>32,705</b>	<b>14,353</b>
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January 2020		
- calculated under TFRS 9 (2019: TAS 101)	32,705	14,353
Increase in loss allowance recognised in profit or loss during the year	2,781	18,352
Receivable written off during the year as uncollectible	(915)	-
Unused amount reversed	(14,218)	-
<b>As of 31 December - calculated under TFRS 9 (2019: TAS 101)</b>	<b>20,353</b>	<b>32,705</b>

## 10. Inventories, net

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Crude oil	7,193,780	10,023,865
Petroleum products	4,701,248	7,210,993
Petrochemical products	375,852	862,020
Materials and supplies	872,192	986,817
Other merchandise	1,165	1,475
Inventories, net	13,144,237	19,085,170



As at 31 December 2020, part of petroleum and petrochemical products in the consolidated and separate financial statements of Baht 212 million (2019: Baht 1,346 million) was carried at net realisable value with this being lower than cost.

The provisions of the Oil Trading Act B.E. 2543 require the Group to maintain certain minimum levels of inventory at all times. As at 31 December 2020, the value of this inventory amounted to Baht 2,823 million (2019: Baht 6,762 million).

### 11. Other receivables, net

Other receivables primarily relate to value-added tax and subsidy claims which are expected to be refunded within 12 months.

### 12. Other current assets

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Prepaid excise tax	1,061,081	3,530,592	1,061,081	3,530,592
Prepaid expenses and deferred charges	191,056	384,429	323,649	566,963
Contract assets	216,975	257,335	216,975	257,335
Income tax receivable	22,209	517,912	22,209	517,912
Other	15,834	84,457	15,784	84,406
	1,507,155	4,774,725	1,639,698	4,957,208

### 13. Financial assets and financial liabilities

As at 31 December 2020, classification of the Group's financial assets and financial liabilities is as follows:

(Unit: Baht thousand)

	Consolidated financial statements		
	FVOCI	Amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	-	261,687	261,687
Trade receivables, net	-	5,083,153	5,083,153
Amounts due from related parties	-	36,486	36,486
Financial assets measured at fair value through other comprehensive income	1,071,000	-	1,071,000

(Unit: Baht thousand)

Consolidated financial statements		
	Amortised cost	Total
<b>Financial liabilities</b>		
Bank overdrafts and short-term borrowings from financial institutions	6,081,506	6,081,506
Trade and other payables	3,492,914	3,492,914
Amounts due to related parties	7,894,058	7,894,058
Current portion of long-term borrowings from financial institutions	1,933,333	1,933,333
Current portion of long-term borrowings from related parties	3,233,333	3,233,333
Short-term loans from related parties	10,621,104	10,621,104
Current portion of lease liabilities	357,665	357,665
Long-term borrowings from financial institutions	1,716,667	1,716,667
Long-term loans from related parties	4,616,667	4,616,667
Lease liabilities	2,439,856	2,439,856

(Unit: Baht thousand)

Separate financial statements			
	FVOCI	Amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	-	261,687	261,687
Trade receivables, net	-	5,083,153	5,083,153
Amounts due from related parties	-	99,982	99,982
Financial assets measured at fair value through other comprehensive income	1,071,000	-	1,071,000
Long-term loans to related parties	-	3,443,943	3,443,943

(Unit: Baht thousand)

Separate financial statements		
	Amortised cost	Total
<b>Financial liabilities</b>		
Bank overdrafts and short-term borrowings from financial institutions	6,081,506	6,081,506
Trade and other payables	3,492,498	3,492,498
Amounts due to related parties	7,893,884	7,893,884
Current portion of long-term borrowings from financial institutions	1,933,333	1,933,333
Current portion of long-term borrowings from related parties	3,233,333	3,233,333
Short-term loans from related parties	10,621,980	10,621,980
Current portion of lease liabilities	383,717	383,717
Long-term borrowings from financial institutions	1,716,667	1,716,667
Long-term loans from related parties	4,617,968	4,617,968
Lease liabilities	2,469,911	2,469,911

### 13.1 Other financial assets at amortised cost

#### a) Classification of financial assets at amortised cost (2019: amortised cost TAS105)

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Financial assets at amortised cost other than trade receivables:

(Unit: Baht thousand)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Amounts due from related parties	36,486	-	36,486	-	-	-
Total	36,486	-	36,486	-	-	-

(Unit: Baht thousand)

	Separate financial statements					
	31 December 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Amounts due from related parties	99,982	-	99,982	50,526	-	50,526
Loans to related parties	-	3,443,943	3,443,943	-	3,251,419	3,251,419
Total	99,982	3,443,943	3,543,925	50,526	3,251,419	3,301,945

#### b) Fair values of other financial assets at amortised cost

The fair values of loans to related parties carried at amortised cost approximate at their carrying amounts as the interest rates according to loan agreements are floating rates, reflective of market rates.

### 13.2 Financial assets at fair value through other comprehensive income

#### i) Classification of financial assets at fair value through other comprehensive income (2019: fair value under TAS 105)

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category.

Financial assets at FVOCI comprise the following investments:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020 Fair value	2019
<b>Non-current assets</b>		
Investments in equity investments		
- Listed securities (2019: fair value)	1,071,000	1,350,000
<b>Total</b>	<b>1,071,000</b>	<b>1,350,000</b>

The investments consist of an investment in equity securities of Bangkok Aviation Fuel Services Public Company Limited (BAFS) which is listed on the Stock Exchange of Thailand.

