



# POWER OF RESILIENCE

## ANNUAL REPORT 2020

THE BRIDGE TO  
THE FUTURE  
30

**Tipco Asphalt**  
Public Company Limited

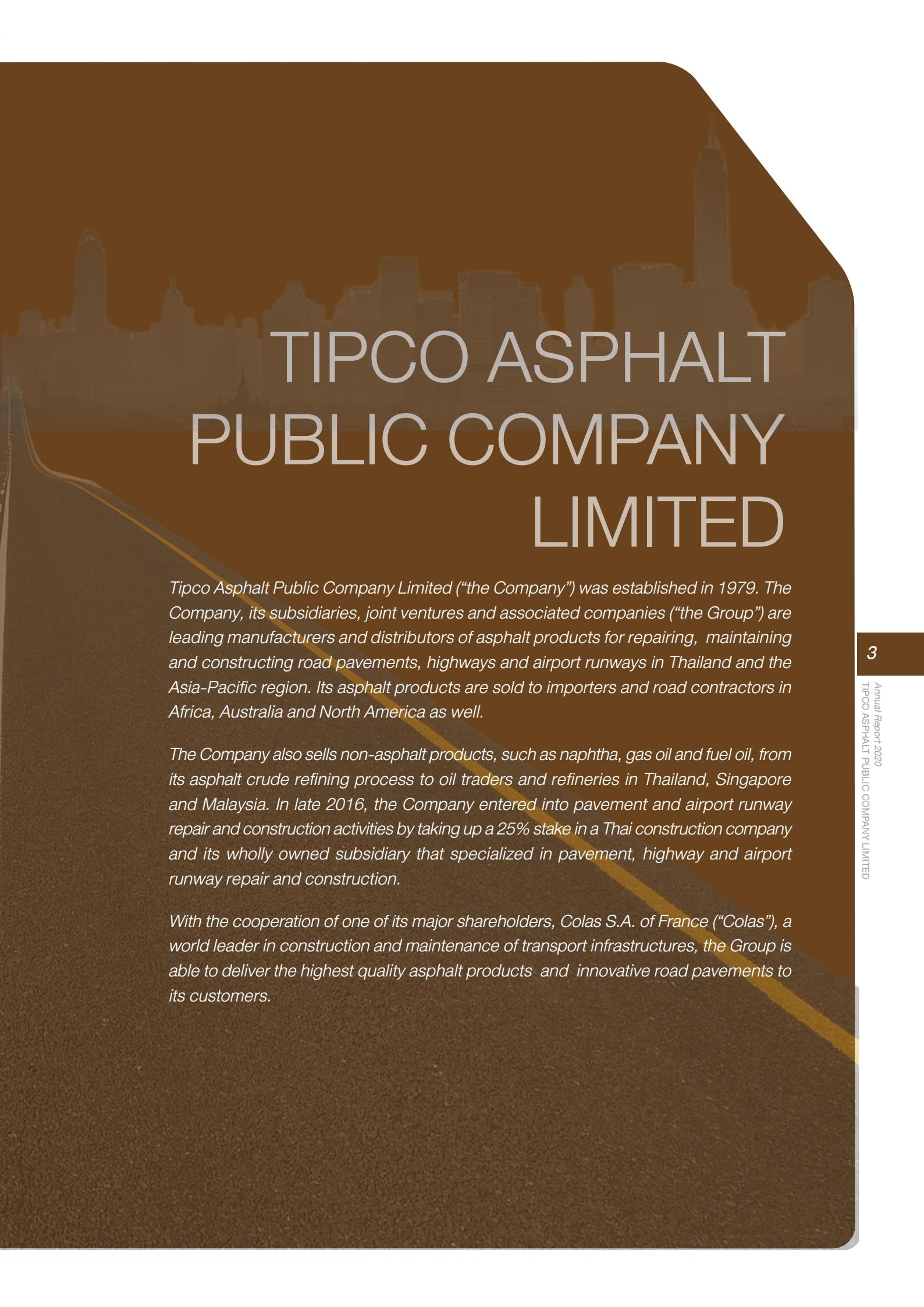
Bhumibol Bridge:  
part of the 13 km. long industrial Ring

# MISSION

*TO BE A GLOBALLY PREFERRED INTEGRATED ASPHALT SOLUTIONS  
PARTNER*

*TO PROVIDE ASPHALT SOLUTIONS IN A SUSTAINABLE MANNER LED BY AN  
INNOVATIVE CULTURE*

# VISION 2025



# TIPCO ASPHALT PUBLIC COMPANY LIMITED

*Tipco Asphalt Public Company Limited ("the Company") was established in 1979. The Company, its subsidiaries, joint ventures and associated companies ("the Group") are leading manufacturers and distributors of asphalt products for repairing, maintaining and constructing road pavements, highways and airport runways in Thailand and the Asia-Pacific region. Its asphalt products are sold to importers and road contractors in Africa, Australia and North America as well.*

*The Company also sells non-asphalt products, such as naphtha, gas oil and fuel oil, from its asphalt crude refining process to oil traders and refineries in Thailand, Singapore and Malaysia. In late 2016, the Company entered into pavement and airport runway repair and construction activities by taking up a 25% stake in a Thai construction company and its wholly owned subsidiary that specialized in pavement, highway and airport runway repair and construction.*

*With the cooperation of one of its major shareholders, Colas S.A. of France ("Colas"), a world leader in construction and maintenance of transport infrastructures, the Group is able to deliver the highest quality asphalt products and innovative road pavements to its customers.*

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# COMPANY OVERVIEW

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# FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
<b>Financial Highlights (THB million)</b>					
Total Revenue <sup>1/</sup>	24,392	28,982	27,963	37,626	26,486
Gross Profit	4,690	3,479	2,364	4,174	5,555
EBITDA <sup>2/</sup>	4,692	4,491	2,443	3,940	5,591
Net Profit	3,110	2,537	564	3,123	3,592
Total Assets	19,503	19,513	24,253	25,262	21,334
Total Liabilities	7,238	6,583	11,716	11,683	6,314
Shareholders' Equity	12,265	12,930	12,537	13,579	15,021
<b>Financial Ratios</b>					
Total number of shares issued	1,552,998,070	1,562,464,570	1,573,821,570	1,576,763,070	1,578,361,570
Book value per share (Baht)	7.83	8.19	7.87	8.50	9.40
Earnings per share (Baht)	2.01	1.63	0.36	1.98	2.28
Dividend per share (Baht)	0.90	1.20	0.30	1.50	1.60 <sup>3/</sup>
Net profit margin (%)	12.75	8.75	2.02	8.30	13.56
Return on equity (%)	27.67	20.33	4.48	24.22	25.43
Return on assets (%)	21.40	15.55	4.50	15.59	19.25
Debt to Equity Ratio	0.59	0.51	0.93	0.86	0.42

1/ Including profit from investment in joint ventures and associated companies

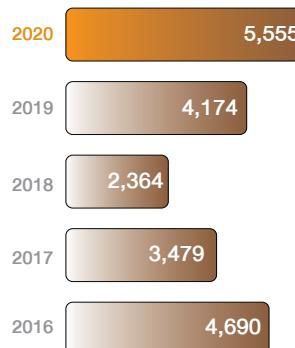
2/ Equal to profit from operating activities before change in operating assets and liabilities of financial statements

3/ Included final dividend of 1.00 Baht per share that is subjected to the approval at the 2021 Annual General Meeting

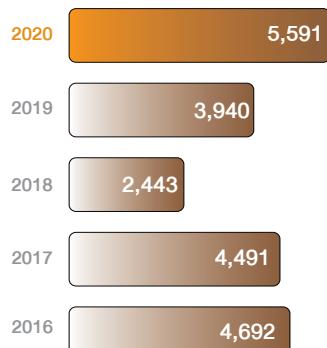
4/ Exchange rate in 2016, 2017, 2018, 2019 and 2020 were 35.30, 33.94, 32.31, 31.05 and 31.29 Baht per USD, respectively

## FINANCIAL HIGHLIGHTS (THB MILLION)

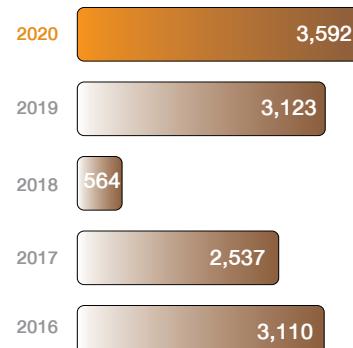
**Gross Profit**



**EBITDA<sup>1</sup>**



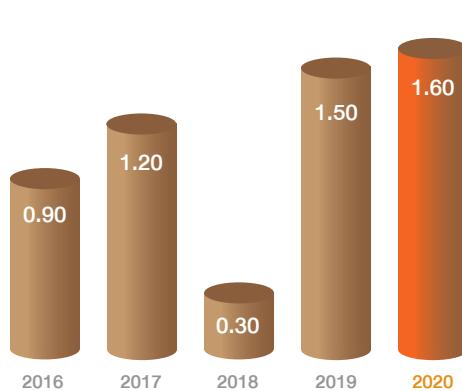
**Net Profit**



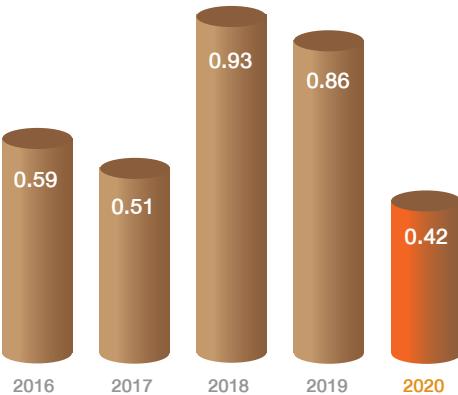
<sup>1</sup>/ Equal to Profit from operating activities before change in operating assets and liabilities of financial statements

## FINANCIAL RATIOS

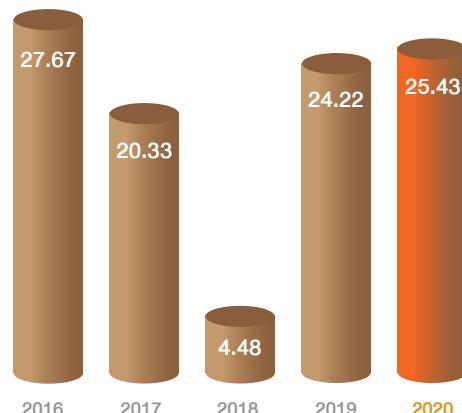
**Dividend per Share (Baht)**



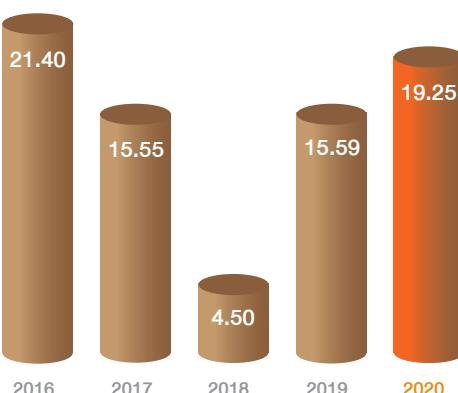
**Debt to Equity Ratio**



**Return on Equity (%)**



**Return on Assets (%)**



# MESSAGE FROM THE CHAIRMAN



I am pleased to report that the Company and its subsidiaries (“the Group”) achieved another commendable performance for the year 2020 with sales of over 1.75 million tons of asphalt products, revenue of Baht 26.15 billion and net profit after tax of Baht 3.59 billion. This second highest record performance was achieved despite the unprecedented impacts of the Covid-19 pandemic, the usual volatility of crude prices and the disruptions of crude oil supply from Venezuela driven by the economic sanction imposed by the USA.

The year started with weak demand in the international wholesale markets, mainly due to the economic lockdowns introduced in many countries in response to the Covid-19 pandemic. Nonetheless, the Group’s domestic sales turned in another stellar performance with strong growth in volume and margins during Q2-Q3 2020, following the rushed disbursement of the government budget which was delayed from Q4 2019. Amid surging demand, domestic price of asphalt products was pushed up by the tight supply at domestic and regional refineries. With ample asphalt stock

from the Group’s KBC asphalt refinery in Malaysia, we were able to meet the robust demand of the domestic market easily. In addition, there was healthy growth in other international retail markets such as Vietnam and Cambodia, where our subsidiaries reported good growth in sales and profitability.

Our refinery in Malaysia, KBC, processed over 8.8 million barrels of crude oil in 2020. This represented a production of 974,000 tons of high-quality asphalt and 337,000 tons of non-asphalt products. KBC continues to maintain high operating standards, and was able to optimize its refining capacity throughout the year. The three crude tanks that were damaged in a fire incident in 2018 have been rebuilt with state of the art fire-fighting facilities, and were recommissioned in 2020. The final fire insurance claim payment of Baht 174 million was received from the insurers in 2020.

While the Group had its 2<sup>nd</sup> best ever historical performance in 2020, we anticipate a number of daunting challenges in 2021. First and foremost, in the wake of the disruption of crude supply from Venezuela, the Group is working hard

to secure alternative crude and feedstocks from other sources for our KBC refinery. This is a key risk area which the Group will spare no effort in addressing. The Group also completed the acquisition of an additional 37.5 % of shareholding in Thai Slurry Seals Company Limited bringing our holding to 62.5% in February 2021. Being the major shareholder of TSS, the Group has been benefiting from integrating the construction team as our marketing arm to introduce new value-added products and development techniques to the market under the Tipco Asphalt Group banner which will result in higher asphalt sales. In addition, the construction group and its joint venture partner, Nawarat Patanakarn Plc., were awarded a Baht 9.7 billion contract by the Airport Authority of Thailand for the construction of the 3<sup>rd</sup> runway of the Suvarnabhumi International Airport in 2020. As a market leader, the Group is committed to providing high quality asphalt products and excellent support to our customers through continuous investment and innovation in our R&D and logistic delivery capability.

In committing to sustainable development, I am pleased to announce that the Company has received many honorable awards such as the 5 stars of Corporate Governance Report of Thai Listed Companies for three consecutive years, inclusion in the Thailand Sustainability Investment Index (THSI Index) for the third consecutive year, Sustainability Disclosure Award in 2020 for the second consecutive year, recertification of Private Sector Collective Action against Corruption, and Prime Minister's Industry Award 2020 for outstanding achievement in Corporate Social Responsibility (by our subsidiary, Thai Bitumen Company Limited).

In summary, it is my pleasure to inform our shareholders that with the strong cashflow generated from operations of Baht 5,591 million, the Board has proposed to the 2021 Annual General Meeting a final dividend payment of Baht 1.00 per share in addition to the 1<sup>st</sup> and 2<sup>nd</sup> interim dividend payments of Baht 0.30 per share each time in September 2020 and February 2021, respectively. The total dividend payment of Baht 1.60 per share equates to a full year payout

ratio of 70% of net consolidated profit of the Group. This high dividend payout ratio once again proves our commitment to distributing the highest possible total return to shareholders, further evidenced by the Company's inclusion in the SET High Dividend (SET HD) index for the past few years.

Lastly, on behalf of the Board Directors, I wish to sincerely thank the shareholders and stakeholders of the Company for their continuous support, and express my gratitude to management and staff for their dedication and hard work. Their team spirit, integrity, prudence, commitment and open-minded attitude in performing their duties are all very much appreciated.



**MR. CHAINOI PUANKOSOOM**

**Chairman**

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee (“AC”) currently consists of three independent directors who are knowledgeable and experienced in business administration, finance, accounting, engineering and internal auditing. The AC is chaired by Mr. Phirasilp Subhapholsiri and Mr. Nopporn Thepsithar, a member of the AC.

Mr. Parnchalerl Sutatam, another member, passed away on 19<sup>th</sup> December 2020. The Board of Directors appointed Mr. Niphon Suthimai as a new member of the AC in replacement of Mr. Parnchalerl Sutatam with effect from 14<sup>th</sup> January 2021.

In 2020, the AC performed its duties as the Company’s AC Charter and assigned by the Board of Directors (if any), which is aligned with the regulations of the Stock Exchange of Thailand (“SET”). The AC, through the Company’s Internal Audit Department (“IAD”) has continued to emphasize the importance of anti-corruption controls throughout the Group.

In 2020, the AC held 12 meetings, attended by executives, the external auditor and the IAD team as follows:

	ATTENDANCE BY		
	EXECUTIVES	EXTERNAL AUDITOR	IAD
Monthly Meetings	8	-	8
Quarterly Meetings	3	3	3
Quarterly Meetings (without the presence of Management)	1 <sup>N1</sup>	1	1

<sup>N1</sup> Attendance by management was for a special agenda; and separate from the private session with the auditors.

## REVIEW OF FINANCIAL REPORTS

The AC reviewed on a quarterly basis the annual and consolidated financial statements of the Company together with Management and external auditors. Among other activities, the AC held discussions with the external auditor to ascertain the completeness and accuracy of the presentation of the Company’s financial statements, key accounting adjustments, adequacy of accounting methods, scope of the audit, accuracy and adequacy of disclosures, as well as the external auditor’s independence. Accordingly, the AC was satisfied that the Company’s financial statements had complied with all relevant accounting standards and regulations.

The AC was satisfied that the accounting procedures and financial statements were both accurate and reliable, and that adequate and timely information had been disclosed in the financial statements for the benefit of investors and other users of the statements.

## RISK MANAGEMENT

The current Enterprise Risk Management (“ERM”) process as employed in the Company was implemented in 2013, and continues to evolve to serve the interests of the Company. This process includes a formal ERM framework which consists of an ERM policy as well as related procedures. The Corporate risks identified and assessed during this process are a key input into the development of the rolling, risk-based internal audit plan that will be applied annually as reviewed and approved by the AC.

## REVIEW OF RELATED PARTY TRANSACTIONS

The AC reviews standard related party transactions of the Company on a quarterly basis, or more frequently in the event of any new class of related party transactions as reported by management. The AC confirms that such transactions are conducted fairly and performed for the best interests of the Company and its shareholders.

## REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The AC has reviewed the adequacy, appropriateness and effectiveness of the internal control system from the 2020 internal audit results of the IAD on the Company and its subsidiaries. The AC is satisfied that the internal control system of the Company and its subsidiaries is adequate and effective for its business. The AC also evaluated the adequacy of the internal control system in accordance with The Securities Exchange Commission guidelines and noted that an adequate, appropriate, and effective system of internal control has been implemented.

## REVIEW OF GOOD CORPORATE GOVERNANCE

The AC was satisfied that the Company has complied with the relevant laws, regulations (including regulations of the SET) and agreements with external parties (as necessary).



The AC was also satisfied that significant related-party business transactions had been disclosed in the financial statements, and that the notes on such matters met the requirements set out by the SET and the Securities Exchange Commission. The AC agreed with the external auditor that such transactions conformed to the agreed criteria of normal business conduct.

### **OVERSIGHT OF INTERNAL AUDIT**

The AC reviewed the reports of the IAD in 2020. This included oversight of new reviews as well as follow-up reviews to ascertain the completion of agreed actions by management. In 2020, the coronavirus disease (“COVID-19”) pandemic had a disruptive effect on the operations of internal auditing, complicated by travel restrictions in particular.

The onset of the pandemic has necessitated a review of the underlying processes for executing internal audit work in the Company. This mainly involves moves towards adopting more technology and other digital tools that can carry out the work of internal auditing regardless of travel disruptions.

### **APPOINTMENT OF THE EXTERNAL AUDITOR FOR 2021**

The AC has considered and recommended the appointment of EY Office Limited as the Company’s external auditor for another year, and had also reviewed their proposed audit

fees for 2021. Consequently, the AC has proposed the same to the Board for approval by the shareholders at the Annual General Meeting of 2021.

In conclusion, the AC has comprehensively performed its duties and responsibilities in accordance with the AC Charter as approved by the Board of Directors. The AC also commented that the Company and its subsidiaries had properly presented their financial statements, performed in good business conduct, and implemented an appropriate and effective internal control system and internal auditing process. The Company and its subsidiaries have complied with relevant laws, regulations and agreements while properly disclosing related party transactions under good governance practices of transparency and trustworthiness. The Company and its subsidiaries have also continually improved the internal control system in terms of quality and suitability to its business environment.

A handwritten signature in blue ink, appearing to read "Phirasilp Subhapholsiri".

**Mr. Phirasilp Subhapholsiri**  
**Chairman of the Audit Committee**

# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE



The Corporate Governance Committee (“CG Committee”) consists of 2 independent directors (Mr. Phirasilp Subhapholsiri and Mr. Niphon Suthimai), and 2 executive directors (Mr. Jacques Marechal and Mr. Chaiwat Srivalwat).

In 2020, the CG Committee continued to perform its duties as set forth in the Company’s charter and held a total of 4 meetings. The main duties performed by the Committee were as follows:

- Reviewed and proposed to the Board improvements on corporate governance (CG) principles, policies and guidelines in accordance with the Annual General Meeting Checklist prepared by the Thai Investor Association and Corporate Governance Report of Thai Listed Companies 2020 (CGR), by the Thai Institute of Directors Association (IOD);
- Reviewed and proposed to the Board a revised Code of Ethics in relation to whistle blowing policy in order to ensure policy effectiveness;
- Established a policy regarding the appointment of directors and executives of subsidiaries and associated companies;
- Reviewed and proposed to the Board the application of each Principle and Sub-Principle of the Corporate Governance Code for listed companies 2017 (CG Code) related to the suitability for the Company’s business; and
- Reviewed and monitored sustainable development matters.

To this end, I am pleased to state the following achievements:

- Received 97.5 out of 100 points on the Annual General Meeting Checklist of the Thai Investors Association;
- Rated “Excellent or 5 stars”, i.e. the highest ranking of Corporate Governance Report of Thai Listed Companies 2020 (CGR) by the Thai Institute of Directors Association (IOD) for three consecutive years;
- Included in the Thailand Sustainability Investment Index (THSI Index) for 3 consecutive years and received Sustainability Disclosure Award 2020 by Thaipat Institute for 2 consecutive years; and
- Won the Prime Minister’s Industry Award 2020 for Outstanding Achievement in Corporate Social Responsibility
- Achieved recertification of Private Sector Collective Action against Corruption.

A handwritten signature in blue ink, appearing to read "Phirasilp Subhapholsiri".

**Mr. Phirasilp Subhapholsiri**  
**Chairman of the Corporate Governance Committee**

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Company Overview  
Performance & Risk Management  
Responsibilities of the board  
Corporate Governance & Sustainability-Driven Organization  
Internal control & Internal audit  
Management Discussion Analysis & Financial Statements  
Company Information



The Nomination and Remuneration Committee ("N&R Committee") consisted of 2 independent directors: Mr. Nopporn Thepsithar (The Chairman), Mr. Niphon Suthimai; and Mr. Jacques Pastor and Mr. Somchit Serthtin.

Mr. Parnchaleerm Sutatam, independent director, passed away on 19<sup>th</sup> December 2020.

The N&R Committee continued to perform its duties as set forth in the committee's charter. In 2020, the N&R committee conducted 2 meetings with the following highlights:-

- Followed on the development progress of CEO successor and top management;
- Reviewed for adequacy evaluation of Board skill matrix to ensure that the Board members possess balanced and complementary qualifications that align with corporate strategies as part of good corporate governance by the Stock Exchange of Thailand;
- Encouraged the board members to attend relevant training courses;
- Proposed remuneration paid to directors. The remuneration of the Board of Directors and subcommittees was deliberated based on surveys on remuneration of other listed companies in relevant industries and resulted from the self-assessments of the Board of Directors and the sub-committees;
- Proposed remuneration paid to executive directors. The remuneration was deliberated by measuring corporate performance against Company goals. With regard to the Chief Executive Officer, the remuneration was also determined by results from the assessment of the Chief Executive Officer by the Board of Directors;
- Assigned a non-financial indicator on the KPI of the CEO as part of good corporate governance by the Stock Exchange of Thailand; and
- Kept up to date with trends relating to the remuneration of directors, executive directors and employees in the wake of the Covid-19 pandemic.

**Mr. Nopporn Thepsithar**  
**Chairman of the Nomination & Remuneration Committee**

# BOARD OF DIRECTORS



1. **MR. CHAINOI PUANKOSOOM**  
Chairman / Independent Director
2. **MR. KOH BAN HENG**  
Vice Chairman / Independent Director
3. **MS. LAKSANA SUPSAKORN**  
Director
4. **MR. PHIRASILP SUBHAPHOLSIRI**  
Independent Director



- |  |  |   |
|--|--|---|
| 5. <b>MR. NOPPORN THEPSITHAR</b><br>Independent Director | 9. <b>MR. SOMCHIT SERTTHIN</b><br>Director             | 13. <b>MR. JACQUES MARECHAL</b><br>Executive Director   |
| 6. <b>MR. JEAN – MARIE VERBRUGGHE</b><br>Director        | 10. <b>MR. FREDERIC GARDES</b><br>Director             | 14. <b>MR. SITILARB SUPSAKORN</b><br>Executive Director                                       |
| 7. <b>MR. NIPHON SUTHIMAI</b><br>Independent Director    | 11. <b>MR. JACQUES PASTOR</b><br>Executive Director    | * <b>MR. PARNCHALERM SUTATAM</b><br>Independent Director<br>(passed away on 19 December 2020) |
| 8. <b>MR. HUGUES DE CHAMPS</b><br>Executive Director     | 12. <b>MR. CHAIWAT SRIVALWAT</b><br>Executive Director |   |

# BOARD OF DIRECTORS



MR. CHAINOI  
PUANKOSOOM



MR. KOH BAN HENG

## CHAIRMAN

### INDEPENDENT DIRECTOR

Age 70

**Starting date of Directorship** 13 August 2015

#### Education

- Master of Management (MM), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor Degree in Higher Accounting, California College of Commerce, USA

#### Training

- 2017 The Role of Chairman in Leading Strategic Risk Oversight
- 2014 The Role of the Chairman Program (RCP), Class 33/2014
- 2011 Financial Institutions Governance Program (FGP), Class 3/2011
- 2007 Director Accreditation Program (DAP), Class 63/2007

#### Shareholding in Company

Director -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

-none-

#### Related Experience

##### Listed Companies

Feb 2020 - Present	Chairman, Independent Director Tipco Asphalt Plc.  Vice Chairman, Tipco Asphalt Plc.
2018 - Feb 2020	Chairman, Independent Director, Member of Audit Committee, Chairman of Compensation and Nomination Committee and Chairman of Corporate Governance and Sustainable Development Committee, Frasers Property (Thailand) Plc. (Type of business : Industrial Factory and Warehouse Development for Sale and Lease)
2017 - Present	Chairman, Independent Director, Member of Audit Committee, Chairman of Compensation and Nomination Committee and Chairman of Corporate Governance and Sustainable Development Committee, Frasers Property (Thailand) Plc. (Type of business : Industrial Factory and Warehouse Development for Sale and Lease)
2016 - Present	Independent Director, Chairman of the Audit Committee, Member of the Nomination, Remuneration and Corporate Governance Committee, Prima Marine Plc. (Type of business : Providing Marine Transportation and Services)
2015 - Present	Independent Director, Tipco Asphalt Plc.

##### Non-Listed Companies

2017 - Present	Independent Director, Chairman of the Audit Committee, Sapthip Company Limited. (Type of business : Producing Ethanol)
2017 - Present	Chairman of the Board of Directors, TRA Land Development Co., Ltd. (Type of business : Property Development)
2010 - Present	Director, Member of Executive Committee, Member of Risk Management Committee and Member of Business Restructuring Subcommittee, National Power Supply Plc. (Type of business : Electricity and Steam Generation and Sale)

## VICE CHAIRMAN

### INDEPENDENT DIRECTOR

Age 72

**Starting date of Directorship** 1 July 2011

#### Education

- Post-Graduate Diploma in Business Administration, University of Singapore
- Bachelor Degree of Applied Chemistry, University of Singapore

#### Training

- 2019 SMU-SID Executive Certificate in Directorship programme
- 2019 Leaders Insights with Economist Intelligence Unit
- 2019 Grow Beyond Talk 2019 on August 23, 2019
- 2018 Cybersecurity Governance, KCL Group
- 2017 Leaders Insights – “Outlook for the Global Economies” by The Economist Intelligence Unit
- 2017 SID’s AC Chapter - Pit Stop Series on ‘The Critical Role of ACs in Valuation and Impairment of Assets’
- 2017 Governance, Risk, Compliance and Safety Programmer
- 2017 Seminar on audit committee, ACRA, SGX and Singapore Institutes of Directors
- 2016 Building a High Impact Board, Singapore Institutes of Directors
- 2016 Cybersecurity for Directors, Singapore Institutes of Directors
- 2016 Competition Law and Corporate Governance, KCL GRC

#### Shareholding in Company

Director -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

-none-

#### Related Experience

##### Listed Company

Feb 2020 – Present	Vice Chairman, Tipco Asphalt Plc.
2011 – Present	Independent Director, Tipco Asphalt Plc.
2016 – 2017	Vice Chairman, Tipco Asphalt Plc.

##### Non-Listed Company

2014 – Present	Director, Chung Cheng High School Ltd. (Type of business : Education)
2011 – Present	Advisor, Malaysian KLSE listed company Dialog Group Bhd. (Type of business : Integrated specialist technical services provider midstream and upstream in the oil, gas and petrochemical industry)
2015 – Feb 2021	Independent Director and non-executive Chairman and Member of Audit Committee, Keppel Infrastructure Trust (Type of business : Trustee manager of Keppel Infrastructure Trust)
2013 – Dec 2019	Director and Chairman of Audit Committee, Keppel Infrastructure Holdings Pte. Ltd. (Type of business : Investment holding company)
2015 – 2018	Director and Chairman of Audit Committee, Cue Energy Resources Limited (Type of business : Oil and Gas exploration and production)



MS. LAKSANA  
SUPSAKORN



MR. PHIRASILP  
SUBHAPHOLSIRI

#### AUTHORIZED DIRECTOR

Age 68

**Starting date of Directorship** 15 August 2013

#### Education

- Master Degree of Business Administration, Wharton Business School, University of Pennsylvania, USA
- Bachelor Degree of Accounting (Honor), Chulalongkorn University

#### Training

- 2014 Director Certification Program (DCP)
- 2014 Role of the Chairman Program (RCP)
- 2012 Director Accreditation Program (DAP)

#### Shareholding in Company

Director 13,860,000 shares (0.878%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

Sister of Mr. Sitilarb Supsakorn and sister-in-law of Mr. Somchit Sertthin

#### Related Experience

##### Listed Company

Feb 2020 – Present	Director, Tipco Asphalt Plc.
2013 – Present	Chairman, Tipco Foods Plc. (Type of business : Manufacturer and exporter of canned pineapple and fruit juices)
2018 – Feb 2020	Chairman, Tipco Asphalt Plc.
2016 – 2018	Director, Tipco Asphalt Plc.

##### Non-Listed Company

Company's Director, please see list of Non-Listed Companies on page 64 of annual report

#### INDEPENDENT DIRECTOR

#### CHAIRMAN OF THE AUDIT COMMITTEE

#### CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

Age 67

**Starting date of Directorship** 14 May 2013

#### Education

- Bachelor Degree of Business Administration, Yokohama National University, Japan

#### Training

- 2005 Director Accreditation Program (DAP)

#### Shareholding in Company

Director -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

#### Related Experience

##### Listed Company

2013 – Present	Independent Director, Tipco Asphalt Plc.
2009 – Present	Chairman, Food and Drinks Plc. (Type of business : Manufacturer of food and beverages)

##### Non-Listed Company

2019 – Present	Director, HMC Polymers Co., Ltd. (Type of business : Manufacturer of Polypropylene Grades)
2010 – Present	Chairman, Kaizen Consulting Co., Ltd. (Type of business : Consulting service)
2009 – Present	Chairman, Thai-Nichi Ventures Co., Ltd. (Type of business : Consulting service)
1989 – Present	Chairman, Subhadhana Co., Ltd. (Type of business : Office for rent)

# BOARD OF DIRECTORS



MR. NOPPORN  
THEPSITHAR



MR. JEAN – MARIE  
VERBRUGGHE

## INDEPENDENT DIRECTOR

### MEMBER OF THE AUDIT COMMITTEE

### CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

Age 67

**Starting date of Directorship** 27 April 2012

#### Education

- Ph.D (Honorable) in Logistics and Supply Chain Management, Sripatum University
- Bachelor Degree of Electrical Engineering, Chulalongkorn University

#### Training

- 2020 Risk Management Program for Corporate Leaders (RCL 21/2020)
- 2020 Strategic Board Master Class (SBM 9/2020)
- 2020 Board Nomination and Compensation Program (BNCP 10/2020)
- 2020 IT Governance and Cyber Resilience Program (ITG 15/2020)
- 2018 Corporate Governance for Director and Top Executive of State-owned Enterprise and Public Organization, Class 19 King Prachadhipok' Institute
- 2018 Congko Business Dinner Talk King Mongkut's Institute of Technology, Ladkrabang
- 2018 Sale Credit skills Development senior Credit EXIM Bank and Omega Performance Corporation
- 2012 Audit Committee Effectiveness Seminar
- 2005 Director Accreditation Program (DAP)

#### Shareholding in Company

Director -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

#### Related Experience

##### *Listed Company*

- 2012 – Present Independent Director, Tipco Asphalt Plc.  
2011 – Present Independent Director, Member of Audit Committee and Chairman of Risk Management Committee, Ananda Development Plc.  
(Type of business : Property development)  
2005 – 2018 Independent Director and Chairman Audit Committee, Union Petrochemical Plc.  
(Type of business : Importer and distributor of petrochemical products)

##### *Non-Listed Company*

- 2014 – 2019 Director and Chairman of the Board of Executive Director, Export-Import Bank of Thailand (EXIM Thailand)  
(Type of business : Import and export service)  
2018 – Present Advisor, Thai National Shippers' Council (TNSC)  
2018 – Present Chairman, Mena Transport Plc.  
(Type of business : Logistics)  
2013 – 2017 Chairman of the Thai National Shippers' Council (TNSC)

## DIRECTOR

Age 70

**Starting date of Directorship** 7 April 2020

#### Education

- Engineer at Solvay Business School – Brussels, Belgium

#### Training

#### Shareholding in Company

Director -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

#### Related Experience

##### *Listed Company*

Apr 2020 – Present Director Tipco Asphalt Plc.

##### *Non-Listed Company*

- |             |   |
|-------------|---|
| Present     | Non Executive Director of Bouygues-Thai Ltd.<br>Non Executive Director of BYMA (Myanmar)<br>Advisor to Bouygues-Thai Board.<br>(Type of business : Building Construction) |
| 1994 – 2018 | Managing Director BOUYGUES - THAI LIMITED,<br>Nonthaburi, Thailand<br>(Type of business : Building Construction)  |
| 1992 – 1994 | General Manager BOUYGUES - THAI LIMITED,<br>Nontaburi, Thailand<br>(Type of business : Building Construction)   |
| 1989 – 1991 | Project Manager – Butter & Powder Milk Turnkey<br>Project BOUYGUES ZIMBABWE<br>(Type of business : Building Construction)   |
| 1987 – 1989 | Far East Financial Manager DRAGAGES ET<br>TRAVAUX PUBLICS   |
| 1985 – 1988 | Deputy Managing Director BOUYGUES NIGERIA   |
| 1985 – 1987 | Branch Manager BOUYGUES IRAQ  |
| 1980 – 1985 | Administrative & Financial Manager BOUYGUES<br>IRAQ   |
| 1977 – 1980 | Head of Heavy Lifting & Transport Division –<br>Onshore KHALIFA CO./ CONOCO - CHAD  |
| 1974 – 1977 | Expert UNIDO - CHAD   |



MR. NIPHON  
SUTHIMAI



MR.HUGUES DE  
CHAMPS

#### INDEPENDENT DIRECTOR

##### MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE

##### MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Age 62

**Starting date of Directorship** 16 February 2006

##### Education

- Master Degree of Operational Research, London School of Economics, UK
- Licence de Droit (Law), Universite de Droit, Lyon, France

##### Training

- 2020 Board Nomination and Compensation Program (BNCP 10/2020)
- 2017 Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
- 2015 CG Forum 3/2015 Risk Oversight: High Priority Roles of the Board
- 2006 Audit Committee Program (ACP)
- 2006 Director Accreditation Program (DAP)

##### Shareholding in Company

Director -none-

Spouse/Minor child -none-

##### Family Relationship with Other Directors and Executives

##### Related Experience

##### Listed Company

- |                |   |
|----------------|---|
| 2006 – Present | Independent Director, Tipco Asphalt Plc.  |
| 2017 – 2018    | Vice President Corporate Affairs and Corporate Risk Management Acting Cargo Sales Director, Nok Airlines Plc.<br>(Type of business : Airline service) |
| 2016 – 2017    | Vice President - Customer Services, Nok Airlines Plc.<br>(Type of business: Airline service)  |
| 2012 – 2015    | Vice President - People, Nok Airlines Plc.<br>(Type of business : Airline service)  |

##### Non-Listed Company

- |             |  |
|-------------|--|
| 1999 – 2019 | Associate Director, Geodis Overseas Co., Ltd.<br>(Type of business : Logistics service)                |
| 2007 – 2013 | Managing Partner, CLY International Limited<br>(Type of business : Human resources consulting service) |
| 2005 – 2008 | Consultant, Thai Air Cargo Co., Ltd.<br>(Type of business: Air freight service)                        |

#### AUTHORIZED DIRECTOR

##### MEMBER OF THE EXECUTIVE COMMITTEE

Age 52

**Starting date of Directorship** 17 February 2020

##### Education

- Master's degree of Public and Maritime Works, University of Nantes
- Bachelor of Civil Engineering Option, University of Technology

##### Training

- 2015 Director Accreditation Program (DCP)
- 2013 Director Certification Program (DAP)

##### Shareholding in Company

Director 400,000 shares (0.025%)

Spouse/Minor child -none-

##### Family Relationship with Other Directors and Executives

##### Related Experience

##### Listed Company

- |                    |   |
|--------------------|---|
| Feb 2020 – Present | Director, Tipco Asphalt Plc.  |
| 2019 – Present     | Deputy Chief Executive Officer – International Business, Tipco Asphalt Plc. |
| 2017 – 2019        | Chief Operating Officer – International Wholesale, Tipco Asphalt Plc.       |
| 2014 – 2016        | Chief Operating Officer – International, Tipco Asphalt Plc.                 |
| 2011 – 2013        | Director, Tipco Asphalt Plc.  |

##### Non-Listed Company

Company's Director, please see list of Non-Listed Companies on page 64 of annual report

- |                |  |
|----------------|--|
| 2011 – Present | Operations Manager, Colas Asia area              |
| 2004 – 2011    | Managing Director, COLAS South Africa (Pty) Ltd. |
| 1995 – 2004    | Operations Manager, COLAS Asia area              |
| 1990 – 1994    | Project Manager, COLAS France, Morocco, India    |

# BOARD OF DIRECTORS

MR. SOMCHIT  
SERTTHIN



MR. FREDERIC  
GARDES



## AUTHORIZED DIRECTOR

### MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Age 68

**Starting date of Directorship** 29 April 1994

#### Education

- Bachelor Degree of Business Administration, Babson College, Massachusetts, MA, USA

#### Training

- 2014 National Director Conference
- 2014 Anti – Corruption for Executive Program (ACEP)
- 2013 Director Certification Program (DCP)
- 2003 Director Accreditation Program (DAP)

#### Shareholding in Company

Director 31,900,000 shares (2.021%)

Spouse/Minor child 11,100,000 shares (0.703%)

#### Family Relationship with Other Directors and Executives

Brother-in-law of Ms. Laksana Supsakorn and

Mr. Sitilarb Supsakorn

#### Related Experience

##### Listed Company

2005 – Nov 2019 Director, Tipco Foods Plc.  
(Type of business : manufacturer and exporter of canned pineapple and fruit juices)

1994 – Present Director, Tipco Asphalt Plc.