**ii) Amounts recognised in profit or loss and other comprehensive income**

The following gains/(losses) were recognised in profit or loss and other comprehensive income during the year as follows:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Losses recognised in other comprehensive income (2019: relating to available-for-sale financial assets) (Note 26)	(279,000)	(123,750)
Dividends from equity investments at FVOCI recognised in profit or loss in other income	45,900	61,650

## 14. Fair value

### Fair value estimation

The table below demonstrates financial instruments carried at fair values, by the valuation methods (excluding where the fair values are approximately the carrying amount). The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets that are measured and recognised at fair value Level 1 at 31 December 2020 and 2019.

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
<b>Financial assets measured at fair value through other comprehensive income</b>		
Equity securities	1,071,000	-
<b>Available-for-sale investments</b>		
Equity securities	-	1,350,000
<b>Total</b>	<b>1,071,000</b>	<b>1,350,000</b>



The Group and the Company have financial assets that are measured at fair value level 2 (Note 13.1 (b)) but no financial assets are measured at fair value level 3. There are also no changes in valuation techniques during the year.

## 15. Investments in subsidiaries and an associate

### 15.1 Subsidiaries

The principal subsidiaries, all of which are incorporated and domiciled in Thailand, are:

(Unit: Baht thousand)

		Investment value per cost method		% Ordinary share ownership	
	Business	2020	2019	2020	2019
Mobil Enterprises (Thailand) Limited	Lubes and Specialties	833	833	100.00	100.00
Industry Promotion Enterprises Limited	Real Estate Leasing	51,484	51,484	100.00	100.00
United Industry Development Company Limited and its subsidiaries	Real Estate Leasing	58,939	58,939	100.00	100.00
Pacesetter Enterprises Limited	Real Estate Leasing	3,333	3,333	99.99	99.99

The ownership percentages detailed above include the effects of both direct and indirect ordinary shareholdings, but exclude preferred shares. The Company does not own any of the preferred shares issued by these subsidiaries, but has the ability to govern the financial and operating policies of each subsidiary.

### 15.2 Associate

The Company holds a 20.78% interest in an associate, Thai Petroleum Pipeline Company Limited ("Thapline"), which is incorporated and domiciled in Thailand with its primary business activity being the operation of a petroleum pipeline business.

The movements in investments in an associate are as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	2,206,905	2,194,255	1,729,360	1,729,360
Share of profit from an associate (Note 31)	285,102	379,986	-	-
Dividend received	(354,815)	(362,271)	-	-
Share of other comprehensive expense (Note 26)	-	(5,065)	-	-
At 31 December	2,137,192	2,206,905	1,729,360	1,729,360

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

(Unit: Baht thousand)

	Consolidated financial statements	
	2020	2019
Assets	2,540,060	2,393,469
Liabilities	(402,868)	(186,564)
Net assets	2,137,192	2,206,905
Revenues	616,146	755,342
Net profit	285,102	379,986

## 16. Property, plant and equipment, net

(Unit: Baht thousand)

	Consolidated financial statements			
	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2019</b>				
Cost	4,966,090	61,714,388	919,268	67,599,746
Less: Accumulated depreciation	-	(41,600,024)	-	(41,600,024)
<b>Net book amount</b>	4,966,090	20,114,364	919,268	25,999,722
<b>Year ended 31 December 2019</b>				
Opening net book amount	4,966,090	20,114,364	919,268	25,999,722
Additions	-	9,703	1,648,454	1,658,157
Disposals	-	(38,370)	(870)	(39,240)
Transfers	-	1,715,233	(1,715,233)	-
Depreciation charge (Note 31)	-	(2,018,839)	-	(2,018,839)
<b>Closing net book amount</b>	4,966,090	19,782,091	851,619	25,599,800
<b>At 31 December 2019</b>				
Cost	4,966,090	63,081,062	851,619	68,898,771
Less: Accumulated depreciation	-	(43,298,971)	-	(43,298,971)
<b>Net book amount</b>	4,966,090	19,782,091	851,619	25,599,800
<b>Year ended 31 December 2020</b>				
Opening net book amount	4,966,090	19,782,091	851,619	25,599,800
Additions	-	-	1,378,228	1,378,228
Disposals	-	(45,653)	(1,395)	(47,048)
Transfers	-	1,167,129	(1,167,129)	-
Depreciation charge (Note 31)	-	(2,058,703)	-	(2,058,703)
Impairment (Note 31)	-	(121,879)	-	(121,879)
<b>Closing net book amount</b>	4,966,090	18,722,985	1,061,323	24,750,398
<b>At 31 December 2020</b>				
Cost	4,966,090	63,966,523	1,061,323	69,993,936
Less: Accumulated depreciation	-	(45,243,538)	-	(45,243,538)
<b>Net book amount</b>	4,966,090	18,722,985	1,061,323	24,750,398

(Unit: Baht thousand)

Separate financial statements				
	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2019</b>				
Cost	675,420	61,358,017	919,268	62,952,705
Less: Accumulated depreciation	-	(41,157,873)	-	(41,157,873)
<b>Net book amount</b>	675,420	20,200,144	919,268	21,794,832
<b>Year ended 31 December 2019</b>				
Opening net book amount	675,420	20,200,144	919,268	21,794,832
Additions	-	9,703	1,648,454	1,658,157
Disposals	-	(38,370)	(870)	(39,240)
Transfers	-	1,715,233	(1,715,233)	-
Depreciation charge (Note 31)	-	(2,018,839)	-	(2,018,839)
<b>Closing net book amount</b>	675,420	19,867,871	851,619	21,394,910
<b>At 31 December 2019</b>				
Cost	675,420	62,724,691	851,619	64,251,730
Less: Accumulated depreciation	-	(42,856,820)	-	(42,856,820)
<b>Net book amount</b>	675,420	19,867,871	851,619	21,394,910
<b>Year ended 31 December 2020</b>				
Opening net book amount	675,420	19,867,871	851,619	21,394,910
Additions	-	-	1,378,228	1,378,228
Disposals	-	(45,653)	(1,395)	(47,048)
Transfers	-	1,167,129	(1,167,129)	-
Depreciation charge (Note 31)	-	(2,058,703)	-	(2,058,703)
Impairment (Note 31)	-	(121,879)	-	(121,879)
<b>Closing net book amount</b>	675,420	18,808,765	1,061,323	20,545,508
<b>At 31 December 2020</b>				
Cost	675,420	63,610,152	1,061,323	65,346,895
Less: Accumulated depreciation	-	(44,801,387)	-	(44,801,387)
<b>Net book amount</b>	675,420	18,808,765	1,061,323	20,545,508

As at 31 December 2020, the cost of fully-depreciated property, plant and equipment of the Group and the Company that were still in use amounted to Baht 14,793 million and Baht 14,466 million, respectively (2019: Baht 12,169 million and Baht 11,842 million).

## 17. Right-of-use assets, net

As at 31 December, right-of-use asset balance are as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Properties	3,812,185	-	3,867,771	-
Motor vehicles	475,151	-	475,151	-
Total	4,287,336	-	4,342,922	-

For the year ended 31 December, amounts charged to profit or loss and cash flows relating to leases are as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Depreciation charge of right-of-use assets:				
Properties	(401,517)	-	(427,157)	-
Motor Vehicles	(107,440)	-	(107,440)	-
Total	(508,957)	-	(534,597)	-
Addition to the right-of-use assets during the year	1,213,550	-	1,214,213	-
Total cash outflow for leases	(538,292)	-	(564,345)	-
Expense relating to short-term leases	15,413	-	15,413	-
Expense relating to variable lease payments	34,560	-	209,188	-

## 18. Intangible assets, net

(Unit: Baht thousand)

	Consolidated and Separate financial statements		
	Computer software	Royalties and licences	Total
<b>At 1 January 2019</b>			
Cost	706,609	802,047	1,508,656
Less: Accumulated amortisation	(587,753)	(759,945)	(1,347,698)
<b>Net book amount</b>	118,856	42,102	160,958
<b>Year ended 31 December 2019</b>			
Opening net book amount	118,856	42,102	160,958
Addition	47,838	-	47,838
Amortisation charge (Note 31)	(11,502)	(16,120)	(27,622)
<b>Closing net book amount</b>	155,192	25,982	181,174
<b>At 31 December 2019</b>			
Cost	754,447	802,047	1,556,494
Less: Accumulated amortisation	(599,255)	(776,065)	(1,375,320)
<b>Net book amount</b>	155,192	25,982	181,174



(Unit: Baht thousand)

	Consolidated and Separate financial statements		
	Computer software	Royalties and licences	Total
<b>Year ended 31 December 2020</b>			
Opening net book amount	155,192	25,982	181,174
Addition	17,923	-	17,923
Amortisation charge (Note 31)	(14,435)	(3,467)	(17,902)
<b>Closing net book amount</b>	<b>158,680</b>	<b>22,515</b>	<b>181,195</b>
<b>At 31 December 2020</b>			
Cost	772,371	802,047	1,574,418
Less: Accumulated amortisation	(613,691)	(779,532)	(1,393,223)
<b>Net book amount</b>	<b>158,680</b>	<b>22,515</b>	<b>181,195</b>

All amortisation charges are recorded in cost of sales, selling expenses and administrative expenses in the statement of comprehensive income based on the nature of the asset.

## 19. Deferred income tax, net

The analysis of deferred tax assets and deferred tax liabilities is as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets:</b>				
- To be recovered within 12 months	917,615	1,081,619	917,615	1,081,619
- To be recovered after more than 12 months	2,881,560	768,338	2,770,541	656,102
	<b>3,799,175</b>	<b>1,849,957</b>	<b>3,688,156</b>	<b>1,737,721</b>
<b>Deferred tax liabilities:</b>				
- To be settled after more than 12 months	(287,444)	(348,958)	(287,444)	(348,958)
<b>Deferred tax assets, net</b>	<b>3,511,731</b>	<b>1,500,999</b>	<b>3,400,712</b>	<b>1,388,763</b>

Deferred income taxes are calculated on all temporary differences, under the liability method, using the statutory tax rates expected to apply in periods when the related deferred tax asset is realised or the deferred tax liability is settled.