1986 – Aug 2019 Chief Executive Officer, Tipco Asphalt Plc.

##### Non-Listed Company

Company's Director, please see list of Non-Listed Companies on page 64 of annual report

## AUTHORIZED DIRECTOR

Age 49

**Starting date of Directorship** 11 May 2018

#### Education

- Master of Business Administration, Bocconi University (Milano) Italy
- Bachelor Degree of Engineering, École Centrale de Paris and the Royal Institute of Technology in Stockholm

#### Training -none-

#### Shareholding in Company

Director -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

#### Related Experience

##### Listed Company

2019 – Present Chairman and Chief Executive Officer, Colas Group  
(Type of business : Road construction)

2018 – Present Director, Tipco Asphalt Plc.

2018 – 2019 International Managing Director, Colas Group

2015 – 2018 Deputy General Manager – Northern Europe and Middle East, Colas Group

2013 – 2015 Regional Director – Indian Ocean Area, Colas Group

##### Non-Listed Company

2011 – 2013 Director of GTOI, Colas subsidiary, Reunion island  
(Type of business : Road construction)

2002 – 2011 Project Director, Saipem, Russia, Italy, France

(Type of business : Oil and Gas)

1994 – 2002 Project Engineer, Bouygues Offshore, Nigeria, Russia

(Type of business : Oil and Gas)



MR. JACQUES  
PASTOR



MR. CHAIWAT  
SRIVALWAT

**AUTHORIZED DIRECTOR**

**MEMBER OF THE EXECUTIVE COMMITTEE**

**MEMBER OF THE NOMINATION AND REMUNERATION  
COMMITTEE**

Age 66

**Starting date of Directorship** 1 August 2000

**Education**

- Advanced Management Program (AMP), Harvard Business School, MA, USA
- Ecole Nationale Supérieure d' Arts et Métiers, PARIS, FRANCE

**Training**

- 2013 Director Accreditation Program (DCP)
- 2013 Director Certification Program (DAP)

**Shareholding in Company**

Director 1,650,000 shares (0.105%)

Spouse/Minor child -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

2001 - Present Director, Tipco Asphalt Plc.

*Non-Listed Company*

Company's Director, please see list of Non-Listed Companies on page 64 of annual report

2020 - Present CEO COLAS ASIA, PACIFIC, SOUTH AMERICA and BITUMEN GROUP  
(Type of business : Asphalt Consulting Service)

1993 – 2019 CEO COLAS ASIA and PACIFIC

1989 – 1992 Managing Director COLAS AJMC, Mauritius Island

1986 – 1989 Managing Director COLAS MAYOTTE, Comoro Island

1983 – 1986 Managing Director COLAS GTR, Morocco

1980 – 1983 Operation Manager COLAS GUINEA BISSAO, West Africa

1978 – 1980 Operation Manager COLAS TOGO and BENIN, West Africa

**AUTHORIZED DIRECTOR**

**MEMBER OF THE EXECUTIVE COMMITTEE**

**MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE**

**CHIEF EXECUTIVE OFFICER**

Age 60

**Starting date of Directorship** 13 February 2002

**Education**

- Bachelor Degree of Engineering, Liverpool University, England
- Training**
- 2017 Sustainability Strategy : Key Blueprint for Business Growth
  - 2014 National Director Conference
  - 2014 Anti-Corruption for Executive Program (ACEP)
  - 2003 Director Certification Program (DCP)

**Shareholding in Company**

Director 3,000,000 shares (0.190%)

Spouse/Minor child -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

Aug 2019 – Present Chief Executive Officer, Tipco Asphalt Plc.

2002 – Aug 2019 Managing Director, Tipco Asphalt Plc.

1999 – 2002 Marketing Director, Tipco Asphalt Plc.

1995 – 1998 Senior Marketing Manager, Tipco Asphalt Plc.

1993 – 1995 Senior Plant Manager, Tipco Asphalt Plc.

1992 Group Plant Manager, Tipco Asphalt Plc.

1983 – 1991 Plant Manager, Tipco Asphalt Plc.

*Non-Listed Company*

Present Company's Director, please see list of Non-Listed Companies on page 64 of annual report

# BOARD OF DIRECTORS



MR. JACQUES  
MARECHAL



MR. SITILARB  
SUPSAKORN

## AUTHORIZED DIRECTOR

### MEMBER OF THE EXECUTIVE COMMITTEE

### MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE

Age 55

**Starting date of Directorship** 27 April 2012

#### Education

- Master Degree of Corporate Finance, Dauphine University
- Bachelor Degree of Corporate Finance, Dauphine University  
Bachelor in Business administration in Nantes Business school (France)

#### Training

- 2014 Director Certification Program (DCP)
- 2013 Director Accreditation Program (DAP)

#### Shareholding in Company

Director 1,200,000 shares (0.076%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

##### Listed Company

2012 – Present	Director, Tipco Asphalt Plc.
2000 – 2011	International Finance Manager, COLAS SA, Paris, France (Type of business : Road construction service)
1996 – 2000	Deputy International Finance Manager, COLAS SA, Paris, France (Type of business : Road construction service)

##### Non-Listed Company

Company's Director, please see list of Non-Listed Companies on page 64 of annual report

## AUTHORIZED DIRECTOR

### MEMBER OF THE EXECUTIVE COMMITTEE

Age 69

**Starting date of Directorship** 25 April 2001

#### Education

- Bachelor Degree of Business Administration, Babson College, Massachusetts, USA

#### Training

- 2012 Director Accreditation Program (DAP)

#### Shareholding in Company

Director 17,250,000 shares (1.093%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives

Brother of Ms. Laksana Supsakorn and elder brother-in-law of Mr. Somchit Serthsin

#### Related Experience

##### Listed Company

2012 – Present	Director, Tipco Foods Plc. (Type of business : Manufacturer and exporter of canned pineapple and fruit juices)
2001 – Present	Executive Director, Tipco Asphalt Plc.

##### Non-Listed Company

Company's Director, please see list of Non-Listed Companies on page 64 of annual report



**INDEPENDENT DIRECTOR**

**MEMBER OF THE AUDIT COMMITTEE**

**MEMBER OF THE NOMINATION AND REMUNERATION**

**COMMITTEE**

Age 67

**Starting date of Directorship** 14 June 2004

**Education**

- Master Degree of Business Administration, University of Bridgeport, Connecticut, USA
- Bachelor Degree of Accounting, Babson College, Massachusetts, USA

**Training**

- 2006 Audit Committee Program (ACP)
- 2005 Director Accreditation Program (DAP)

**Shareholding in Company**

Director -none-

Spouse/Minor child -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

2013 – Dec 2020 Member of the Nomination and Remuneration Committee, Tipco Asphalt Plc.

2006 – Dec 2020 Member of the Audit Committee, Tipco Asphalt Plc.

2004 – Dec 2020 Independent Director, Tipco Asphalt Plc.

*Non-Listed Company* -none-

## EXECUTIVE OFFICERS

# EXECUTIVE OFFICERS

### MR. KOH LAI HUAT

MEMBER OF THE EXECUTIVE COMMITTEE  
CHIEF FINANCIAL OFFICER

Age 61

#### Education

- Chartered Association of Certified Accountant UK
- Master of Business Administration - International Business

#### Training

- 2020 Data privacy law and cyber security (7/2020) TLCA
- 2020 CFO's role in strategic financial communications (8/2020) TLCA
- 2019 The CFO's role in stakeholder communications TLCA

#### Shareholding in Company

Executive Officer 1,284,500 shares (0.081%)  
Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives – none – Related Experience

##### Listed Company

2014 – Feb 2021 Chief Financial Officer, Tipco Asphalt Plc.  
2010 – 2013 Director – Accounting and Budgeting, Tipco Asphalt Plc.

##### Non-Listed Company

2009 – Present Chief Financial Officer, Kemaman Oil Corporation Sdn. Bhd.  
(Type of business : Investment holding company)  
2004 – 2008 Chief Financial Officer, Seloga Holdings Bhd.  
(Type of business : Investment holding company)

### MRS. KANYA RUENGPRATEEPSANG

CHIEF FINANCIAL OFFICER  
Age 55

#### Education

- 1995 Master's degree in science, Majoring Computer Information System (MS CIS), Assumption University (ABAC)
- 1988 Bachelor of Arts in Accounting (B.A.A), Assumption University (ABAC)

#### Training

- 2019 Capital Market Leader Program 2019, Capital Market Academy #29
- 2018 Design Thinking, SEAC – Stanford Executive Program
- 2017 Leading in Disruptive World Program, Stanford Executive Program in Action #5 Adaptive Organization Design and Winning through Value Chain Innovation, Stanford University, USA
- 2011 Director Certification Program (DCP142/2011)  
Audit Committee Program (ACT35/2011)  
Monitoring the Internal Audit Function (MIA11/2011)  
Monitoring Fraud Risk Management (MFM6/2011)  
Monitoring the System of Internal Control and Risk Management (MIR12/2011)  
Monitoring the Quality of Financial Reporting (MFR) by Thai Institute of Directors
- 2009 Executive Development Program (EDP4/2009) by Thai Listed Companies Association

#### Shareholding in Company

Executive Officer -none-  
Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives – none – Related Experience

##### Listed Company

Mar 2021 Chief Financial Officer, Tipco Asphalt Plc.  
Jun 2020 Deputy Chief Financial Officer, Tipco Asphalt Plc.

##### Non-Listed Company

2015 – 2020 Chief Financial Officer, The Minor Food Group Plc.  
(Type of business : Food and Beverage)  
2008 – 2014 Vice President of Finance, The Minor Food Group Plc.  
(Type of business : Food and Beverage)  
2003 – 2008 General Manager, Minor DQ Limited (Subsidiary of MFG)  
(Type of business : Food and Beverage)  
1999 – 2003 Finance Director, The Minor Food Group Plc.  
– The Pizza Company (Type of business : Food and Beverage)

### MR. THIERRY ALAIN SIMON DEFRENE

MEMBER OF THE EXECUTIVE COMMITTEE  
CHIEF OPERATING OFFICER – LOGISTICS AND PROCUREMENT

Age 50

#### Education

- Bachelor of Engineering (Civil Engineering), ALES Mining school, France

#### Shareholding in Company

Executive Officer 20,000 shares (0.001%)  
Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives – none – Related Experience

##### Listed Company

2019 – Present Chief Operating Officer – Logistics and Procurement, Tipco Asphalt Plc.  
2017 – 2019 Chief Operating Officer – International Trading and Business Development, Tipco Asphalt Plc.  
2005 – 2011 International Sales & Marketing Director, Tipco Asphalt Plc.

##### Non-Listed Company

2012 – 2017 Chief Executive Officer, COLAS Australia Group (Pty) Ltd. – Australia  
(Type of business : Road construction services)  
2000 – 2004 Managing Director, COLAS South Africa (Pty) Ltd. – South Africa  
(Type of business : Road construction services)  
1998 – 1999 Managing Director, COLAS East Africa Ltd. – Kenya  
(Type of business : Road construction services)

### MR. CHRISTOPHE BERNARD VOY

MEMBER OF THE EXECUTIVE COMMITTEE  
CHIEF OPERATING OFFICER – INTERNATIONAL BUSINESS

Age 54

#### Education

- Institute of Management Bouygues (IMB), HEC, France
- Bachelor of Business Administration, SDSU, USA

#### Training

- 2014 Director Certification Program (DCP)

#### Shareholding in Company

Management -none-  
Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives – none – Related Experiences

##### Listed Company

2020 – Present Chief Operating Officer – International Business, Tipco Asphalt Plc.  
2016 – 2019 Chief Operating Officer – International Retail, Tipco Asphalt Plc.

##### Non-Listed Company

2007 – 2015 President Director, Colas Companies in Indonesia, Vietnam & Singapore  
(Type of business : Road construction service)  
2005 – 2006 Marketing Director, North & Central Europe, Shell International  
(Type of business : Oil and Gas)  
2001 – 2004 Marketing Director, specialities, Asia Pacific, Shell Oil Products  
(Type of business : Oil and Gas)  
1997 – 2000 General Director, Shell Bitumen Vietnam  
(Type of business : Oil & gas)  
1995 – 1996 Business Development Manager, Shell Vietnam (Downstream)  
(Type of business : Oil and Gas)

# EXECUTIVE OFFICERS

## MS. AUCHCHA RATTRAKULTIP

DIRECTOR – CORPORATE FINANCE

Age 73

### Education

- Mini MBA Economics, Business Administration
- Mini MBA Commerce and Accounting, Business Administration Kasetart University

### Family Relationship with Other Directors and Executives

-none-

### Related Experience

#### Listed Company

2002 – Present Director – Corporate Finance, Tipco Asphalt Plc.

2001 – 2002 Senior Manager, Tipco Asphalt Plc.

#### Non-Listed Company

-none-

## MRS. UDOMPORN PUNPATCH

DIRECTOR – HUMAN CAPITAL MANAGEMENT

Age 59

### Education

- Master of Human Resources Management, College of Management, Mahidol University
- Mini-Master of Business Administration, Thammasat University
- Bachelor of Industrial Psychology, Chaingmai University

### Training

- Asia Women's forum during 18-20 September 2019

### Family Relationship with Other Directors and Executives

-none-

### Related Experience

#### Listed Companies

2011 – Present Director – Human Capital Management, Tipco Asphalt Plc.

2007 – 2010 Senior Manager – Human Resources, Tipco Asphalt Plc.

2000 – 2006 Group Manager – Human Resources, Tipco Asphalt Plc.

#### Non-Listed Companies

-none-

## MR. CHANCHAI LOHAPRATARN

DIRECTOR – DOMESTIC SALES AND MARKETING

Age 53

### Education

- Master of Business Administration, Victoria University, Melbourne, Australia
- Bachelor of Science, B.Sc., (Civil Engineer), Prince of Songkla University

### Family Relationship with Other Directors and Executives

-none-

### Related Experience

#### Listed Companies

2017 – Present Director – Domestic Sales and Marketing, Tipco Asphalt Plc.

2000 – 2006 Technical Sale Manager, Siam City Cement Plc.

#### Non-Listed Companies

2012 – 2016 Vice President (Sale & Service),  
Siam Hitachi Elevator Co., Ltd.

2011 – 2012 Managing Director, Bangkok Komatsu Sales Co., Ltd.

2008 – 2011 Managing Director, Pidilite Bamco Limited

2006 – 2008 COO, Siam City Concrete Ltd.

## MR. SORANARD NANTAMONTRY

DIRECTOR – INTERNATIONAL SALES AND MARKETING

Age 47

### Education

- Master of Business Administration, Saint Louis University, Missouri, USA
- Bachelor of Engineering (Civil Engineering), Chulalongkorn University

### Training

- 2019 Director Certification Program (DCP 283/2019)

### Family Relationship with Other Directors and Executives

-none-

### Related Experience

#### Listed Companies

2015 – Present Director – International Sales & Marketing, Tipco Asphalt Plc.

2014 Plant Manager – Nakornratchasima, Tipco Asphalt Plc.

2012 – 2013 Senior Manager – Domestic Asphalt Product Sales,  
Tipco Asphalt Plc.

2010 – 2012 Group Manager – International Sales and Marketing,  
Tipco Asphalt Plc

2001 – 2004 Senior Technical Officer, Tipco Asphalt Plc.

#### Non-Listed Companies

2019 – Present Directors Tipco Asphalt Lao Co., Ltd.

1 Nov 2019 Deputy Managing Director – Commercial & Support of  
Construction Business  
Tipco Asphalt Group

2004 – 2010 Marketing Manager, Kemaman Bitumen Company Sdn.  
Bhd. (Malaysia)  
(Type of business : Asphalt refinery)

1995 – 2001 Civil Engineer, Thanomwongse Service Co., Ltd.  
(Type of business : Road construction and maintenance  
service)

## MR. SUPHAT PIPITAWAN

DIRECTOR – OPERATIONS

Age 51

### Education

- Bachelor of Engineering, King Mongkut Institute of Technology –  
Ladkrabang Campus

### Training

- Total Productive Maintenance, TPM Master Company Limited

### Family Relationship with Other Directors and Executives

-none-

### Related Experience

#### Listed Companies

2016 – Present Director – Operations, Tipco Asphalt Plc.

#### Non-Listed Companies

2001 – 2015 Plant Manager, Guardian Thailand

(Type of business : Manufacturer of float glass and  
fabricated glass products)

**MRS. PUNSIRI SUTTIENKUL**

DIRECTOR – CORPORATE BRANDING AND  
CORPORATE SOCIAL RESPONSIBILITY

Age 61

**Education**

- Master of Landscape Architecture, University of Pennsylvani, USA
- Bachelor of Architecture, Silpakorn University

**Training**

- 2020 Preliminary to Corporate Sustainability by Stock Exchange of Thailand
- 2020 Corporate Sustainability Strategy by Stock Exchange of Thailand
- 2020 Sustainability Risk and Materiality Analysis by Stock Exchange of Thailand
- 2020 Sustainability Evaluation & Data Management by Stock Exchange of Thailand
- 2020 Sustainability Reporting by Stock Exchange of Thailand

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Companies*

- 2016 – Present Corporate Branding and Corporate Social Responsibility Director, Tipco Asphalt Plc.
- 2014 – 2016 Domestic Sales and Marketing Director, Tipco Asphalt Plc.
- 2011 – 2012 President Asia Pacific & Global Branding, Mahaphant Fibre-Cement PLC  
(Type of business : Manufacturers of fibre cement products)

*Non-Listed Companies*

- 2013 – 2014 Country Director, Villeroy & Boch (Thailand) Co., Ltd.  
(Type of business : Manufacturer and distributor of sanitary ware)
- 2009 – 2010 General Manager, Grohe (Thailand) Limited  
(Type of business : Manufacturer of sanitary fittings)

**MR. LOUIS - FREDERIC SACHS**

DIRECTOR – MARINE GROUP

Age 46

**Education**

- Master of Nautical Science, Antwerp Maritime Academy, Antwerp, Belgium
- Bachelor of Business Administration, NEOMA B.S., Reims, France

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

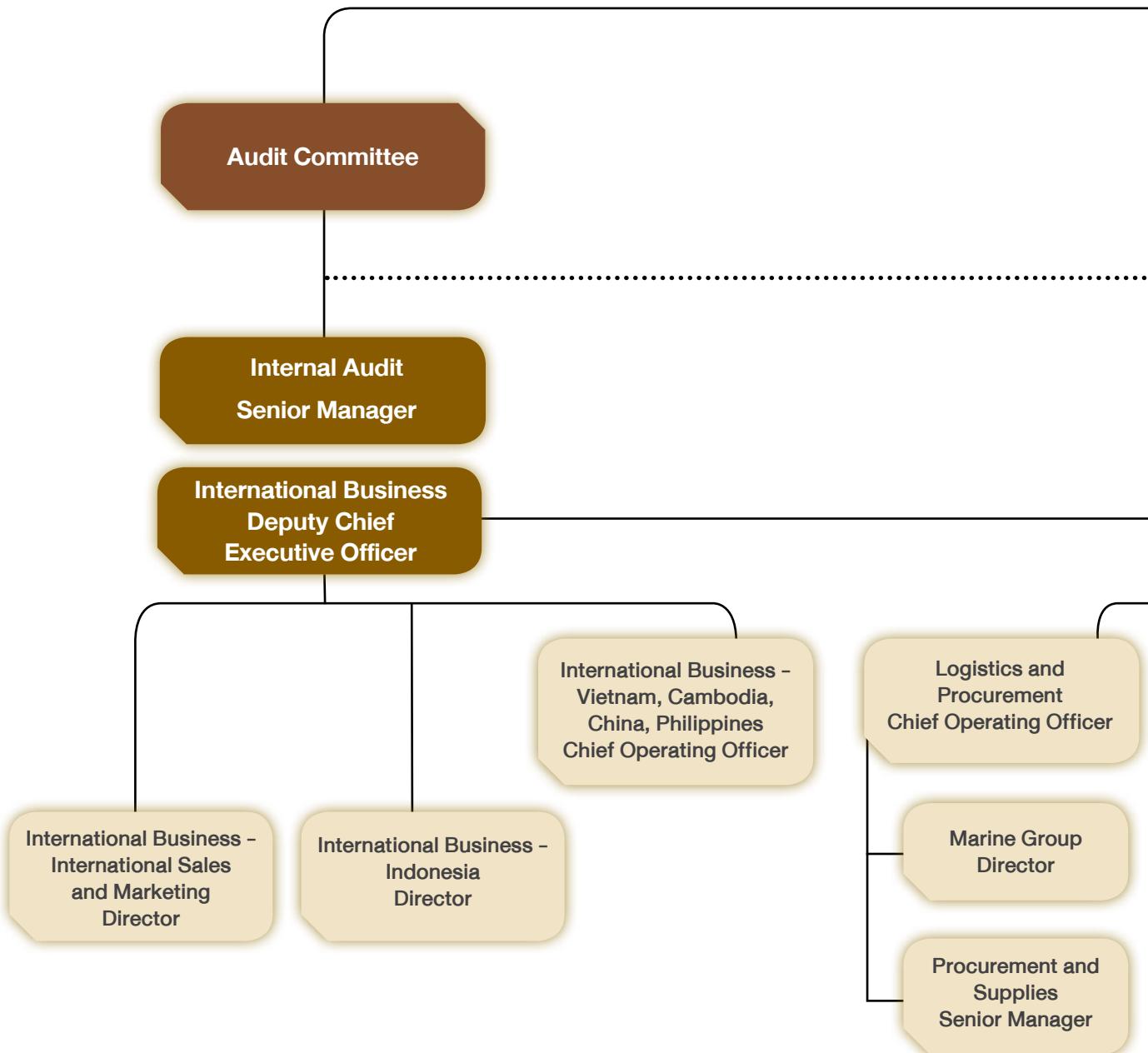
*Listed Companies*

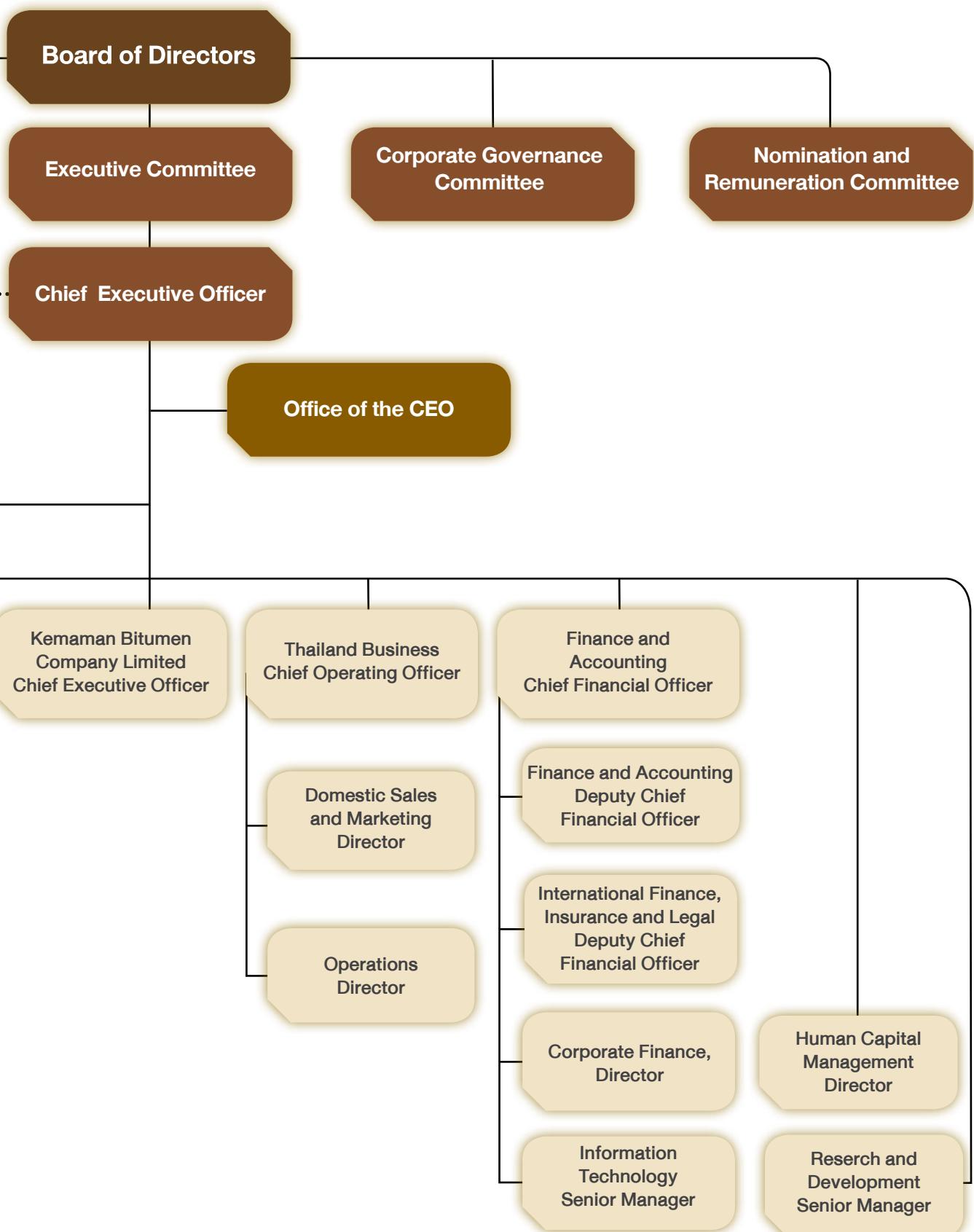
- 2013 – Present Director – Marine Group, Tipco Asphalt Plc.

*Non-Listed Companies*

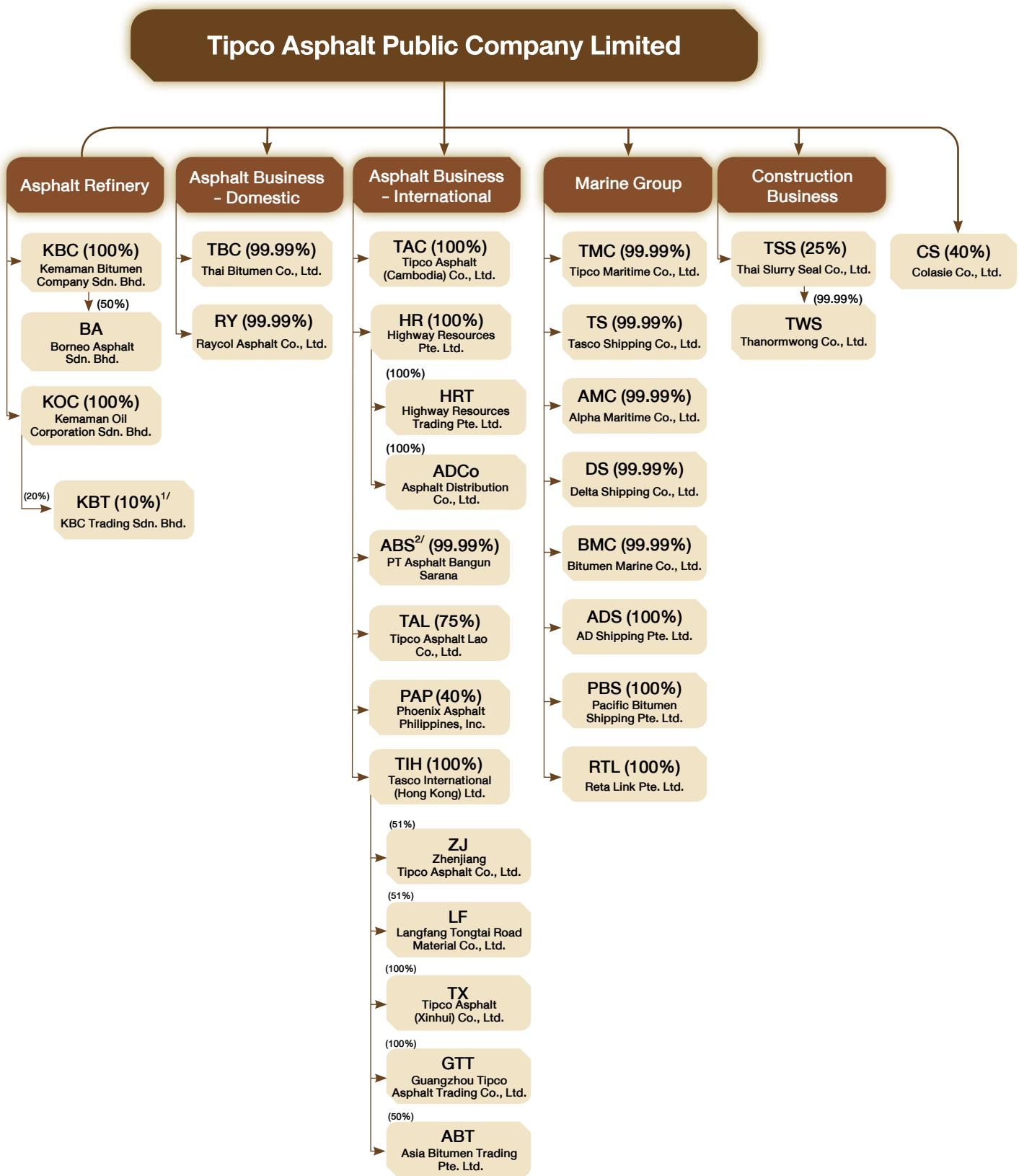
- 2012 – 2013 Senior Marine Cargo Underwriter & Project Cargo Trade Sector Manager – Asia, AXA Corporate Solutions  
(Type of business : Risk management and insurance solutions)
- 2008 – 2012 Regional Marine Risk Manager – Asia, AXA Corporate Solutions  
(Type of business : Risk management and insurance solutions)
- 2005 – 2008 Chief Officer LNG Tankers, Gazocean GDF SUEZ  
(Type of business : Merchant Marine)
- 1996 – 2005 Deck Officer, EXMAR (Type of business : Merchant Marine)

# ORGANIZATION STRUCTURE





# SHAREHOLDING STRUCTURE OF THE GROUP



1/ KBC Trading Sdn. Bhd. (KBT) was held 20% by Kemaman Oil Corporation Sdn. Bhd. (KOC) and 10% by Tipco Asphalt Public Company Limited

2/ PT Asphalt Bangun Sarana (ABS) holds 99.91% of ordinary shares in PT Saranaraya Reka Cipta (SRC) and 49% in PT Sarana Distribusi Aspal Nusantara (SDAN)

# MAJOR SHAREHOLDERS

**Company Overview**  
 Performance & Risk Management  
 Responsibilities of the board  
 Corporate Governance & Sustainability-Driven Organization  
 Internal control & Internal audit  
 Management Discussion Analysis & Financial Statements  
 Company Information

## RELATIONSHIP BETWEEN THE MAJOR SHAREHOLDER'S BUSINESS GROUPS

The first group of major shareholders are Tipco Foods Plc. and the Supsakorn family, the founding shareholders. The other group is Colas S.A. of France, world leader in construction and maintenance of transport infrastructure. Colas became a 22.7% strategic shareholder of the Company in 2000. Shareholding currently stands at 31.1%. Through a Technical Assistance Agreement, the Company receives assistance on asphalt technology from Colas, including access to the latter's central asphalt research and development center in France, and to specialty asphalt products formulations and application techniques.

## MAJOR SHAREHOLDERS

The Company's top 10 major shareholders as of 31<sup>st</sup> December 2020 are as follows:

RANK	MAJOR SHAREHOLDERS	NO. OF SHARES	%
1.	BNP PARIBAS SECURITIES (ASIA) PTE LTD - FOR COLAS	490,731,040	31.09
2.	Tipco Foods Plc	369,881,660	23.43
3.	Thai NVDR	109,062,511	6.91
4.	Supsakorn Family	108,453,000	6.87
5.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	22,002,728	1.39
6.	STATE STREET EUROPE LIMITED	8,212,019	0.52
7.	Mr. Pichai Kanchanaporn	7,000,000	0.44
8.	BANK LOMBARD ODIER & CO LTD	5,855,560	0.37
9.	Krungsri Active SET50 Dividend LTF	5,450,600	0.35
10.	N.C.B.TRUST LIMITED-NORGES BANK 1	4,889,493	0.31
11.	Others	446,822,959	28.32
<b>Total</b>		<b>1,578,361,570</b>	<b>100.00</b>

As of 31<sup>st</sup> December 2020, total direct and indirect shareholding held by members of the Board of Directors accounted for 5.2% of total shares

## DIVIDEND POLICY

The Company follows a policy of paying dividend of no less than 60% of the consolidated financial statement's net profit for each fiscal year. However, the actual dividend payment depends on cash flow, the investment plan of the Company, the terms and conditions of agreements entered by the Company, together with all other conditions of necessity and suitability in the future.

Details of the dividends paid (baht/share) for the past 5 years are as follows:

Unit : Baht	2016	2017	2018	2019	2020
Dividend/share	0.9	1.2	0.3	1.5	1.6 <sup>1/</sup>

<sup>1/</sup> Include the proposed final dividend of Baht 1.0 per shares, which is subjected to approval at 2021 AGM.

## REVENUE STRUCTURE

During 2020, domestic and international sales volumes contributed to approximately 29% and 71% of total sales volumes, respectively. 99.20% of total revenue came from sales of asphalt and petroleum related products.

Based on the Company's consolidated financial statements for the years 2018, 2019 and 2020, revenues categorized by companies are as follows:

Product Line /Business Category	Shareholding (%)	2018		2019		2020	
		THB Million	%	THB Million	%	THB Million	%
<b>1. Asphalt and Petroleum Related Business</b>							
Tipco Asphalt PLC.	-	18,245.57	65.51	26,868.94	71.69	18,059.76	68.52
Thai Bitumen Co., Ltd.	99.99	1,432.52	5.14	1,564.77	4.17	1,426.10	5.41
Raycol Asphalt Co., Ltd.	99.99	691.49	2.48	610.26	1.63	535.78	2.03
Tipco Asphalt (Cambodia) Co., Ltd.	100.00	598.02	2.15	563.48	1.50	568.80	2.16
KOC and KBC and subsidiaries	100.00	1,734.63	6.23	1,990.24	5.31	1,270.48	4.82
TIH and subsidiaries	100.00	1,731.42	6.22	1,290.23	3.44	1,285.93	4.88
Highway Resources Pte Ltd. and subsidiaries	100.00	1,535.54	5.51	2,109.03	5.63	1,969.98	7.47
PT Asphalt Bangun Sarana and subsidiaries	99.98	1,619.41	5.81	1692.80	4.52	868.48	3.30
Tipco Asphalt Lao Co.,Ltd.	75.00	41.06	0.15	203.22	0.54	159.17	0.60
<b>Total</b>		<b>27,629.66</b>	<b>99.21</b>	<b>36,892.97</b>	<b>98.43</b>	<b>26,144.48</b>	<b>99.20</b>
<b>2. Marine Group</b>							
Tipco Maritime Co., Ltd.	99.99	63.02	0.23	4.83	0.01	3.03	0.01
Delta Shipping Co., Ltd.	99.99	66.83	0.24	56.95	0.15	0.00	0.00
Alpha Maritime Co., Ltd.	99.99	117.34	0.42	121.28	0.32	160.86	0.61
Bitumen Marine Co., Ltd.	99.99	239.39	0.86	248.20	0.66	267.53	1.02
Tasco Shipping Co., Ltd.	99.99	294.83	1.06	286.36	0.76	342.09	1.30
AD Shipping Pte. Ltd.	100.00	96.00	0.34	104.54	0.28	251.00	0.95
Reta Link Pte. Ltd.	100.00	66.63	0.24	69.64	0.19	1,176.94	4.47
Pacific Bitumen Shipping Pte. Ltd.	100.00	244.11	0.88	241.94	0.65	242.66	0.92
Less: Inter-company Transaction		(1,185.89)	(4.26)	(1,133.74)	(3.02)	(2,433.32)	(9.23)
<b>Total Marine group after eliminate</b>		<b>2.26</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>10.79</b>	<b>0.04</b>
Total Sales and Services Income		27,631.92	99.22	36,892.97	98.43	26,155.27	99.24
Other Income		218.54	0.78	587.23	1.57	200.14	0.76
<b>Total Revenue</b>		<b>27,850.46</b>	<b>100.00</b>	<b>37,480.20</b>	<b>100.00</b>	<b>26,355.41</b>	<b>100.00</b>

**Note:** Excluded profit (loss) from investment in joint ventures and associated companies.

# PRODUCTION FACILITIES, OIL AND ASPHALT TERMINALS

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 Responsibilities of the board  
 Corporate Governance & Sustainability-Driven Organization  
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<sup>1/</sup> Temporary floating storage at Batu Licin

# PERFORMANCE & RISK MANAGEMENT

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# PRODUCTS OF THE GROUP

## TYPES AND SOURCES OF RAW MATERIALS

Asphalt Cement (AC) is a refined product made from crude oil, and is used as the main raw material for manufacturing asphalt emulsion, cutback asphalt, polymer-modified asphalt, Natural Rubber Modified Asphalt Cement, etc. The Group currently sources its AC supply from its own asphalt refinery in Malaysia, along with other local and international refineries. This has mitigated the risks associated with reliance on a single source, and has additionally enabled us to control the cost of the main raw material.

## OTHER RAW MATERIALS

The Group imports chemicals used in the manufacturing of asphalt emulsion and polymer modified asphalt, representing around 10% of total raw materials used. The remaining 90% is sourced through local suppliers. The Group also purchases Ultra-low Ammonia locally, which allows us to produce environmentally-friendly natural rubber modified asphalt cement.

## CHEMICALS CAN BE CLASSIFIED INTO TWO CATEGORIES AS FOLLOWS:

- Solvents: All solvents can be sourced locally, meaning there is little risk of raw material shortage. The market price of solvents fluctuates in line with the price of oil.
- Emulsifiers: The Group uses several kinds of emulsifiers, which can be imported from international suppliers through their authorized agents or sourced locally. Market prices of emulsifiers are relatively stable.

## PRODUCTS FOR WHICH THE GROUP SERVES AS DISTRIBUTOR:

- Asphalt Cement purchased from local and international suppliers
- Diesel oil purchased from oil refineries and traders
- Lubricant products such as engine oil, transmission fluid, hydraulic oil purchased from refinery in South Korea and traders.

The Group has integrated sustainable awareness into its procurement process to ensure the same spirit of environmental-consciousness exists throughout the supply chain. Appropriate policies and procedures have been put into place to ensure this. The procurement criteria were established with a focus on environment, safety, human rights, transparency and fairness, alongside the pre-existing procurement standards.

A team made up of representatives from various departments within the Group is sent on annual supplier visits to assess suppliers' operational practices relating to ESG issues, and to make sure they comply with the Group's standards of sustainable awareness. The Group is committed to sourcing green products, i.e., energy saving, environmentally-friendly and locally-purchased products.

## PRODUCTS PRODUCED BY THE GROUP INCLUDE:

- Asphalt Cement (“AC”): Our refinery in Malaysia refines heavy crude oil to produce AC, which accounts for approximately 75% of total refinery output. There are various grades of asphalt which are AC 20/30, AC 40/50, and AC 60/70. The quality of AC from our refinery is superior to that from other refineries.
- Asphalt Emulsion (“AE”) is a mixture of AC, water and chemicals. AE is environmentally-friendly as it removes oil evaporation into the atmosphere from the manufacturing process. The Company offers various grades of AE for different applications. Emulsified Asphalt Prime (“EAP”) was developed in order to replace Cutback asphalt, thereby reducing the environmental impact of road construction and maintenance.
- Cutback Asphalt is a mixture of AC and petroleum solvents. It is used mainly for prime coating on surface pavements and for maintenance. At present, Cutback asphalt has become less popular due to its higher production costs, flammability and considerable environmental impact.
- Polymer Modified Asphalt (“PMA”) is a premium-grade asphalt mixture of AC and polymer compounds. PMA quality is superior to that of regular AC in terms of its higher softening point, elastic recovery, cohesion, toughness and tenacity. These characteristics make for greater rutting resistance on highways. Once applied to the surface pavement of highways and airport runways, PMA helps extend the useful life of roads and runways longer than AC can.
- Natural Rubber Modified Asphalt Cement (“Para AC”) is a mixture of AE and Concentrated Latex. Para AC is better suited for construction and maintenance in areas with high traffic density. The Company was the first to successfully manufacture Para AC by using concentrated latex with Ultra-low Ammonia. This reduces odor, and eliminates pollution both during production and application.
- Natural Rubber Modified Asphalt Emulsion is a mixture of AE, water, chemicals and concentrated latex. The product application is similar to that of Para Slurry Seal. The key benefit is its higher skid resistance on road surfaces for pothole repairs, which ultimately enhance road safety. Another benefit is the significant reduction in road closure time. Para slurry seal requires only one hour of curing time before a repaired area can be reopened to traffic, in contrast to the four hours of curing time needed with regular slurry seal.
- Premix is an instant, ready-mixed, ready-for-use product that is sold in 20 kg retail packages. Premix is made from selected aggregates (with proper gradation), readily mixed asphalt emulsion and some additives, all of which promote extra bonding properties. Premix products are ideal for road surface repairs, potholes and other small road projects.
- Tipco Joint Sealer and Tipco Joint Primer both refer to AC mixed with polymer, which offer extra durability under extreme weather conditions. Both sealer and primer exhibit high properties of flexibility while adhering strongly to joint components. Both Sealer and Primer can be used to seal joints between concrete slabs. “Top Joint” is the Company’s Joint Sealer which is designed for comprehensive application.
- Petroleum products: Kerosene, Naphtha, Atmospheric Gas Oil (AGO), and Vacuum Gas Oil (VGO) are by-products of the KBC refinery in Malaysia. These products are distributed directly to local and regional customers.

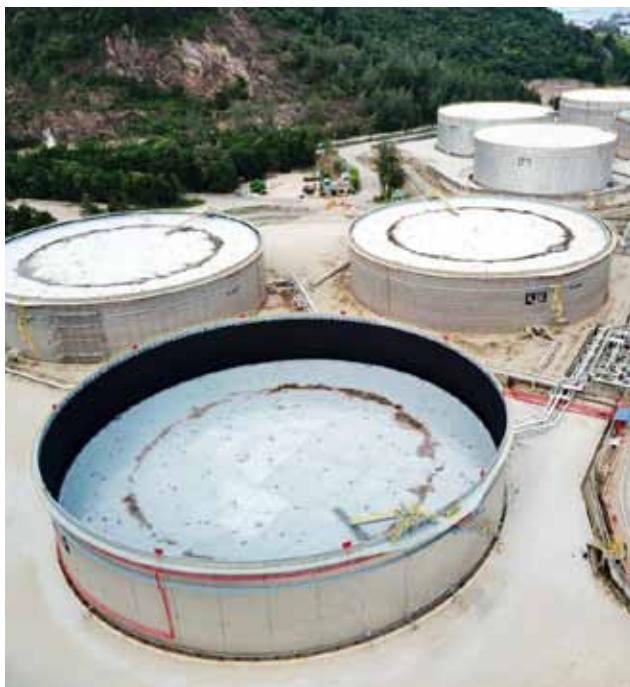
# BUSINESS PERFORMANCE

## ASPHALT REFINERY IN MALAYSIA

Kemaman Bitumen Company Sdn Bhd. and Kemaman Oil Corporation Sdn Bhd, wholly owned subsidiaries of the Company, operate a refinery and associated tank farm on a 41-hectares site in the Teluk Kalung Industrial Area, Kemaman, Terengganu on the east coast of Malaysia. The specialized asphalt refinery is designed to process 30,000 bbl/day of high TAN (Total Acid Number) heavy crude oil and produces various grades of high-quality asphalt, atmospheric gas oil (AGO), vacuum gas oil (VGO) and naphtha. KBC employs nearly 200 experienced refinery and petrochemical personnel among its management and operations staff.

The KBC Refinery produced 974,000 tons of high-quality asphalt, along with 337,000 tons of non-Asphalt products and 506,000 barrels of bitumen mixture in 2020. The throughput of the refinery was lower than previous years,

mainly due to the impacts of the Covid-19 pandemic on overall economic activity around the world.



The KBC refinery has maintained consistently high levels of plant reliability over the years. In 2020, the refinery team focused on achieving the same standards as those reflected in the plant's past reliability figures, which stood at nearly 99.7%. The Company continues to benchmark its operations against best practices as corroborated by the ISO 9001, ISO 14001 and OHSAS 18001 certifications that have been renewed by the relevant agencies up to September 2021. The refinery further obtained the latest ISO 45001:2018 Occupational Health and Safety Management System certification in September 2020.

The years immediately preceding 2020 presented various challenges to KBC, all of which the company has overcome with exemplary resilience, while maintaining its high operating standards. The two crude oil storage tanks that were damaged, and the third that was partially damaged during the fire incident of July 2018, have been repaired, refurbished and put back into service, with the addition of improved fire-fighting facilities in 2020. A detailed review of the Fire Safety & Design Philosophy (FSDP) for the entire refinery was undertaken with the help of a specialized consulting firm and has been endorsed by the domestic fire safety authorities. Action has already been taken to implement the recommendations from this study, except for the few long lead items that will be completed over the next 12 months.

At the same time, KBC has followed up successfully on the claims submitted to the insurers for material damage and business interruption losses. In 2020, KBC received interim payments for insurance claims amounting to RM 24 million. Negotiations are at an advanced stage for the settlement of the business interruption claim, and the final payment from insurers is expected by the first or second quarter of 2021.

Going forward, the refinery continues to monitor the feedstock situation closely in view of the recent geopolitical developments, and is working in close coordination with head office in assessing different feedstock options to ensure optimal business continuity. The floating storage

unit hired by the company has proven to be a correct decision, and has helped maintain adequate feedstock levels for the past 2 years.

Domestic asphalt demand in Malaysia was low this year mainly due to the Covid-19 pandemic. There was, however, a slight uptick observed towards the last quarter of the year. Our trading company, KBC Trading Sdn. Bhd. sold 110,000 tons of bulk asphalt in the domestic market, compared to 151,000 tons in the previous year. Borneo Asphalt Sdn. Bhd., a new joint-venture company established in the State of Sarawak, Malaysia completed the construction and commissioning of its asphalt depot facility in November 2020 and has commenced commercial operations. This will help KBC's efforts to establish its footprint on the Borneo Island part of Malaysia and increase its market share.

## THAILAND MARKET

2020 was a challenging year for the Thailand market due to delays in the 2020 government budget approval process. As a result, budget disbursement which was scheduled in October 2019, was pushed to the late first quarter of 2020. In any event, total demand for all asphalt products in Thailand remained strong at 1.34 million tons in 2020, a 5% increase from 2019. 0.92 million tons of this demand represented asphalt cement, while the remaining 0.42 million tons were for asphalt emulsion and other premium products such as cutback asphalt, PMA and Para AC. To support such high asphalt demand, the real challenge in 2020 was production capability and logistics to deliver asphalt products to customers across Thailand within 9 months.

The Group enjoys competitive advantages by having several manufacturing facilities for asphalt emulsion and polymer modified asphalt located across Thailand together with its 2 strategically located asphalt terminals in Samutprakarn and Suratthani. In order to best serve peak demand during shorter budget disbursement periods, the Group was able

# BUSINESS PERFORMANCE

to capitalize on these competitive advantages, coupled with various resilient approaches as follows:

First, the Phitsanulok plant operation team applied new working processes to increase its production capacity of PMA approximately twice a month with zero investment cost. Next, the Group expanded its asphalt logistics capacity with more support from subcontractor trucks/trailers with zero investment and lower distribution costs. Consequently, the Thailand plants broke the highest ever record for producing and delivering all of its products to customers in the months of June and July.

In addition to the delay in budget disbursement, the Covid-19 pandemic posed 2 other challenges. The first of these was low asphalt cement production from local refineries. In responding to these challenges, the new pipelines and AC storage tanks in the Phrapradaeng terminal played a vital role in enabling and facilitating asphalt import from abroad.

Another challenge was business continuity planning. Our Thailand operation team prepared a business continuity plan and emergency plan for all plants by dividing the operation team into 2 groups. Moreover, an emergency team for operation across difference plants was established to respond to specific needs resulting from Covid-19.

In adherence to sustainable growth, all Thailand plants switched the usage of Diesel B7 to B10 as part of production and logistics. This has reduced greenhouse gas emissions to the environment by all our plants. The Company is delighted to announce that the Suratthani plant

won The Prime Minister's Industry Award 2020 (Social Responsibility Category) from the Department of Industrial Work as well as winning the Social activity organization award 2020 from the Ministry of Industry.

As a market leader in Thailand, the Company has continued to successfully maintain customer confidence and trust through its excellent-quality products, superior-customer services, prompt deliveries and continuous efforts on product innovation. In order to continue improving service quality, the Company has conducted in-depth interviews with our customers regarding our products and services. The interviews confirmed the Company's position as the leader for asphalt products in Thailand across all areas for both products and services thanks to our client-centric approach in sales, reliability as a business partner, technical knowledge management, and our digital order-fulfillment platform. Also, the Company is keen to elevate our position to become a dedicated road construction consultant and develop our own digital platform to cope with digital disruption.

The Company was able to significantly expand the market for latex-based products. The Company would like to highlight that its cutting-edge latex-based products were a successful innovation that have now become the preferred construction and maintenance technique advocated by the Department of Highways, the Department of Rural Roads and the Expressway Authority of Thailand. Nonetheless, the Company is looking forward to continuing its innovations in road construction and maintenance techniques in a sustainable and economical manner.





## 2020 KEY CONSTRUCTION AND MAINTENANCE PROJECTS:

### PARA SLURRY SEAL:

- Renovate and levelling the expansion joint on CHALERMAHANAKORN Expressway (RAMA IX Bridge) using Para Slurry Seal technique.

### COLORED ASPHALT PAVEMENT:

- Improve the routes and areas around SOMDEJ PHRACHAO TAKSIN MAHARAT Public Park, Chantaburi Provincial Administrative Organization, using Colored Para Slurry Seal technique.

### PREMIUM GRADE ASPHALT TECHNIQUE:

- Major road restoration project to increase pavement safety efficiency on CHAIYAPHRUEK Road of Department of Rural Roads, using Porous Asphalt technique.
- Highways and main road maintenance of Department of Highways on route No. 4 Chumphon - Ranong, using Porous Asphalt technique.

- Surface maintenance of Department of Highways, using Polymer Modified Asphalt or PMA on route No.305 RANGSIT – NAKHON NAYOK
- Rural roads maintenance of Department of Rural Roads on route No. 5066 BANRAICHAREAN SRIMOUNGMAI District UBONRATHCHATHANI Province, using Natural Rubber Modified Asphalt or Para AC
- Major Highways Constructions of Department of Highways on route No. 226 Buriram – Surin using Asphalt Cement grade 40-50
- Renovate and surface repairing on runway and taxiway of Mae Hong Son Airport of Department of Airports using Asphalt Cement grade 60-70
- Surface repairing on runway and taxiway of Airport Authority of Thailand of SUVARNBHUMI International Airport using High Performance Pavement or HPP

## INTERNATIONAL MARKETS

Unlike the noteworthy 30% volume growth in the previous year, 2020 was a very challenging year due to the Covid-19 pandemic. The market kept up steady demand during the second half of the year, while the availability of asphalt was restricted. As such, we seized this opportunity to carefully select the best channels for our sales.

Amidst unfavorable conditions, the Company's International wholesale volumes were reduced by a slight 8%. Key markets in 2020 remained strong in China, Vietnam and Australia. Moreover, New Zealand's sales volumes more than doubled. However, due to the Indonesia market being more affected by Covid-19 restrictions than other countries, our volumes there dropped by around 20%. As for India, a big import market for asphalt, difficulties were faced in moving asphalt products to the West due to competitive price from the Middle East.

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### Indonesia:

Overall, Indonesia's import asphalt market volume decreased by 30% in 2020 due to the impact of the Covid-19 pandemic along with reduced government spending on infrastructure projects. Specifically, the Jakarta and Java Island asphalt market demand recorded the biggest decrease due to the severity of the pandemic and the resultant restrictions on movements. The Group's subsidiary, PT Asphalt Bangun Sarana (ABS), was also affected by this situation and recorded lower sales volume. Nevertheless, the sales volumes in Palembang and Medan, together with operational cost reductions and financial risk management, helped alleviate the bottom line of ABS.

### Vietnam:

Following prompt and effective measures from the authorities in the midst of the COVID-19 pandemic, the situation was under control within the first quarter of the year. Hence, the Vietnam asphalt import market increased by 17% in 2020, in line with higher government spending on road infrastructure projects during the final year of Vietnam's Socio-Economic Development Plan (2016-2020). The



Company's subsidiary, Asphalt Distribution Company Limited ("ADCo"), has shown remarkable resilience and achieved its second-best financial and sales volume growth at 7%, while maintaining its #2 market position in 2020. Leveraging on the Group's R&D knowhow and expertise, ADCo is continuously making efforts to promote high-performance pavement solutions to the Transport Authority of Vietnam. Ultimately, the Group is delighted to announce that ADCO was chosen as the exclusive supplier of premium asphalt to the prestigious new Formula 1 racetrack in Hanoi, a 5.6 kms long track with a unique hybrid design.

### China:

Despite the Covid-19 pandemic, the asphalt import market demand in China increased by 16% in 2020 due to budget disbursement acceleration in the final year of the government's infrastructure plan.



Cheaper crude oil availability also prompted an increase in domestic asphalt production which impacted both local and import asphalt pricing. Despite tight availability of KBC asphalt in the second half of the year, the retail business activity of our Chinese subsidiaries doubled from 2019.

#### **Cambodia:**

As a result of delays to multi-years national road project in 2019, which were soared in 2020 instead, the Cambodia asphalt market grew by over 20% this year. Cambodia was much less affected by the Covid 19 pandemic. Despite stronger competition from Thailand and Vietnam borders' trade, our subsidiary Tipco Asphalt (Cambodia) Co., Ltd. ("TAC") maintained a market leadership position. The sales volume growth of 11% was largely thanks to various grades of asphalt, including premium grade asphalt, supplied to the Sihanoukville international airport project (2019-2020), and other key national road projects in the country.

#### **Philippines:**

Our newly established joint venture in the Philippines, Phoenix Asphalt Philippines Inc., ("Phoenix") commissioned its bulk asphalt import terminal in January 2020, before the country was badly hit by the ongoing COVID-19 pandemic. Following multiple nationwide lockdowns restricting construction activities, the Philippines' asphalt import demand dropped by over 40% in 2020. Despite circumstantial weak market demand, Phoenix managed to gain a successful market entry with considerable sales volumes growth, and achieved positive financial results.

## THE MARINE GROUP

The Marine Group experienced one of its most challenging years in relation to crew management due to the Covid-19 crisis. Back in March 2020, we saw all countries around Asia close their borders and forbid ship berthing in response to the outbreak of the pandemic. This sudden change in situation left our seafarers stranded, some of whom found themselves in heading to overdue contracts, which resulted in unintended but no less critical anxiety among crew members.

The entire organization immediately mobilized itself to provide special care for our crew members during that crisis period with several actions put in place. The first action was to follow-up on each of our seafarer's families on a weekly basis. This was done to put them at ease, and to reassure our crew members that their families individually were taken care of. We concurrently established a campaign to manage their stress levels onboard through a Mental Health monitoring program. This program helped identify early signs of depression in our seafarers, and fostered a closer relationship between ship and shore.

The Covid-19 pandemic also resulted in difficulties in crew changes. Our Crewing Department worked tirelessly to look for options to carry out crew changes in different countries. This led us to be one of the first Asian ship operator to successfully complete a crew change back in May 2020 in Thailand. Since then, we have also conducted crew changes in Malaysia, the Philippines and Singapore with detours on some of our tankers trading routes. Ultimately, the Marine Group proved once again its resilience both onboard and ashore, and we were able to manage our pool of seafarers to ensure no contracts were overdue across our fleet.

The Marine Group owns, manages and operates a fleet of eight state of the art asphalt tankers for a total of 42,902 MT DWT and an average age of 12 years.

Our full in-house ship-management subsidiary, Tipco Maritime Co., Ltd., is a strategic subsidiary for our tanker asset profitability, allowing the Group to have full control

of our marine logistics activities, maintenance and cost efficiency.

In 2020, Tipco Maritime Co, Ltd. successfully maintained OCIMF/VIQ of 4.0 average observations per tanker and Tanker Management and Self-Assessment ("TMSA") score of 2.5.

Finally, the Marine Group greatly contributed to maintaining the Group's crude oil supply by proposing and implementing innovative logistical solutions in the wake of crude supply disruptions





## ENTERPRISE RISK MANAGEMENT

The Group has adopted an Enterprise Risk Management (ERM) practice since 2012. The ERM practice mainly focuses on identifying and assessing the uncertainties associated with strategic, operational and business objectives. It also follows the guidance of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO")-ERM framework, which emphasizes effective ERM execution through risk governance and culture, linkages with strategy and operational performance, risk reviews, and regular communication and reporting. So far, the Group has already implemented risk management practices in all existing units/entities in Thailand, maritime business, local plants, truck logistics units, its refinery facility in Malaysia, and a joint venture company in Singapore. In 2020, the scope was broadened to include subsidiaries in Vietnam and Indonesia. The Group plans to deploy the ERM practice to all other offshore subsidiaries and related businesses in which the Group has significant investment (at least 20% of shares with voting rights).

As the core of the Group's ERM, the Risk Management Policy was formulated in accordance with the Group's business goals, strategies and risk appetite. The Policy applies to all entities across the Group, and helps our businesses remain resilient to cope with any challenges encountered by identifying early warning signals of key risks through impact/likelihood assessments and key risk indicators, and by devising effective risk mitigation plans which are monitored and reviewed on a regular basis. In

2020, the Policy was reviewed to include more details on the roles and responsibilities of all ERM-related units with the development of an ERM Guideline Manual to support policy implementation.

The Group's ERM structure was conscientiously designed in compliance with good corporate governance principles and the Risk Management Policy. The Risk Management Committee (RMC) was first established under the auspices of the Board of Directors and the Executive Committee (EC), to ensure that the Group's principal and substantial risks can be identified through a thorough assessment of internal and external disruptive factors. It was also designed to encourage all related stakeholders to follow prudent risk management practices, and to help them be fully prepared for all possible scenarios.

Established by the RMC in 2015, the Risk Management Office (RMO) facilitates and exercises adequate oversight of the risk management practices employed by each of the respective business unit. The RMO works proactively with the respective business unit (BU) leaders and Risk Champions/Risk Officers in order to ensure effective implementation of the risk management processes and internal controls, including risk communication across the Company.

As part of the ERM practice, each risk is identified, updated and assessed in risk registers corresponding to each BU. Risk information includes risk descriptions, internal/external context, risk category according to COSO (i.e.,

operational, strategic, reporting and compliance), internal risk controls, risk assessment (impact/liability) and key risk indicators (KRI). RMO asks each BU to provide risk and KRI updates on a quarterly basis. Results are then analyzed and disseminated in the Quarterly Risk Report which is submitted to the RMC, the EC and ultimately to the Board of Directors, for their acknowledgement and consideration.

In addition, the Group regularly conducts comprehensive risk reviews, to fully reflect up-to-date risk information in line with constantly changing business environments as well as market conditions. Results are updated and communicated in the Quarterly Risk Report, submitted to the RMC, the EC and ultimately to the Board of Directors.

## KEY CORPORATE AND EMERGING RISKS

As an important part of the ERM practice, the RMC collectively identified a set of likely key corporate risks that could impact the company at corporate level. These risks were first identified in late-2017 and re-assessed recently in 2020, with a corresponding set of effective internal risk controls designed for careful implementation as part of risk mitigation to ensure business resilience. The risks were then presented to the Board of Directors for their acknowledgement.

One of the key corporate risks concerns uncertainty associated with crude supply availability. Our asphalt production requires special types of crude with relatively high sulfur content (sour crude or heavy crude) which can only be sourced from a select few crude sources.

The Group once relied on a single source of heavy crude oil supply from Venezuela, which contributed to crude supply uncertainty. Such exposure could have had adverse impacts on both our refinery operations and our international trading businesses. As a result, the Group has formulated and implemented a number of mitigation initiatives to cope with such risks. These include efforts to source commercially viable alternative crude/feedstocks from oil producers and oil trading companies to ensure

non-interrupted operations of our refinery facility.

The Group also procures asphalt directly from regional refineries to support our international trading activities. Volatility in local demand and prices represent another set of key corporate risk pertaining to international retail businesses across some of the Group's key markets (for instance, Vietnam, China, Indonesia). These risks mainly result from local government budget reductions/delays coupled with intense competition from local key players. Measures and control initiatives have been designed and implemented, with a focus on distribution channel enhancement, special project approach (both public and private), and creating demand for higher-value products while exploring potential M&A opportunities.

The Group is also cognizant of potential emerging risks that might impact our businesses in the upcoming 3-5 years. One such key corporate risk, is that associated with cyberattacks and IT security. Due to the rapidly changing nature of technological advancements and IT applications across the Group's business practices, there have been an increasing number of IT threats and cyberattack incidents such as phishing emails, ransomware and more recently, potential risk of personal data misuse and the upcoming implementation of the Personal Data Protection Act (PDPA).

Our IT Group has implemented several key risk control measures to mitigate such emerging risks. For instance, it has reviewed our overall IT infrastructure effectiveness, conducted IT security assessments, shifted towards a more secured, cloud-based platform, and implemented a full-scale disaster recovery plan (DR).

## RISKS RELATED TO FINANCE

The Group's business activities are exposed to various financial risks, including those related to credit, liquidity, foreign currency, interest rates and oil prices. The Group uses various financial instruments to manage any identified financial risks, but does not use financial instruments for trading or speculative purposes.

The Group's Finance Department operates as a service center, providing treasury advice, funding, and risk management assistance. It also liaises with financial institutions and manages financial risks related to the Group's overall operations in order to ensure that Tipco Asphalt's strategic objectives are met. The use of financial instruments is strictly controlled by policies approved by the Board of Directors. The policies provide specific instructions relating to financial risk management, including commodity hedging, foreign currency, interest rate, credit and liquidity risks.

### CREDIT RISK

The Group's credit policy is regularly reviewed and updated, and our exposure to credit risk is closely monitored on an on-going basis. Credit reviews and evaluations are performed on all customers, while credit approvals are based on delegated limits of authority by credit committees.

Sales collections have improved this year due to concerted efforts by both the credit and sales teams to lower Days Sales Outstanding ("DSO"), and to recover bad debts. The Group is determined to improve its collection efforts.

### LIQUIDITY RISK

The Group operates under unsecured short-term trade and working capital facility arrangements with reputable local and international banks that have a combined limit of over Baht 36 billion or USD 1.16 billion. This amount is more than sufficient to support higher financing requirements for crude purchase in the event of high crude prices. Hence, the liquidity risk of the Group is minimized.

### CURRENCY RISK

The Group is exposed to foreign currency risk. This occurs because of the purchase of raw materials, and because of export revenue. The risk is adequately mitigated through the provision of financing and exporting revenue in the same currency. There are also forward contracts booked for known foreign currency debts and expenses which all have a maturity of less than six months.

### INTEREST RATE RISK

The Group may consider entering into a new interest swap if and when it is exposed to any new long-term loans.

### RISKS RELATED TO OIL PRICE FLUCTUATION

Due to the COVID-19 pandemic, markets for petroleum and petroleum-related products were volatile, with crude oil prices ranging between USD 19-69 per barrel during the year. The Group's hedging policy has continued to be effective and contributed to positive operating results in managing these market risks. In order to address and mitigate price fluctuation risks for both crude oil and finished products at all times, the Company formulates its hedging strategy for each crude cargo carefully. A four-way collar shall be used to protect the risk of higher crude costs, while the downside risk of non-asphalt revenue is protected by selling SWAP.

### REFINERY OPERATING ENVIRONMENT RISK

The KBC refinery continues to focus strongly on safety and asset integrity in line with the refinery's operating environment in Malaysia. The detailed Fire Safety Design Philosophy ("FSDP") review, initiated in 2018, has already been completed and a series of recommendations were finalized in consultation with the Fire-Safety Department of Malaysia ("Bomba"). Action based on these recommendations has already been taken on most items, with the exception of a few long lead activities that will be completed in the coming months as per the finalized schedule. The Company has allocated budgets to implement the FSDP recommendations, and to support development and training programs and campaigns, as well as environmental monitoring and emergency response. The proactive plant integrity identification and assessment processes have enabled KBC to identify the maintenance and upgrade projects required to ensure the continuous availability and operability of plant equipment. These actions have significantly contributed to enhancing plant reliability. In fact, KBC achieved a plant reliability level of 99.70% in 2020. With the refinery now entering

its 14<sup>th</sup> year of continuous operations, the refinery team continues to focus on asset integrity to ensure no units fail prematurely.

In the area of personal safety, KBC is working towards a strong safety culture anchored by its 'Goal Zero' initiative. While the KBC team takes pride in having a zero-fatality track record since its inception and in its 2,064,464 man-hours without Lost Time Injury ("LTI") as on 31 December 2020, a small number of minor safety incidents were nonetheless recorded during the year. This underlines the need to remain vigilant at all times, and to continue carrying out safety initiatives for all employees and contractors, with a special focus on situational awareness and risk identification campaigns as carried out previously. In addition, daily safety audits are carried out by the Operations Safety teams to ensure that all contractors and their workers inside the refinery abide with safety regulations at all times. Hotwork and gas test results are shared within the working group to sustain focus and awareness on the risks associated with each activity.

KBC continues to prioritize emergency preparedness and response to help prevent incidents, and ensures emergencies can be dealt with as efficiently and effectively as possible. Joint exercises and drills performed in collaboration with the Fire and Rescue Department and with other industrial entities in the neighborhood, have helped KBC update and strengthen its Oil Spill Response Plan and Emergency Response Plan.

KBC is committed to protecting the environment and minimizing the environmental impacts of its operations, products and services. The refinery operates in total compliance with local environmental legislations and other related international conventions and protocols, and follows stringent environmental standards. All emissions and effluent discharges are managed in accordance with the Company's Health, Safety, Security, Environment ("HSSE") Commitment and Policy, and KBC strives for continuous improvements of its operations with regards to the environment. The Company continues to operate using

best practices as reflected in its certifications, namely ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 Occupational Health and Safety Management System.

## ASPHALT CEMENT SUPPLY RISK

Fluctuations in asphalt cement ("AC") prices have posed a major risk to the Group. It continues to mitigate supply risks by maintaining good, long-term relationships with all refineries in Asia, sustained through regular supply contracts and enquiries. Currently, supply risk is mitigated by the ability to source AC from its own asphalt refinery in Malaysia. Expanding collaborative networks with key partners has also helped identify new sources of AC supply at competitive prices.

## RISKS RELATED TO MARITIME BUSINESS

The Group owns, manages and operates eight asphalt tankers. We are focused on maintaining a high-quality tonnage through a clear shipping strategy, and prudent sales and purchases. The modernized quality tonnage maintained by the Group will suitably support its increased sales activities in the Asia Pacific and Australia regions, thus reducing the risk exposure associated with capacity constraints.

The Marine Group operates with the mission of zero accidents, zero injuries and zero oil spills. In addition, our assets are insured by first class insurance companies.

The biggest challenge facing the industry is the shortage of well-trained personnel. The Group continues to make serious efforts in training and developing its shipping personnel in order to face industry challenges.

## RISKS RELATED TO DOMESTIC MARKET

The majority of asphalt demand remains closely linked to government policies and budget allocations. In addition, government stability continues to have a significant impact on asphalt demand in Thailand.

In the fiscal year 2020, the government allocated 141,825 million Baht for infrastructure developments, i.e. road maintenance and construction. Coupled with government budget allocation delays carried over from 2019, this resulted in increased asphalt demand.

Nevertheless, there is indication of slight delay in government budget allocation for the fiscal year 2021, as reflected by the late bidding process in Q4-2020. This may cause demand for asphalt consumption to drop in 2021.

Such annual government budget allocation delays are a potential risk to new business opportunities in road construction, mainly due to resulting delays in project planning and contract signing.

The COVID-19 pandemic minimally impacted our asphalt business in the Thai market, with no significant impact in terms of business continuity and operation interruption.

## RISKS RELATED TO INTERNATIONAL BUSINESS

There were no risks of crude supply disruption for the first three quarters of the year. However, with rising geopolitical tensions between the USA and Venezuela, disruptions re-surfaced significantly once the Group agreed to stop lifting crude from Venezuela. Going forward, crude supply risk in 2021 lies in the ability to source alternative feedstock on a regular basis. The risk mitigation passes through a change of risk appetite on crude sourcing.

Throughout 2020, with the combination of post-IMO 2020 and the COVID-19 pandemic, asphalt availability in the region was constrained. It is expected that such market constraints will continue in 2021, and that Venezuelan crude oil will not be available to KBC due to US sanctions. While not significantly impacting the Group's retail business, these factors will pose a strain on asphalt trading activities. Therefore, attention to potential opportunities is required.

## RISKS RELATED TO INTERNATIONAL RETAIL BUSINESS

The safety of all employees and contractors/third parties remains the Group's top priority. As our international retail business is exposed to various industrial risks, all companies have an active safety policy based on regular audits and continuous improvement. Good practices are shared among all entities. Contractors/third parties are audited and expected to comply with the minimum safety requirements.

A new policy specifically geared at dealing with COVID-19 was also introduced in 2020 for each subsidiary as part of the Group's policy. The ongoing COVID-19 pandemic caused key challenges to some of our retail subsidiaries. For instance, Asphalt Bangun Sarana ("ABS"), our Indonesia subsidiary was affected by a widespread infection resulting in reduced market demand and operation interruptions. A similar situation was experienced in the Philippines.

## RISKS RELATED TO INFORMATION TECHNOLOGY AND CYBERSECURITY

While increasing digital connectivity of the Group's business process chain creates agility, it also raises cybersecurity risks and threat levels. The Group's IT department is in the process of formulating a Cyber Risk Management Program to identify, assess, and respond to cybersecurity risks. The CIS Control™ (v7) security framework was applied to this program to ensure that controls have been addressed correctly.

### Information Security Risk

The Group shares digital information with many businesses, and also stores received information. Its own information technology security policy was developed to ensure that all information technology users within the domain of the Group and its networks comply with stringent rules and guidelines. The policy is regularly reviewed by both internal and external audit teams for improvement to make the process more efficient and effective.

## **PDPA Compliance**

Following a growing global interest in data privacy and the influence of the European Union's General Data Protection Regulation ("GDPR") implementation in 2018, the first Thai Personal Data Protection Act ("PDPA") was issued in May 2019. Compliance to the Act comes into effect on 1<sup>st</sup> June 2021.

In anticipation, we have started developing our strategy plan for compliance, which is based on current information security policy, work instructions and enhancements.

## **Access Control Risk**

The Group's IT systems must be able to handle all internal and external threats. To prevent unauthorized access to its systems and applications, the IT department has implemented new protective technology to mitigate all vulnerabilities, while creating a continually improving process. It is one of the IT department's key priorities to restrict, monitor and protect the confidentiality, integrity and availability of the Group's resources and system.

All ERP accesses have been revised by our IT department and Business Process Owner ("BPO") to ensure that each role and responsibility is correct in accordance with business functional requirements. Access control is managed by our IT department under the Group's own robust policy and authority.

## **Operations Security Risk**

The Group's operations are exposed to many information processing facilities that operate in line with existing IT work instruction ("WI") processes. Nonetheless, the possibility of operation failure persists, as the Group has grown and become more complex.

Stringent and effective standards in IT service management are now included in the IT department's development plan, which focuses on developments of Incident, Problem and Change Management.

This new procedure will be applied to the Application Management Services project ("AMS"). The AMS project will fully support Tipco Asphalt's new ERP system in its daily operations. Once the ERP system is stable, all processes will be fully automated and integrated. In addition, the IT Group will continue to enhance new ERP features, and expand the system to other areas of operation based on the same standards.

## **RISKS RELATED TO ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)**

In 2020, we conducted comprehensive risk reviews that incorporated ESG risk considerations of Tipco Asphalt, as well as its subsidiaries and plants in Thailand. We identified and assessed the impacts and likelihood of ESG-related risks, and developed mitigation plans accordingly. This deep dive provided us with a broader view of risks in terms of environmental, social and governance impacts.

### **Environmental risks**

Our environmental risk review focused on manufacturing operations. The key risks identified were pollution, greenhouse gas emissions, wastewater management, and product spillage. Through our Integrated Management System Policy, we implemented our environmental management system according to ISO 14001 Standard, and greenhouse gas emissions management in compliance with GHG Protocol. Several control measures have been implemented to reduce the environmental impacts of our business activities; for instance, improved heating and piping systems to reduce heat loss, use of renewable energy such as biodiesel, and improved efficiency of power supply systems. We also adopted a 3Rs Concept (Reduce, Reuse and Recycle) to minimize wastewater discharge and use recycled water for other activities within the plants. Furthermore, we invested in a valve management system for the loading process, thereby reducing potential product spillage and accidents.

## Social risks

Key social risks were identified in some areas, namely public road safety, and employee health and safety. Our risk management for occupational health and safety follows the ISO45001 Standard across all entities in Thailand under the existing Integrated Management System Policy to prevent accidents while ensuring job safety for all employees. Our Centralized Logistics Office manages truck activities across our 5 plants in Thailand to ensure efficiency, safety and punctuality in route planning and delivery. Our attention to safety also extends to our customers and outsourced service providers working on our sites. Customers are provided with breath alcohol tests and safety training, while outsourced service providers are required to comply with our safety work procedures.

Human rights violations are another key social risk we prioritize. In 2020, we identified certain risks associated with relevant stakeholders, and potential areas caused by our business operations across the value chain through risk reviews and human rights due diligence. Examples of potential human rights violation risks identified are personal data protection, fair treatment of employees, and livelihood of local communities. With the PDPA to be enacted in 2021 and our growing concern for personal data protection and privacy, we started to assess potential risk exposure and relevant stakeholders across several units while turning our attention to develop risk controls. Measures to ensure the mitigate fair treatment of employees include welfare provision to ensure employee safety, good health, and career development through human capital initiatives and internal communication channels. We also collaborated with local communities and business partners to improve their livelihood and safety through CSR activities promoting awareness of public road safety, and public health, while making sure to preserve the environment of the local communities surrounding our plants.

## Governance risks

Governance is one of our key pillars. Our RMO has identified governance risks concerning anti-corruption, information disclosure, and IT security.

Anti-corruption: Since 2017, the Company signed a declaration of intent in Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC"). The Company continuously monitors business activities with potential exposure to corruption risks, and conducts risk assessments on relevant business units. Effective internal control measures and work procedures are then implemented in accordance with our Anti-Corruption Policy and Anti-Corruption Guideline Manual, with regular risk monitoring and reporting to the Risk Management Committee. Finally, the Company was certified in CAC in 2017 and recertified in 2020.

# RESPONSIBILITIES OF THE BOARD

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**56 BOARD OF DIRECTORS**

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**72 EXECUTIVE COMMITTEE**

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**73 AUDIT COMMITTEE**

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**75 NOMINATION AND REMUNERATION COMMITTEE**

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**78 CORPORATE GOVERNANCE COMMITTEE**

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# RESPONSIBILITIES OF THE BOARD



## BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Plc. is composed of 14 members as follows:

- |                                |  |
|--------------------------------|--|
| 1. Mr. Chainoi Puankosoom      | Chairman/ Independent Director             |
| 2. Mr. Koh Ban Heng            | Vice Chairman/Independent Director         |
| 3. Mr. Phirasilp Subhapholsiri | Independent Director                       |
| 4. Mr. Nopporn Thepsithar      | Independent Director                       |
| 5. Mr. Niphon Suthimai         | Independent Director                       |
| 6. Mr. Jean-Marie Verbrugghe   | Director                                   |
| 7. Mr. Frederic Gardes         | Director                                   |
| 8. Ms. Laksana Supsakorn       | Director                                   |
| 9. Mr. Somchit Sertthin        | Director                                   |
| 10. Mr. Jacques Pastor         | Executive Director                         |
| 11. Mr. Chaiwat Srivalwat      | Executive Director/Chief Executive Officer |
| 12. Mr. Sitilarb Supsakorn     | Executive Director                         |
| 13. Mr. Hugues de Champs       | Executive Director                         |
| 14. Mr. Jacques Marechal       | Executive Director                         |

Mr. Parnchaleerm Sutatam, Independent Director, passed away on 19 December 2020.

## DIRECTORS WITH AUTHORITY TO SIGN ON BEHALF OF THE COMPANY

The Authorized Directors who can bind the Company consisted of two groups of Directors. Binding the Company requires one Director from Group A and another Director from Group B to jointly sign and affix the Company's Seal. The Directors in Group A are Mr. Frederic Gardes, Mr. Jacques Pastor, Mr. Hugues de Champs, and Mr. Jacques Marechal. The Directors in Group B are Ms. Laksana Supsakorn, Mr. Somchit Sertthin, Mr. Sitilarb Supsakorn and Mr. Chaiwat Srivalwat.

## COMPOSITION AND APPOINTMENT

1. The Board shall consist of at least 10 directors, but not exceed 15 directors. At least half of the total number of directors must have residence in the Kingdom of Thailand;
2. At least one-third of all directors must be independent directors, the minimum number of independent director is three;
3. The Board of Directors shall elect one director to be the chairman of the Board ("Chairman") and elect one director to be the vice chairman ("Vice Chairman") of the Board. The Vice Chairman is entitled to perform any act under the Articles of Association on behalf of the Chairman;
4. The positions of Chairman of the Board and Chief Executive Officer are not held by the same individual for the sake of clear-cut segregation of roles and responsibilities; and
5. The appointment of Directors must be based on transparency and clarity and shall abide by laws, regulations and relevant rules.

## QUALIFICATIONS FOR DIRECTORS

In selecting candidates to be appointed as the Company's Directors, the Nomination and Remuneration Committee

is empowered to screen and nominate qualified persons. The desirable characteristics for a Director include:

1. Integrity and accountability;
2. Competency in financial, commercial or industrial matters and skills/capacity to provide strategic insight and direction;
3. Experience in corporate management;
4. Good interpersonal and communication skills;
5. No conflict of interest or prohibited characteristics as specified in the Public Limited Company Act B.E. 2535; and
6. Independent Directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines and the Company's definition of an Independent Director.

Directors may hold directorships in no more than five listed companies, provided these holdings do not adversely affect their work as Directors of the Company.