The gross movement of the deferred income tax account is as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	1,500,999	537,283	1,388,763	423,700
Charged to profit or loss (Note 29)	2,048,900	889,387	2,050,117	890,734
Charged to other comprehensive income (Note 26)	(38,168)	74,329	(38,168)	74,329
At 31 December	<b>3,511,731</b>	<b>1,500,999</b>	<b>3,400,712</b>	<b>1,388,763</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(Unit: Baht thousand)

Consolidated financial statements				
	At 1 January 2019	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2019
<b>Deferred tax assets</b>				
Depreciation	(18,542)	18,542	-	-
Provisions for employee benefits	715,377	38,179	49,579	803,135
Tax losses carried forward	-	929,291	-	929,291
Others	127,998	(10,467)	-	117,531
Deferred tax assets	824,833	975,545	49,579	1,849,957
<b>Deferred tax liabilities</b>				
Changes in fair value of available-for-sale investments	(287,550)	-	24,750	(262,800)
Depreciation	-	(86,158)	-	(86,158)
Deferred tax liabilities	(287,550)	(86,158)	24,750	(348,958)

(Unit: Baht thousand)

Consolidated financial statements				
	At 1 January 2020	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2020
<b>Deferred tax assets</b>				
Provisions for employee benefits	803,135	14,731	(93,968)	723,898
Tax losses carried forward	929,291	2,014,684	-	2,943,975
Others	117,531	13,771	-	131,302
Deferred tax assets	1,849,957	2,043,186	(93,968)	3,799,175
<b>Deferred tax liabilities</b>				
Changes in fair value of financial assets measured at fair value through other comprehensive income	(262,800)	-	55,800	(207,000)
Depreciation	(86,158)	5,714	-	(80,444)
Deferred tax liabilities	(348,958)	5,714	55,800	(287,444)

(Unit: Baht thousand)

Separate financial statements				
	At 1 January 2019	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2019
<b>Deferred tax assets</b>				
Depreciation	(18,542)	18,542	-	-
Provisions for employee benefits	715,377	38,179	49,579	803,135
Tax losses carried forward	-	923,988	-	923,988
Others	14,415	(3,817)	-	10,598
Deferred tax assets	711,250	976,892	49,579	1,737,721
<b>Deferred tax liabilities</b>				
Changes in fair value of available-for-sale investments	(287,550)	-	24,750	(262,800)
Depreciation	-	(86,158)	-	(86,158)
Deferred tax liabilities	(287,550)	(86,158)	24,750	(348,958)

(Unit: Baht thousand)

Separate financial statements				
	At 1 January 2020	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2020
<b>Deferred tax assets</b>				
Provisions for employee benefits	803,135	14,731	(93,968)	723,898
Tax losses carried forward	923,988	2,015,902	-	2,939,890
Others	10,598	13,770	-	24,368
Deferred tax assets	1,737,721	2,044,403	(93,968)	3,688,156
<b>Deferred tax liabilities</b>				
Changes in fair value of financial assets measured at fair value through other comprehensive income	(262,800)	-	55,800	(207,000)
Depreciation	(86,158)	5,714	-	(80,444)
Deferred tax liabilities	(348,958)	5,714	55,800	(287,444)

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable.

## 20. Other non-current assets

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Contract assets	2,204,392	1,650,308	2,204,392	1,650,308
Income tax receivables	25,859	25,512	25,859	25,512
Other	22,571	23,903	22,571	23,903
	2,252,822	1,699,723	2,252,822	1,699,723

## 21. Borrowings from financial institutions

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
<b>Current</b>		
Bank overdrafts	11,705	33,560
Short-term borrowings	5,570,000	5,955,000
Bills of exchange	499,801	499,817
Current portion of long-term loan	1,933,333	1,466,667
	8,014,839	7,955,044
<b>Non-current</b>		
Bank borrowings	1,716,667	1,816,667
	9,731,506	9,771,711

Bank borrowings and other facilities detailed above are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2020 ranged between 1% and 2% per annum (2019: 1% to 2% per annum).

### Short-term borrowings

Short-term borrowings comprised bank revolving facilities (overnight loans and promissory notes due within 3 months).

### Long-term borrowings

The long-term bank loans consisted of the following:

- A 5-year loan of Baht 1,000 million which was obtained in September 2015 and is repayable in 20 quarterly installments commencing from January 2016 to October 2020. The loan bears interest at 1-month Bangkok Interbank Offered Rate (BIBOR) plus a margin. As at 31 December 2020, there is no outstanding loan balance.
- A 3-year loan of Baht 1,500 million which was obtained in December 2018 and is repayable in 12 quarterly installments commencing from March 2019 to December 2021. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 500 million, which is payable in 2021.



- A 3-year loan of Baht 1,300 million which was obtained in June 2019 and is repayable in 12 quarterly installments commencing from September 2019 to June 2022. The loan bears interest at 3-month (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 650 million, of which Baht 433 million is payable in 2021.
- A 3-year loan of Baht 1,000 million which was obtained in November 2019 and is repayable in 12 quarterly installments commencing from February 2020 to November 2022. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 667 million, of which Baht 333 million is payable in 2021.
- A 3-year loan of Baht 2,000 million which was obtained in June 2020 and is repayable in 12 quarterly installments commencing from October 2020 to June 2023. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 1,833 million, of which Baht 667 million is payable in 2021.

The carrying amounts at each year end of short-term borrowings and long-term borrowings approximate to their fair values. All borrowings are denominated in Baht.

### Maturity of long-term bank borrowings

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
No later than 1 year	1,933,333	1,466,667
Later than 1 year and no later than 5 years	1,716,667	1,816,667
	3,650,000	3,283,334

## 22. Trade and other payables

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payable	2,540,173	3,249,372	2,539,612	3,248,810
Other tax payables	959,037	869,446	959,037	869,446
Contract liabilities	235,273	224,706	235,273	224,706
Other payables and accruals	717,468	676,645	717,613	676,758
	4,451,951	5,020,169	4,451,535	5,019,720

Other tax payable primarily represents excise tax payable generated as a result of normal operations.