## TERM OF OFFICE

1. In every annual general meeting of shareholders, one- third of Directors shall vacate in proportion. If the number of Directors is not a multiple of three, the number of directors closest to one-third shall vacate;  
A Director who vacates under this section is eligible to be re-elected;
2. In the case of a vacancy in the Board of Directors for reasons other than the termination of a term of office, the Board of Directors shall elect a person who has the necessary qualifications, and is not under any of the prohibitions under section 68 of Public Limited Company Act B.E. 2535 as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of said Director is less than two months;

The resolution of the Board of Directors under the above paragraph shall be a vote of at least three-fourths of the number of Directors remaining;

The substitute Director under paragraph one shall hold office only for the remaining term of office of the Director whom he or she replaces;

3. The term of office of the Chairman is two years;
4. In addition to vacating office upon termination of the term under the Public Limited Company Act B.E. 2535, Directors shall vacate office upon:
  - 4.1. Death;
  - 4.2. Resignation;
  - 4.3. Being disqualified or being under any of the prohibitions;
  - 4.4. Removal by a resolution of the meeting of shareholders; and
  - 4.5. Removal by court order.
5. Retirement age is 75;
6. A member will be allowed to retain his/her directorship after his/her 75<sup>th</sup> birthday and remain as Director until his/her three-year term expires; and
7. Any Director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter.

## DUTIES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Public Company Limited (“Company”) has a commitment to its fiduciary duties and responsibilities, and shall ensure that the Company is managed and operated in the best interests of the shareholders. To adhere to these fiduciary duties, each director commits to the following key duties;

1. To perform duties with due care (Duty of Care);
2. To perform their duties with loyalty to protect the best interest of the Company and shareholders (Duty of Loyalty);
3. To comply with laws and regulations, the Company's Objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meetings (Duty of Obedience); and
4. To disclose information to the shareholders in an accurate, complete, transparent and timely manner (Duty of Disclosure).

The basic responsibility of the Directors is to exercise their business judgment in the best interest of the Company's shareholders, while bolstering the Group's sustainable growth. The Board shall ensure that each director performs his/her duty in accordance with all relevant laws and regulations. In furtherance of its responsibilities, the Board of Directors shall;

1. Define, evaluate, approve and review, on a regular basis, the Company's vision, mission, corporate values, business policies, long-term plans and strategies.
2. Review, evaluate and approve the Company's budget and forecast, including resource allocation and capital expenditures;
3. Regularly review the Company's financial and operating results and adjust the Company's business strategies accordingly;
4. Review, evaluate and approve the overall corporate organizational structure, the assignment of senior management responsibilities and succession plans;
5. Review, evaluate and approve compensation packages pertaining to senior management of the Company;
6. Adopt, implement and monitor compliance with the Company's Code of Ethics;
7. Review and assess the effectiveness of the Company's



policies and practices with respect to internal control, risk assessment and risk management;

8. Periodically review the Company's policies and progress relating to social responsibilities;
9. Conduct an annual self-evaluation, the results of which will be discussed with the full Board yearly to identify areas requiring further improvement;
10. Periodically review the performance of the Chief Executive Officer and approve a compensation package as deemed appropriate by the Board;
11. Review, at least annually:
  - (i) the status of major litigation,
  - (ii) Compliance with significant regulatory requirements affecting the Company; and (iii) corporate governance matters; and
12. Perform any other duties in accordance with the Board's and shareholders' resolutions.

## **BOARD OF DIRECTORS AND CORPORATE STRATEGY**

The Group has set out a long-term corporate strategy as a guideline for its business direction since 2010. The strategic plan, revisited every 5 years, focused on the formulation of our Mission/Vision statements, and on the development

of strategic goals supported by a set of strategic initiatives to ensure our long-term Mission/Vision are met while ensuring our businesses remain resilient to cope with any challenges/risks encountered. In this regard, the Board of Directors plays a crucial role not only in the formulation of the Group's Corporate Strategy, but also in monitoring its progresses.

In December 2019, members of the Board of Directors participated in the Vision 2025 Strategic Workshop, set up to lay out a long-term corporate strategy plan for 2020-2025. The major objectives included revisiting the Group's overall strategic direction while taking into considerations key external factors affecting our businesses across the Group's value chain, acknowledging expectations from all key stakeholders (both internal and external to the Group), addressing key challenges and risks in the petroleum and asphalt industries, and tackling all other disruptive factors. A new set of Mission/Vision statement was formulated for the Group, with new strategic goals/initiatives proposed to accommodate the new strategic direction.

The Vision 2025 essence focused on the Group becoming a globally preferred integrated asphalt solution provider, with innovations and technology as the keys to drive the group's competitive advantages. Other key strategic objectives under Vison 2025 include sustainable development in social responsibility and environmental preservation, diversifying our portfolio of solutions to serve



all customer needs, enhancing our client-centric approach and optimizing business intelligence and data in decision-making.

In 2020, the new strategy plan was proposed by top management to the Board of Directors for their review and approval. Meanwhile, all key strategic initiatives and action plans were implemented and closely monitored on a quarterly basis by the Corporate Strategy team, with all progresses presented to the Board of Directors for their acknowledgement and suggestions.

Since external factors constantly change and may impact some of the ongoing strategic initiatives, corporate strategy review sessions are periodically conducted to assess any affected initiatives, and to ensure the continuing success of the strategic plan.

The new Vision/Mission statements, including results from strategic review sessions, were communicated across the Group to ensure all staff fully understood the new strategic business direction, so they could then set up their corresponding annual operation/business plans and targets (both financial and non-financial) accordingly.

## DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

1. To summon the meetings of the Board of Directors according to the pre-determined schedules and any other duties as necessary;
2. To preside over the Board of Directors meeting;
3. To promote corporate governance standards of the Board of Directors;
4. To preside over the Shareholders' meeting, and to conduct the meeting following the sequences of the agenda and in compliance with the Company's Articles of Association; and
5. To perform the duties specified by the laws and regulations.

## RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

1. General operation management, and controlling the business of the Company to comply with its objectives, policy, the Articles of Association, Public Limited Company Act, and Securities and Exchange Act;
2. Propose business investment plans to the Executive Committee and the Board of Directors for approval;
3. Has approval Authority in according to the Company's Chart of Authority; and
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

## BALANCE OF NON-EXECUTIVE DIRECTORS

The Board of Directors has 14 members, consisting of:

Independent Directors	5
Non-executive Directors	4
Executive Directors	5

Mr. Parnchalerl Sutatam, Independent Director, passed away on 19 December 2020.

There are four members of the Board of Directors who are Non - executive Directors but have relevant experience in the Company's industry – Mr. Jean-Marie Verbrugghe, Mr. Frederic Gardes, Ms. Laksana Supsakorn, and Mr. Somchit Serthtin.

## SEPARATION OF POSITION

The positions of Chairman of the Board of Directors and Chief Executive Officer are not held by the same individual.

## BOARD MEETINGS

1. The Directors must hold at least five meetings a year by setting meeting dates in advance, and may convene extraordinary sessions if necessary;

2. The Chairman or the assigned person shall send meeting invitations specifying the date, time, venue, and agenda details to all Directors at least five business days ahead of the meeting. Except for urgent cases where the company's interests need protecting, notification of the meeting can be given through other means and the meeting can be convened earlier;
3. At a meeting of the Board of Directors, a quorum is constituted when at least twelve Directors (more than two-thirds of the total number of directors) are present. If that quorum is not present within the first thirty minutes from the time when the meeting was set to begin, or if the quorum dissolves during the meeting, the meeting shall be adjourned for a minimum of seven business days;
4. In the event that the Chairman of the Board does not attend the meeting or is unable to perform his/her duty, the Vice Chairman shall step in as Chairman of the meeting. If the Vice Chairman is not present or is unable to perform his duty, the Directors present may elect one of their members to be chairman of the meeting;
5. Decisions at the meeting shall be made by majority vote;
6. Each Director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on said matter; and
7. The Company Secretary or the assigned person is responsible for preparing the minutes of the meetings and for arranging the safe keeping of such certified minutes which need approval by the Directors at 25<sup>th</sup> Floor, Tipco Tower 1, 118/1 Rama 6 Rd., Phayathai Sub-District, Phayathai District, Bangkok 10400, and are then made available for review.

The schedule for every meeting is set annually in advance. Attendance for Board of Directors Meetings, Audit Committee Meetings, Nomination and Remuneration Committee Meetings, Corporate Governance Meetings, and Shareholders' Meeting for 2020 by all Directors are summarized as follows:

Name	Position	Attendance of Meetings (Times)				
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Shareholders' Meeting
Mr. Chainoi Puankosoom	Chairman <sup>1/</sup>	5/6	-	-	-	1/1
Mr. Koh Ban Heng	Vice Chairman <sup>2/</sup>	6/6 <sup>3/</sup>	-	-	-	0/1
Mr. Phirasilp Subhapholsiri	Independent Director  Chairman of the Audit  Committee and Chairman  of the Corporate Governance  Committee	6/6	12/12	-	4/4	1/1
Mr. Nopporn Thepsithar	Independent Director  Chairman of the Nomination  and Remuneration committee  Member of Audit Committee	6/6	12/12	2/2	-	1/1
Mr. Niphon Suthimai	Independent Director  Member of Corporate  Governance committee  Member of Nomination and  Remuneration committee	6/6	-	1/1 <sup>4/</sup>	2/2 <sup>4/</sup>	1/1
Mr. Jean-Marie Verbrugghe	Director	4/4 <sup>5/</sup>	-	-	-	1/1
Mr. Frederic Gardes	Director	4/6 <sup>6/</sup>	-	-	-	0/1
Ms. Laksana Supsakorn	Director <sup>1/</sup>	6/6	-	-	-	1/1
Mr. Somchit Sertthin	Director  Member of Nomination and  Remuneration committee	6/6	-	2/2	-	1/1
Mr. Jacques Pastor	Executive Director  Member of Nomination and  Remuneration committee	6/6	-	2/2	-	1/1
Mr. Chaiwat Srivalwat	Executive Director  and Chief Executive Office  Member of the Corporate  Governance Committee	6/6	-	-	4/4	1/1

Name	Position	Attendance of Meetings (Times)				
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee	Shareholders' Meeting
Mr. Sitilarb Supsakorn	Executive Director	6/6	-	-	-	1/1
Mr. Hugues de Champs	Executive Director	4/4 <sup>7/</sup>	-	-	-	1/1
Mr. Jacques Marechal	Executive Director  Member of the Corporate Governance Committee	6/6 <sup>8/</sup>	-	-	4/4	1/1
Mrs. Anne-Marie Machet	Independent Director  Member of the Corporate Governance Committee  Member of Nomination and Remuneration committee	2/2 <sup>5/</sup>	-	1/1 <sup>4/</sup>	1/1 <sup>4/</sup>	0/1
Mr. Herve Le Bouc	Director	1/2 <sup>7/</sup>	-	-	-	-
Mr. Parnchalerm Sutatam <sup>9/</sup>	Independent Director  Member of Audit Committee  Member of Nomination and Remuneration committee	4/6	11/12	1/2	-	0/1

- 1/ Mr. Chainoi Puankosoom was appointed as the Chairman of the Board of Directors in replacement of Ms. Laksana Supsakorn with effect from 15 February 2020
- 2/ Mr. Koh Ban Heng was appointed as the Vice Chairman of the Board of Directors in replacement of Mr. Chainoi Puankosoom with effect from 15 February 2020
- 3/ Mr. Koh Ban Heng attended Board of Directors meeting No. 2/2020, No. 3/2020, No.4/2020, No.5/2020 and No.6/2020 through video conference call.
- 4/ Mr. Niphon Suthimai was appointed as member of Corporate Governance Nomination and Remuneration committee in replacement Mrs. Anne-Marie Machet with effect from 8 May 2020
- 5/ Mr. Jean-Marie Verbrugghe was appointed as new member of the Board of Directors in replacement of Mrs. Anne-Marie Machet with effect from 7 April 2020 Mr. Jean-Marie Verbrugghe attended Board of Directors meeting No. 5/2020 through video conference call.
- 6/ Mr. Frederic Gardes attended Board of Directors meeting No. 1/2020, No. 3/2020, No.4/2020 and No.5/2020 through video conference call.
- 7/ Mr. Hugues de Champs was appointed as new member of the Board of Directors in replacement of Herve Le Bouc with effect from 17 February 2020
- 8/ Mr. Jacques Marechal attended Board of Directors meeting No. 4/2020 through video conference call.
- 9/ Mr. Parnchalerm Sutatam, Independent Director, passed away on 19 December 2020.

## POSITIONS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATED COMPANIES

Board of Directors members and top management holds management and authorized positions in subsidiaries, joint ventures associated companies or other related companies are as follows:

Name	SUBSIDIARIES	JOINT VENTURES	ASSOCIATES	OTHERS
Mr. Chainoi Puankosoom	TASCO TIPCO ASPHALT PUBLIC COMPANY LIMITED	KBC KEMAMAN BITUMEN COMPANY SDN. BHD.	KBT KBC TRADING SDN. BHD.	KOC KEMAMAN OIL CORPORATION SDN. BHD.
Mr. Koh Ban Heng				HRT HIGHWAY RESOURCES TRADING PTE LTD.
Mr. Phirasip Subphapholsiri				TAC TIPCO ASPHALT (CAMBODIA) CO., LTD.
Mr. Nopporn Thepsilthar				TAL TIPCO ASPHALT LAO CO., LTD.
Mr. Nilphon Suthimai				TBC THAI BITUMEN CO., LTD.
Mr. Jean-Marie Verbrugge				RY RAYCOL ASPHALT CO., LTD.
Mr. Frederic Gardes				ADCO ASPHALT DISTRIBUTION CO., LTD.
Ms. Laksana Supsakorn				HR HIGHWAY RESOURCES PTE LTD.
Mr. Somchit Seithin				ABS PT ASPHALT BANGNU SARANA /
Mr. Jacques Pastor				TMC TIPCO MARITIME CO., LTD.
Mr. Chaiwat Sirivalat				DS DELTA SHIPPING CO., LTD.
Mr. Sitiarto Supsakorn				AMC ALPHA MARITIME CO., LTD.
Mr. Hugues De Champs				BMC BRITUMEN MARINE CO., LTD.
Mr. Jacques Marechal				TS TASCOSHIPPING CO., LTD.
Mr. Koh Lai Huat				PBS PACIFIC BITUMEN SHIPPING PTE LTD.
Mr. Christophe Voy				ADS AD SHIPPING PTE LTD.
Mr. Thierry Defrene				ABT ASIA BITUMEN TRADING PTE LTD.
				CS COLASIE CO., LTD.
				TSS THAI SLURRY SEAL CO., LTD.
				TWS THANOMWONG SERVICE CO., LTD.
				TIPICO FOODS PUBLIC COMPANY LIMITED
				SIAM SAM CONTAINER TERMINAL CO., LTD.
				F&B TIPICO F&B CO., LTD.
				TOWER TIPICO TOWER CO., LTD.
				PINE TIPICO PINAPPLE CO., LTD.
				BIO TIPICO BIOTECH CO., LTD.
				RT TIPICO RETAIL CO., LTD.

<sup>1/</sup> Board of Commissioner Note: \* = Chairman ✓ = Director

## BOARD SELF ASSESSMENT

### COLLECTIVE AND INDIVIDUAL SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

The Board Self-Assessment form designed by the Stock Exchange of Thailand (“SET”) is for consideration by the Board of Directors of listed companies. The assessment consists of (i) A collective Self-assessment and (ii) Individual Self-assessments. The main objective of the self-assessment form is to evaluate the performance of the Board, as a team, and of the Directors, as a collective body and on an individual basis, in light of recognized best practices and principles of good corporate governance. The procedures are as follows:

1. The Board of Directors performs self - assessment evaluations under guidelines provided by the SET;
2. The Company Secretary summarizes the self-assessment results of all members of the Board of Directors; and
3. The Company Secretary reports the self-assessment results to the Board of Directors and ensures the results are used to improve the performance of the Board.

The six categories covered by the Board collective and individual Self-Assessment Form are as follows:

1. Structure and qualifications of the board (Collective and individual)
2. Roles, duty and responsibilities of the board (Collective and individual)
3. The board meetings (Collective and individual)
4. Duties of Directors (Collective)
5. Relationship with Management (Collective)
6. Director's self-improvement and management training (Collective)

The Company scored 3.80 out of 4 and 3.87 out of 4 on the collective and individual forms for the Board Self-Assessment evaluation, respectively.

## SELF-ASSESSMENT OF SUB-COMMITTEES

The Sub-committees, comprising the Executive Directors Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee shall perform self - assessment once a year to reflect operation efficiency under the principles of good corporate governance in compliance with the Corporate Governance Report (“CGR”). These self-assessments include (i) Collective self-assessments of the sub-committees and (ii) individual self-assessments of the sub-committees. Procedures are as follows:

1. The Sub-committees perform self-assessment evaluations under the principles of good corporate governance of the Thai Institute of Directors Association (IOD) and guideline practices of Sub-committees;
2. The Company Secretary summarizes and reports the self - assessment results to the Sub-committees and ensures the results are used to improve performance of all the Sub-committees; and
3. The Company Secretary reports the self – assessment result of the Sub-committees to the Board of Directors.

The categories covered by the collective and individual Self-Assessment Forms of the Sub-committees are as follows:

	Collective				Individual			
	EC	AC	N&R	CG	EC	AC	N&R	CG
1. Structure and qualifications of the board	✓	✓	✓	✓	✓	✓	✓	✓
2. Roles, duty and responsibilities of the board	✓							
3. The board meetings	✓	✓	✓	✓	✓	✓	✓	✓
4. Duties of directors	✓	✓	✓	✓	✓	✓	✓	✓
5. Relationship with Management	✓							
6. Director's self-improvement and management training	✓							

Results of the assessment of all the sub-committees in 2020 were summarized as follows:

Sub-committees	Result of the assessment	
	Collective assessment	Individual assessment
1. Executive Committee	3.66	3.79
2. Audit Committee	3.98	4.00
3. Nomination and Remuneration Committee	3.87	3.91
4. Corporate Governance Committee	3.97	4.00

Thus, the Company shall summarize the assessment results of both the Board of Directors and of the Sub-committees and report these to the Directors for acknowledgement.

## DIRECTOR'S ORIENTATION

For new Directors, the Company arranges an orientation program to inform him/her of the Group's business policies, capital structure, shareholding structure, business performance, information systems, Code of Ethics and related laws and regulations. Moreover, each Director receives a Director's Handbook containing all relevant information. New Directors also receive a briefing from the Chief Executive Officer that covers Company policies, relevant information (including the capital structure, shareholders, performance, and processes in use at the Company), laws, regulations, a marketing/ operational overview, and update on performance.

In 2020, the Chief Executive Officer presented the Company's overview and relevant information to the new director, Mr. Jean-Marie Verbrugghe. In addition, relevant rules and regulations together with relevant documents were provided to the new director.

## KNOWLEDGE IMPROVEMENT OF THE DIRECTORS AND EXECUTIVES

The Board of Directors has a policy to support and facilitate participation in trainings and continuous knowledge improvement for directors and executives. The Company has encouraged directors and executives to attend training courses organized by the Thai Institute of Directors (IOD), the Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand (SET). In 2020, training of each director can be summarized as follows:

Name	Position	Course
Mr. Nopporn Thepsithar	Independent Director	<ul style="list-style-type: none"> <li>• 2020 Risk Management Program for Corporate Leaders (RCL 21/2020)</li> <li>• 2020 Strategic Board Master Class (SBM 9/2020)</li> <li>• 2020 Board Nomination and Compensation Program (BNCP 10/2020)</li> <li>• 2020 IT Governance and Cyber Resilience Program (ITG 15/2020)</li> </ul>
Mr. Niphon Suthimai	Independent Director	<ul style="list-style-type: none"> <li>• 2020 Board Nomination and Compensation Program (BNCP 10/2020)</li> </ul>

## REMUNERATION FOR THE BOARD AND EXECUTIVES

1. In 2020, total annual fixed, variable and extra-variable remuneration in cash stood at Baht 7,794,862; Baht 4,000,000 and Baht 2,846,575 respectively.

Name	Scope of Authority	2019 (THB)		2020 (THB)		
		Fixed <sup>1/</sup>	Variable <sup>2/</sup>	Fixed <sup>1/</sup>	Variable <sup>2/</sup>	Extra Variable <sup>3/</sup>
1. Mr. Chainoi Puankosoom	Chairman <sup>4/</sup>	-	312,500	376,230	-	-
	Vice Chairman/ Independent Director	250,000	-	111,680	250,000	250,000
2. Mr. Koh Ban Heng	Vice Chairman/ Independent Director	250,000	250,000	362,500	250,000	250,000
3. Mr. Phirasilp Subhapholsiri	Independent Director	250,000	250,000	362,500	250,000	250,000
	Chairman of the Audit Committee and	500,000	-	500,000	-	-
	Chairman of the Corporate Governance committee	100,000	-	100,000	-	-
4. Mr. Nopporn Thepsithar	Independent Director	250,000	250,000	362,500	250,000	250,000
	Chairman of the Nomination and Remuneration committee	60,000	-	60,000	-	-
	Member of Audit Committee	400,000	-	400,000	-	-
5. Mr. Niphon Suthimai	Independent Director	250,000	250,000	362,500	250,000	250,000
	Member of Corporate Governance committee <sup>5/</sup>	-	-	51,803	-	-
	Member of Nomination and Remuneration committee <sup>5/</sup>	-	-	-	-	-
6. Mr. Jean-Marie Verbrugge	Director <sup>6/</sup>	-	-	220,491	-	-
7. Mr. Frederic Gardes	Director	250,000	160,959 <sup>8/</sup>	362,500	250,000	250,000
8. Ms. Laksana Supsakorn	Chairman <sup>4/</sup>	500,000	437,500	198,770	500,000	500,000
	Director	-	-	250,820	-	-
9. Mr. Somchit Sertthin	Director	250,000	250,000	362,500	250,000	96,575 <sup>7/</sup>
	Member of Nomination and Remuneration committee <sup>7/</sup>	-	-	-	-	-
10. Mr. Jacques Pastor	Executive Director	250,000	250,000	362,500	250,000	-
	Member of Nomination and Remuneration committee	60,000	-	60,000	-	-
11. Mr. Chaiwat Srivalwat	Executive Director	250,000	250,000	362,500	250,000	-
	Member of the Corporate Governance committee	80,000	-	80,000	-	-
12. Mr. Sitilarb Supsakorn	Executive Director	250,000	250,000	362,500	250,000	-
13. Mr. Hugues de Champs <sup>8/</sup>	Executive Director	-	-	248,634	-	-
14. Mr. Jacques Marechal	Executive Director	250,000	250,000	362,500	250,000	-
	Member of the Corporate Governance committee	80,000	-	80,000	-	-
15. Mrs. Anne Marie Machet <sup>7/</sup>	Independent Director <sup>6/</sup>	250,000	250,000	168,511 <sup>7/</sup>	250,000	250,000
	Member of Nomination and Remuneration committee <sup>5/</sup>	60,000	-	75,902 <sup>7/</sup>	-	-
	Member of the Corporate Governance committee <sup>5/</sup>	80,000	-	21,202 <sup>7/</sup>	-	-

Name	Scope of Authority	2019 (THB)		2020 (THB)		
		Fixed <sup>1/</sup>	Variable <sup>2/</sup>	Fixed <sup>1/</sup>	Variable <sup>2/</sup>	Extra Variable <sup>3/</sup>
16. Mr. Herve Le Bouc <sup>8/</sup>	Director	250,000	250,000	113,866	250,000	250,000
17. Mr. Parnchalerm Sutatam <sup>9/</sup>	Independent Director	250,000	250,000	448,292 <sup>9/</sup>	250,000	250,000
	Member of Audit Committee	400,000	-	485,792 <sup>9/</sup>	-	-
	Member of Nomination and Remuneration committee	60,000	-	117,869 <sup>9/</sup>	-	-
<b>Total</b>		<b>5,880,000</b>	<b>3,910,959</b>	<b>7,794,862</b>	<b>4,000,000</b>	<b>2,846,575</b>

1/ 2020 Annual General Meeting (AGM) resolved to increase 2020 fixed remuneration of Chairman of the Board and member of Board of Directors from Baht 500,000 Baht and Baht 250,000 to Baht 600,000 and Baht 400,000 each, respectively.

2/ 2019 AGM and 2020 AGM resolved that on condition that the Company is profitable and subject to approval of the Board of Directors, variable remuneration payments not exceeding one time of the total annual fixed remuneration of all the Board of Director members shall be considered and paid by the Company. For director whose directorship is less than one year, he/she shall receive his/her remuneration on Pro-Rata basis. In this regards, the Board of Directors meeting No.2/2019 and No.2/2020 resolved that 2019 and 2020 variable remuneration were paid at Baht 3,910,959 and 4,000,000, respectively.

3/ 2020 AGM resolved that the payment of extraordinary variable remuneration to all non-executive members for the operational result of the Company in fiscal year 2019, totaling Baht 2,846,575.

4/ The Board of Directors meeting No. 2/2020 held 14 February 2020 resolved to appoint Mr. Chainoi Puankosoom as Chairman of the Board of Directors in replacement of Ms. Laksana Supsakorn with effect from 15 February 2020

5/ The Board of Directors meeting No. 3/2020 held on 8 May 2020 resolved to appoint Mr. Niphon Suthimai as a member of Corporate Governance committee and Nomination and Remuneration committee in replacement of Mrs. Anne Marie Machet who resigned on 7 April 2020. Such appointment became effective on 8 May 2020.

6/ 2020 AGM resolved that Mr. Jean-Marie Verbrugge was appointed as a new member of Board of Directors in replacement of Mrs. Anne Marie Machet who resigned on 7 April 2020. Such appointment became effective on 7 April 2020.

7/ The Board of Directors meeting No. 6/2019 held on 8 November 2019 resolved that Mr. Somchit Serthtin was appointed as member of Nomination and Remuneration committee with effect from 8 November 2019.

8/ The Board of Directors meeting No. 2/2020 held on 14 February 2020 resolved that Mr. Hugues de Champs was appointed as member of the Board of Directors in replacement of Mr. Herve Le Bouc who resigned on 16 February 2020. Such appointment became effective on 17 February 2020.

9/ Mr. Parnchalerm Sutatam, Independent Director, passed away on 19 December 2020. Due to his passing away, Last portion of fixed remuneration of the Board of Directors and Audit committee and fixed remuneration of Nomination and Remuneration committee in 2020 which was originally scheduled to be made in 2021 was paid earlier in 2020.

2. In 2020, there was no payment of non-financial remuneration to the Board of Directors.

3. Other remuneration: -None-

4. The remuneration for Directors and managements was Baht 190 million and Baht 226 million in 2019 and 2020, respectively. The remuneration included salary, bonus, and provident fund.

## DIRECTORS & OFFICERS (D&O) LIABILITY INSURANCE

The Company has a Directors and Officers (D&O) liability insurance policy in place. The insurance policy has a coverage of Baht 1,000 million that protects Directors and Officers from claims made against them as a result of any wrongful act.

## LITIGATION AGAINST THE BOARD OF DIRECTORS

There has been no record of litigation against the Board of Directors for the past 41 years.

## INDEPENDENT DIRECTORS

The Board of Directors has five Independent Directors as follows:

1. Mr. Chainoi Puankosoom
2. Mr. Koh Ban Heng
3. Mr. Phirasilp Subhapholsiri
4. Mr. Nopporn Thepsithar
5. Mr. Niphon Suthimai

Mr. Parnchalerm Sutatam, Independent Director, passed away on 19 December 2020.

## THE COMPANY'S DEFINITION OF INDEPENDENT DIRECTOR

Independent directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines. The Company's definitions of an Independent Director are as follows:

1. Holding no more than 1 % of total voting shares\* including the shareholding of persons related to the independent directors;
2. Is not currently and has never been the Company's executive director, worker, employee, salaried

consultant, or controlling parties\*. Exception: It has been at least two years since the person held their previous position;

3. Not related by blood or legally registered with any other directors, executives, major shareholders, controlling parties, or persons who will be nominated as directors, executives, or controlling parties of the company or subsidiary;
4. Not currently having and never having had any relations with the company\* that may impede, compromise or interfere with the person having independent views. Also, the person should not currently be and never have been a significant shareholder or controlling person for persons having business relations with the company\*. Exception: It has been at least two years since the person has held the position;
5. Is not currently and has never been the Company's auditor\*. Also, the person should not currently be or never have been a significant shareholder, controlling person, or partner of the current auditor's auditing firm\*. Exception: It has been at least two years since the person held the position;
6. Not currently providing or never having provided professional services, legal consulting and financial consulting services to the company with a fee of more than THB 2 million per year\*. Also, the person should not currently be or never have been a significant shareholder, controlling person, or partner of any of our current service providers. Exception: It has been at least two years since the person held the position;
7. Not currently a director appointed to represent the Company's directors, major shareholders, or the shareholder related to a major shareholder;
8. Not currently operating under similar business models and/or significant competitors to the Company or any of its subsidiaries; or not be a significant partner of the partnership, executive or

- director, salaried worker, employees, or consultants; or holding more than 1% of voting shares of any other companies operating under a similar business nature that are significant competitors to the Company and its subsidiaries;
9. Not under any conditions that may impede the person from having independent views towards the Company's operations.

\* Including the parent company, subsidiary, affiliate, major shareholder(s), or controlling parties of the company

## **COMPANY SECRETARY**

The Board of Directors appointed Mr. Thanapol Laosiripong, Manager - Corporate Affairs and Planning, on 13<sup>th</sup> August 2015 as the Company Secretary to take responsibility as set forth by the law. The Company Secretary reports functionally to the Chairman of the Board of Directors and operationally to the Chief Executive Officer. The curriculum vitae of the company secretary is summarized as follows:

## **ROLES OF THE COMPANY SECRETARY**

Company Secretary has the following important roles:

- Act as a consultant and secretary to the board of directors and other committees;
- Act as a corporate governance and compliance Officer;
- Act as a corporate communication officer by being the center of communication among the Company's directors, management and stakeholders;
- Act as a controller of management functions in following up on all the resolutions of the board of directors into practice; and
- Act as a coordinator with the Stock Exchange of Thailand, The Securities and Exchange Commission, and other relevant organizations.

## **DUTIES OF THE COMPANY SECRETARY:**

- To adhere to good corporate governance;
- To plan meetings and propose relevant agendas;
- To manage the Board of Directors' meetings and coordinate with the minutes recorder in conducting the meetings in a proper manner and in line with the Company's regulations;
- To administer the Shareholders' meetings in line within the legal framework;
- To give advices on legal matters, Public Companies Act and all other rules and regulations of listed companies, the Company's affidavits aiming at full compliance with relevant laws;
- To make sure that the resolutions of the Board of Directors are adhered to;
- To be a point of contact providing information to Directors and third parties; and
- To maintain the safe keeping of all matters concerning the Company's registrar and related documents.

## **THE BOARD OF DIRECTORS' SUB-COMMITTEES**

The Board has appointed Sub-committees to study and review specific matters. At present, the Company has four Sub-committees appointed by the Board of Directors: the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee;

## 1. EXECUTIVE COMMITTEE

The Company established an Executive Committee to assume full executive responsibilities on behalf of the Board of Directors in order to have flexibility in management and operations. Members of the Executive Committee are as follows:

1. Mr. Chaiwat Srivalwat  
Chairman of Executive Committee
2. Mr. Jacques Pastor  
Vice Chairman of Executive Committee
3. Mr. Sitilarb Supsakorn  
Executive Committee Member
4. Mr. Hugues de Champs  
Executive Committee Member
5. Mr. Koh Lai Huat  
Executive Committee Member
6. Mr. Christophe Bernard Voy  
Executive Committee Member
7. Mr. Thierry Alain Simon Defrene  
Executive Committee Member
8. Mr. Jacques Marechal  
Executive Committee  
Member/Secretary of Executive Committee

The Executive Committee has responsibilities as established by the Board of Directors. The Chairman of the Executive Committee has the highest authority to set operational policies related to the Company, while the Chief Executive Officer has the highest authority for their implementation.

## SCOPE OF AUTHORITY OF THE EXECUTIVE COMMITTEE

The Executive Committee, pursuant to the resolutions of the Board of Directors of the Company, is responsible for the following:

1. Proposing agendas for meetings of the Board of Directors and counseling the Board of Directors on major decisions;
2. Establishing the policies and operating procedures of the Company; and
3. Managing, making decisions and directing the business and affairs of the Company

Except as otherwise specified herein, all actions by the Executive Committee require approval by the Chairman and Vice Chairman of the EC (present or represented by proxy) as defined ("Majority of the Members"), and all decisions made by the Executive Committee pursuant to these Rules and Regulations (except for decisions which by the express terms of the Articles of Association or the PLCA require the approval of the Board of Directors) shall be binding on the Company and its management. The Executive Committee may, from time to time, upon approval by a Majority of the Members, submit a written request to the Board of Directors for the Board to ratify, confirm or authorize any matters as requested or directed by the Executive Committee. Nevertheless, Executive Committee authority is subject to the chart of authority prevailing at the time.

Matters which are delegated to and may be decided by the Executive Committee are:

1. Award of any contract to vendors or suppliers not exceeding an amount to be fixed by the Company Board;
2. Employment, promotion and dismissal of top management personnel;
3. Preparation and submission for approval by the Board of Directors of any proposal to merge the Company with another economic organization or to form a joint venture company or partnership between the Company and any organization;
4. Policies on salaries, wages of officers and employees of the Company, benefits and allowances;

5. Marketing and Sales policies;
6. Preparation and submission for approval by the Board of Directors of annual profit and loss budget, annual cash flow projections, strategic plan, business plan and investment and disposal plans of the Company and the subsidiaries;
7. Entry by the Company or any Subsidiary into any transaction which is covered by a profit and loss budget, strategic plan, business plan or financial policy approved by the Board of Directors;
8. Entry by the Company or any Subsidiary into any transaction which is covered by the investment and asset disposal plan approved by shareholders;
9. The appointment and removal of directors of any subsidiary;
10. Submission and participation in bids, signing contracts, correspondences or documents binding the Company;
11. Representing the Company and acting on its behalf with third parties, public or private persons, Ministries, Administrations, and local communities;
12. Granting sub delegations to beneficiaries with the necessary means, skills and authority, as the Executive Committee deems timely, for a duration it shall determine, concerning any or part of the present Rules and Regulations; and
13. Carrying out all acts, which are necessary for the execution of the present Rules and Regulations, with the exception of the following cases whereby the Board of Director's consideration and approval are required;
  - Entry into any transaction which is subject to approval by the Board of Directors approval under the Chart of Authority
  - Entry into any connected transaction and acquisition and disposition of asset transaction

as stipulated under the Rule and Guidelines mandated by the Securities and Exchange Commission, Thailand and Stock Exchange of Thailand that requires by law to be considered and approved by the Board of Directors or Shareholders.

## **2. AUDIT COMMITTEE**

The Company has a process that inspects and controls the business by appointing three Independent Directors to the Audit Committee.

1. Mr. Phirasilp Subhapholsiri  
Chairman of Audit Committee
2. Mr. Nopporn Thepsithar  
Audit Committee Member
3. Mr. Parnchalerl Sutatam, Audit Committee Director, passed away on 19 December 2020. The Board of Directors appointed Mr. Niphon Suthimai as a replacement of Mr. Parnchalerl Sutatam with effect from 14<sup>th</sup> January 2021.

Mr. Joseph Soosay  
Secretary of Audit Committee

All members of the Audit Committee have the adequate expertise.

## **TERMS OF OFFICE OF THE AUDIT COMMITTEE**

The Audit Committee directly reports to the Board of Directors. Each Audit Committee member serves a three-year term. New members will be appointed and/or old members are re-appointed by the Board of Directors at the end of the term.

## **SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE**

The role of the Audit Committee, as assigned by the Company Board of Directors, is as follows:

1. Review the reporting of the Company's financial statements for their accuracy and adequacy;

2. Review the suitability and effectiveness of the Company's internal control system, internal audit function and the independence of the Internal Audit Department, while providing concurrence to the appointments, transfers, and terminations of the Internal Audit Manager;
  3. Review the Company's compliance to any rules and regulations including those on securities, regulations of the SET and any other regulations relevant to the Company's business;
  4. Propose to the Company's Board of Directors on the selection or termination of the external auditor. The Audit Committee shall also review the proposed fees (of the external auditor) when proposing its selected external auditors to the Company's Board of Directors. The Audit Committee shall also participate in a meeting with the external auditor at least once a year without the presence of the Company's Management;
  5. Consider the Company's business transactions with related parties or any transaction that may lead to potential conflicts of interest in compliance with the relevant rules and regulations of the SET to ensure their rationality and maximum benefit to the Company;
  6. Issue a report of the Audit Committee, to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report, which shall contain comments on at least the following areas:
    - 6.1 Accuracy, adequacy and credibility of the Company's financial statements.
    - 6.2 Adequacy of the Company's internal control system.
    - 6.3 Compliance with any regulations on securities, the regulations of the SET and other regulations relevant to the Company's business.
- 6.4 Appropriateness of the external auditor.
  - 6.5 Transactions of possible conflicts of interests.
  - 6.6 Meetings of the Audit Committee and contributions of members.
  - 6.6 Overall comments from performing in accordance with this Charter.
  - 6.7 Other transactions that shareholders or other investors should be aware of in accordance with the roles and responsibilities assigned by the Company Board of Directors.

## **REQUIREMENTS FOR APPOINTMENT OF MEMBERS OF THE AUDIT COMMITTEE**

1. The Audit Committee shall be appointed by the Board of Directors, consisting of at least three independent directors. At least one member should have an understanding and expertise in accounting matters. The Audit Committee shall select one member as Chairman of the Audit Committee.
2. The term of an Audit Committee member is three years. The members whose term of office expires may be re-appointed.
3. The Audit Committee has independence in performing its duties; it reports directly to the Board of Directors .
4. The tenure of an Audit Committee member will cease upon said member's death, resignation, dismissal or retirement by rotation.
5. There must be at least four Audit Committee meetings each year, the results of which are to be reported to the Board of Directors.

### **3. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee (N&R committee) consists of four Directors, two of which are Independent Directors. One of the Independent directors is appointed as the Chairman of the Nomination and Remuneration Committee. Members of the Committee are as follows;

1. Mr. Nopporn Thepsithar  
Chairman of Nomination and Remuneration Committee
2. Mr. Niphon Suthimai  
Nomination and Remuneration Committee Member
3. Mr. Jacques Pastor  
Nomination and Remuneration Committee Member
4. Mr. Somchit Sertthin  
Nomination and Remuneration Committee Member

Mr. Parnchalerm Sutatam, Independent Director, passed away on 19 December 2020.

### **SCOPE OF AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE**

1. To screen and select the appropriate persons as members of the Board of Directors and to propose the selected individuals to the Board of Directors, who then submit the proposal to the Shareholders' Meeting for approval;
2. To screen and select the appropriate qualified persons to be nominated as Chief Executive Officer, and then propose the nominee to the Board of Directors for approval;
3. To propose the remuneration package for the Company's Directors to the Board of Directors and sub-committees, and to further propose the same package to the Shareholders Meeting for approval;

4. To propose the remuneration packages for the Chief Executive Officer and Executive Directors to the Board of Directors for approval; and
5. To engage in any other duties as assigned by the Board of Directors

The N&R committee is in charge of nominating appropriate persons as members of the Board of Directors in accordance with the Group's policy on Director Qualifications and Nomination. In addition, the N&R committee is responsible for suggesting competitive remuneration packages for the Board of Directors, sub committees and Executive Directors, using the self-assessments of the Board of Directors, Sub-committees, and Chief Executive Officer as a key reference point. Finally, the N&R committee is in charge of proposing a succession plan for the positions of Chief Executive Officer and other senior executives.

### **POLICY ON DIRECTOR QUALIFICATIONS AND NOMINATION**

The Board of Directors should be composed of directors who have all the necessary qualifications as prescribed by the law. There should be diversity in the education of the various members of the Board, which allows the Company to benefit from a range of different experiences and viewpoints. There is to be no discrimination based on gender, age, ethnicity or nationality in the Board's operations.

The N&R committee is responsible for prescribing a set of knowledge and expertise requirements for the Board of Directors, and for formulating a Board Skill Matrix to help inform the selection and nomination of qualified candidates. These might include:

- Strategic planning;
- Industry knowledge;
- Accounting and finance;
- International marketing;
- Organization and human capital management;
- Risk management.

At least one of the non-executive directors should be experienced and competent in the Company's main industry.

In 2020, N&R committee reviewed and confirmed that the Board of Directors collectively had between them all 6 of the required skills. As part of director nomination, the N&R committee may consider the director pool from IOD for potential candidates, if any.

## **REMUNERATION FOR DIRECTORS**

The N&R committee is responsible for the competitive remuneration of the Board of Directors and sub-committees. In determining appropriate remuneration, the N&R committee take into account the scope of responsibilities of each director, long-term strategies and targets, to ensure that remuneration is comparable with the average for similar companies in the relevant industries. The final remuneration is proposed to the Board of Directors and shareholders for approval.

## **NOMINATION OF THE CHIEF EXECUTIVE OFFICER**

The Board of Director shall consider for approval candidates proposed for the position of Chief Executive Officer, as nominated by the N&R committee. The assessment of the prospective Chief Executive Officer is based on criteria including (1) knowledge of and experience in the asphalt, petroleum and road-construction industries; (2) good relationship with relevant networks in our industries; (3) possessing the desired competencies of leadership stipulated in the Group's Core Values.

## **POLICY ON THE CHIEF EXECUTIVE OFFICER AND TOP EXECUTIVES HOLDING POSITION IN ORGANIZATIONS OUTSIDE THE COMPANY**

The Board of Directors has established a policy allowing the Chief Executive Officer ("CEO") and top executives to hold directorships in companies that are not subsidiaries or associate companies of the Company. The CEO and top executives may hold directorships in no more than three listed companies, provided such holdings do not adversely affect their work.

In order to enable the CEO and top executives to dedicate their time to the performance of their duties for the utmost benefit of the Company, the CEO and top executives must not serve as executives, executive directors, or CEOs in companies other than the Company's subsidiaries or associate companies.

## **REMUNERATION FOR THE CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS**

The N&R committee assesses the performance of the Chief Executive Officer and Executive Directors and proposes their remuneration packages for approval by the Board of Directors' by taking into account the following information;

1. Performance-based Pay – The pay shall be subject to the achievement of the Group's performance, based on Key Performance Indicators (KPIs) of Financial, Customer, Internal/Business process and Learning and Growth Perspectives
2. Strategic Initiatives of the Group – the progress of Corporate strategies per the Vision 2025 to add value to business and shareholders.
3. Competitive compensation policy – the compensation is benchmarked with other listed companies in the same industry, adopting an entrepreneurial approach with emphasis on the performance-based bonus in order to be competitive with other companies.

## **REMUNERATION STRUCTURE OF THE CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS**

The package includes remuneration paid in cash i.e. salary, which is reviewed annually; the bonus is variable and dependent on yearly performance. Other forms of compensation include the provident fund scheme, health and life insurance policy(s), and employee stock options program.

## **PERFORMANCE ASSESSMENT OF THE CHIEF EXECUTIVE OFFICER AND TOP EXECUTIVES**

The N&R committee assesses the performance of the Chief Executive Officer and other executive officers based on the Company's operating results, implementation of the Board's policies, BSC (Balanced Scorecard) financial and non-financial performance, e.g. maintaining CGR score, recertification for CAC program. The N&R committee will then consider the appropriate remuneration for the Chief Executive Officer and Executive Directors and propose these to the Board for approval.

The Board also conducts its own CEO Self-Assessment by using the form recommended by the SET. The main objective of the self-assessment form is to evaluate the performance of the Chief Executive Officer.

## **THE 3 CATEGORIES COVERED BY THE CEO SELF-ASSESSMENT FORM ARE AS FOLLOWS:**

1. Status of Achievements;
2. Performance Measures, e.g. Strategy formulation, Financial planning; and
3. Development Need

## **SUCCESSION PLAN**

The Board has assigned the N&R committee to be responsible for designing suitable succession plans for the Chief Executive Officer and other top executives.

Concerning the potential successor of the Chief Executive Officer, the development program has started in 2020 features one on one executive coaching program over a 6 month period. The succession planning chart includes a selection of other executives, from senior supervisors to senior manager level.

The succession plan of top management is proceeding accordingly, for the Chief Executive Officer, and for all the top management positions. Successors shall receive specific development guidance in accordance with their individual development target through a process of combined mechanism including executive coaching, mentoring, and specific assignments.

## **EXECUTIVE OFFICERS**

The Company's executive officers are composed of 16 members as follows:

1. Mr. Chaiwat Srivalwat  
Chief Executive Officer
2. Mr. Jacques Pastor  
Executive Director
3. Mr. Hugues de Champs  
Deputy Chief Executive Officer – International Business
4. Mr. Thierry Alain Simon Defrene  
Chief Operating Officer – Logistics and Procurement
5. Mr. Christophe Bernard Voy  
Chief Operating Officer – International Business
6. Mr. Koh Lai Huat  
Chief Financial Officer

7. Mr. Sitilarb Supsakorn  
Executive Director
8. Mr. Jacques Marechal  
Deputy Chief Financial Officer – International Finance, insurance and Legal
9. Mrs. Kanya Ruengprateepsang  
Deputy Chief Financial Officer
10. Ms. Auchcha Rattrakultip  
Director – Corporate Finance
11. Mr. Louis - Frederic SACHS  
Director – Marine Group
12. Mr. Chanchai Lohapratarn  
Director - Domestic Sales and Marketing
13. Mr. Suphat Pipitawan  
Director - Operations
14. Mrs. Punsiri Suttienkul  
Director - Corporate Branding and Corporate Social responsibility
15. Mr. Soranard Nantamonty  
Director – International Sales and Marketing
16. Mrs. Udomporn Punpatch  
Director – Human Capital Management

#### **4. CORPORATE GOVERNANCE COMMITTEE**

The Board of directors appointed the Corporate Governance Committee to improve the Company's corporate governance practices and to make sure practices comply with the Principles of Good Corporate Governance for listed companies. The Committee consisted of four members (two of which are Independent Directors, while the other two are Executive Directors) as follows:

1. Mr. Phirasilp Subhapholsiri  
Chairman of the Corporate Governance Committee
2. Mr. Niphon Suthimai  
Corporate Governance Committee Member

3. Mr. Chaiwat Srivalwat  
Corporate Governance Committee Member

4. Mr. Jacques Marechal  
Corporate Governance Committee Member

#### **TERMS OF OFFICE OF THE CORPORATE GOVERNANCE COMMITTEE**

1. The term of each member is three years. Members whose term of office expires may be re-appointed;
2. Corporate Governance Committee members shall vacate office upon expiration of their term of office, death, resignation, and removal from directorship; and
3. In the event where positions within the Committee become vacant for reasons other than the expiration of a term of office, and where the number of active members becomes less than three, the Board of Directors shall appoint persons who are fully qualified as replacements within three months. Replacing members shall hold office for the remaining term of office of the members whom they replace.

#### **ROLES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE**

1. Propose corporate governance (CG) principles, policies and guidelines to the Board;
2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and management conform to CG principles and policies; and
4. Revise guidelines of the Company's CG to comply with the CG guidelines as recommended by the Securities and Exchange Commission of Thailand ("SEC").



# CORPORATE GOVERNANCE & SUSTAINABILITY-DRIVEN ORGANIZATION

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**82 Corporate Governance (CG)**

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**102 Sustainability-Driven Organization**

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## CORPORATE GOVERNANCE



The Board of Directors recognizes the importance of corporate governance in the Company's sustainable development, creating shareholder value, and securing trust from all stakeholders, including shareholders, employees, customers, business partners, competitors, and creditors. The Board of Directors and management have therefore been promoting good corporate governance practices within the Company, subsidiaries and affiliates.

We are pleased to announce that the Company was rated Excellent or 5 Stars which is the highest level of Corporate Governance Report of Thai Listed Companies 2020 (CGR) by the Thai Institute of Directors Association (IOD) for 3 consecutive years. In addition, the Company received 97.5 points out of a total possible 100 points on the Annual General Meeting Checklist from the Thai Investors Association.

In committing to sustainable development, the Company has adopted the corporate governance code for listed companies 2017 (CG Code) developed by the Securities

and Exchange Commission (SEC). In 2020, the Company's Board of Directors considered and reviewed the CG Code to determine its suitability to the Company's business.

Furthermore, the Company has joined the "Thailand's Private Sector Collective Action Coalition Against Corruption" (CAC) and was certified on November 10, 2017 and recertified on 30 June 2020.

Finally, we are pleased to announce that we have been selected as one of the listed companies included in the Thailand Sustainability Investment Index (THSI Index) for 3 consecutive years. The Company also received the Sustainability Disclosure Award in 2020 for 2 consecutive years from the ThaiPat Institute.

### CORPORATE GOVERNANCE POLICY

The Board of Directors of the Company continuously strive for good corporate governance practices in order to maintain the Group's sustainable development. The Group strives to protect and promote the interests of all



stakeholders by observing ethical business practices based on transparency and traceability. The Group has established the following corporate governance policy for the Board of Directors, management, and the employees to abide by:

1. The Board of Directors shall take the lead in the matter of business ethics by setting the Code of Ethics to manage and monitor the Group's operations to ensure all business activities are conducted in accordance with the applicable laws and ethical standards.
2. The Board of Directors shall play an important role in the development of strategies, policies, and action plans, taking into account all pertinent risk factors, for the best interest of the Group;
3. The Board of Directors shall strive to add value to the business in the long run as well as manage the business with prudent practices in order to maximize shareholders' returns. This will be achieved while maintaining the highest standards of social responsibility at all times.
4. The Board of Directors shall encourage shareholders to be aware of their rights as owners of the Group to exercise their power through the appointment of the Company's Directors to act as their representatives. Shareholders are also eligible to make decisions related to any significant changes in the Group;
5. The Board of Directors shall treat all shareholders, including minority shareholders, fairly and equally;
6. The Board of Directors shall create the optimal balance between the existing needs and future expectations
7. The Board of Directors shall disclose information, both financial and non-financial, correctly, adequately, transparently and traceably through appropriate two-way communication channels for the benefit of stakeholders' decision-making.

of the Company and all stakeholders respectively based upon sustainable, mutual, and equitable benefits; and

7. The Board of Directors shall disclose information, both financial and non-financial, correctly, adequately, transparently and traceably through appropriate two-way communication channels for the benefit of stakeholders' decision-making.

## RIGHTS OF SHAREHOLDERS

The Company shall ensure that (i) shareholders, both as investors and as owners of the Company, are entitled to all basic rights and adequate information in the Annual General Meeting ("AGM") and the AGM minutes; (ii) the Chairman of the meeting and each sub-committee attend the AGM in order to communicate with shareholders; and (iii) the Company's shareholder structure is in compliance with rules and regulations as well as corporate governance practices. The basic rights of the Company's shareholders are as follows:

- Prior to the 2021 Annual General Meeting (AGM), shareholders of the Company were entitled to propose agendas and questions for the 2021 Annual General Meetings. Shareholders were allowed to exercise such rights from the period 7<sup>th</sup> October 2020 to 30<sup>th</sup> December 2020 for consideration by the Board of Directors. Should any proposed agenda be included in the meeting, the Company will specify in the notice of the meeting that said agenda was proposed by a shareholder. However, in the case where the proposed agenda was rejected, the Company will inform shareholders of the reasons for its rejection at the annual general meeting of shareholders. Moreover, any shareholder is entitled to nominate any qualified candidate for election as a Board member in advance. The Nomination and Remuneration Committee will consider the proposed nominee(s) together with other nominated persons according to the Company's criteria for the nomination of directors. The Nomination and Remuneration Committee shall then present the nominee(s) to the Board for consideration before

proposing them to the shareholders' meeting for approval.

- Shareholders (individuals, juristic persons, and institutional investors) are encouraged and facilitated to attend and participate in the AGM. The Company provides a Proxy Form B to shareholders who are unable to attend the AGM in person. In addition, institutional investors are invited to nominate their representatives to attend the meeting.
- An agenda on the Board's remuneration is included to inform the shareholders of the amount and type of remuneration received by each director including fixed and variable remuneration, meeting allowance, and the Board's bonus. Other remunerations, if any, are also stated.
- Notice of the AGM shall consist of precise and adequate data for decision-making by shareholders. Also, the minutes of the last AGM are included, and outline the voting method, results, and any questions and comments made by shareholders.
- Shareholders are entitled to basic rights such as the right to receive dividends, propose agendas, nominate a person to be director, and approve certain matters.
- Shareholders who arrive after the meeting has commenced are able to vote on agenda items being considered, provided that a resolution has not yet been made. They will constitute part of the quorum starting from the agenda item.
- The Chairman of Board of Directors and the Chairmen of all sub-committees attend the AGM to communicate and inform shareholders on matters relating to sub-committees.
- On the date of the meeting, the Company uses a barcode system for registration for the convenience of shareholders, since each reference number is already included in the registration and proxy forms. In addition, for each agenda, the Company will collect the ballot papers of shareholders who vote "disapprove" or "abstain" in order to deduct the votes

from the total entitled voting rights. The Company also applies a barcode system to perform the ballot calculation to ensure immediate voting results are available for announcement right after the end of each agenda. Shareholders are entitled to verify each voting result after the meeting.

- One-third of the directors must retire from office on a rotation basis in each AGM, and the election of directors to replace the retired directors takes place during the meeting. However, if the number of candidates exceed the number of directors required, each candidate is then elected individually.
- At the meeting, shareholders can freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes, thus ensuring that shareholders have sufficient information on the matter. Should shareholders have questions or inquiries, specialists in each field are available to answer queries on behalf of the Board of Directors.
- The Company's ownership structure in 2020 was in compliance with good corporate governance practices. For instance, shareholding by Directors in the aggregate did not exceed 25% of total paid-up capital. In addition, free float accounted for 39.44% of total paid-up capital.

In the wake of the Covid-19 pandemic, shareholder safety during the AGM was the Company's top priority. In response to this, the Company informed shareholders on guidelines in holding the 2020 AGM with the following details:

- The Company encouraged shareholders to appoint Independent Directors of the Company to attend and vote on their behalf instead of physically attending the AGM;
- Alcohol gel was provided in front of the meeting room. Shareholders attending the AGM were screened before entering the meeting area. Anyone with a body temperature of 37.5 degrees Celsius or higher was denied entry to the AGM. As for shareholders attending the meeting in person, wearing a face mask at all times was mandatory during their attendance of the meeting;



- For shareholders, who were denied entry to the AGM, they were entitled to use the proxy voting by assigning an independent director;
- Seats in the meeting rooms were set one meter apart;
- Food, tea and coffee were not served before or during the meeting. However, bottled water was available at the AGM; and
- The Company encouraged shareholders if they had any question to submit their questions in advance. The Company endeavored to clarify and reply to shareholders via e-mail separately after the meeting.

With the guidelines and cooperation from shareholders, the 2020 AGM was held successfully without any postponement. This truly reflects the power of resilience of the Company in the midst of the Covid-19 pandemic.

## **EQUITABLE TREATMENT OF SHAREHOLDERS**

The Company provides equitable treatment to all of its shareholders, be they major or minor, individuals, institutions, local or foreign. To that effect, the Company strives to find means to ensure equality, especially for minor shareholders. These means are:

- Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share accounts for one vote,

and no particular share takes precedence over the rights of other shareholders.

- Shareholders have the right to nominate candidates for directorship via the channels which the Company provides.
- The Company has an established policy governing the use of internal information and has incorporated it into employee regulations with penalties for executives or employees who disclose internal information to outsiders for personal benefit. In 2020, there were no cases of insider trading.
- The Company's Code of Ethics includes guidelines that prohibit employees from using the Company's assets, and from spending working hours conducting research, contact, or business with brokers for personal gain or for the benefit of any related parties.
- Under the Company's Code of Ethics, top executives and employees working in related departments are prohibited from trading Company shares for 21 days prior to the release of the Company's quarterly and annual financial statements (blackout period). In addition, the Board of Directors will monitor all required actions in accordance with the related standards. Any changes in the shareholding of directors are reported in the Board of Directors' meetings. These are included in the agenda of the Board of Directors meeting on a quarterly basis.



- Ordinary business transactions and ordinary business support transactions are approved by the Board of Directors according to section 89/12 of the Security and Exchange Commission Act. The standard related party transaction relies on a fair and arm's length basis. Such transactions are reported to the Board of Directors on a quarterly basis. All other related party transactions are determined by Notification of the Capital Market Supervisory Board No. Tor. Chor. 21/2551.
- Any acquisition and disposal of asset which is subject to shareholder approval is determined by the Notification of the Capital Market Supervision Board No.Tor.Chor. 20/2551.
- The Company has a clear and transparent shareholder structure. There is no cross-holding of major shareholders, thereby preventing any conflicts of interest or transfer of benefits from one party to another. The shareholder structures of the Company and its subsidiaries are published in the Company's annual report, along with the holding of Board members' shares in the Company.
- The Company provides shareholders with proxy forms for appointment of another individual or one of the Company's independent directors. The Company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce in which the shareholders can exercise their voting rights as wished. These forms can also be downloaded from the Company's website. In addition, the Company provides shareholders with duty stamps to be sealed on the proxy forms for their convenience.
- The Company ensures that shareholders have adequate time to prepare for AGM attendance. In 2020, notice of the AGM was posted on Company's website one month before the AGM date, and submitted to shareholders 21 days in advance. The notice of the AGM was issued in both Thai and English.
- There is a clear separation of duties and responsibilities of the Board, management, and shareholders, thereby ensuring no overlap in their duties and responsibilities. Any member of the Board of Directors or executive

who may have interests in any agenda under consideration in a Board meeting must abstain from attending the meeting and voting on such an agenda. This is to ensure that the Board of Directors and executives make decisions in a fair manner for the utmost benefit of shareholders.

## THE ROLE OF STAKEHOLDERS

The Board of Directors places great emphasis on contributions from all of its stakeholders: shareholders, employees, customers, suppliers, creditors, business partners and competitors. All stakeholders are invited to work with the Company towards their shared goals and mutual benefits, while making the Company a competitive and successful business.

We therefore adhere to the principle of fulfilling our corporate social responsibilities as well as our contractual obligations, as they pertain to our stakeholder relationships.

## SHAREHOLDERS

Shareholders have basic rights stipulated by law and by the Company's regulations, such as the right to expect a fair return, to request a verification of their number of shares, to receive share certificates, and to attend, vote and freely express their opinions at shareholders' meetings.

All shareholders will receive detailed information concerning date and the agendas prior to the shareholders' meeting. Such information will be posted on the Company's website around one month before the related documents are submitted to shareholders, at least 21 days prior to the meeting. The shareholders' right to attend the meetings and the right to vote on resolutions are clearly stated in the notice of the meeting submitted by the Company.

The Company also believes that shareholders, as owners of the Company, have the right to make suggestions and comments on the affairs of the Company. It is the responsibility of the independent directors to receive such input. All comments and suggestions will be carefully considered and presented to the Board of Directors.

## EMPLOYEES

**Compensation Management** – The Group's compensation management has been developed under the auspices of the Nomination and Remuneration Committee and is based on the principle of a merit-based pay structure with internal fairness and competitiveness in the labor market.

The pay structure is made according to job value under standardized job levels. The remuneration package is based on performance and job responsibility of each job level. External factors that are taken into consideration include economic indicators, e.g., inflation rate, and labor market compensation package, according to benchmarked pay against other organizations in related industries.

**Welfare Management** – The Group has established welfare systems which are communicated to all employees in the Employee Handbook, which is regularly updated through both online and internal communication channels. The objective is to provide appropriate and sufficient welfare to all employees from first entry to retirement:

- Work-related welfare on the job e.g., daily allowance, transportation, accommodation and travel insurance, workplace relocation allowance
- Health-related welfare e.g., medical insurance that includes dental service, annual medical check-up, seasonal influenza vaccination, and on-site fitness facilities
- Well-being support e.g., provident fund, long-service and retirement awards, financial aid for demise and disability, emergency loans

**Long-term incentive** – The Group has established a provident fund program since 2004. Employees who are members of the fund contribute 5% of their salaries, while the Group contributes the equivalent amount monthly.

To promote employee understanding of compensation packages, the Human Capital Management department conducted communication sessions at all our plants, and at Head Office in 2020. 2 topics, the design of the compensation structure and the benchmarking process with certain industries, were covered. During the sessions,



employee feedback was specifically sought. By early 2021, the communication session should cover all locations in Thailand.

#### **Employee Development and Training:**

Learning is part of the Group's aim to becoming a globally preferred integrated asphalt "Innovative Solutions Partner". Our knowledge and expertise stem from our long experience in the asphalt industry, which enables us to develop innovative solutions to meet future challenges.

The Group has developed its training and development initiatives by turning our long-term experience into a specifically-designed curriculum of Technical Asphalt Knowledge. This is tied to the Organizational Knowledge Management Policy, which aims to preserve and develop organizational knowledge that is critical to performance efficiency of staff members and to the Group's competitive advantage.

Our employees, line managers, and Human Capital Management team are jointly responsible for translating this plan into action. Each job family in the Group has established a Job Competency Profile as a framework for development and learning, catering to both lateral and vertical professional development. Managers are responsible for guiding and coaching employees to succeed in their careers.

In 2020, as a result of the COVID-19 pandemic, Thailand and many countries imposed travel restrictions which

challenged training implementation among all subsidiaries of the Company across the Asia-Pacific region. In response to this, the Human Capital Management department delivered training through online platforms as well as introducing online training on various fields of managerial skills to employees in Thailand. In 2020, the average training hours/person/year was 36 hours against a target of 24 hours. This record of training hours also included mandatory orientation for new employees in 2020. Orientation covers all company policies and the Company's Code of Ethics, including matters on anti-corruption.

Among all training topics, the Innovation Bootcamp was specifically designed to stimulate innovation culture and provide pilot groups of employees in Thailand and international subsidiaries with tools and know-how to create innovation projects. Participating teams included 10 teams from our Thailand operations, and 9 teams from Vietnam, Malaysia and Indonesia in total.

#### **Talent Development and Performance Management**

A performance culture supported by differentiated development is key to the delivery of individual and business objectives. This is driven by the alignment of clear and challenging assignments, and by ensuring that employees are aware of how their work impacts business.

The manager and employees work together to ensure that clear objectives are set and regularly evaluated (at least twice a year). This allows managers to identify high



performers and reward them accordingly, while ensuring low performance is properly managed with integrity.

Employees receive regular feedback on their performance and career aspirations through a variety of tools and processes such as the Performance Management System (PMS) and Job Competency Profile. Specific groups of higher performers and high potentials are invited to participate in extensive development programs such as the New Wave. It is the responsibility of Top Executive Talent Program Managers to dedicate the necessary time to monitoring current objectives, and to provide regular coaching to employees throughout the year. Each employee, supported by a direct supervisor and manager, is in charge of her or his own professional development.

Regarding the Group's direction in relation to international markets, employees who are interested in international assignments can be given the opportunity to work in different countries. The international dimension of the Group is used as a competitive advantage to retain and develop talent.

Our promotions are based on sustained performance relating to results and behavior, as well as future potential. The Group undertakes an active succession planning process from top to middle management by defining key positions to ensure that there is a strong pipeline of successors ready to meet future needs.

Human Capital Management provides support for implementing the necessary tools, and collaborates with function heads and managers to prepare the resources



necessary for the continued development of the Group's employees.

## HUMAN RIGHTS

The Group continuously strives to regulate its corporate governance practices. The Board of Directors has approved the Social Responsibility Policy stating our direction to respect and support the human rights of employees and all stakeholders in the value-chain of the Group's business, and to refuse to support any activities that violate such human rights. We shall implement mechanisms to resolve human rights disputes for the mutual benefit of the Group and our stakeholders.

## HUMAN RIGHTS POLICY

1. The Group will take active measures to identify, correct and prevent any violation of human rights (whether such human rights are defined by any legislations or international practices) that could impact the stakeholders of the Group. The Group will also review all risks that have an impact on human rights and will take pro-active measures to manage such risks;
2. The Group shall implement or develop mechanisms to resolve human rights disputes for the mutual benefit of the Group and our stakeholders. The Group will work with all stakeholders to achieve a common understanding regarding our position on human rights;
3. The Group shall respect the rights of employees and all stakeholders without any discrimination towards

concepts, beliefs, nationality, ethnicity, gender, religion, marital status, sexual orientation and satisfaction, nationality, age, or disabilities. The Group shall raise the awareness of human rights for underprivileged groups in the value-chain of the Group's business;

4. The Group shall promote civil rights, political rights, economics rights, social and cultural rights among all employees and stakeholders in the Group;
5. The Group shall respect the personal security and freedom of association of all its members, and will not tolerate harassment, or harsh or inhumane treatment in the workplace; and
6. The Group shall promote the improvement of working conditions regarding the humanity, health and safety of its employees, and will not tolerate any form of forced, bonded or indentured labor and child labor.

The practice of human rights has been deployed to all functions in the value-chain. Results of these practices are reported in the sustainability report each year.

## CONFLICT OF INTEREST

The Group continuously strives for good corporate governance practices in order to maintain its sustainable development. To ensure professionalism and integrity in conducting our business, the Group has reviewed its Code of Ethics to minimize potential conflicts of interest between employees and the Company. Potential conflicts of interest covered by the Code of Ethics include those involving family members of employees -- parents, full-blooded brother/sister, legal spouse, children and adopted children.

While all employees are required to acknowledge their review of the Company's Code of Ethics, there is also an additional requirement that the Board of Directors, all Management, as well as all employees in sales, procurement and purchase, sign and submit the "Conflict of Interest: Acknowledgement and Disclosure Form". They have a responsibility to promptly notify the Group Management in writing, with an acknowledgement by the Director –

Human Capital Management, if they at any time become aware of any actual or potential conflicts of interest, or if the information provided becomes inaccurate or incomplete.

Therefore, all actual and potential conflicts must be disclosed whenever management and employees are discussing and making decisions related to any business matter.

## CUSTOMERS

To develop and maintain sustainable relationships, the Company makes sure that customers receive equitable benefits in service, quality and price. A new Customer Support Office was established to provide product information, solve problems, and receive complaints in a way that can improve quality, service and ensure total satisfaction.

- Providing products and services commensurate with prices that fulfill their intended purposes while meeting customer needs.
- Providing products and services by taking into consideration the products' life cycle in order to better reduce their social and environmental impacts.
- Providing factual, non-deviant information about products and services, such as price, product quality, product characteristics in terms of health and safety, which support customers' decisions.
- Establishing fair agreements that are mutually beneficial to both the Group and our customers.
- Protecting the health and safety of customers through product research and development.
- Providing timely and meaningful support in response to any complaints and conflicts with customers.
- Protecting information to preserve the rights and privacy of our customers.
- Providing knowledge and awareness to our customers to highlight fairness of procurement and sustainable consumption.

### **Issues of Concern:**

- 1) Our relationships with customers shall not interfere with or jeopardize our business professionalism.

## **CREDITORS**

The Group conducts its business in a manner that fully complies with the terms and conditions of its loans and obligations to all financial creditors. The details of which are as follows:

- The Group seeks the Board of Directors' approval before entering into a new loan or borrowing, and provides information on all major terms and conditions under any such new loan, i.e. financial covenants, guarantee requirements, etc.
- Once the loan agreement is executed, the Group monitors it at all times to ensure that all conditions are fully complied with.
- For financial covenants, the Group examines for full compliance after month-end account closing. All conditions and covenant compliance checks are reported to the Board by an external auditor on a quarterly basis.
- In cases where there are any adverse material conditions which may affect the ability of the Group to comply with all terms and conditions, Management is obligated to inform the Board immediately to ensure all parties are aware of such adverse conditions, and to collectively seek solutions to prevent the breach of the conditions.

## **BUSINESS PARTNERS**

Operating within a competitive business context requires the building and maintaining of trust. The Group strictly adheres to its Code of Ethics, honors its promises and upholds its commitments to trading partners in every way, including quality products and timely delivery.

- Following policies and procedures of the Group's procurement and purchasing processes.

- Selecting business partners with fairness, by comparing prices, services, technology, quality, and retaining traceable records accordingly.
- When procuring, priority must be given to business entities, except in cases where individual expertise is needed (or offers higher benefits to the Group's operations).

### **Issues of Concern:**

- 1) Prudence/caution in selecting vendors who are relatives or are related to employees of the Group.
- 2) Making sure not to select business partners whose standards are incompatible with the Group's (such as labor practices, environmental laws, or other industry norms).

## **COMPETITORS**

The Group also operates within a competitive business context by being fair and strictly following laws, as well as its own Code of Ethics in its dealings in the industry and markets.

- Never coercing or defaming competitors - directly or indirectly; bullying, setting trade barriers that would unfairly lessen competitors' opportunities.
- Being careful in maintaining relationships with competitors since they could be customers of our affiliates/subsidiaries.
- Never disclosing the Group's intellectual property, or any of its confidential information, such as pricing policy, contractual conditions, product lists, market research reports, production plans or production capacity.
- Never violating legal rights of competitors.
- Never setting agreements with competitors or persons that shall decrease or limit their competitiveness.

#### **Issues of Concern:**

- 1) Being wary of entering any binding agreements that may restrict customers' choice of purchase.
- 2) Being wary of setting prices or selling conditions that might be unfair to customers.

#### **NO INTELLECTUAL PROPERTY INFRINGEMENT**

The Company has established policies and guidelines in its Code of Ethics whereby no intellectual property infringement can take place. These guidelines on Information and Assets are as follows:

- Recording and reporting information accurately, completely and based on facts.
- Retaining and processing information according to schedules and guidelines established by the Group, and in accordance with the law.
- Restricting the use of electronic equipment, electronic data, or information technologies that are not in compliance with IT policies and regulations. Usage of such equipment, data and technologies for personal or other benefits, especially related to politics, is strictly prohibited.
- Securing and never allowing unauthorized individuals access codes to gain entry into the Group's information systems.
- The Group reserves the right to inspect its employees' usage of electronic equipment data, electronic equipment, and information technologies, such as the transfer and storage of data, without seeking permission of the relevant assigned users.
- Securing the Group's intellectual property from unauthorized use or disclosure.
- Any output derived from an employee's performance on the job is to be regarded as the property of the Group, unless the Group specifically states that the intellectual property produced belongs to its inventor, creator, researcher, or any other person.

- Employees must take care of their work to ensure that reports, information, formulas, statistics, programs, techniques, processes, and facts representing the intellectual property of the Group are not violated.
- Employees must surrender all intellectual property to the Group upon termination of their employment, or as otherwise stated by the Group.
- Complying with the intellectual property laws that apply to the country in which the Group is operating, and consulting with the appropriate intellectual property experts to seek advice for proper understanding.
- Avoid disclosing information that might affect the Company's stock price to external parties.
- Avoid giving advice on buying or selling the Company's stock unless specifically assigned by the Company to do so.
- Employees and other persons in charge of the Group's information are prohibited from disclosing or conveying corporate information or secrets to unauthorized persons, including their family members, relatives, and friends.

#### **Issues of Concern:**

- 1) Informing, presenting, or disclosing corporate information or documents, in any form, to any unauthorized persons inside or outside the Company.
- 2) Hiring or engaging with other external individuals, departments or business entities without prior agreement in writing from the Group as stipulated in the Company's intellectual property policy.
- 3) Copying, adjusting, or revising electronic equipment, electronic data, or information technologies without a proper reason.
- 4) Disclosing or conveying information to persons or organizations not otherwise entitled to receiving such information.
- 5) Spreading rumors or giving information that would affect the Group.

## ANTI-CORRUPTION

The Board of Directors of the Company adopted its anti-corruption policy with the ultimate aim of preventing corruption across all value-chain activities while maintaining vigilant operations.

## ANTI-CORRUPTION POLICY

The Group continuously strives for good corporate governance practices in order to maintain the sustainable development of the Group. The Group has established an anti-corruption policy with the purpose of preventing corruption in every activity of the value-chain of the Group's business.

### Corruption Definition

Corruption includes any type of bribery, such as an offer, a promise, a guarantee, an inquiry, or the acquisition of money, or asset, gift item, or any other inappropriate benefits to/from government officials, private sector staff, either by direct or indirect action such that a person could proceed with, or disregard his/her function, in order to acquire or retain business, recommend a specific company to the Group as a whole, or achieve any improper benefits in a business transaction.

The above policy is reflected in the context of scrupulous observation of the following considerations:

- A zero-tolerance policy in regard to corruption by any person including directors within the Group;
- The Board of Directors will determine and promote the implementation of the anti-corruption policy and lead by example;
- The Board of Directors will govern and manage the Group's business operations in order to comply with the anti- corruption policy, and will communicate any anti-corruption actions to all stakeholders through the various communication channels;
- The Group will continuously promote and encourage all employees and stakeholders to raise awareness

for the eradication of corruption; anti-corruption will be part of the orientation program to new employees and all employees shall annually acknowledge the Code of Ethics which includes anti- corruption; and

- The Group will regularly review and improve business operations in order to comply with any changes in relevant laws and anti-corruption guidelines at all times.

Anti-corruption risk assessment has been performed by the Risk Management Committee (through Risk Management Office) to constantly identify related risks, corresponding likelihood and impacts including internal controls and related working instructions to mitigate residual risks.

In addition, the Risk Management Committee established guidelines on preventing anti-corruption risks coupled with regular monitoring system, while results of tracking/monitoring of risks will be reported to the Board of Directors.

### Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

The Company has encouraged its Directors to attend the Anti-Corruption for Executive (ACEP) training course, while employees are encouraged to consistently participate in any events related to anti-corruption efforts and initiatives.

In 2014, the Company signed the Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company developed its policy, risk assessment framework, procedures, monitoring system, and reporting in accordance with the Self-evaluation Tools of the CAC.

The Company has been recognized as a certified company by CAC. It was first certified on 10 November 2017 and has since passed all subsequent recertification, most recently on 30 June 2020. This recertification will last until 30 June 2023. To advocate its continuous pursuit of anti-corruption, Mr. Pana Ratanabanangkoon, CAC Project Director, and his team visited the Company to conduct a special session on the topic of recognition and development of CAC.



In addition to policy, implementation, monitoring and reporting, the Company regularly participates in the following anti-corruption events:

- 19 August 2015: the Company's representatives participated in the Anti-corruption Program seminar organized by the Office of the National Anti-Corruption Commission in collaboration with the Royal Thai Government.
- 2016: National Anti-Corruption Day activities with the theme of "Sin of Cheating" at the Sanam Luang Royal Plaza, Bangkok, organized by the Anti-Corruption Organization of Thailand (ACT) in collaboration with the Thai Chamber of Commerce and the Board of Trade of Thailand.
- 6 September 2017: Anti-Corruption Day with the theme "New Government! Old corruption! or ສະບາຍໃໝ່! ຄອຮັບຜົນເກົ່າ" at Centara Grand & Bangkok Convention Centre at CentralWorld, organized by the Thai Institute of Directors ("IOD").
- 9 Dec 2017: the Company's representative participated

in the Anti-Corruption Day (Thailand) at Muangthongthani, Nonthaburi. 6 September 2018: Anti-Corruption Day with the theme “คนไทย ตื่นรู้สู้โง” at Bhiraj Tower at Bangkok International Trade & Exhibition Centre (BITEC).

- 7 December 2018: Anti-Corruption Day (Thailand) at Muangthongthani, Nonthaburi.
- 6 September 2019: Anti-Corruption Day with the theme “ວົວພລັງ ອາສາສູ້ໂຄງ” at Bhiraj Tower at Bangkok International Trade & Exhibition Centre (BITEC).
- 9 December 2019: Anti-Corruption Day (Thailand) “ເດີບຫັກ ລໍາໂຄງ” at Muangthongthani, Nonthaburi.
- 15 September 2020: Anti-Corruption Day with the theme “Power of Data” though video conference.

On 7 October 2019, the Company issued the No Gift Guideline through the Anti-Corruption Guideline Manual in order to provide comprehensive guidance on effective implementation of the Group's Anti-Corruption Policy and controls.

## DISCLOSURE AND TRANSPARENCY

Disclosure and transparency are top priorities for the Group. Disclosure of the Group's general and financial information is done in an accurate, complete, transparent, and timely manner. The disclosed information includes the Group's structure, its performance and risks, director profile, and information related to investors.

Since 2018, the Board of Directors has established a disclosure policy in accordance with the current laws and best practice guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. The disclosure policy clearly states the scope of disclosure of information, authorized spokespersons, management of inaccurate information and information leakage, silent period and trading restrictions.

- All relevant information is disclosed via the annual report, Form 56-1, Company's website and SET's website. The disclosure of information and quality of financial statements in the Annual Report, Form 56-1, and the Group website are in compliance with the rules and regulations of the Stock Exchange of Thailand. The information includes shareholding structure, major shareholders, shareholding of directors and top executives, the Group's vision and mission, performance by business units, and top corporate risks, etc. In addition, disclosure related to directors includes information on their profiles, meeting attendances, training, shareholding and remuneration.
- Directors and executives are required to file reports on their own or any related person's interests regarding the management of the Company or any of its subsidiaries in accordance with the stipulated rules and regulations. Since these may cause conflicts of interest and can lead to the siphoning of assets, it is imperative for these to be disclosed in full. These reports ensure that all directors and executives adhere to the fiduciary duties they are bound to. No director or executive shall have any interest whatsoever, both directly and indirectly, to matters under their decision. The Company Secretary acknowledges,

signs and submits these reports to the Chairman of the Board and the Chairman of Audit Committee within 7 days of their submission in compliance with Section 89/16 of Securities and Exchange Act, B.E. 2535 (As amended).

- Directors and top executives are also stipulated to file with the SEC for every purchase, sale and transfer of Company's shares in compliance with Notification of the Office of the Securities and Exchange Commission No. Sor. Chor. 38/2561. In addition, the summary of the shareholding of all directors and top executives are reported quarterly to the Board of Directors meeting.