## 23. Provisions for employee benefits

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Statement of financial position:		
Liability in the statement of financial position	3,671,797	4,067,396
Loss charge included in operating profit	286,139	326,550
Remeasurements	(469,838)	247,893

The movement in the defined benefit obligation over the year is as follows:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
At 1 January	4,067,396	3,579,580
Service cost	182,538	199,019
Interest cost	103,601	127,531
	4,353,535	3,906,130
Remeasurements recognised in other comprehensive income (Note 26)		
(Gain) loss from change in financial assumptions	(573,418)	288,188
Experience loss (gain)	117,666	(36,259)
Transfer out	(14,086)	(4,036)
	(469,838)	247,893
Payment from plans:		
Benefits paid	(167,082)	(133,270)
Transfer (out)/in	(44,818)	46,643
At 31 December	3,671,797	4,067,396

Analysis of total provisions for employee benefits:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
- Current	872,389	787,070
- Non-current	2,799,408	3,280,326
At 31 December	3,671,797	4,067,396

The principal actuarial assumptions used were as follows:

	Impact on defined benefit obligation					
	Assumption		0.25 % Increase in assumption		0.25 % Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	3.00%	2.75%	Decrease by 1.63 %	Decrease by 1.85 %	Increase by 1.68 %	Increase by 1.90 %
Salary growth rate	6.00%	7.00%	Increase by 1.68 %	Increase by 1.82 %	Decrease by 1.62 %	Decrease by 1.78 %

The discount rate used is based on investment grade corporate bonds with tenure approximating the tenure of the employee benefit liability. The salary growth rate takes into account market factors such as projected market salary growth and incorporates assumptions relating to inflation rates.

The Group does not anticipate a change in expected rate of salary increase based on historical data.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit, the Group is exposed to a number of risks, the most significant of which are changes in bond yields. A decrease in Investment grade corporate bond yields will increase plan liabilities.

Expected maturity analysis of undiscounted employee benefits:

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
- Less than a year	129,653	96,158
- Between 1-2 years	147,690	125,367
- Between 2-5 years	640,384	803,793
- Over 5 years	4,980,634	6,055,307
	5,898,361	7,080,625

## 24. Share capital and premium

	Issued and paid-up share capital			
	Number of shares	Ordinary shares	Share premium	Total
	(million)	(Baht thousand)	(Baht thousand)	(Baht thousand)
At 1 January and 31 December 2020 and 2019	3,461	17,075,181	4,031,711	21,106,892

As at 31 December 2020 and 2019, the total authorised number of ordinary shares is 3,468 million shares with a par value of Baht 4.9338 per share. All issued shares are fully paid.

## 25. Legal reserve

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
At 1 January	1,000,901	1,000,901
Appropriation during the year	-	-
At 31 December	1,000,901	1,000,901

Under the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after taking into account any accumulated deficit brought forward until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

## 26. Other component of equity

The movement of other component of equity are as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	172,619	474,998	179,864	477,178
Remeasurement of provisions for employee benefits (Note 23)	469,838	(247,893)	469,838	(247,893)
Share of other comprehensive expense of associate, net of tax (Note 15)	-	(5,065)	-	-
Changes in fair value of financial assets measured at fair value through other comprehensive income (Note 13)	(279,000)	-	(279,000)	-
Changes in fair value of available-for-sale investments (Note 13)	-	(123,750)	-	(123,750)
Income tax relating to components of other comprehensive income (Note 19)	(38,168)	74,329	(38,168)	74,329
At 31 December	325,289	172,619	332,534	179,864



## 27. Revenue from sales and services

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Revenue from sales of goods	123,219,705	167,799,824
Revenue from sales of services	429,518	729,910
	123,649,223	168,529,734

## 28. Expenses by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit.

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net changes in inventories of finished goods	2,996,223	(587,551)	2,996,223	(587,551)
Raw materials and consumables used	122,373,790	160,586,640	122,373,790	160,586,640
Depreciation and amortisation (Notes 16, 17, 18)	2,585,562	2,046,461	2,611,202	2,046,461
Employee expenses	1,717,368	1,864,270	1,717,368	1,864,270

## 29. Income tax expense

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Current tax:</b>				
Current tax on profits for the year	4,527	1,265	3,277	-
Adjustments in respect to prior year	(3,226)	(4,423)	(3,277)	(4,846)
<b>Total current tax</b>	1,301	(3,158)	-	(4,846)
<b>Deferred tax:</b>				
Deferred tax for the year (Note 19)	(2,048,900)	(889,387)	(2,050,117)	(890,734)
<b>Total deferred tax</b>	(2,048,900)	(889,387)	(2,050,117)	(890,734)
<b>Income tax credit</b>	(2,047,599)	(892,545)	(2,050,117)	(895,580)

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group and the Company as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss before tax	(9,957,914)	(3,957,486)	(9,899,413)	(3,985,517)
Tax calculated at domestic tax rates	(1,991,583)	(791,497)	(1,979,883)	(797,103)
Tax effect of:				
Income not subject to tax	(69,702)	(92,942)	(83,920)	(90,371)
Expenses not deductible for tax purposes	27,416	3,818	27,416	3,818
Expenses more deductible for tax purposes	(13,730)	(11,924)	(13,730)	(11,924)
Income tax credit	(2,047,599)	(892,545)	(2,050,117)	(895,580)

### 30. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss attributable to equity holders of the parent (Baht thousand)	(7,911,074)	(3,065,703)	(7,849,296)	(3,089,937)
Weighted average number of ordinary shares in issue (million shares)	3,461	3,461	3,461	3,461
Basic loss earnings per share (Baht per share)	(2.29)	(0.89)	(2.27)	(0.89)

There are no potential ordinary shares in issue during the years presented and as such diluted earnings per share is not presented.

### 31. Cash flow information

#### 31 (a) Reconciliation of net loss to cash flows from operating activities:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss before income tax expense	(9,957,914)	(3,957,486)	(9,899,413)	(3,985,517)
Adjustments for:				
Depreciation (Note 16,17)	2,567,660	2,018,839	2,593,300	2,018,839
Amortisation (Note 18)	17,902	27,622	17,902	27,622
Loss allowance (2019: Allowance for doubtful account) (Note 9)	(12,352)	18,352	(12,352)	18,352
Write-down of inventory to net realisable value	11,864	96,742	11,864	96,742
Impairment charge on non-financial assets (Note 16)	121,879	-	121,879	-
Loss on disposal of property, plant and equipment and intangible assets	33,756	23,803	33,756	23,803
Share of profit from an associate (Note 15)	(285,102)	(379,986)	-	-
Interest income	(2,970)	(8,059)	(187,763)	(204,251)
Finance costs	360,486	321,533	361,369	321,592
Dividend income	(45,900)	(61,650)	(403,215)	(427,622)
Net unrealised foreign exchange loss	21,042	88,706	21,042	88,706
Changes in working capital				
Trade receivables	1,391,767	(188,167)	1,391,767	(188,167)
Amount due from related parties	(36,486)	50	(54,417)	-
Inventories	5,929,070	(765,945)	5,929,070	(765,945)
Other receivables	(1,510,641)	953,184	(1,510,641)	953,184
Other current assets	2,631,106	(3,049,956)	2,681,047	(3,057,858)
Prepaid rental and deferred charges	92,982	348,980	266,938	576,619
Other non-current assets	(553,099)	(1,650,390)	(553,099)	(1,650,664)
Trade and other payables	(483,832)	(2,022,588)	(483,800)	(2,010,188)
Amount due to related parties	(227,642)	(2,001,247)	(237,898)	(2,005,935)
Income tax payables	-	(144)	-	-
Provisions for employee benefits	74,239	239,923	74,239	239,923
Other non-current liabilities	(1,840)	(98)	(1,840)	(98)
<b>Cash generated (used in) from operations</b>	<b>135,975</b>	<b>(9,947,982)</b>	<b>159,735</b>	<b>(9,930,863)</b>

In the cash flow statement, proceeds from sale of property, plant and equipment consist of:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book amount	47,048	39,240	47,048	39,240
Loss on disposal of property, plant and equipment	(33,756)	(23,803)	(33,756)	(23,803)
Proceeds from disposal of property, plant and equipment	13,292	15,437	13,292	15,437

**31 (b) Non-cash transactions of investing and financing activities:**

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Non-cash transactions</b>				
Acquisition of property, plant, equipment	202,592	293,037	202,592	293,037
Acquisition of right-of-use assets	1,031,678	-	1,032,341	-

**31 (c) Change in liabilities arising from financing activities:**

(Unit: Baht thousand)

	Consolidated financial statements		
	Leases	Borrowings	Total
<b>Liabilities as at 1 January 2019</b>	-	15,345,350	15,345,350
Cash flows	-	11,519,030	11,519,030
Other non-cash movement	-	79,043	79,043
<b>Liabilities as at 31 December 2019</b>	-	26,943,423	26,943,423
Cash flows	(356,420)	1,184,745	828,325
Other non-cash movement	3,153,941	74,442	3,228,383
<b>Liabilities as at 31 December 2020</b>	2,797,521	28,202,610	31,000,131

(Unit: Baht thousand)

	Separate financial statements		
	Leases	Borrowings	Total
<b>Liabilities as at 1 January 2019</b>	-	15,347,468	15,347,468
Cash flows	-	11,518,567	11,518,567
Other non-cash movement	-	79,043	79,043
<b>Liabilities as at 31 December 2019</b>	-	26,945,078	26,945,078
Cash flows	(382,473)	1,185,267	802,794
Other non-cash movement	3,236,101	74,442	3,310,543
<b>Liabilities as at 31 December 2020</b>	2,853,628	28,204,787	31,058,415

**32. Contingent liabilities**

As at 31 December 2020, the Group had contingent liabilities in respect to bank guarantees arising in the ordinary course of business, amounting to Baht 105 million (2019: Baht 70 million) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

### 33. Commitments

#### Capital commitments

As at the statement of financial position date, the Group had capital commitments amounting to Baht 987 million (2019: Baht 640 million).

#### Operating lease commitments - the Group and the Company as lessee

As at 31 December 2019, the Group leases various plots of land on which retail service stations are operated under non-cancellable operating lease agreements. The lease terms generally range between 15 and 30 years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(Unit: Baht thousand)

	Consolidated financial information		Separate financial information	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
No later than 1 year	-	237,472	-	263,524
Later than 1 year but no later than 5 years	-	838,863	-	1,281,251
Later than 5 years	-	1,421,482	-	5,855,815
	-	2,497,817	-	7,400,590

### 34. Financial risk management

The Group's activities expose it to a variety of financial risks, which include market risk (including market prices for petroleum commodities risk, foreign exchange risk and interest rate risk), credit risk, liquidity risk, and capital risk.