- Changes in company shareholding of the directors and top executives are as follows:

No.	Name	Position	Shareholding amount as of 31 December 2019	Change as of Shareholding (decrease) in 2020	Shareholding amount as of 31 December 2020	Shareholding proportion in the Company (%)
1.	Mr. Chainoi Puankosoom	Chairman	-	-	-	-
	Spouse/ Minor child					
2.	Mr. Koh Ban Heng	Vice Chairman	-	-	-	-
	Spouse/ Minor child		-	-	-	-
3.	Mr. Phirasilp Subhapholsiri	Independent Director Chairman of the Audit Committee and Chairman of the Corporate Governance Committee	-	-	-	-
	Spouse/ Minor child		-	-	-	-
4.	Mr. Nopporn Thepsithar	Independent Director Chairman of the Nomination and Remuneration Committee, Member of Audit Committee	-	-	-	-
	Spouse/ Minor child		-	-	-	-
5.	Mr. Niphon Suthimai	Independent Director Member of Corporate Governance Committee, Member of Nomination and Remuneration Committee	-	-	-	-
	Spouse/ Minor child		-	-	-	-
6.	Mr. Jean-Marie Verbrugge	Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
7.	Mr. Frederic Gardes	Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
8.	Ms. Laksana Supsakorn	Chairman, Director	13,860,000	-	13,860,000	0.880
	Spouse/ Minor child		400,000	-	400,000	0.025
9.	Mr. Somchit Serthsin	Director Member of Nomination and Remuneration Committee	31,000,000	900,000	31,900,000	2.021
	Spouse/ Minor child		10,500,000	600,000	11,100,000	0.703
10.	Mr. Jacques Pastor	Executive Director Member of Nomination and Remuneration Committee	2,350,000	(700,000)	1,650,000	0.105
	Spouse/ Minor child		-	-	-	-
11.	Mr. Chaiwat Srivalwat	Executive Director and Chief Executive Officer Member of the Corporate Governance Committee	3,000,000	-	3,000,000	0.190
	Spouse/ Minor child		-	-	-	-

No.	Name	Position	Shareholding amount as of 31 December 2019	Change as of Shareholding (decrease) in 2020	Shareholding amount as of 31 December 2020	Shareholding proportion in the Company (%)
12.	Mr. Sitilarb Supsakorn	Executive Director	17,000,000	250,000	17,250,000	1.093
	Spouse/ Minor child		-	-	-	-
13.	Mr. Hugues de Champs	Executive Director	500,000	(100,000)	400,000	0.025
	Spouse/ Minor child		-	-	-	-
14.	Mr. Jacques Marechal	Executive Director, Member of the Corporate Governance Committee	600,000	600,000	1,200,000	0.076
	Spouse/ Minor child		-	-	-	-
15.	Mr. Parnchalerem Sutatam <sup>1/</sup>	Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee,	-	-	-	-
	Spouse/ Minor child		-	-	-	-
16.	Mr. Koh Lai Huat	Chief Financial Officer	2,284,500	(1,000,000)	1,284,500	0.081
	Spouse/ Minor child		-	-	-	-
17.	Mrs. Kanya Ruengprateepsang	Deputy Chief Financial Officer	-	-	-	-
	Spouse/ Minor child		-	-	-	-
18.	Mr. Thierry Defrene	Chief Operating Officer - Logistics and Procurement	210,000	(170,000)	40,000	0.003
	Spouse/ Minor child		-	-	-	-
19.	Mr. Christophe Bernard Voy	Chief Operating Officer - International Business	-	-	-	-
	Spouse/ Minor child		-	-	-	-

1/ Mr. Parnchalerem Sutatam passed on 19 December 2020



## INVESTOR RELATIONS

Information related to investors is posted on the Company's website at [http://www.tipcoasphalt.com/investor\\_news.aspx](http://www.tipcoasphalt.com/investor_news.aspx). Disclosure of information adheres to Corporate Governance and Best Investor Relations Awards guidelines. The Company's score on Best IR award in 2020 was 84.52% which improved from 77.04% in 2019.

In 2020, the Company participated in the following information exchange activities with investors, analysts, and fund managers:

Type of Meeting	No. of Events
Analyst Meeting <sup>1/</sup>	7
Opportunity Day by the Stock Exchange of Thailand <sup>2/</sup>	4
One-on-One Meeting	18
Domestic Roadshow	4
International Roadshow	3

1/: Include quarterly analyst meeting and three information update sessions.

2/: During the event, there was a media Q&A session.

- The Company's news or press releases are publicly updated on [http://www.tipcoasphalt.com/investor\\_pressreleases.aspx](http://www.tipcoasphalt.com/investor_pressreleases.aspx) in a timely manner.
- Updated regulations and investor feedback are routinely reported to top management and the Corporate Governance Committee for further development.
- Information requests, comments and inquiries related to investor relations should be made by contacting at Mr.Thanapol Laosiripong tel. +66 2273 6642, fax. +66 2271 3363, or by email at [investors@tipcoasphalt.com](mailto:investors@tipcoasphalt.com).

## COMPLAINT & WHISTLEBLOWING POLICY

The Group expects all personnel and stakeholders as well as external sources to monitor their compliance with corporate governance and the Code of Ethics, and encourages them to raise any questions and concerns they may have regarding these policies. In addition, they can report any misconduct or noncompliance, or send their enquiries to the Company Secretary, the Internal Audit or Human Resources Department.

Procedures pertaining to violations of the Code of Ethics and Reporting of Violations of or Non- Compliance with the Code of Ethics are made known to, and must be observed by all employees.

In the event employees notice (or suspect) a violation of or non-compliance with the Code of Ethics, they may direct their questions or complaints by phone, e-mail or letter to, or personally inform any of the following persons:

1. Any independent director
2. Director – Human Capital Management
3. Senior Manager – Internal Audit
4. Secretary to the Board of Directors

The above persons shall report such matters to the Chief Executive Officer -- if the issue is raised against employees below the Chief Executive Officer level; or to the Board of Directors -- if the issue is raised against the Chief Executive Officer and/or any director; within 24 hours.

The Group shall investigate all complaints with due urgency and confidentiality.

The Chief Executive Officer or Board of Directors shall appoint a fact-finding committee, comprising relevant heads of departments and Human Capital Management.

The fact-finding committee is authorized to:

- Investigate facts and witnesses
- Proceed according to relevant measures
- Propose prevention to repeating cases
- Proceed with disciplinary actions and/or prosecution according to the law

All employees are expected to cooperate in the investigations as necessary, which is conducted legally, when there is a complaint of violation or non-compliance with the Code of Ethics.

At the soonest, but no later than 14 days, the fact-finding committee shall report the result of the investigation to the Chief Executive Officer or Board of Director.

The Human Capital Management Department shall collect the investigation reports, then notify the whistleblower and the Board of Directors, as well as the responsible persons against whom the complaint was filed.

### Measures for Protection and Compensation

Any person making complaints, reports, or cooperating with a fact-finding investigation shall be protected according to the whistleblower protection guidelines as follows:

- Those who complain, report, or cooperate may choose not to disclose their identities. However, their identities should be disclosed to the investigators appointed by the Group to facilitate the effectiveness of any such investigations.
- The Group regards such information as confidential, and discloses such information only as necessary to ensure the safety of, and prevent harm to, those who report, their sources, and other individuals involved.
- Appropriate protection will be provided to those who complain, report, or cooperate if they believe that they will be under threat.
- Anyone harmed while providing information to assist the Group's investigations will be compensated in a fair and appropriate manner.

### Compliance with Corporate Governance Code for Listed Company (CG Code)

The Company acts in accordance with the 2017 Corporate Governance Code for Listed Company (CG Code) issued by the Securities and Exchange Commission. Following the Corporate Governance Committee's recommendation, the Board of Directors reviewed the application of the CG

Code's Principles and Sub-Principles including reasons for not following certain Sub-Principles, and recorded these observations as board resolutions in 2020. The sub-principles which the Company has chosen not to follow are summarized as follows:

**Sub-Principle 1:** The Board should determine the proper number of directors to function effectively. It must comprised at least 5 directors and should not be more than 12 directors, depending on the company's size, type, and complexity of the business:

**Justification:** In 2020, the Board of Directors comprises 15 members. Due to the complexity of our business, it is necessary for the Company to have directors with diverse knowledge, experience and expertise. Therefore, the Company deems its current number of directors as appropriate.

**Sub-Principle 2:** The Board should establish the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of service. Upon completing a nine-year term, an independent director may continue to serve on the Board, subject to the Board's rigorous review of his/her continued independence.

**Justification:** The Company's Board of Directors believe we have carefully selected and nominated our independent directors. Despite their tenures, they remain adept, ethical and continue to contribute satisfactorily to the sustainable growth and development of the Company. It is obvious they fully understand their roles and responsibilities to both core and minority shareholders alike. This is reflected in our average CG score of above 90% for the past three years, and further reflected in the scores received by directors in their re-nomination and re-election at the last annual general shareholders meeting. The re-election number stands at 97% on average.

**Sub-Principle 3:** The Company should appoint an external consultant to assist in setting guidelines and providing recommendations for a board assessment at least once every three years. This information should be disclosed in the annual report.

**Justification:** The current board assessment is considered to be adequate.

**Sub-Principle 4:** The Board should ensure that the Company arranges for the notice of shareholder meeting and related papers to be sent to shareholders and posted on the Company website at least 28 days before the meeting.

**Justification:** The Company submits its documents to shareholders 21 days in advance which is beyond the stipulated law (7-14 days) and complies with good corporate governance guidelines (21 days)

**Sub-Principle 5:** All directors and relevant executives should attend the meeting to answer questions from shareholders on company-related matters.

**Justification:** Although all directors did not participate in the AGM, the chairmen of all sub-committees attend the AGM to answer questions from shareholders.

## RESPONSIBILITIES OF THE BOARD

The Board of Directors has a commitment to its fiduciary duties and shall ensure that the Group is managed and operated in the best interest of its shareholders.

- The Board of Directors and its sub-committees operate in accordance with good corporate governance guidelines. The Board of Directors comprises directors with various backgrounds, including 7 independent directors. The roles and responsibilities of the Board of Directors and management are clearly defined and published in annual reports. Terms and conditions of directorship are in line with good corporate governance guidelines. For example, company directors are discouraged from taking directorships in more than 5 listed companies.
- The Board of Directors approves corporate governance policies and the Company's Code of Ethics which are published in annual reports and on the Company website. The Board of Directors has appointed the Corporate Governance Committee to oversee corporate governance guidelines and the Code of Ethics, and to periodically update these as necessary.

- The Board of Directors defines and reviews the Company's vision and mission for a specific period. Additionally, the Board of Directors annually reviews the Company's strategy.
- The Board of Directors appoints the Audit Committee to oversee the state of internal controls within the Company.
- The Board of Directors appoints the Nomination and Remuneration Committee to oversee the nomination and remuneration of the Board, and the succession plan of senior executives.
- The Board of Directors encourages directors to take training courses in relevant areas.
- Since 2015, the Corporate Governance Committee has proposed that the Board of Directors conduct self-assessments for its members and for all sub-committees. The assessments include both collective and individual appraisals.

## Policy and Sustainability Management Goals

Since 2018, the Group has established a set of group-wide sustainability policies along with, 5-year strategic action plans and goals that are in line with its sustainability roadmap. This strategy is approved by the Board of Directors, and serves as an important driver for us to achieve our sustainable development vision by transforming concepts into actions, and embedding In-Process Sustainability Development in our operations.

With awareness of the importance of sustainable development, the Group ensures our sustainable development policies and strategies are fully aligned with corporate strategies while promoting the United Nations Sustainable Development Goals (SDGs). The Group aims to become a sustainable corporation and implements this concept in business operations across economic, social, and environmental aspects, with good governance philosophy. We also aim to become a leading role model corporation with great business integrity while taking into consideration safety standards and the health conditions of our employees. Furthermore, we make, knowledge and resource sharing with nearby communities a priority, to ensure peaceful coexistence, and to preserve natural resources and the environment.

The Group has established the following sustainability policy framework and sustainability management initiatives:

### Sustainability Strategy (SDG 1-17)

The Group has formulated corporate sustainability strategies in line with the organization's corporate strategies. Every year, the Corporate Governance Committee reviews policies and/or business goals to ensure good business governance, and enterprise risk management, including emerging risks. Also included are impact assessments associated with both social and environmental aspects by verifying work processes and operating results, and comparing them to planned targets. Our annual Sustainability Report summarizes the progress of our sustainable development

initiatives, to ensure the Group maintains its Thailand Sustainability Investment (THSI) status.

The Group's sustainable development framework comprises basic business protocol in conjunction with good business conduct that meet international standards to ensure that TIPCO ASPHALT's vision of sustainable development is realized, and that its capabilities and long-term business operations are strengthened and aligned with the Group's vision of sustainable development. As such, we have formulated the following three sustainability development strategies:



- 1) **Innovation Leader**
- 2) **Eco-efficiency Operations**
- 3) **Safety Awareness**

In addition, the Group asserts two fundamental sustainability strategies, which are:

- 4) **Good Corporate Governance and Corporate Social Responsibility Creation**
- 5) **Value for the Future – People Development**

In 2020, the Group conducted enterprise risk reviews and explicitly identified risks associated with social, environmental and governance aspects including risk assessments and the implementations of control measures.

- Identify risk associated with anti-corruption and human rights violation issues.
- Review Materiality Analysis and Assessment to accommodate business plan, decision making and process approach.
- Promote corporate sustainable development in accordance with the United Nation Sustainability Development Goals (SDGs) and Global Reporting Initiative (GRI) sustainability report framework that encompass all operations across economic, social and environmental aspects.
- Respect relevant stakeholders' interests, by setting goals to ensure their satisfaction while striving to reduce stakeholder complaints to zero.

## 1.) Innovation Leader (Innovation SDG 4, SDG 8 and SDG 9)

### 1.1) The Group Promotion and communication of innovation with focus on social and environmental responsibility (SDG 4, SDG 9)

Promotes and ensures the development and creation of business, social, and environmental innovations for sustainability. The Group supports integration of both intra- and inter-organizational innovative operations which include new ideas, procedures, frameworks, pioneering projects, and cognitive/ production and management refinements in order to create added value for the business. Innovation serves as a positive catalyst for change that leads to increases in production, while maximizing benefits for the general public. In this regard, the Group operates in accordance with the following guidelines:

- Observe current operations to ascertain whether there is any operation that pose any risks or negative impacts to the general public and the environment, while developing countermeasures to mitigate said risks/impacts. In addition, the Group will conduct in-depth analysis of operations across all aspects to find new

opportunities to enhance business innovation development.

- Share discovery of innovations benefiting society and the environment, as a means of encouraging other businesses and entrepreneurs to follow suit.
- Constantly develop alternative solutions and innovations that lead to new product development opportunities accommodating corporate growth and customer satisfaction.

### 1.2) Corporate business development via data-driven innovation (SDG 4, SDG 8, SDG 9)

Develop business process via implementation of data-driven innovation such as service quality and efficiency improvement, decision making and data assessment processes, inter-organizational data sharing, market trend forecasts and estimates, as well as utilizing data innovation to understand stakeholders' needs and raise quality of life. The Group aims to become a data-driven organization that maximizes the use of big data to improve business, economic, social, and environmental aspects while allowing data-driven innovation to effectively fulfil all stakeholder needs. This also promotes and supports the establishment of an effective data network platform among business associates, partners, and stakeholders across our business value chain that can optimize information analysis to yield the best solutions and results.

## 2) Eco-efficiency Operations (SDG 8, SDG 12, SDG 13)

### 2.1) Environmental and Climate Change Management (SDG 12 / SDG 13 / SDG 14 / SDG 15)

The Group proactively manages environmental impacts to fully comply with the requirements of applicable laws and regulations, along with investments to improve and develop environmental management systems by focusing on innovation and new technologies, measures and methods to improve the efficiency of environmental

management, such as effluent and emission control, and greenhouse gas emission reduction. The Group also aims to protect, prevent and minimize the environmental impact to the community and society. Also included in the Group's activities are biodiversity protection and conservation initiatives at our fullest capacity.

In addition, our Enterprise Risk Management encompasses climate change risk assessments that may affect the organization's business processes such as production, distribution, sales and services. Appropriate measures have been formulated to climate change responses to ensure sustainable business growth.

## 2.2) Circular Economy

Regarding waste management and reducing natural resources and energy consumption, the Group has adopted the circular economy principle. This is achieved by providing knowledge and understanding to employees, searching for technology and innovative solutions through optimized natural resource use, promoting re-use, reducing waste at the source of origin, and developing and managing a waste separation system for both solid waste and wastewater. Also included are wastewater treatment, remaking, and waste water recycling for reuse in manufacturing or other purposes. The aim is to minimize the use of natural resources in operations as well as the amount of waste disposed.

The circular economy concept focuses on the design and development of new products and packaging that consume fewer natural resources, making sure that any products or packaging used can be reused, remade or recycled through reprocessing. Nevertheless, such designs and developments should not incur negative effects on future environmental aspects, while creating shared value for stakeholders in terms of eco-efficiency in the life cycle of products.

## 3.) Safety Awareness (SDG 3 / SDG 11)

### 3.1) Instillation of awareness and organizational safety culture (SDG 3, SDG 17)

The Group implements Safety Awareness strategies by raising awareness and fostering a safety culture in the organization. We develop safety knowledge understanding for employees at all levels to encourage everyone to be safe, cultivate safety leadership, and to ensure the effectiveness of safety systems on working procedures and standards. Along with raising the safety management level above the minimum level required by law, we supervise and control the operations of stakeholders to ensure their safety simultaneously. This is not only for the safety of employees, but also to oversee the safety of external stakeholders who come to meet or work in our workplaces by influencing and supervising their operations. The goal is to achieve "zero" work related fatalities or lost time accidents.

### 3.2) Improvement of quality of life in society and community (SDG 3 / SDG 11 / SDG 17)

This shall be implemented across three aspects: economic, environmental, and social, with safety as the primary focus. We plan to support and motivate employees of all levels and stakeholders across all sectors to participate in CSR projects which instill awareness, promote sustainable development, and emphasize safety awareness (road safety especially). These combined efforts create shared value between the Group and society. This can be achieved by responding to feedback, providing platforms for transparent and creative dialogue, practicing equal and fair treatment, respecting diversity and different opinions, as well as promoting development and improvement of the quality of life of communities. We intend to promote and conduct social and environmental responsibility projects in accordance with CSR in-process, and stay vigilant on any business

conduct that may harm society and/or the environment.

Finally, we are committed to cooperating with government agencies, industrial associations, business affiliations, civil society parties, and other stakeholders in developing and/or integrating sustainability standards and protocols for the industry and /or other sectors.

#### **4.) Good Corporate Governance and Responsibility to Customer (SDG 3, SDG 16)**

##### **4.1) Good Corporate Governance (SDG 16)**

The Group upholds justice and transparency in its business conduct and operations, and adheres to all laws, regulations, protocols, and standards set by relevant agencies and international standards, with respect for international norms of behavior.

The Group also instills and integrates awareness of ethical behavior to employees at all levels to uphold honesty, transparency, justice, morality, risk management, as well as social and environmental responsibility into corporate culture. We monitor and ensure the good health and well-being of our employees, and create and encourage sound working environments that result in employee work satisfaction and effective skill developments, to achieve corporate goals.

The key goal is to instill awareness for management and entry-level employees based on constant communication and annual training on ethics, justice, honesty, transparency, and good corporate governance in business conduct and operations, for 100% of employees.

##### **4.2) Anti-corruption (SDG 16)**

The Group formulated its Anti-corruption Policy in response to the challenge that corruption continues to pose throughout Thai society, both at government and private sector levels. Management and employees at all levels have therefore launched cooperative efforts in promoting

anti-corruption practices within the organization. With the approval of the Board of Directors, the Company participated and declared intent as part of Thailand's Private Sector Collective Action Coalition Against Corruption on 4<sup>th</sup> March 2016 and has been its member since then. In addition, the company formulated its Anti-corruption Policy, along with a corresponding anti-corruption guidelines manual, which is communicated to all employees and publicly published on the company's website as a shared official resource for the company and all its subsidiaries. (<http://www.tipcoasphalt.com>). The Company was first certified on 10 November 2017 and has since passed all subsequent recertifications, most recently on 30 June 2020. This recertification is valid until 30 June 2023.

##### **4.3) Intellectual Property Practice and Protection of Customer Privacy (SDG 16)**

The Group has clear a policy to avoid any potential violations of intellectual property, whether it be copyright, patent, trademark, trade secret, and other forms of intellectual property indicated by the law; for instance, use of registered computer software. All computer programs used by the Group must be tested and installed by the IT department to prevent pirated software usage. In addition, the Group issued a policy and guidelines on customer personal information protection along with standards and protocols concerning their data storage and protection.

##### **4.4) Responsibility to Customers (SDG 3, SDG 16)**

We respond to customer needs and satisfaction in both quantity and quality of products and services, according to contracts.

##### **4.5) Respect for Human Rights (SDG 5 / SDG 10)**

We ensure equal treatment and respect human rights throughout our value chain, with high consideration of all stakeholders. We treat all employees and workers equally, provide fair job opportunities, assign tasks based on each staff

member's individual capabilities with appropriate compensation, and prohibit the employment of underaged and illegal workforce. This philosophy also applies to family members of employees and to affiliated partners' workers and/or stakeholders. The Group ensures the safety of its employees, workers, and company assets without encroaching on the rights and safety of other parties, as well as protecting personal rights in terms of personal information (disclosure and usage), respecting human rights and treating employees and workers of the company and its affiliations equally.

Our primary goal is to achieve "zero" human rights complaints across all channels.

#### **5.) Future Value Creation through Human Resource and Community Development (SDG 4, SDG 8)**

We invest in employee capability development through knowledge training and other necessary resources, as well as create safe working environments that encourage creativity, and allow employees to work at their full capacity and capability. KPIs and criteria are designed for capability development measurements according to business operations, to ensure that development goals are met, that employees receive maximum benefits, and that these can be shared with the community.

#### **Policy Compliance (SDG 1-17)**

The Board of directors, management, employees, and entry-level workers are obligated to support, promote and work in accordance with sustainable development policies, with highest consideration for balanced benefits across economic, social, and environmental aspects.

#### **Disclosure and Communication (SDG 17)**

Disclosure of sustainable development policy, sustainability initiatives and progress outcomes across all aspects must be done in accordance with requirements set forth by relevant government agencies, as well as adequately meet international standards, in a transparent and timely manner. This is to reinforce the Group's determination to achieve sustainable development goals.

#### **Stakeholder Impact Management across Value Chain**

##### **Our Value Chain**

We provide comprehensive solutions to accommodate our stakeholders' expectations, with a focus on long-term sustainable business objectives.

Our value chain design fully integrates all business operations; i.e., from upstream operations where we procure crude for further processing at our unique asphalt-dedicated refinery facility, Asia Pacific's largest. In addition to a range of asphalt cement products, our refinery can produce other petroleum related products which meet both international standards, and local environmental requirements.

As for midstream business operations, our distribution logistic services ensure our products are delivered to our customers with the highest standard of quality, in a timely and efficient manner across all markets. We provide asphalt logistic solutions with our fleet of asphalt vessels including inland truck logistic services which are fully equipped with technology for real-time monitoring and tracking of asphalt merchandise.

Our downstream operations focus on asphalt road construction and surface pavement services. Our team of highly skilled and experienced staff members are entrusted and certified by government agencies for our work projects. In addition, our technical service team can support customers with technical advice to ensure the best use of our products on road surface application. In addition to normal expressways and roads, we utilize our expertise

in special projects that require unique asphalt specifications and construction techniques. Through the Thai Slurry Seal Company Limited, a subsidiary of Tipco Asphalt, we are the only company in this region that was commissioned for the world-class, Formula One standard, Chang International Circuit project in Buriram province, Thailand.

Each operations phase, i.e., from upstream crude sourcing for asphalt refinery down to road pavement services, is conducted under strict controls and regular monitoring to ensure that the highest quality services and products are delivered to customers.



Value Chain Activity	Value Creation	Internal Stakeholders	External Stakeholders	Value to Our Stakeholders
Procure	Crude Oil	- Procurement team - Maritime team - Finance team	- Crude Suppliers - Crude Freight Providers - Authorities	- Secured supply source
	Raw materials for local production	- Management team	- Non-Governmental Organizations (NGOs) - Competitors	- Local procurement - Green procurement
Refine	Refine up to 30,000 barrels of crude oil per day through South East Asia's largest asphalt refinery, resulting in 1.2 million tons of asphalt produced annually	- Refinery facilities in Malaysia and other countries - Quality Control (QC) team - Sales team - Maritime team - SSHE	- Authorities - Communities nearby the refinery - NGOs - Competitors	- Alternative income sources
Produce	Convert raw materials into premium grade asphalt products, while adhering to the most stringent quality control measures to meet customer, local authority and environmental requirements	- Operations team (domestic and international) - Research & Development (R&D) team - Procurement team - Warehouse team - Safety, Security, Health & Environment (SSHE)	- Raw material suppliers - Authorities - Consultants - Investors, shareholders - Communities nearby plants and offices	- Better products with good quality for road user safety. Reliability and trust with stakeholders

<b>Value Chain Activity</b>	<b>Value Creation</b>	<b>Internal Stakeholders</b>	<b>External Stakeholders</b>	<b>Value to Our Stakeholders</b>
Distribute	<p>Collect, prepare, and distribute products to customers via the following distribution channels:</p> <p><b>Trucks</b> Largest asphalt truck fleet in Thailand with knowledge and expertise on safe handling and care of asphalt product</p> <p><b>Vessels</b> Specialized ocean-going asphalt vessel fleet that is qualified to perform asphalt loading and discharging operations on all ports/terminals</p>	<ul style="list-style-type: none"> <li>- Centralized logistics team</li> <li>- Maritime team</li> <li>- Sales team</li> <li>- Warehouse teams, both domestic and international</li> </ul>	<ul style="list-style-type: none"> <li>- Logistics suppliers</li> <li>- Authorities</li> <li>- Customers</li> <li>- Communities nearby plants and along delivery routes</li> <li>- Competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Various merchandise delivery channels,</li> <li>Prompt and reliable services</li> </ul>
Provide	Convince customers to purchase our great products and services, with coverage across 5 continents	<ul style="list-style-type: none"> <li>- Sales teams, both domestic and international</li> <li>- Customer service team</li> <li>- Finance team</li> <li>- Accounting team</li> </ul>	<ul style="list-style-type: none"> <li>- Customers</li> <li>- Road contractors</li> <li>- Authorities</li> <li>- Competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Good relationship network, and revenue for partners /suppliers</li> </ul>
Service	Domestic and international markets along with providing technical service teams, equipped with product and application know-how to our customers for on-site assistance	<ul style="list-style-type: none"> <li>- Technical teams, both domestic and international</li> <li>- Sales teams, both domestic and international</li> <li>- Operations teams, both domestic and international</li> </ul>	<ul style="list-style-type: none"> <li>- Road contractors</li> <li>- Consultants</li> <li>- Authorities</li> <li>- Competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Good impression to customers from our service, both pre- and post - sales service.</li> </ul>
Apply	Road surface paving techniques and expertise, entrusted and certified by government agencies, to build road networks vital to infrastructure development and growth	<ul style="list-style-type: none"> <li>- Construction team</li> <li>- Technical team</li> <li>- Consultant team</li> </ul>	<ul style="list-style-type: none"> <li>- Road contractors</li> <li>- Customers</li> <li>- Road users/ communities</li> <li>- Academic institutes</li> <li>- NGOs, mass media</li> </ul>	<ul style="list-style-type: none"> <li>- More safety for road users</li> </ul>

## Stakeholder Engagement and Sustainable Co-Value Creation

<b>Stakeholder Engagement and Sustainable Co-Value Creation</b>		
<b>Stakeholders</b>	<b>Stakeholder Expectations</b>	<b>Responses</b>
<b>Internal Stakeholders</b>		
Company Directors	1. Conduct business in accordance with regulations and ethics 2. Uphold to fiduciary duties. 3. Conduct business in order to achieve sustainable success	1. Establish good corporate governance according to the policy, with strict enforcement 2. Embed sustainability in corporate & business plans
Employees and Families	1. Ensure good quality of life and well-being 2. Work in a healthy and safe environment 3. Access to job stability and career advancement 4. Provide fair compensation and respect human rights 5. Access to training for skill development	1. Establish happy and safe workplace with work-life balance 2. Provide continuous skills & human capital development training 3. Offer promotion, salary, and career advancement 4. Communicate corporate activities transparently 5. Foster innovation culture that increases productivity and creativity
<b>External Stakeholders</b>		
Customers	1. Offer high quality products and services at competitive prices 2. Ensure privacy and security of personal data, fair treatment, and respect of customer rights 3. Provide timely delivery of products and services	1. Reliably deliver high-quality products in timely manner and in-full quantity 2. Accommodate customer needs across all product aspects 3. Provide effective communication channels for feedback and complaints 4. Organize customer relations activities, seminars and roadshows 5. Good corporate governance and transparency that can be audited 6. Implement Anti-Corruption Policy and implement action plans 7. Managing product and service following Quality Management System (ISO9001) 8. byproduct certification via testing and calibration laboratories standard (ISO17025) 9. Adhere to ethical conduct upon clients' personal data protection
Government Agencies and Public Organizations	1. Conduct all business operations in accordance with relevant regulations and requirements 2. Develop organizational capabilities in production process improvements to be eco-friendly with minimum adverse impact 3. Support and coordinate with the government sector on projects that benefit the public, society or local communities 4. Organize anti-corruption and human rights violation campaigns	1. Fully comply with relevant regulations and requirements 2. Support collaborative projects to achieve the United Nations Sustainable Development Goals 3. Share technology and innovation 4. Pay local maintenance tax for community development, and focus on local employment 5. Be transparent in information disclosure 6. Prepare annual report

<b>Stakeholder Engagement and Sustainable Co-Value Creation</b>		
<b>Stakeholders</b>	<b>Stakeholder Expectations</b>	<b>Responses</b>
<b>External Stakeholders</b>		
Suppliers/Partners	<ul style="list-style-type: none"> <li>1. Receive accurate data promptly within timing conditions</li> <li>2. Ensure fair business practices, delivery of payments, respect of human rights</li> </ul>	<ul style="list-style-type: none"> <li>1. Create confidence with safe workplace environment for business partners</li> <li>2. Cultivate good relationships by sharing information and good business practices</li> <li>3. Participate in collaborative efforts for business expansion and growth, as well as leading anti-corruption campaigns</li> <li>4. Share knowledge to ensure business operations with maximum efficiency</li> </ul>
Communities/Society/ Academic Institutions	Ensure a pollution-free environment that supports knowledge and education	<ul style="list-style-type: none"> <li>1. Cooperate and support knowledge and expertise sharing</li> <li>2. Improve quality of life and safety by utilizing organizational expertise</li> <li>3. Listen to community needs and complaints with open-mind</li> </ul>
Road users	Ensure road safety	<ul style="list-style-type: none"> <li>1. Ensure road safety at all times</li> <li>2. Provide high quality road paving with long, durable useful shelf life</li> </ul>
Shareholders/Investors/ Analysts	Ensure financial and cash flow stability, potential growth of capital, returns, and business sustainability	<ul style="list-style-type: none"> <li>1. Generate high financial returns</li> <li>2. Carefully managed business growth</li> <li>3. Conduct business with transparency to ensure good corporate image, that is accepted by the public</li> </ul>
Mass Media	Disclose accurate, clear, and timely information to the public	<ul style="list-style-type: none"> <li>1. Disclose accurate and timely information</li> <li>2. Encourage creative media use</li> </ul>
Competitors	Conduct fair business practices, oppose monopoly, and ensure transparency	<ul style="list-style-type: none"> <li>1. Adhere to business ethics to ensure fair and transparent management</li> </ul>

## Sustainability Management on Environmental Dimension

### 1. Environmental Policy and Guidelines

The Group has established and implemented its Environmental Management System according to ISO 14001 Standard, and has had its Head Office and all 5 domestic plants in Thailand certified by an independent certification body since 2003. The Group continues to develop its environmental management system and maintains the certification until today. Following our Integrated Management System Policy, the Group aims to protect the environment by preventing / controlling pollutants from our business activities. Such conscientiousness aligns with our sustainable development strategy of eco-efficiency in operations that focuses on environmental management, climate change mitigation, and the promotion of the circular economy principle.

The Group has developed short-term action plans, which are as follows:

- Reduce GHG Emissions Intensity through innovations to improve the efficiency of operations pertaining to production and product distribution processes.
- Reduce Industrial Waste Disposal by minimizing wastes generated at the origin.
- Promote multiple-use of materials and avoid single-use materials, seek and create value added uses from waste through recycling process.
- Reduce groundwater resource usage by providing surface-water internal reservoirs at plants.

Additionally, its long-term action plans are as follows:

- Minimize GHG Emissions Intensity (as measured by ton carbon dioxide equivalent per ton produced) through innovations and technology by reducing emissions and removal or sequestration of greenhouse gases from the atmosphere.
- Switch energy sources from fossil fuel to proper alternative energy sources such as bio-fuel energy, wind or solar energy, etc.

- Improve wastewater treatment system to increase recycled water usage.

In early 2021, we plan to review and announce our new Environmental Policy that aligns with the company's sustainable strategy on eco-efficiency operations. Key contents cover supporting research and developments that create environmentally friendly innovations, reducing greenhouse gas emissions both directly and indirectly, promoting use of alternative energy, promoting circular economy, and disclosing environmental operations results to the public through sustainability report, etc.

### 2. Environmental Operations according to Eco-efficiency Operations Strategy

#### 2.1) Environmental Management and Climate Change Mitigation

**Greenhouse Gas Emissions:** The Group has implemented the Greenhouse Gas (GHG) Management according to the GHG Protocol Corporate Accounting and Reporting Standard. Organizational boundaries include the 5 Thai plants, and operational boundaries encompass direct GHG emissions (Scope 1) from fuel combustion in business processes (including production, storage and distribution) and electricity (indirect GHG emissions) (Scope 2) from both offices and operational areas in each plant. Therefore,

Tipco Asphalt has planned and implemented the following GHG emissions reduction initiatives in 2020:

- Established Centralized Logistics Center at Phrapradaeng terminal to manage product distribution for 5 plants in order to minimize backhaul cost, cut fuel consumption and improve truck utilization
- Switched truck fuel across all 5 plants, from diesel to bio-diesel (B10)
- Installed new hot oil boiler at Phrapradaeng and Nakhon Ratchasima plant to increase heat efficiency and reduce fuel consumption
- Switched hot oil boiler fuel from diesel to bio-diesel (B20) at Thathong plant, Suratthani, and from diesel

- to bio-diesel (B10) at Phrapradaeng plant
- Improved method of Asphalt Cement (AC) heating for sale to increase energy efficiency and switched fuel from diesel to bio-diesel (B10) at Phitsanulok plant
- Replaced heating coil and re-designed new agitators of mixing tanks of Para Asphalt Cement MA03. This was a continuation of the “tank project” that was completed in 2019 at Phitsanulok plant.
- Switched direct-fire burner fuel which is AC heating for production and sale processes from diesel to alternative fuel (CD10) at Nakhon Ratchasima plant

In 2020, GHG emissions of all 5 plants of Tipco Asphalt were as follows: Net direct GHG emissions (Scope 1) stood at 15,159 ton of carbon dioxide equivalent; net indirect GHG emissions (Scope 2) were at 2,115 ton of carbon dioxide equivalent; total net direct and indirect GHG emissions (Scope 1 & 2) were 17,274 ton of carbon dioxide equivalent. The direct and indirect (Scope 1 & 2) GHG emissions intensity were 0.032 ton of carbon dioxide equivalent per ton produced, a decreased of 12.15 percent, compared to the base year 2018. By 2030, the Group aims to reduce GHG emissions intensity per ton produced by at least 20% from, the base year 2018's levels, and plans to cover other indirect GHG emissions (Scope 3) as well.

Furthermore, the Group underwent verification and certification of GHG emissions in 2020 by an independent third party (Management System Certification Institute Thailand – MASCI), covering verified data from January to December 2020.

**Energy Saving:** In 2020, we focused on efficient energy management through continuous efforts in innovative ideas and initiatives related to fuel and energy savings, and GHG emission reduction. We are focusing on the transition from diesel as fossil fuel energy, to using renewable energy, such as switching to biodiesel (B20) for hot oil boilers in the asphalt production process, and switching to biodiesel (B10) for the Group's asphalt distribution trucks. In addition, both automated and manual production processes were modified and improved to increase energy efficiency. Total

energy/fuel consumption in 2020 was 215,138 gigajoule and the consumption of energy intensity per unit of product was 0.4 gigajoule per ton produced, a decline of 14%, compared to 2019 figures, which did not meet our 10% reduction target.

## 2.2 Promote Circular Economy

**Water Use and Wastewater Discharge:** Our 5 plants in Thailand are located in areas with abundant water sources while our production process requires a relatively low amount of water. Therefore, it is very unlikely that our operations will encounter water shortages or water stress concerns. Nevertheless, Tipco Asphalt Group aims to constantly improve water use efficiency under the “3Rs” concept, i.e., Reduce, Reuse and Recycle. 4 out of our 5 plants use rainwater collected in the surface water reservoir located inside each factory to reduce water consumption from natural external sources. In addition, we improved the water supply system inside the Rayong factory in 2020 to reduce water use from external municipal supplies. Water quality checks are conducted to ensure full compliance with tap water standards for safety usage. Production wastewater is also treated and recycled during the asphalt emulsion production process. We are able to treat wastewater from production and recycle it for asphalt emulsion production. In 2020 these amounted to around 3,576 cubic meters, representing 7% of total water consumption, and a decrease of 0.2% compared to 2019.

**Waste and Pollution Management:** The Group realizes the importance of waste and pollution management. We commit to managing our waste under the principle of 3Rs, i.e., Reduce, Reuse and Recycle. We are making some modifications to reduce the amount of waste at the source of origin, and to improve the sorting system for each type of waste through our campaign to reduce and sort waste for employees in our factories to increase the effectiveness of waste management. In 2020, all 5 plants in the Group generated 16.52 tons of industrial waste that was sent for landfill disposal, which did not meet the target of reducing industrial waste to landfill to zero by 2020. This is due to

the fact that we were unable to identify another waste processor to replace the existing one which used landfill disposal methods for 2 types of waste at 2 plants in early 2020. Therefore, there was still industrial waste to be sent for landfill disposal. However, by 4Q2020 we finally managed to find a new waste processor that could provide disposal methods other than landfill.

**Pollution Control:** The Group conducts environmental quality measurements at least once a year at each workplace. In 2020, we found that the results on air quality, wastewater discharge, an odor and noise measurements were in compliance with statutory requirements while there had been no significant product spillage during the product distribution process outside the factories for the period 2017 - 2020.

## Sustainability Management on Social Dimension

### 1. Corporate Social Responsibility Policy and Guidelines

TIPCO Asphalt Group commits to conducting our business in accordance with good corporate governance principles, and to respecting human rights by practicing fair and equitable treatment by following the Group's corporate ethics. This also includes awareness of our responsibility to society, communities, and the environment, with the aim of harmonious coexistence and progressive collaboration in sustainable development. The Group has established the following social responsibility guidelines:

- 1) To be responsible for impacts created by our products and services, and/or work operations that might affect economic, social and environment aspects external to the organization.
- 2) To participate in targeted community developments. This will be achieved through the Group's expertise coupled with sustainable development initiatives.
- 3) To strategically integrate social responsibility in any business decision-making and work operations to create networks and value across the Group's value chain. In addition, the Group shall focus

on the quality of life, and on the economic, social and environmental livelihoods of communities near our operations, through co-participation in projects or other social responsibility related activities that can fully accommodate the communities' true interests while building relationships and raising confidence in communities and society to encourage mutual benefits.

- 4) To regularly review and manage impacts from business operations and stakeholder expectations to fully reflect context changes.
- 5) To systematically communicate on social responsibility with accuracy, full transparency, and in a timely manner, in order to raise social responsibility awareness and volunteerism among employees and other stakeholders across the Group's value chain.

### 2. Social Performance

#### 2.1 Human Rights

"Human rights" means human dignity, rights, liberty and equality of people which are guaranteed or protected under the Constitution of the Kingdom of Thailand, or under Thai laws, or under treaties which Thailand has obligations to comply with. (Reference: Definition in the National Human Rights Commission Act B.E. 2560 or 2017)

The Group respects and is fully aware of human rights across all stakeholder groups, and has a firm grasp of major human rights issues. All these concerns are fully reflected across the Group's key activities.

The Group's constantly expanding value chain serves as a key factor for us to focus and prioritize on respecting human rights. Identification of related stakeholders in each activity helps to indicate potential issues that may arise. Meanwhile, full compliance with regulations and guidelines associated with business operations across all areas still remains the basic protocol that the Group implements regularly.

The Group announced a human rights policy in 2013, with a focus on good corporate governance principles whereby staff at all levels must fully comply with labor laws and human rights. Labor rights, women's and children's rights must be respected with fair, equitable treatment in accordance with prevailing Thai and international regulations. Details can be found on the company's website (<http://www.tipcoasphalt.com>). This policy also extends to our business alliances such as business partners and customers.

As a leading corporate organization in manufacturing and distributing raw materials for road construction and infrastructures to accommodate national infrastructure developments, our Group ensures that we constantly deliver value added contributions to society. Therefore, we share the following key human rights issues, among both internal and external stakeholders:

employees. This is because while the number of female employees was lower than that of male employees, the former occupied higher-ranked positions than male employees. Other variables included individual performance grades and work experience.

Average ratio of basic salary and remuneration	2018	2019	2020
Female to male	0.95 : 1.00	1.19 : 1.00	1.18 : 1.00

In exchanges with employees, the Human Capital Management Department conducts meetings with employees in local offices to provide information on the compensation structure, through comparison of market data with relevant industries. This also includes a session on career advancement opportunities based on our Job Competency Profile guidelines, and assessment of individual performance appraisals.

## CUSTOMER HUMAN RIGHTS

Our customers are regarded as some of the key stakeholders of the Group. We are fully aware that customers' human rights are similar to those of other related stakeholders. Any issues associated with customers during a business transaction are under the Group's responsibility. The Group has expressed our responsibilities pertaining to customer human rights, which are as follows:

- Customer information and privacy: The Group does not disclose any information of customers, or data of any joint business associated with customer's affiliates, to external entities, both within the same industry or other non-related sectors.
- Customer data security: The Group safeguards customer information that is kept by the Group, in any form, such as hard copies or electronic media, in order to ensure no information leakage, either by intentional or non-intentional means.
- Customer data use: The Group fully informs our customers regarding protocols pertaining to uses of customer data. This is to ensure that our customers fully understand our transparent business operations



## LABOUR RIGHTS

To manage employee expectations, the Group uses various communication channels and organizes meetings with employees at individual locations. Together with the findings from the Materiality Assessment, ibid. table under the section of Employees and Families -- fair and humane compensation distributed equally, we provide information regarding gender equality in pay.

Employee salary and compensation, categorized by gender, starts from a single structure of starting rate for hiring new graduates for both male and female employees. However, our 2020 report showed that the average basic salary of female employees was slightly higher than that of male

while they receive adequate and sufficient data protection, with equitable treatment. A customer complaint channel is available in case any customers are served with unfair treatment.

In order to ensure that customer human rights are respected and treated fairly in accordance with international human rights guidelines, the Group implements an enterprise risk management (ERM) to identify and assess customer risks, which include potential impacts and human rights as well.

As per 2020 results, the Group found no breach in social laws or regulations related to human rights violations, or any ongoing process to do with human rights disputes.

## SUPPLIER HUMAN RIGHTS

Developing solution mechanisms to prevent human rights violation issues and conflicts is one of the top priorities for TIPCO Asphalt Group, where we are fully committed to taking responsibility for any emerging conflict issues, and to promoting human rights among our business partners to best minimize risks associated with the delivery of products and services.

For any new business partners who express interest in doing business with the Group, such partners will be required to conduct a self-assessment which encompasses topics on forced labor employment, work compensation, work hours, fair treatment, discipline and punishment, child and female labor use, rights for employees to negotiate, occupational health and safety, work environment and welfare. These attributes serve as our main partner selection criteria, and the Group will send representatives for onsite visits at supplier premises such as factories and/or sales offices. Qualified partners who pass all selection criteria shall conduct business with us. Prior to the first business transaction, a qualified partner must submit a letter of intent on full compliance with labor laws as well as the Group's policy, signed by their authorized directors. Once the partner has conducted business with the Group for more than a year, the partner must participate in the

Group's supplier capability assessment conducted by the Procurement Department. This protocol is to ensure that our partners still possess great business capability and qualifications, as set forth by the Group.

## ROAD USER AND COMMUNITY HUMAN RIGHTS

Communities are among the key stakeholders that the Group focuses on in our business value chain. As a member of the community, the Group acknowledges the "human rights of the community". The Group recognizes that each community member has the right to access natural resources, and that it is our responsibility to ensure responsible national resource use, environment-consciousness, and biodiversity preservation. This needs to be accomplished along with other objectives such as higher incomes, health care, and public safety.

The Group provides support for various projects and initiatives by local organizations, community leaders, or other business units. We also extend projects initiated by the Group to the communities; for instance, public safety, health, education, including the preservation of local practices, and culture. Nevertheless, the Group's prime focus has been on useful initiatives based on our internal knowledge and expertise.

Having access to public road network use along with public road safety is crucial to all communities. This could greatly help in reducing the risk of accidents caused by poor, worn-out road conditions, which has been identified as one of the major causes of personal injury and road accidents. Our "patching potholes with TIPCO Premix" project is one example of these key initiatives.

## CHILDREN RIGHTS

Children are important members of any community. According to the definition of the Convention on the Rights of the Child and other conventions, children refers to any individual below 18-years of age. These infants, young children, and teenagers are considered highly vulnerable but play a crucial role in successful business operations as well as long-term sustainability.

The Group therefore respects children's rights across 4 major areas in accordance with the UNICEF's Children's Rights and Business Principles (CRBP), i.e., Survival, Participation, Protection, and Development. The Group assessed children's involvement in 3 key areas across our value chains. This includes key processes and activities pertaining to business (workplace), sales and distribution channels (marketplace), and communities near our plant facilities (community and environment). This is to promote innovations in infrastructure development, while improving social standards of living, and ultimately achieving sustainable development.

The Group also promotes projects that community members can co-participate and engage in together. These initiatives allow children and adult community members to realize the importance of living together, co-preserving natural resources, and local community and member development through various activities. Some of these ideas were proposed by our own staff from local plants. For instance, the National Children Day activities where all children and their parents participated in basic road safety knowledge training, or the "Safe journey to school" project: patching potholes on roads to schools, which received tremendous participation from students, teachers as well as community members, and pothole patching projects on roads that were worn-out due to normal daily traffic use, to name a few.

As the leading company in road construction and maintenance throughout Thailand, the Group appreciates that sustainable business is not only achieved through constant developments but also through the strong foundations of a sustainable community.

## 2.2 Human Capital Management and Development

As our business model shifts toward a customer-centric approach, human capital management gears all employees toward accommodating such an approach. This is based on the notion that there is a correlation between employee attitude and customer satisfaction, which is related to sales and profitability. Therefore, employees can strongly contribute to an organization's financial success by

adapting to the customer-centric approach in their work and work-related activities.

The Group has established a human capital management system, with a focus on talent development. The objective is to train talented staff to become future leaders with a highly-mobile, international mindset to work across different cultures and locations.

We focus on an employee-centric culture to ensure employees enjoy working with the company and are proud of what they do. In addition, we expect they will be proud and inform others about the Group as we instill our employee-centric culture. Our goal is to ensure employees enjoy a greater work-life balance while creating a work environment that encourages the development of creative ideas. In addition, our employee-centric culture will appeal to talented job-seekers and can yield higher employee retention.

The Group places top priority on retaining talented employees. To accommodate our business expansion across different countries, it is vital to promote international mindsets to ensure our staff can comfortably work in cross-cultural environments while still achieving business success. Talented employees include management trainees and high potential employees. They are engaged in individual development programs (IDP) and specially designed assignments, in addition to their current positions' work requirements.

We implement a simple 70/20/10 concept to develop talented employee; i.e., 70% self-learning through job assignments, 20% through coaching and 10% through classroom training. We project that talented employees will benefit most from the 70% self-learning.

Established employee goals and performance are as follows:

Goals	Performance		
	2018	2019	2020
Employee turnover rate no more than 10%	10.0%	9.66%	5.38%
Employee return to work, after parental leave, at 100%	100%	92%	100%
High potential staff promotion to management level	25%	27%	25%
Minimum yearly training hours per employee - Target at least 24 hours (for functional and managerial training only)	23.8	30.63	24.66
Succession planning target at 100 %	80%	91.3%	95.24%
Retention rate of high potential staff - target at 100 %	92%	73%	100%
Employee Effectiveness survey result (minimum 75%)		No Employee Engagement survey was conducted during 2019-2020	
Employee Engagement	68%	The next Employee Effectiveness survey will be conducted in 2021	
Employee Enablement	69%		

### 2.3 Occupational Health, Safety, and Work Environment

The Group has implemented occupational health, and safety in its work environment in accordance with OHSAS 18001, and was certified by an independent body since 2008. Since then, the Group has constantly improved work processes until major management system changes were implemented in 2019, based on ISO 45001 Standard. These changes were verified and certified by an independent certifying body, both at the head Office and at all 5 Thai plants, under the framework of an integrated management system.

The Group constantly ensures a safe work environment, with major objectives to prevent accidents, personal injury and illness associated with work operations of employees as well as related stakeholders. We promote risk-based thinking in all employees, to reduce and mitigate any potential risks that might impact on occupational health and safety, in accordance with our sustainable development strategy focusing on public safety to all stakeholders.

The Group has developed the following short-term action plans that were implemented in 2020:

#### Employee Safety

- Created a COVID-19 pandemic prevention and emergency response protocol to ensure business continuity both at the head office and across all 5 Thai plants.
- Developed a learning center for logistic safety in response to the risk points along delivery routes and risks to customer plants in the Northeast provinces in 2019. Breakpoints and risk assessment for Northern, Central, Eastern, and Southern provinces were also added in 2020.
- Organized an annual Defensive Driving Course for corporate logistic drivers and developed evaluation tools used in assessing results of specific skill development for individuals.
- Organized activities promoting good employee health according to the Health, Safety, and Happy Workplace campaign.

### **Contractor and Subcontractor Safety**

- Improved contractor safety database to enable record checking across plants using Information Technology, and provided a basis for effective contractor supervision in each plant.
- Organized a Defense Driving Course for subcontractors' designated drivers.

### **Customer Safety**

- Organized a safety training course for customers, as a collaborative effort between Plant Occupational Safety and Domestic Marketing and Sales departments.
- Organized a Defense Driving Course for customers' designated drivers.

### **Community Safety**

- Organized a CPR and AED training for residents of nearby communities, such as Village Health Volunteers, Police Network for District Crime Prevention Volunteers, and Disaster Relief Volunteers.
- Organized a safety knowledge sharing project for communities, such as school risk assessment, primary level student road use safety, university student safety seminar, and others.

### **Additionally, our long-term plans are as follows:**

- Designate a preventive protocol for accidents that can cause severe injury and loss of life through innovation and technology designed to increase safety awareness and capability for employees and stakeholders.

In 2020, the Group continuously developed and improved the effectiveness of its safety operation management system to reduce risk and prevent illness, personal injury, or loss of life, while promoting quality of life to ensure employee good health. The results are as follows:

- No workplace-related illness was found.
- No accident that caused lost time injuries or loss of life.
- Lost Time Injury Frequency Rate stood at 0 times per one million working hours.

- Lost Time Injury Severity Rate was recorded at 0 times per one million working hours.

### **2.4 Corporate Social and Community Responsibility Operations**

The Group has developed the following short-term action plans that were implemented in 2020:

*Economic:* Based on the strategy, "Innovation drives the future"

- Community and Moradokmai School projects: Sponsored Buddhist-based theatre education and self-sufficient agriculture by supplying theatre equipment to generate income and creating sustainable work.
- TIPCO Open House for asphalt industry education and participation in road building, which is one of the country's essential infrastructures. The TIPCO Open House project has since hosted a total of 328 interested participating students, and 11 academic institutions.
- Premix Use Demonstration Training for external stakeholders: the project was already repeated 9 times.
- Internal innovation project produced a total of 133 innovations which can reduce cost of 47 million baht from 34 projects, and reduce working time of 367,000 minutes from 29 projects (estimated value of 528,370 bath)
- External innovation project, which resulted in a new innovative product that is "Dust Control".

*Environmental:* Based on the strategy, "Social and Environmental Impact Reduction"

- "All Our Tree Our Forest" project of TIPCO Group to grow fertile forests in the future, and contribute to reduce global warming by the absorption of carbon dioxide and conserving a good environment. A total of 27,585 trees in the forest were conserved near the community, covering approximately 203,200 square meters.
  - The Beung Takreng project was developed, with the aim to be an eco-tourism attraction. The project was done in conjunction with Beung Takreng

- Muang Mai Municipality on a site owned by the Royal Irrigation Department. The project focuses on mahogany and large tree plantings (with a height of 4 meters and above). For the past 5 years, the site serves as a new home for more than 3,084, new large trees.
- The “Road and Forest Cohabitant” Project involves the relocation of large trees (4 metres or above) obstructing road paving sites, to public areas to preserve them. In 2020, a total of 41 trees were relocated. A total of 84 trees have been relocated since 2019.
  - “Bang Krasob Forestation” project at Baan Bang Krasob village, SongKhanong Subdistrict Samut Prakarn. The project focuses on 12,432 trees left in deserted areas of Ratchaphatsadu State Property, and Land and Forest Community Nong Pakjai Subdistrict, Nakhon Ratshasima. The project already planted a total of 4,977 trees while following natural forestation guidelines set by the Royal Initiative 3 Forests Project. This initiative aims to achieve a balance in nature and sustainability, while promoting tree planting activities, soil conservation, and expanding more green lungs’ for the community.
  - Defensive Driving Course to ensure road safety in accordance with regulations while enhancing necessary skills for the safety of drivers and road users. Thus far, a total of 136 drivers completed the training course in 2000 (representing 100% of overall drivers) and around 130 outsourced truck drivers participated in the Safety Training Course of Outsourced Truck Driver (representing 100% of drivers from 6 outsourcing companies).
  - Road safety for 720 children and adolescents from 8 schools.
  - Multi-sensory playgrounds at Regional Special Education Center 7 Phitsanulok for children with special needs to stimulate and develop their skills.
  - Corporate social responsibility initiatives: Establishment of Surat Thani CSR center with the objective of improving the community’s quality of life, under the philosophy of sustainability and economic self-sufficiency. For instance, the Ta Rong Chang Subdistrict fertilizer mixing plant, with 120 participating residents from 5 local villages. The project was very successful and could reduce fertilizer cost by 3.2 million baht per year.

### **Public Charity and Arts and Culture Support**

- Buddhism support, including:
  - Buddhism support project at Priestly Place Banraitorsi Pak Chong Nakhon Ratchasima on mindfulness and education about Buddhism.
  - Annual Kathin at Opas Temple, Rayong, in which the Group donated to a religious charity alongside employees and the general public for a total donation of 3,000,000 baht.
- Supported projects from Chulalongorn Hospital, Siriraj Hospital, Ramathibodi Hospital, and the Government for COVID-9 Relief, which amounted to 4,500,000 baht.
- Supported and participated in activities with the Raks Thai Foundation (Member of CARE international) with 9-year continuous support focusing on Educational Promotion, Community Business Promotion (Startup) and Career Promotion for an amount of 100,000 Baht.

**Social:** Based on the strategy, “Community Safety is Priority”

- Pothole repair using ready-made asphalts to ensure road safety, which was carried out in a total of 8 projects, covering 977 square meters of pothole areas.
- 4 CPR and AED training sessions, with 955 participants, and a total of 2,019 participants since 2018.

### **Pride of Volunteer Employees from CSR Projects**

In 2020, the Group was awarded the Best Industry Award, CSR category, from the Department of Industrial Works, Ministry of Industry. The Award was presented by the Prime Minister Prayut Chan-o-cha. This award reflected our successful business operations that focused on improving

quality of life of the communities and society through proactive- and defensive- strategies targeted at community quality of life and safety.

### **Community-based Volunteer**

In 2020, community volunteer activities were affected by the COVID-19 pandemic situation, and as such, primary operations such as ready-made Premix road repairs and CPR training were heavily impacted due to safety and occupational health concerns as these require working in close physical proximity. Therefore, the Group adjusted plans in accordance with corporate and government policies by focusing on employee volunteer development,

such as “Tipco Go Lean” which focuses on better quality of life and health, as well as collaborative donations to government and private sectors to ensure the survival of all parties during this pandemic. Hence, the target volunteer hours in 2019 was reduced from 22.9 hrs/person/year to 16 hrs/person/year, reflecting the situation, and certain agencies did not participate, which resulted in a lower total community-based volunteer participation rate. Nevertheless, the Group is confident that employees are still motivated to participate in community-based volunteer activities, and will continue to do so when the pandemic situation is under control, and our ordinary way of life can be resumed.

<b>Volunteer Activity</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employees' volunteer hours	23,584	23,978	15,358	<b>13,077</b>
Participation rate (hours/person/year)	32.6	34.8	22.9	<b>24.5</b>
<b>Total participants (person)</b>	723	689	670	<b>528</b>
Employee volunteer proportion (2020 number of employee = 649)	96.2%	95.0%	93.5%	<b>81.4%</b>

## Volunteer Activity Support Budget

In 2020, the Group's CSR activities were affected, and as such, the Group revised certain activities to fit the situation. Nevertheless, various projects and charities in collaboration with and support of the government for COVID-19 relief were still implemented. Most of the Group's CSR activities focused on an inside-out development approach; i.e.,

from employees to society/external communities while emphasizing the mutual benefits across all groups. This also fostered volunteer spirit among employees for the public, both during- and after- office hours. Overall volunteer activity satisfaction increased to 89.9%.

Type of support	Amount			
	unit	2018	2019	2020
Cash Distribution	Baht (mil.)	13.3	7.7	<b>2.9</b>
Management Overheads	Baht (mil.)	4.9	0.9	<b>0.7</b>
Others (In-Kind giving: Product or Service Donation, Project / Partnership Support)	Baht (mil.)	0.9	0.8	<b>5.0</b>
Time (Time: Employee cost during paid working hours for volunteering work)	Baht (mil.)	3.9	2.4	<b>3.0</b>
Satisfaction survey for volunteer activities	%	87.2	89.0	<b>89.9</b>

# INTERNAL CONTROL & INTERNAL AUDIT

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## INTERNAL CONTROL

The internal control system at the Group generally conforms to the internal control model advocated by the Committee of Sponsoring Organizations of the Treadway Commission (or, "COSO"). Management has instituted an appropriate control environment for the organization, which is further guided by the five core values of the Group (that is, Teamwork, Integrity, Prudence, Commitment and Open-mindedness).

This control environment is supported by an organizational structure that has been developed to support the actualization of the Group's strategic objectives. The organizational structure sets out clearly delineated lines of responsibility whilst promoting co-ordination across departments. A Chart of Authority (which is regularly reviewed and updated) is in place to set out the authority limits of management at all levels of the Group so that they can achieve the organizational objectives.

The Group's core value of Prudence reinforces the importance of good corporate governance (or, "CG") at the Group. This is further reflected by the implementation of a systematic enterprise risk management (or, "ERM") process at the Group. This involves the identification, assessment and management of threats and or incidents

that may affect the Group. The establishment of a CG Committee (a sub-committee of the Board of Directors) further emphasizes the value of good CG for the Group.

Risks at all levels of the Group are managed through an effective internal control system that is periodically reviewed and updated to reflect the evolving needs of the business. The system of internal controls is documented in procedural manuals and is subjected to independent reviews by the Group's internal audit function.

The Company's commitment to information technology ("IT") is clearly demonstrated by its investment in the Oracle enterprise resource planning (or, "ERP") solution, which went "live" in late-2017. The investment in the Oracle ERP system, as well as other investments in IT in recent years have been instrumental in facilitating "work from home" initiatives in response to the COVID-19 pandemic.

Finally, appropriate communication channels (through the use of information technology where applicable) are in place to facilitate the monitoring of operations and key controls by both operating management and Senior Management of the Group.

## INTERNAL AUDIT

The Group's Internal Audit Department (or, "IAD") is committed to the International Standards for the Professional Practice of Internal Auditing "Standards" as issued by the Institute of Internal Auditors. This has been embraced in the Group's current Internal Audit Charter (as approved in 2012).

Since 2012, the IAD has evolved from a function focused on compliance-based audits, to a function that is now focused on risk-based audits (which also encompasses compliance, as necessary). Consequently, the IAD is now better positioned to comment not only on the effectiveness of existing controls, but also on the adequacy of these controls to meet the evolving risk profile of the organization. This is particularly important for the continuous growth of the Group, as well as its expanding global footprint.

The IAD plays an important role in challenging management's perception of risk and controls. This has enabled the Group to bring closure to known risks (especially those included in the reports of the IAD); and to better prepare the organization for the challenge of meeting its strategic objectives.

The IAD formulates a risk-based audit plan which is updated annually for the approval of the Audit Committee (or, "AC"). The risk-based audit plan considers several risk factors. These include the scale of operations of the entities and processes that makes up the Group's 'audit universe', enterprise risks faced by the Group, strategic objectives of the Group, and results from previous internal audit reviews. These plans are discussed with the Senior Management, and are ultimately approved by the AC.

Individual internal audit reviews focus on objectives such as the efficiency and effectiveness of operations, reliability of financial and management reporting, compliance with applicable laws and regulations, and the safeguarding of assets. The results of each internal audit review are presented to the AC (who generally meet on a monthly basis).

Finally, the IAD also provides regular updates to the AC on the status of completion of audit projects against the risk-based audit plan. At the end of each year, an annual status update is also provided to the AC.

# AUDIT COMMITTEE'S OPINION OF THE SENIOR MANAGER - INTERNAL AUDIT DEPARTMENT

The AC and the Chief Executive Officer jointly appointed Mr. Joseph Soosay as Senior Manager - Internal Audit Department with effect from 16 July 2012.

We hereby express our opinion that the Senior Manager - Internal Audit Department of the Company is adequately experienced to manage the IAD. As a Certified Internal Auditor, he is suitably qualified to fulfil his duties in accordance with the Standards of the Institute of Internal Auditors. The professional credentials of the Senior Manager - Internal Audit Department are listed in the table below:

FULL NAME	EDUCATION / PROFESSIONAL CERTIFICATIONS	WORK EXPERIENCE IN PAST 5 YEARS	
		PERIOD	POSITION/ COMPANY
<b>Joseph Mugilen Soosay Manickam</b>	Certified Internal Auditor (CIA); Chartered Management Accountant (ACMA); Chartered Global Management Accountant (CGMA)	2012 - Present 2008 - 2012	Senior Manager - Internal Audit Department/ Tipco Asphalt Public Co., Ltd. Associate Director - Advisory Services/ PricewaterhouseCoopers FAS Ltd.

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The appointment, removal and transfer of the Senior Manager - Internal Audit Department is subject to approval by the Managing Director and the AC.



**Mr. Phirasilp Subhapholsiri**  
**Chairman of the Audit Committee**

## Summary of related party transactions for the financial year 2020

Unit: THB Million

	<b>Related Companies, Details and Amount</b>	<b>2019</b>	<b>2020</b>	<b>Pricing Policy</b>
Sales and Services Provided to	Asia Bitumen Trading Pte Ltd. Phoenix Asphalt Philippines Inc.	Sales - Asphalt Cement and provide services Sales - Asphalt Cement	2,420 -	1,565 157
	Thanomwongse Service Company Lumited	Sales - Asphalt Cement, oil and provide services	152	81
	Thai Slurry Seal Company Limited	Sales - Asphalt Cement, oil and provide services	102	109
	Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resource Group)	Sales - Asphalt Cement and provide services	1,435	1,300
	Siam Container Transport and Terminal Co., Ltd.	Provide services	1	2
	Tipco Tower Company Limited	Provide services	1	1
	Tipco Food Public Company Limited	Other service (Internet and equipment rental)	1	-
	ISCO Industry PTE	Sales - Aqua Quick	19	6
	<b>Total Revenues</b>		4,131	3,221
Rental and Service Expenses Paid to	Siam Container Transport and Terminal Co., Ltd Tipco F&B Co., Ltd.	Service - Transportation & Customs Clearance Other services	4 2	4 2
	Tipco Tower Company Limited	Rental office and other services	35	35
	Marketing Consultant Co., Ltd.	Other services	5	1
	Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resource Group) Ruamsupsin Co., Ltd.	Other services	34	43
		Other services	1	1
	<b>Subtotal</b>		81	86
Technical Assistance Fee Expenses Paid to	Colas S.A.	Technical assistance fee	39	42
			120	128
	<b>Total Expenses</b>			

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## OPERATIONAL ANALYSIS

The Company's its consolidated net profit after tax stood at Baht 3,592 million in 2020, an increase of Baht 469 million from 2019's net profit after tax of Baht 3,123 million. 2020's result was the second best performance achievement in the history of the Company's 41 years of existence.

Sales and service income stood at Baht 26,155 million, reflecting a decrease of 29% from last year, due to significant drops in sales volumes in our wholesale international market as a result of the global Covid-19 pandemic. That being said, our domestic retail asphalt sales were considerably robust. This can be attributed to the delayed approval of the Thai government budget disbursement in 2019, which caused the majority of fiscal spending for 2019 to spill into 2020. There was a sudden surge of market demand for asphalt in the second and third quarters of 2020, resulting in an acute shortage of local asphalt supply. The Company was able to capitalize on the strong demand with ample supply from our asphalt refinery in Malaysia. In addition, the Group's subsidiaries in Vietnam and Cambodia also experienced strong sales growth and high selling prices in their retail sales activities.

Costs of sales and services in 2020 stood at Baht 21,403 million or 82% of sales and services before the allowance for diminution in value of inventory and hedging. The improvement in gross profit margin was mainly due to the higher retail sales volumes, together with strong retail selling prices as mentioned above. In addition, the Company recorded a gain from price hedging contracts of Baht 803 million in 2020, attributable to the global oil market price plunge in the first quarter of the year.

Selling and administrative expenses stood at Baht 169 million and Baht 1,209 million representing 0.7% and 4.6% of sales and services, respectively. In comparison, these expenses in 2019 stood at Baht 166 million and

Baht 1,086 million representing 0.5% and 2.9% of sales and services. The Company is committed to controlling overhead expenses while improving the operating gross profit margin.

Gain on foreign exchange decreased to Baht 77 million from Baht 467 million last year, due to the reduction of financial assets and liabilities denominated in foreign currencies and the depreciation of the Thai Baht against the US Dollar during the year.

The Company recorded a total allowance for impairment loss of assets at Baht 74 million in 2020. Of this amount, Baht 68 million was attributed to a reduction in market value of the land at Bangsaphan district of our wholly-owned subsidiary, Thai Bitumen Co. Ltd.

A fire insurance claim payment of Baht 174 million was received from insurers in 2020 by our subsidiary, Kemaman Bitumen Company SDN BHD. At the same time, the refinery incurred additional operating expenses, mainly from hiring alternative storage facilities for crude oil, logistic handling, and other related expenses amounting to Baht 64 million. All three damaged crude tanks from the 2018 fire were recommissioned for refinery operation in the second quarter of 2020.

The Company recorded an allowance for expected credit losses of account receivable of Baht 57 million from the adoption of new accounting standards (TFRS 9) in 2020.

Corporate income tax was Baht 757 million as compared to Baht 509 million in 2019. The increase in income tax was mainly from the increase in profit before tax.

Net profit after tax of Baht 3,592 million for 2020 represented earning per share of Baht 2.28 as compared to Baht 1.98 per share in the previous year.

## FINANCIAL ANALYSIS

The Company's cashflow generated from operations stood at Baht 5,591 million in 2020, as compared to Baht 3,940 million in 2019, due to overall improved performance from last year.

Financial expenses in 2020 were recorded at Baht 131 million, compared to Baht 204 million in the previous year. The decrease was mainly due to the reduction of interest rates and short-term loans used for working capital financing.

The Company's consolidated debt to equity ratio (D/E ratio) was at 0.42 while it was 0.86 in 2019. The improvement was due to the reduction of working capital financing and better operating performance in 2020.

## FINANCIAL POSITION

Changes in the consolidated financial position of the Company at the end of 2020 as compared to 2019 can be summarized as follows:

- Decrease in trade and other receivables due to a reduction in international sales volumes.
- Decrease in inventory due to reduction of crude purchase.
- Decrease in investment properties resulting from reduction of market value of land at Bangsaphan district of our wholly owned subsidiary, Thai Bitumen Co. Ltd.
- Increase in right of use and lease liabilities thanks to the adoption of TFRS 16 Leases.
- Decrease in short-term loans from financial institutions due to the repayment of short-term crude financing.

- Decrease in trade and other payables due to reduction of crude purchases.
- Increase in income tax payable due to higher profitability.

## KEY FINANCIAL RATIO

Key financial ratio of the Company at the end of 2020 as compared to 2019 can be summarized as follows: -

- Net profit margin increased to 13.6% from 8.3%
- Return on equity ratio increased to 25.4% from 24.2%
- Debt to equity ratio decreased to 0.42 from 0.86

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## CASH FLOW

Cash flow of the Group for the year end 2020 can be summarized as follows: -

- Net cash from operating activities of Baht 5,553 million was due to improved performance.
- Net cash used in investing activities of Baht 740 million was mainly for the construction of new crude storage tanks at our refinery.
- Net cash used in financing activities of Baht 4,911 million was mainly for the repayment of short-term crude financing and dividend payment

# THE CONFIRMATION FOR THE COMPLETE CORRECTNESS OF THE PAYMENTS TO AUDITOR

For the year ended 31 December 2020

## Audit fee

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	3,050,000.-
2	Raycol Asphalt Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	700,000.-
3	Thai Bitumen Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	1,110,000.-
4	Bitumen Marine Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
5	Tipco Maritime Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
6	Alpha Maritime Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
7	Delta Shipping Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
8	Tasco Shipping Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
<b>Total audit fee</b>			<b>6,610,000.-</b>

## Non-audit fee

No.	Company	Non-audit fee service	Name of Company service	Non-audit fee	
				Paid for the period	For payment in the future
9	Alpha Maritime Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Ms. Krongkaew Limkittikul)	-	60,000.-
10	Tasco Shipping Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Ms. Krongkaew Limkittikul)	-	60,000.-
11	Bitumen Marine Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Ms. Krongkaew Limkittikul)	-	60,000.-
12	Tipco Asphalt Public Company Limited	Tax advisor	EY Corporate Service Limited	-	369,000.-
13	Tipco Asphalt Public Company Limited	Accounting advisor	EY Corporate Service Limited	-	320,000.-
<b>Total non-audit fee</b>				<b>869,000.-</b>	

### Above information:

Correct and complete. I hereby confirmed that there was no other service performed to the Company and Subsidiaries which generated any fee income to the auditing company which I am a partner of and/or from other related individuals and/or other related parties that I am aware of and is not disclosed in the above information.

Incorrect and incomplete: .....

in amending the above information (if any), I hereby confirm that all the information in this report herewith shows the compensation for auditing work and other services that the Company and Subsidiaries paid to the undersigned, the auditing firm which I am a partner, to related individuals or related parties and to the auditing firm, are correct and complete.

(Ms. Krongkaew Limkittikul)  
EY Office Limited

The auditor of Tipco Asphalt Public Company Limited

# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

Company Overview  
Performance & Risk Management  
Responsibilities of the board  
Corporate Governance & Sustainability-Driven Organization  
Internal control & Internal audit  
Management Discussion Analysis & Financial Statements  
Company Information

The Company's Board of Directors is responsible for the consolidated and separate financial statements of Tipco Asphalt Public Company Limited and other financial information appears in the Annual Report pertaining to the Company and its subsidiaries. The financial statements are prepared in accordance with Thai Financial Reporting Standards and free from material misstatement, whether due to fraud or error, while the Accounting Policies are selected for their appropriateness and consistently implemented. The financial statements are also prepared with careful considerations and best possible estimates while significant information is sufficiently and transparently disclosed in the notes for the benefits of shareholders and other investors.

The Board of Directors had appointed the Audit Committee, comprised of independent directors whose qualifications are in accordance with requirements of the Stock Exchange of Thailand, to review the accuracy and sufficiency of the Company's financial reports and the disclosures of related transactions and the adequacy and efficiency of internal control system. Opinion of the Audit Committee is reported in the Audit Committee's report published in this Annual Report.

The Board of Directors is of opinion that the consolidated and separate financial statements of the Company ended 31<sup>st</sup> December 2020, of which audited by the external auditor and jointly reviewed by the Audit Committee and Management, had presented fairly, in all material respects, the financial position and financial performance in accordance with Thai Financial Reporting Standards.

(Mr. Chainoi Puankosoom)  
Chairman

(Mr. Chaiwat Srivalwat)  
Chief Executive Officer



# REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

## Independent Auditor's Report

To the Shareholders of Tipco Asphalt Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited (the Company) for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Asphalt Public Company Limited and its subsidiaries and of Tipco Asphalt Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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### Basis for Opinion

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

### Emphasis of matter

I draw attention to Note 1.3 to the consolidated financial statements, which describes the Company's compliance with the US State Department's request that the Company wind down its crude oil procurement from Venezuela, in order to avoid potential US sanctions. My opinion is not modified in respect of this matter.

## Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### Valuation of commodity forward contracts

The Group has entered into derivatives to protect the exposure from the fluctuation in price of commodities, with many counterparties, and presented the fair value of such derivatives in the financial statements. Management therefore relied on a valuation technique and model suggested by expert, in which the assumptions used in the model were based on comparable and observable market inputs. The difference in assumption used in calculation affected the fair value of such derivatives presented in the financial statements.

I gained an understanding of the transaction and recording process of fair value of commodity forward contracts. I recalculated the fair value of such price hedging contracts. I sent the confirmations to counterparties to determine the completeness of transaction and verified supporting documents, on a sampling basis, for actual transactions occurring during the year and after the period-end. In addition, I tested the appropriateness of fair value used by comparing to the counterparties' information and available market inputs. Moreover, I examined the information disclosed in notes to the financial statements for appropriateness and completeness.

### **Estimation of net realisable value of inventory**

Estimating the net realisable value of inventory is an area of significant management judgement because it requires the use of significant assumptions based on the market prices of crude oil and petroleum products, which fluctuate according to the economic circumstances and the situation within the industry. This also affects the allowance set aside for diminution in the value of inventory and the balance of inventories presented in statement of financial position.

I gained an understanding of the process relevant to the determination of allowance for diminution in the value of inventories and assessed the appropriateness of the assumptions applied by management in determining such allowance as well as the consistency of the application of that basis and assumptions. I also tested the calculation of the allowance for diminution in the value of inventories.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.



Krongkaew Limkittikul  
Certified Public Accountant (Thailand) No. 5874

EY Office Limited  
Bangkok: 11 February 2021

# STATEMENT OF FINANCIAL POSITION

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2020

	<u>Note</u>	Consolidated financial statements		Separate financial statements		
		2020	2019	2020	2019	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		1,887,763,120	1,999,417,098	568,507,669	977,613,102	
Trade and other receivables	4, 7, 8	3,352,411,242	5,233,998,235	2,919,634,119	4,920,327,802	
Short-term loans to related parties	8	127,000,000	-	265,000,000	13,000,000	
Inventories	9	5,382,848,520	7,466,934,929	4,775,366,439	6,608,237,558	
Derivative - commodity forward contracts	4, 32	140,293,081	165,058,497	140,293,081	165,058,497	
Other current assets		223,831,633	296,902,939	50,249,053	37,336,005	
<b>Total current assets</b>		<b>11,114,147,596</b>	<b>15,162,311,698</b>	<b>8,719,050,361</b>	<b>12,721,572,964</b>	
<b>Non-current assets</b>						
Investments in subsidiaries	10	-	-	7,717,239,560	7,717,239,560	
Investments in joint ventures	11	124,036,527	112,623,805	67,552,611	67,552,611	
Investments in associates	12	659,731,450	606,402,277	243,447,034	243,447,034	
Long-term loans to related parties	8	-	-	1,305,671,253	1,479,030,234	
Derivative - commodity forward contracts	4, 32	3,940,267	-	3,940,267	-	
Investment properties	13	189,032,559	256,932,559	94,342,234	94,342,234	
Property, plant and equipment	14	8,155,782,795	8,285,711,701	923,556,056	984,241,398	
Right-of-use assets	4, 20	559,220,279	-	127,353,103	-	
Goodwill		146,293,504	146,293,504	-	-	
Intangible assets	15	158,359,646	195,513,583	50,104,194	71,616,529	
Leasehold rights	4	-	287,084,216	-	2,506,924	
Deferred tax assets - net	25	208,272,062	189,312,186	172,766,564	172,751,233	
Other non-current assets		15,640,897	19,717,442	4,226,625	3,982,734	
<b>Total non-current assets</b>		<b>10,220,309,986</b>	<b>10,099,591,273</b>	<b>10,710,199,501</b>	<b>10,836,710,491</b>	
<b>Total assets</b>		<b>21,334,457,582</b>	<b>25,261,902,971</b>	<b>19,429,249,862</b>	<b>23,558,283,455</b>	

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2020

	<u>Note</u>	(Unit: Baht)				
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Short-term loans from financial institutions	16	1,540,412,467	4,013,131,149	1,451,764,316	3,716,103,109	
Trade and other payables	8, 17	3,031,597,848	6,316,114,486	4,835,908,082	7,088,061,139	
Short-term loan from related party	8	-	-	-	160,000,000	
Income tax payable		581,592,977	390,757,940	428,528,352	334,927,690	
Current portion of liabilities						
Long-term loan from financial institution	18	36,550,228	37,610,812	-	-	
Lease liabilities	4, 20	62,041,408	-	26,928,707	-	
Derivative - commodity forward contracts	4, 32	562,559,740	580,799,812	562,559,740	580,799,812	
Other current liabilities		103,689,699	134,093,350	2,333,678	10,320,343	
<b>Total current liabilities</b>		<b>5,918,444,367</b>	<b>11,472,507,549</b>	<b>7,308,022,875</b>	<b>11,890,212,093</b>	
<b>Non-current liabilities</b>						
Long-term loan from related party	8	6,789,489	6,342,609	-	-	
Long-term liabilities - net of current portion						
Long-term loan from financial institution	18	-	36,700,873	-	-	
Lease liabilities	4, 20	218,477,045	-	100,097,983	-	
Derivative - commodity forward contracts	4, 32	3,721,597	-	3,721,597	-	
Provision for long-term employee benefits	21	166,385,959	167,693,463	114,115,455	119,181,799	
<b>Total non-current liabilities</b>		<b>395,374,090</b>	<b>210,736,945</b>	<b>217,935,035</b>	<b>119,181,799</b>	
<b>Total liabilities</b>		<b>6,313,818,457</b>	<b>11,683,244,494</b>	<b>7,525,957,910</b>	<b>12,009,393,892</b>	

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2020

	<u>Note</u>	(Unit: Baht)			
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Shareholders' equity</b>					
Share capital	22				
Registered					
1,579,883,570 ordinary shares of Baht 1 each		1,579,883,570	1,579,883,570	1,579,883,570	1,579,883,570
Issued and fully paid					
1,578,361,570 ordinary shares (2019: 1,576,763,070 ordinary shares) of Baht 1 each		1,578,361,570	1,576,763,070	1,578,361,570	1,576,763,070
Premium on share capital		1,152,388,500	1,140,287,855	1,152,388,500	1,140,287,855
Share subscription		-	2,571,000	-	2,571,000
Non-controlling interests of subsidiary acquired by the Company at price lower than book value		6,237,755	6,237,755	-	-
Change in the Company's interest in subsidiaries which did not result in a loss of control		(570,310,802)	(570,310,802)	-	-
Capital reserve for share-based payment transactions		174,753,421	174,753,421	174,753,421	174,753,421
Retained earnings					
Appropriated - statutory reserve	23	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		13,545,642,150	12,183,030,275	8,915,797,098	8,640,022,009
Other components of shareholders' equity		(1,221,847,455)	(1,278,228,961)	(90,131,966)	(157,631,121)
Equity attributable to owners of the Company		14,837,348,468	13,407,226,942	11,903,291,952	11,548,889,563
Non-controlling interests of the subsidiaries		183,290,657	171,431,535	-	-
<b>Total shareholders' equity</b>		<b>15,020,639,125</b>	<b>13,578,658,477</b>	<b>11,903,291,952</b>	<b>11,548,889,563</b>
<b>Total liabilities and shareholders' equity</b>		<b>21,334,457,582</b>	<b>25,261,902,971</b>	<b>19,429,249,862</b>	<b>23,558,283,455</b>