#### 34.1 Market risk

##### (a) Market prices for petroleum commodities risk

The Group's financial results can be significantly affected from time to time by volatility and cyclical movement in the market prices for crude oil, petroleum, and petrochemical products. Given the large size and the long-term nature of its business, the Group expects that this risk will be moderated over time. The Group does not employ the use of derivative instruments to manage the risk.

##### (b) Foreign exchange risk

The Group's activities are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Purchases of goods and export sales are primarily transacted in US Dollars. Domestic sales are transacted predominantly in Baht, and are thus not subject to foreign exchange risk.

As at 31 December 2020 and 2019, the Group had no short-term or long-term debt denominated in foreign currencies. In 2020, the Group did not enter into any forward foreign currency contracts. The Group's foreign exchange guidelines prohibit speculative foreign exchange transactions.

##### (c) Interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.



The interest rate risk arises from borrowings that are issued at variable interest rates exposing the Group to cash flow interest rate risk. The Group continually optimises the mix in its borrowing facilities to maximise financing flexibility while minimising financing cost.

### 34.2 Credit risk

Credit risk is managed on a Group basis. Credit risk primarily arises from cash and cash equivalents, and credit exposures to commercial and retail customers, including outstanding receivables and committed transactions. Credit risk in respect to balances outstanding with related parties has been assessed to be low due to the overall strength of the ExxonMobil Group.

In the case of cash and cash equivalents, only independently rated banks with a minimum rating of at least BBB-, or equivalent, are accepted.

For trade customers, risk evaluations are performed internally which include reviews of financial position, business success indicators, past experience, and other factors. Individual risk limits are set based on the resulting internal ratings in accordance with limits set by management. Risk categories are established for individual customers based on internal credit guidelines ranging from very low to very high risk. The risk categories are intended to reflect the risk of payment default by a customer and are similar to the rating scales established by external rating agencies.

### 34.3 Liquidity risk

The Group manages liquidity risk by maintaining a minimum operating level of cash and cash equivalent balances. In addition, the Group maintains committed credit facilities as well as a number of uncommitted credit facilities from banks and related parties. The Group reviews requirements for future cash flows through the completion of an annual finance plan. The finance plan is completed for the forthcoming year to ensure that estimates of future requirements are analysed such that appropriate facilities can be made available.

The Group currently has adequate financing sources. As at 31 December 2020, the Group has uncommitted facilities of Baht 76,866 million (2019: Baht 74,533 million). The Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 12,000 million of bills of exchange in a revolving program, of which Baht 500 million has been utilised as of 31 December 2020.

Liquidity risk may also arise if customers are not able to settle obligations to the Group within the normal credit term. To manage this risk, the Group periodically assesses financial viability of customers and may require certain customers to provide bank guarantees or other similar instruments.

### 34.4 Capital risk

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders. In the future, the Group may adjust the amount of dividend paid to shareholders in order to maintain an appropriate capital structure. Annually, the Group completes a finance plan which seeks to establish positions for the current and future years' dividend projections.

## 35. Related party transactions

The Group is controlled by ExxonMobil Asia Holding Private Limited incorporated in Singapore, which owns 65.99% of the Company's shares as at 31 December 2020. The ultimate holding company is Exxon Mobil Corporation incorporated in the United States of America. A further 9.7% of the shares are held by Vayupak Fund 1, a mutual fund established by the Ministry of Finance, with the remaining shares held by a variety of institutional and retail investors.

The Vayupak Fund 1 acquired the shares from the Ministry of Finance on 15 September 2010. The significant investments in subsidiaries and an associate are set out in Note 15.

The following transactions were carried out with related parties:

**(a) Sales of goods and services**

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Sales of goods and services:		
- Other related parties	5,268,661	7,935,657
	5,268,661	7,935,657

Sales of goods and services between related parties are based on market prices and primarily relate to the sale of petroleum and petrochemical products.

**(b) Purchases of goods and services**

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Purchases of goods:		
- Other related parties	66,632,709	101,842,935
Purchases of services:		
- An associate	523,785	729,423
	67,156,494	102,572,358

Purchases of goods from related parties primarily relate to the purchase of crude oil, petroleum and petrochemical products. Purchases of services from an associate relate to the provision of pipeline transportation services for the Group's products. Purchases of goods and services are based on market prices.

**(c) Expenses**

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Expenses paid to:				
- Subsidiaries	-	-	202,175	221,628
- Other related parties	3,069,594	3,490,201	3,067,500	3,487,558
	3,069,594	3,490,201	3,269,675	3,709,186

Expenses primarily relate to the provision of support services and are charged on either a cost or cost plus basis.

**(d) Finance costs, net**

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest income received from:				
- Subsidiaries	-	-	184,794	196,199
	-	-	184,794	196,199
Interest expenses paid to:				
- Subsidiaries	-	-	883	58
- Other related parties	195,957	187,717	195,957	187,717
	195,957	187,717	196,840	187,775

Interest charges and interest income are based on market rates at the time the agreements were entered.

**(e) Key management compensation**

(Unit: Baht thousand)

	Consolidated and Separate financial statements	
	2020	2019
Salaries and other short-term employment benefits	76,449	72,593
Post-employment benefits	21,328	18,911
	97,777	91,504

The above information is prepared in accordance with the Securities and Exchange Commission's regulations. This includes the managing director, the first four managers reporting to the managing director as well as all managers at the same level including Treasurer and Controller.