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

Company Overview  
Performance & Risk Management  
Responsibilities of the board  
Corporate Governance & Sustainability-Driven Organization  
Internal control & Internal audit  
Management Discussion Analysis & Financial Statements  
Company Information

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		2020	2019	2020	2019	
<b>Profit or loss:</b>						
<b>Revenues</b>						
Sales and service income		26,155,271,615	36,892,972,824	22,943,386,493	33,640,723,535	
Other income		-	-	226,700,970	284,866,690	
Dividend income from subsidiaries	10	-	-	57,728,345	41,749,883	
Dividend income from associates	12	-	-	76,854,974	467,016,586	
Gain on exchange		120,205,644	33,633,053	120,340,448	469,488,434	
Others		123,284,476	120,205,644	132,910,045		
<b>Total revenues</b>		<b>26,355,411,065</b>	<b>37,480,195,054</b>	<b>23,381,789,309</b>	<b>34,569,738,587</b>	
<b>Expenses</b>						
Cost of sales and services		21,402,594,494	33,422,244,862	20,243,153,152	31,685,926,692	
(Gain) loss from commodity forward contracts	32	(802,628,920)	90,079,004	(813,350,894)	94,186,207	
Reduction of cost of inventory to net realisable value (reversal)	9	626,711	(793,837,504)	(5,379,027)	(928,467,798)	
Impairment loss on investment properties and property, plant and equipment	13, 14	20,600,592,285	32,718,486,362	19,424,423,231	30,851,645,101	
Selling expenses		169,111,338	166,189,176	114,161,338	97,378,117	
Administrative expenses		1,209,277,202	1,086,320,815	752,758,758	663,910,699	
Other expenses		-	-	-	-	
Reversal of expected credit losses / allowance for doubtful accounts		-	-	-	-	
(Expected credit losses / allowance for doubtful accounts)	7	(57,192,359)	(1,573,179)	(7,876,473)	3,785,962	
<b>Profit before income tax</b>		<b>4,354,840,378</b>	<b>3,654,734,460</b>	<b>3,025,874,232</b>	<b>2,876,814,585</b>	
Income tax	25	(757,339,648)	(508,999,279)	(539,811,504)	(393,209,400)	
<b>Profit for the year</b>		<b>3,597,500,730</b>	<b>3,145,735,181</b>	<b>2,486,062,728</b>	<b>2,483,605,185</b>	

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2020

Note	(Unit: Baht)				
	Consolidated financial statements		Separate financial statements		
	2020	2019	2020	2019	
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currencies					
	(4,935,125)	(470,294,768)	-	-	
Change in fair value of hedging instruments					
25, 32	of cash flow hedges - net of income tax	67,499,155	(557,627,790)	67,499,155	
		62,564,030	(1,027,922,558)	67,499,155	
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax					
	62,564,030	(1,027,922,558)	67,499,155	(557,627,790)	
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
21, 25	Actuarial loss - net of income tax	(698,237)	(592,002)	-	
	Other comprehensive income not to be reclassified	(698,237)	(592,002)	-	
to profit or loss in subsequent periods - net of income tax					
	61,865,793	(1,028,514,560)	67,499,155	(557,627,790)	
<b>Other comprehensive income for the year</b>					
<b>Total comprehensive income for the year</b>					
	<b>3,659,366,523</b>	<b>2,117,220,621</b>	<b>2,553,561,883</b>	<b>1,925,977,395</b>	
<b>Profit attributable to:</b>					
Equity holders of the Company					
	3,591,824,102	3,123,280,231	2,486,062,728	2,483,605,185	
Non-controlling interests of the subsidiaries					
	5,676,628	22,454,950			
	<b>3,597,500,730</b>	<b>3,145,735,181</b>			
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company					
	3,647,507,371	2,108,740,998	2,553,561,883	1,925,977,395	
Non-controlling interests of the subsidiaries					
	11,859,152	8,479,623			
	<b>3,659,366,523</b>	<b>2,117,220,621</b>			
<b>Earnings per share</b>					
Basic earnings per share					
28	Profit attributable to equity holders of the Company	2.28	1.98	1.58	
	Diluted earnings per share				
	Profit attributable to equity holders of the Company	2.28	1.98	1.58	
				1.57	

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2020

Consolidated financial statements											(Unit: Baht)			
Equity attributable to owners of the Company														
Other components of equity														
Other comprehensive income														
Non-controlling interests of subsidiary acquired by the Company at price lower than fair share-based payment result in a loss of control	Change in interest in subsidiaries which did not result in a loss of control	Capital reserve for share-based payment	Retained earnings Appropriated statutory reserve	Unappropriated statutory reserve	Translation of financial statements in foreign currencies of cash flow hedges	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Total equity attributable to non-controlling interests of the subsidiaries	Total equity attributable to non-controlling interests of shareholders' equity					
Issued and paid-up share capital	Premium on share capital	Share subscription	Share book value	6,237,755 (570,310,802)	174,753,421	10,163,249,305	(664,281,730)	399,996,869 (264,281,730)	(284,281,730)	12,382,140,893	154,960,366	12,537,101,054		
<b>Balance as at 1 January 2019</b>	<b>1,573,821,570</b>	<b>1,118,474,325</b>	<b>8,073,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,123,280,231</b>	<b>22,454,950</b>	<b>3,145,735,181</b>		
Profit for the year														
Other comprehensive income for the year														
Total comprehensive income for the year														
Warrant holders exercised warrants	2,941,500	21,813,530	(5,502,525)	-	-	-	-	-	-	-	-	-	19,252,505	
Increase in share capital in subsidiary (Note 10)	-	-	-	-	-	-	-	-	-	-	-	-	7,991,598	
Dividend paid (Note 30)	-	-	-	-	-	-	(1,102,907,259)	-	-	-	-	-	(1,102,907,259)	
Dividend paid to non-controlling interests of subsidiaries														
<b>Balance as at 31 December 2019</b>	<b>1,576,763,070</b>	<b>1,140,287,855</b>	<b>2,571,000</b>	<b>6,237,755 (570,310,802)</b>	<b>174,753,421</b>	<b>12,183,030,276</b>	<b>(1,120,597,840)</b>	<b>(157,631,121)</b>	<b>(1,278,228,961)</b>	<b>13,407,226,942</b>	<b>171,431,335</b>	<b>13,578,638,477</b>	<b>(42)</b>	
<b>Balance as at 1 January 2020</b>	<b>1,576,763,070</b>	<b>1,140,287,855</b>	<b>2,571,000</b>	<b>6,237,755 (570,310,802)</b>	<b>174,753,421</b>	<b>12,162,725,183</b>	<b>(1,120,597,840)</b>	<b>(157,631,121)</b>	<b>(1,278,228,961)</b>	<b>13,407,226,942</b>	<b>171,431,335</b>	<b>13,578,638,477</b>	<b>-</b>	
Cumulative effect of change in new accounting policy (Note 4)													(20,305,092)	
<b>Balance as at 1 January 2020 - as restated</b>	<b>1,576,763,070</b>	<b>1,140,287,855</b>	<b>2,571,000</b>	<b>6,237,755 (570,310,802)</b>	<b>174,753,421</b>	<b>12,162,725,183</b>	<b>(1,120,597,840)</b>	<b>(157,631,121)</b>	<b>(1,278,228,961)</b>	<b>13,386,921,050</b>	<b>171,431,335</b>	<b>13,558,353,385</b>	<b>(20,305,092)</b>	
Profit for the year														
Other comprehensive income for the year														
Total comprehensive income for the year														
Warrant holders exercised warrants (Note 22)	1,598,500	12,100,645	(2,571,000)	-	-	-	-	(3,591,125,965 (11,117,649))	67,499,155	56,381,506	3,647,507,371	11,659,152	3,659,366,523	
Dividend paid (Note 30)	-	-	-	-	-	-	-	-	-	-	(2,208,208,998)	11,128,145		(11,128,145)
Dividend paid to non-controlling interests of subsidiaries													(2,208,208,998)	
<b>Balance as at 31 December 2020</b>	<b>1,578,361,570</b>	<b>1,152,388,500</b>	<b>-</b>	<b>6,237,755 (570,310,802)</b>	<b>174,753,421</b>	<b>12,123,329</b>	<b>(1,131,715,489)</b>	<b>(90,131,966)</b>	<b>(1,221,847,455)</b>	<b>14,837,348,468</b>	<b>(30)</b>	<b>(30)</b>	<b>(1,028,514,560)</b>	

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Tipco Asphalt Public Company Limited and its subsidiaries  
 For the year ended 31 December 2020

Separate financial statements							Other components of equity		
Issued and paid-up share capital	Premium on share capital	Share subscription	Capital reserve for share-based payment transactions	Retained earnings Appropriated	Statutory reserve	Unappropriated	Change in fair value of hedging instruments of cash flow hedges		
							Other comprehensive income	Total other components of shareholders' equity	Total
1,573,821,570	1,118,474,325	8,073,525	174,753,421	172,123,329	7,259,324,083	399,986,669	399,986,669	10,706,566,922	10,706,566,922
-	-	-	-	-	2,483,605,185	-	-	-	2,483,605,185
-	-	-	-	-	-	(557,627,790)	(557,627,790)	(557,627,790)	(557,627,790)
2,941,500	21,813,530	(5,502,525)	-	-	2,483,605,185	(557,627,790)	(557,627,790)	1,925,977,395	1,925,977,395
-	-	-	-	-	-	-	-	-	19,252,505
<b>1,576,763,070</b>	<b>1,140,287,855</b>	<b>2,571,000</b>	<b>174,753,421</b>	<b>172,123,329</b>	<b>8,640,022,009</b>	<b>(157,631,121)</b>	<b>(157,631,121)</b>	<b>11,548,889,563</b>	<b>11,548,889,563</b>
<b>Balance as at 1 January 2019</b>									
Profit for the year									
Other comprehensive income for the year									
Total comprehensive income for the year									
Warrant holders exercised warrants									
Dividend paid (Note 30)									
<b>Balance as at 31 December 2019</b>									
1,576,763,070	1,140,287,855	2,571,000	174,753,421	172,123,329	8,640,022,009	(157,631,121)	(157,631,121)	11,548,889,563	11,548,889,563
<b>Balance as at 1 January 2020</b>									
Cumulative effect of change in new accounting policy (Note 4)									
<b>Balance as at 1 January 2020 - as restated</b>									
Profit for the year									
Other comprehensive income for the year									
Total comprehensive income for the year									
Warrant holders exercised warrants (Note 22)									
Dividend paid (Note 30)									
<b>Balance as at 31 December 2020</b>									

The accompanying notes are an integral part of the financial statements.

# CASH FLOW STATEMENT

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2020

	(Unit: Baht)			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>				
Profit before income tax	4,354,840,378	3,654,734,460	3,025,874,232	2,876,814,585
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,050,468,103	874,626,042	257,671,709	198,275,244
Written off withholding tax	20,296	49,372	-	-
Written off inventories	-	198,214	-	-
Expected credit losses/ allowance for doubtful accounts (reversal)	57,192,359	1,573,179	7,876,473	(3,785,962)
Reduction of cost of inventories to net realisable value (reversal)	626,711	(793,837,504)	(5,379,027)	(928,467,798)
Allowance for impairment loss on equipment	6,273,115	796,559	6,273,115	-
Allowance for impairment loss on investment property	67,900,000	-	-	-
Dividend income from subsidiaries	-	-	(226,700,970)	(284,866,690)
Dividend income from associates	-	-	(57,728,345)	(41,749,883)
Unrealised gain on exchange	(22,841,069)	(149,455,494)	(42,572,108)	(63,336,331)
Gain on sales/ written off of equipment	(16,939,731)	(9,318,889)	(16,150,339)	(18,118,946)
Share of profit from investments in joint ventures	(9,248,936)	(20,382,406)	-	-
Share of profit from investments in associates	(109,074,247)	(112,439,179)	-	-
Provision for long-term employee benefits	19,979,494	35,521,231	11,772,370	24,415,853
Change in fair value of forward exchange contracts	(6,094,465)	(5,778,852)	(1,149,032)	(1,288,474)
Change in fair value of commodity forward contracts	90,680,616	310,953,117	90,680,616	310,953,117
Finance income	(12,429,665)	(13,310,487)	(38,628,057)	(41,270,657)
Finance cost	<u>119,186,940</u>	<u>165,651,523</u>	<u>83,885,829</u>	<u>118,095,787</u>
Profit from operating activities before changes in operating assets and liabilities	5,590,539,899	3,939,580,886	3,095,726,466	2,145,669,845
(Increase) decrease in operating assets				
Trade and other receivables	1,790,456,322	(194,622,053)	1,960,569,081	(449,878,407)
Inventories	2,083,505,109	649,104,530	1,838,250,146	612,559,801
Other current assets	(24,436,904)	(114,637,335)	(83,665,921)	(34,398,119)
Other non-current assets	4,891,508	(1,633,067)	609,261	(49,281)
Increase (decrease) in operating liabilities				
Trade and other payables	(3,265,608,150)	2,544,965,606	(2,143,928,655)	2,848,416,476
Other current liabilities	(2,911,367)	(51,948,945)	(295,984)	(41,861,061)
Other non-current liabilities	<u>(19,850,578)</u>	<u>(17,232,249)</u>	<u>(16,838,714)</u>	<u>(12,917,886)</u>
Cash flows from operating activities	6,156,585,839	6,753,577,373	4,650,425,680	5,067,541,368
Cash paid for corporate income tax	(603,668,752)	(277,086,894)	(462,581,277)	(155,580,284)
<b>Net cash flows from operating activities</b>	<b>5,552,917,087</b>	<b>6,476,490,479</b>	<b>4,187,844,403</b>	<b>4,911,961,084</b>

The accompanying notes are an integral part of the financial statements.

# CASH FLOW STATEMENT (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2020

	(Unit: Baht)			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>				
Cash paid for investment in subsidiary	-	-	-	(54,984,642)
Dividend received from subsidiaries	-	-	226,700,970	284,866,690
Dividend received from associates	57,728,345	41,749,883	57,728,345	41,749,883
Increase in short-term loans to related parties	(127,000,000)	-	(142,000,000)	(13,000,000)
Decrease (increase) in long-term loans to related parties	-	-	30,002,500	(464,515,534)
Cash receipt from interest	12,366,714	13,309,436	30,844,884	11,655,908
Acquisition and cash paid to settle payables from purchases of equipment	(698,370,819)	(1,333,693,805)	(84,036,816)	(213,353,595)
Cash paid for acquisitions of computer software	(8,731,817)	(13,274,589)	(5,684,958)	(11,342,368)
Proceeds from sales of computer software	-	243,860	-	25,888
Proceeds from sales of equipment	23,847,423	85,469,743	19,168,581	21,002,056
<b>Net cash flows from (used in) investing activities</b>	<b>(740,160,154)</b>	<b>(1,206,195,472)</b>	<b>132,723,506</b>	<b>(397,895,714)</b>
<b>Cash flows from financing activities:</b>				
Cash receipts from shares subscription of subsidiary	-	17,950,848	-	-
Decrease in short-term loans from financial institutions	(2,468,038,152)	(2,901,822,002)	(2,264,338,793)	(2,734,070,497)
Increase (decrease) in short-term loans from related party	-	-	(160,000,000)	135,000,000
Payment of principal portion of lease liabilities	(99,369,212)	(127,328)	(26,602,336)	-
Repayment of long-term loans	(38,862,600)	(129,912,500)	-	-
Cash receipts from increase in capital	11,128,145	16,681,505	11,128,145	16,681,505
Cash receipts from share subscription	-	2,571,000	-	2,571,000
Dividend paid to shareholders	(2,207,875,621)	(1,104,422,919)	(2,207,875,621)	(1,104,422,919)
Dividend paid to non-controlling interests of subsidiaries	(30)	(42)	-	-
Interest paid	(107,568,615)	(167,064,677)	(81,984,737)	(122,160,293)
<b>Net cash flows used in financing activities</b>	<b>(4,910,586,085)</b>	<b>(4,266,146,115)</b>	<b>(4,729,673,342)</b>	<b>(3,806,401,204)</b>
<b>Exchange differences on translation of financial statements in foreign currencies</b>				
	(13,824,826)	(108,442,503)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(111,653,978)</b>	<b>895,706,389</b>	<b>(409,105,433)</b>	<b>707,664,166</b>
Cash and cash equivalents at beginning of year	1,999,417,098	1,103,710,709	977,613,102	269,948,936
<b>Cash and cash equivalents at end of year</b>	<b>1,887,763,120</b>	<b>1,999,417,098</b>	<b>568,507,669</b>	<b>977,613,102</b>
<b>Supplemental cash flows information</b>				
<b>Non-cash transactions</b>				
Purchase of equipment for which cash has not been paid	18,451,987	31,014,066	-	-

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2020

## 1. General information

### 1.1 General information of the Company

Tipco Asphalt Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholders of the Company are Supsakorn family and Colas Group, a company incorporated in French Republic. The Company is principally engaged in the manufacture and distribution of asphalt and petroleum products and its registered address is 118/1 Rama 6 Road, Phayathai Sub district, Phayathai District, Bangkok.

### 1.2 Coronavirus disease 2019 pandemic

The COVID-19 pandemic has impacted several sectors on a greater scale resulting to an overall global economic slowdown, and also fluctuations in global oil prices. The Group's management assessed the impact of those situations on overall operations and noted that they had an effect on the value of inventories and derivative on commodity forward contracts. The Group's management already recognised the impact of this allowance for diminution in value of inventories and the fair value of derivatives to the consolidated financial statements. Nevertheless, the Group's management will continuously monitor ongoing relevant developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

### 1.3 Winding down of crude oil procurement from Venezuela

In January 2019, the United States announced and imposed sanction on a Venezuelan oil company that has been the key source of crude oil that the Company used as a raw material for the production of about half of all asphalt product volume sold each year. The Company approached two law firms to seek advice on the implication of this sanction in respect of its crude oil purchases and payments. Both law firms opined that the transactions were not in violation of any applicable laws related to the sanction. The Company therefore continued to operate business as usual.

In September 2020, the US State Department requested the Company to wind down crude oil procurement from Venezuela. In order to avoid a potential US sanction, the Company complied with the request and informed the US State Department in writing that the Company would cease purchasing crude oil from this source, effective by the end of November 2020. Currently, the Company already ceased its purchasing crude oil from this source.

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The Company notified the Stock Exchange of Thailand of these facts on 11 September 2020, 15 September 2020 and 23 November 2020, together with the Company's plans to mitigate the risk arising from the disruption of its normal source of crude supply by considering plans to procure non-Venezuelan crude oil from other sources or to procure asphalt from other sources.

## **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Company's name	Nature of business	Shareholding percentage			
		<u>2020</u> (Million Baht)	<u>2019</u> (Million Baht)	<u>2020</u> (%)	<u>2019</u> (%)
<b><u>Subsidiaries incorporated in Thailand</u></b>					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	100.00	100.00
Thai Bitumen Co., Ltd.	Manufacture and distribution of asphalt products	375	375	99.99	99.99
Tipco Maritime Co., Ltd.	Shipping management and agency	2	2	99.99	99.99
Alpha Maritime Co., Ltd.	Marine transportation	143	143	99.99	99.99
Bitumen Marine Co., Ltd.	Marine transportation	150	150	99.99	99.99
Delta Shipping Co., Ltd.	Marine transportation	80	80	99.99	99.99
Tasco Shipping Co., Ltd.	Marine transportation	290	290	99.99	99.99

Company's name	Nature of business	Paid-up capital				Shareholding percentage	
		2020	2019	(%)	2020	2019	(%)
<b><u>Subsidiaries incorporated in Malaysia</u></b>							
Kemaman Oil Corporation Sdn Bhd ("KOC")	Holding company and manufacture and distribution of asphalt and petroleum products	151.96 Million MYR	151.96 Million MYR	100.00	100.00	100.00	100.00
Kemaman Bitumen Company Sdn Bhd ("KBC")	Manufacture and distribution of asphalt and petroleum products	305.55 Million MYR	305.55 Million MYR	100.00	100.00	100.00	100.00
KBC Trading Sdn Bhd	Distribution of asphalt products	0.30 Million MYR	0.30 Million MYR	30.00	30.00	30.00	30.00
(10% owned by the Company and 20% owned by KOC)							
<b><u>Subsidiaries incorporated in Singapore</u></b>							
Pacific Bitumen Shipping Pte. Ltd.	Marine transportation	0.04 Million USD	0.04 Million USD	100.00	100.00	100.00	100.00
Highway Resources Pte. Ltd. ("HR")	Holding company	4.78 Million SGD	4.78 Million SGD	100.00	100.00	100.00	100.00
Highway Resources Trading Pte. Ltd. (100% owned by HR)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00	100.00	100.00
AD Shipping Pte. Ltd.	Marine transportation	7.13 Million SGD	7.13 Million SGD	100.00	100.00	100.00	100.00

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2020	2019	2020	2019
Reta Link Pte. Ltd.	Marine transportation	0.05 Million SGD	0.05 Million SGD	100.00	100.00
<b><u>Subsidiary incorporated in Vietnam</u></b>					
Asphalt Distribution Co., Ltd. (100% owned by HR)	Manufacture and distribution of asphalt products	115,650 Million VND	115,650 Million VND	100.00	100.00
<b><u>Subsidiaries incorporated in Indonesia</u></b>					
PT Asphalt Bangun Sarana ("ABS")	Manufacture and distribution of asphalt products	58,450 Million IDR	58,450 Million IDR	99.98	99.98
PT Saranaraya Reka Cipta (100% owned by ABS)	Manufacture and distribution of asphalt products	10,477 Million IDR	10,477 Million IDR	99.98	99.98
<b><u>Subsidiary incorporated in Cambodia</u></b>					
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million Riel	20.00 Million Riel	100.00	100.00
<b><u>Subsidiary incorporated in Hong Kong</u></b>					
Tasco International (Hong Kong) Ltd. ("TIHK")	Holding company	97.97 Million HKD	97.97 Million HKD	100.00	100.00

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2020	2019	2020	2019
		(%)	(%)		
<b><u>Subsidiaries incorporated in China (owned by TIHK)</u></b>					
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	2.10 Million USD	2.10 Million USD	51.00	51.00
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million RMB	20.00 Million RMB	51.00	51.00
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	30.00 Million RMB	30.00 Million RMB	100.00	100.00
Guangzhou Tipco Asphalt Trading Co., Ltd.	Distribution of asphalt products	6.00 Million RMB	6.00 Million RMB	100.00	100.00
<b><u>Subsidiary incorporated in Lao People's Democratic Republic</u></b>					
Tipco Asphalt Lao Co., Ltd.	Manufacture and distribution of asphalt products	26,675 Million LAK	26,675 Million LAK	75.00	75.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as those of the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
  - f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Group. However, the new standard involves changes to key principles, which are summarised below.

## **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Group's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group's financial statements is recognition of expected credit losses on its financial assets. It is no longer necessary for a credit-impaired event to have occurred.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

## TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

### (b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3 to the consolidated financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the balance of retained earnings as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

					(Unit: Thousand Baht)
					Consolidated financial statements
					The impacts of
	31 December	financial		1 January	
	2019	instruments	TFRS 16		2020
<b>Statement of financial position</b>					
<b>Assets</b>					
<b>Current assets</b>					
Trade and other receivables	5,233,998	(26,703)		-	5,207,295
<b>Non-current assets</b>					
Right-of-use assets	-	-	569,006	569,006	
Leasehold rights	287,084	-	(287,084)		-
Deferred tax assets - net	189,312	6,398		-	195,710
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Current portion of lease liabilities	-	-	45,947	45,947	
<b>Non-current liabilities</b>					
Lease liabilities, net of current portion	-	-	235,975	235,975	
<b>Shareholders' equity</b>					
Retained earnings - unappropriated	12,183,030	(20,305)		-	12,162,725

(Unit: Thousand Baht)

	Separate financial statements		
	The impacts of		
	TFRSs related to		
	31 December 2019	financial instruments	1 January 2020
		TFRS 16	
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	4,920,328	(2,598)	-
			4,917,730
<b>Non-current assets</b>			
Right-of-use assets	-	-	125,514
			125,514
Leasehold rights	2,507	-	(2,507)
			-
Deferred tax assets - net	172,751	520	-
			173,271
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Current portion of lease liabilities	-	-	19,670
			19,670
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	-	-	103,337
			103,337
<b>Shareholders' equity</b>			
Retained earnings-unappropriated	8,640,022	(2,079)	-
			8,637,943

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#### 4.1 Financial instruments

The impact of the recognition of an allowance for expected credit losses on financial assets on the retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments amounted to Baht 20 million (the Company only: Baht 2 million).

As at 1 January 2020, the Group classified and measured financial assets and financial liabilities in accordance with TFRS 9 at amortised cost, except for financial assets and financial liabilities as follows:

	Classification and measurement in accordance with TFRS 9			
	Carrying amounts under the former basis	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Consolidated financial statements/Separate financial statements</b>				
<b>Financial assets as at 1 January 2020</b>				
Derivative - commodity forward contracts	165,058		-	165,058
<b>Financial liabilities as at 1 January 2020</b>				
Derivative - commodity forward contracts	580,800	383,761	197,039	580,800

## 4.2 Leases

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	257,783	131,317
Less: Short-term leases and leases of low-value assets	(14,699)	(12,306)
Add: Option to extend lease term	157,454	77,072
Less: Contracts reassessed as service agreements	(73,723)	(63,753)
Add: Others	16,683	1,305
Less: Deferred interest expenses	<u>(61,576)</u>	<u>(10,628)</u>
Lease Liabilities as at 1 January 2020	<u>281,922</u>	<u>123,007</u>
Weighted average incremental borrowing rate (percent per annum)	2.1 - 9.3	2.1 - 3.1
Comprise of:		
Current lease liabilities	45,947	19,670
Non-current lease liabilities	235,975	103,337

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts to customers.

#### *Rendering of services*

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

Vessel operating income consists of time charters and voyage charters. Income from time charters is recognised when the right to use a vessel is transferred to a lessee for an agreed period of time, while income from voyage charters is recognised by reference to the stage of completion.

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#### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 5.3 Inventories

Finished goods and work in process are valued at the lower of cost determined under the weighted average cost method and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

Raw materials, packaging materials, spare parts and factory supplies are valued at the lower of cost determined under the weighted average cost method and net realisable value. Raw materials, packaging materials, spare parts and factory supplies are charged to production costs whenever consumed.

## 5.4 Investments in subsidiaries, joint ventures and associates

Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

## 5.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 5 and 20 years. Depreciation is included in profit or loss. No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

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## 5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and less allowance for loss on impairment of assets (if any).

Building and equipment acquired through business combination are initially recognised at their fair value on the date of business acquisition. Following the initial recognition, the building and equipment are carried at cost less accumulated depreciation and less allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs less residual value on the straight-line basis over the following estimated useful lives:

Land improvement	20 years
Buildings and complements	20 to 47 years
Building improvements	20 to 30 years
Machinery, tools and equipment	5 to 20 years
Furniture and office equipment	3 to 5 years
Vehicles	5 to 10 years
Vessels, tools and equipment	2.5 to 30 years

Depreciation is included in profit or loss.

No depreciation is provided on land, construction in progress and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

### 5.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and less allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years
Customer relationship	12 years
Non-competition clause	5 years

### 5.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less allowance for impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of group of cash-generating unit that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each group of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss and will not be reversed in future periods.

## 5.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Accounting policies adopted as from 1 January 2020

The Group recognises right-of-use assets and lease liabilities based on lease payments for all leases as at the date underlying assets are available for use (the commencement date of the lease), except a lease that has a lease term of no more than 12 months or a lease of low-value assets, for which the Group recognises lease payments as expenses on a straight-line basis over the lease term.

#### **Right-of-use assets**

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease terms.

Land and buildings	1 to 50 years
Machinery and equipment	5 to 17 years
Motor vehicles	3 to 6 years

#### **Lease liabilities**

Lease liabilities are measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a lease modification.

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## Accounting policies adopted before 1 January 2020

### **Leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period, if the Group expects not to purchase such assets at the end of the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### **Leasehold rights**

Leasehold rights are stated at cost less accumulated amortisation and less allowance for impairment loss of leasehold rights (if any). Amortisation is calculated by reference to cost on a straight-line basis over the lease periods.

The amortisation is included in profit or loss.

### **5.10 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include joint ventures, associated companies and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of operations of the Group.

### **5.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in profit or loss.

## 5.12 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

## 5.13 Employee benefits

### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### ***Post-employment benefits and other long-term employee benefits***

#### *Defined contribution plans*

The Group, and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and contributions of the Group is recognised as expenses when incurred.

#### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Company and its local subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

#### **5.14 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **5.15 Income Tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### ***Current tax***

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### ***Deferred tax***

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items those are recorded directly to shareholders' equity.

## 5.16 Financial instruments

### Accounting policies adopted as from 1 January 2020

The Group initially measures financial assets at their fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

#### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

#### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

### **Impairment of financial assets**

The Group recognises allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **Accounting policies adopted before 1 January 2020**

##### **Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### **5.17 Derivatives and hedge accounting**

The Group entered into commodity forward contracts and forward exchange contracts to hedge against fluctuations in commodity prices and foreign exchange rates, respectively.

Derivatives are initially recognised at fair value on the date of the derivative contract and are subsequently remeasured at fair value. They are carried as financial assets or financial liabilities depending on the fair value of the derivatives. Subsequent changes in fair value are recognised in profit or loss, unless the derivative is designated as an effective hedging instrument under a cash flow hedge, when it is recognised using hedge accounting.

#### ***Hedge accounting for cash flow hedges***

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve and later reclassified to profit or loss when the hedged cash flows affect profit or loss or no longer exist.

The Group prepares formal documentation on the date that hedge accounting is applied, and provides regular updates regarding the risk management objectives and strategies and the relationships between the hedging instruments and hedged items, including the nature of the risks being hedged, how the Group assesses the hedge effectiveness, analysis of the causes of hedge ineffectiveness and how the hedge ratio is determined.

The Group considers hedging effective when all of the following requirements are met.

- There is an economic relationship between hedged items and hedging instruments.
- Counterparty credit risk is not a significant factor in the change in the fair value of hedging instruments and hedged items.
- The ratio of the quantity of hedging instruments to the quantity of hedged items is equal to the hedge ratio.

## 5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

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## **6. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### **Consolidation of subsidiary that the Group hold less than half of shares**

The management of the Group determined that the Group has control over KBC Trading Sdn Bhd, even though the Group holds 30 percent of shares that is less than half of shares. This is because the Group has control over that company through its board of directors. As a result, KBC Trading Sdn Bhd is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Group assumed control.

### **Allowance for expected credit losses of trade receivables**

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Net realisable value of inventories**

The management uses judgment to estimate the net realisable value of inventories taking into consideration the fluctuation of price or cost directly relating to events occurring after the reporting period.

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Trade receivables - related parties (Note 8)</u></b>				
Aged on the basis of due dates				
Not yet due	494,285	511,415	872,208	1,300,331
Past due				
Up to 3 months	74	227,813	73,114	361,864
3 - 6 months	12,899	26,962	40,063	92,963
6 - 9 months	341	-	9,517	20,796
9 - 12 months	-	-	70	4,469
Over 12 months	-	-	225,048	207,852
Total	507,599	766,190	1,220,020	1,988,275
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	-	-	(225,048)	(210,742)
Total trade receivables - related parties, net	507,599	766,190	994,972	1,777,533
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	2,002,695	3,513,056	1,268,593	2,535,804
Past due				
Up to 3 months	546,551	586,895	299,444	153,988
3 - 6 months	163,464	164,381	75,173	36,566
6 - 9 months	74,701	92,377	7,138	35,594
9 - 12 months	39,795	41,432	2,518	3,810
Over 12 months	372,772	313,220	67,906	64,556
Total	3,199,978	4,711,361	1,720,772	2,830,318
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(388,248)	(299,928)	(76,660)	(66,186)
Total trade receivables - unrelated parties, net	2,811,730	4,411,433	1,644,112	2,764,132
Total trade receivables - net	3,319,329	5,177,623	2,639,084	4,541,665
<b><u>Other receivables</u></b>				
Other receivables - related parties (Note 8)	29,632	17,195	279,369	341,719
Accounts receivable from commodity forward contracts	-	34,066	-	34,066
Other receivables - unrelated parties	3,450	5,114	1,181	2,878
Total other receivables	33,082	56,375	280,550	378,663
Total trade and other receivables - net	<b>3,352,411</b>	<b>5,233,998</b>	<b>2,919,634</b>	<b>4,920,328</b>

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	299,928	276,928
Cumulative effects due to the adoption of new financial reporting standards (Note 4)	26,703	2,598
Provision for expected credit losses	57,192	7,876
Effect from foreign exchange	<u>4,425</u>	<u>14,306</u>
As at 31 December 2020	<u>388,248</u>	<u>301,708</u>

## 8. Related party transactions

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>		
<b><u>Transactions with subsidiaries</u></b>						
(eliminated from the consolidated financial statements)						
Sales and service income	-	-	4,883	6,771	Cost plus certain margin	
Rental and service income	-	-	6	9	Contract price	
Technical and administrative assistance income	-	-	57	59	Contract price	
Interest income	-	-	37	40	At rate of 1.0 - 2.5 percent and LIBOR plus 1.5 percent per annum	
Dividend income	-	-	227	285		
Purchases of goods	-	-	5	11	Cost plus certain margin	
Rental and service expenses	-	-	3,487	2,425	Contract price	
Interest expense	-	-	-	1	At rate of 1.0 percent per annum	
<b><u>Transactions with joint ventures</u></b>						
Sales and service income	1,722	2,420	1,722	2,420	Market price / contract price	

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy	
	financial statements		financial statements			
	2020	2019	2020	2019		
<b><u>Transactions with associates</u></b>						
Sales and service income	190	253	157	214	Market price / contract price	
Rental and service income	-	1	-	1	Contract price	
Dividend income	-	-	58	42		
<b><u>Transactions with related companies</u></b>						
Sales and service income	1,308	1,456	1,302	1,438	Market price / contract price	
Rental and service income	1	1	1	1	Contract price	
Rental and service expenses	86	82	82	76	Contract price	
Technical and administrative assistance expenses	42	39	42	39	Contract price	

The balances of the accounts between the Group and those related companies as at 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b><u>Trade and other receivables- related parties (Note 7)</u></b>				
Subsidiaries	-	-	1,023,516	1,576,406
Joint ventures	362,649	443,250	310,909	441,348
Associates	47,552	182,968	38,923	160,163
Related companies (common shareholders and directors)	127,030	157,167	126,041	152,077
Total trade and other receivables - related parties	537,231	783,385	1,499,389	2,329,994
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	-	-	(225,048)	(210,742)
<b>Total trade and other receivables - related parties, net</b>	<b>537,231</b>	<b>783,385</b>	<b>1,274,341</b>	<b>2,119,252</b>

#### **Short-term loans to related parties**

Subsidiaries	-	-	138,000	13,000
Associate	127,000	-	127,000	-
<b>Total short-term loan to related party</b>	<b>127,000</b>	<b>-</b>	<b>265,000</b>	<b>13,000</b>

#### **Long-term loans to related parties**

Subsidiaries	-	-	1,305,671	1,479,030
<b>Total long-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>1,305,671</b>	<b>1,479,030</b>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Trade and other payables - related parties (Note 17)</b>				
Subsidiaries	-	-	2,426,698	1,368,406
Joint venture	13	244	13	244
Associates	54	63	54	4
Related companies (common shareholders and directors)	87,502	81,058	86,991	79,582
<b>Total trade and other payables - related parties</b>	<b>87,569</b>	<b>81,365</b>	<b>2,513,756</b>	<b>1,448,236</b>

**Short-term loan from related party**

Subsidiary	-	-	-	160,000
<b>Total short-term loan from related party</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,000</b>

**Long-term loan from related party**

Related company (shareholder of subsidiary)	6,789	6,343	-	-
<b>Total long-term loan from related party</b>	<b>6,789</b>	<b>6,343</b>	<b>-</b>	<b>-</b>

The balances and the movements of loans between the Company and those related companies were as follows:

(Unit: Thousand Baht)				
Consolidated financial statements				
Company's name	Related by	Balance as at	Increase during	Balance as at
		31 December 2019	the year	31 December 2020
<b><u>Short-term loan to related party</u></b>				
Thai Slurry Seal Company Limited	Associate	-	127,000	127,000
<b>Total</b>		<b>-</b>	<b>127,000</b>	<b>127,000</b>

(Unit: Thousand Baht)				
Consolidated financial statements				
Exchange differences				
Company's name	Related by	Balance as at	on translation of	Balance as at
		31 December	financial statements in	31 December
<b><u>Long-term loan from related party</u></b>				
Zhenjiang Highway Materials Company	Shareholder of subsidiary	2019	foreign currencies	2020
		6,343	446	6,789

**Long-term loan from related party**

Zhenjiang Highway Materials Company	Shareholder of subsidiary	2019	foreign currencies	2020
		6,343	446	6,789

(Unit: Thousand Baht)

		Separate financial statements				
Company's name	Related by	Balance as at	Increase	Decrease	Gain (Loss)	Balance as at
		31 December	during	during	on	31 December
2019	the year	the year	exchange		2020	
<b><u>Short-term loans to related parties</u></b>						
Alpha Maritime Co., Ltd.	Subsidiary	13,000	110,000*	-	-	123,000
Tipco Maritime Co., Ltd.	Subsidiary	-	15,000	-	-	15,000
Thai Slurry Seal Co., Ltd.	Associate	-	127,000	-	-	127,000
Total		13,000	252,000	-	-	265,000

#### **Long-term loans to related parties**

AD Shipping Pte. Ltd.	Subsidiary	178,559	-	(30,003)	(515)	148,041
Reta Link Pte. Ltd.	Subsidiary	599,958	-	(150,935)*	10,648	459,671
Pacific Bitumen Shipping Pte. Ltd.	Subsidiary	700,513	-	-	(2,554)	697,959
Total		1,479,030	-	(180,938)	7,579	1,305,671

#### **Short-term loan from related party**

Raycol Asphalt Co., Ltd.	Subsidiary	160,000	-	(160,000)	-	-
Total		160,000	-	(160,000)	-	-

\* Alpha Maritime Co., Ltd. ("AMC"), Reta Link Pte. Ltd. ("RTL") and the Company entered into the memorandum of agreements to make a payment for loans and related accrued interests included offsetting debts of RTL with the amount to be repaid by the Company during the current year.

#### **Directors and management's benefits**

During 2020 and 2019, the Group had employee benefit expenses of their directors and management as detailed below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	222	187	211	174
Post-employment benefits and other long-term benefits	4	3	4	3
Total	226	190	215	177

### Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 19 to the consolidated financial statements.

### 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	1,289,211	1,410,270	(807)	(7,427)	1,288,404	1,402,843
Raw materials	2,958,803	1,706,891	(12,149)	(5,561)	2,946,654	1,701,330
Packaging materials, spare parts and factory supplies	132,327	110,349	(641)	(502)	131,686	109,847
Goods in transit	1,016,105	4,252,915	-	-	1,016,105	4,252,915
Total	<u>5,396,446</u>	<u>7,480,425</u>	<u>(13,597)</u>	<u>(13,490)</u>	<u>5,382,849</u>	<u>7,466,935</u>

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(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	939,191	1,018,640	-	(5,379)	939,191	1,013,261
Raw materials	2,847,439	1,454,735	-	-	2,847,439	1,454,735
Packaging materials, spare parts and factory supplies	8,958	8,919	(502)	(502)	8,456	8,417
Goods in transit	980,280	4,131,825	-	-	980,280	4,131,825
Total	<u>4,775,868</u>	<u>6,614,119</u>	<u>(502)</u>	<u>(5,881)</u>	<u>4,775,366</u>	<u>6,608,238</u>

During the current year, the Group reduced cost of inventories by