**(f) Year-end balances arising from sales/purchases of goods/services and expenses**

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Amounts due from:				
- Subsidiaries	-	-	63,496	50,526
- Other related parties	36,486	-	36,486	-
	36,486	-	99,982	50,526
Amounts due to:				
- Subsidiaries	-	-	4	10,269
- Other related parties	7,894,058	8,091,234	7,893,880	8,091,049
	7,894,058	8,091,234	7,893,884	8,101,318

Amounts due from related parties relate primarily to interest receivables on long-term loans (Note 35g).

The amounts due to related parties reflect a net payable which arises mainly from the purchase and sales of crude oil, petroleum and petrochemical products under standard industry terms.

(g) Loans to related parties

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Long-term loans to:				
- Subsidiaries	-	-	3,443,943	3,251,419

Movements in long-term loans to related parties are analysed as follows:

(Unit: Baht thousand)

	Separate financial statements	
	2020	2019
At 1 January	3,251,419	3,035,705
Loans advanced during the period	193,182	216,717
Loan repayments received	(658)	(1,003)
At 31 December	3,443,943	3,251,419

Long-term loans to related parties are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited.

(h) Loans from related parties

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Current</b>				
Short-term loans from:				
- Subsidiaries	-	-	876	899
- Other related parties	10,621,104	13,188,379	10,621,104	13,188,379
	10,621,104	13,188,379	10,621,980	13,189,278
Current portion of long-term loans from:				
- Other related parties	3,233,333	1,633,333	3,233,333	1,633,333
	13,854,437	14,821,712	13,855,313	14,822,611
<b>Non-current</b>				
Long-term loans from:				
- Subsidiaries	-	-	1,301	756
- Other related parties	4,616,667	2,350,000	4,616,667	2,350,000
	4,616,667	2,350,000	4,617,968	2,350,756

Movements in loans from related parties are analysed as follows:

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
At 1 January	17,171,712	7,449,161	17,173,367	7,451,279
Additional borrowings	10,417,652	14,814,162	10,421,864	14,818,695
Loans repaid during the period	(9,118,260)	(5,091,611)	(9,121,950)	(5,096,607)
At 31 December	18,471,104	17,171,712	18,473,281	17,173,367

Short-term loans from other related parties include:

- Revolving loan from a related party totaling Baht 7,888 million out of facility size Baht 12,000 million at the end of December 2020.
- Short-term loan from a related party under Loan and Current Account Agreement totaling Baht 2,733 million at the end of December 2020.

Short-term loans from related parties are unsecured. They have no fixed term of repayment and bear interest based on the adjusted minimum lending rate of Bangkok Bank Public Company Limited or Bangkok Interbank Offered Rate (BIBOR).

Long-term loans from other related parties include:

- A 5-year loan of Baht 6,000 million which was obtained in September 2015 and is repayable in 20 quarterly installments commencing from January 2016 to October 2020. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2020, there is no outstanding loan balance.
- A 3-year loan of Baht 700 million which was obtained in June 2019 and is repayable in 12 quarterly installments commencing from September 2019 to June 2022. The loan bears interest at 3-months (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 350 million, of which Baht 233 million is payable within 1 year.
- A 3-year loan of Baht 3,000 million which was obtained in November 2019 and is repayable in 12 quarterly installments commencing from February 2020 to November 2022. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 2,000 million, of which Baht 1,000 million is payable within 1 year.
- A 3-year loan of Baht 6,000 million which was obtained in June 2020 and is repayable in 12 quarterly installments commencing from October 2020 to June 2023. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2020, the outstanding loan balance was Baht 5,500 million, of which Baht 2,000 million is payable within 1 year.

Long-term loans from related parties bear interest based on the adjusted minimum lending rate of Bangkok Bank Public Company Limited or Bangkok Interbank Offered Rate (BIBOR).

#### Maturity of long-term loans from related parties

(Unit: Baht thousand)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
No later than 1 year	3,233,333	1,633,333	3,233,333	1,633,333
Later than 1 year but no later than 5 years	4,616,667	2,350,000	4,617,968	2,350,756
	7,850,000	3,983,333	7,851,301	3,984,089

### 36. Dividend paid

On 23 April 2019, the Annual General Meeting of shareholders resolved by majority vote that additional dividend payment for year 2018 be approved at a rate of Baht 0.10 per share, totalling Baht 346 million. The dividend was paid to the shareholders on 21 May 2019.



## Corporate Separateness Notice

Nothing in this material is intended to override the corporate separateness of local entities. Working relationships discussed in this material do not necessarily represent a reporting connection, but may reflect a functional guidance, stewardship, or service relationship. Where shareholder consideration of a local entity matter is contemplated by this material, responsibility for action remains with the local entity.

Esso (Thailand) Public Company Limited has numerous affiliates, many with names that include ExxonMobil, Exxon, Esso and Mobil. For convenience and simplicity in this report, those terms and terms like corporation, company, our, we, and its are sometimes used as abbreviated references to specific affiliates or affiliate groups. Abbreviated references describing global or regional operational organizations and global or regional business lines are also sometimes used for convenience and simplicity. Similarly, Esso (Thailand) Public Company Limited has business relationships with thousands of customers, suppliers, governments, and others. For convenience and simplicity, words like venture, joint venture, partnership, co-venturer, and partner are used to indicate business relationships involving common activities and interests, and those words may not indicate precise legal relationships.





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## **ANNUAL REPORT 2020**

**Esso (Thailand) Public Company Limited**

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Shareholders and investors can obtain more  
information about the Company from the Company's  
Annual Registration Statement (Form 56-1)  
available at [www.sec.or.th](http://www.sec.or.th) or [www.esso.co.th](http://www.esso.co.th)

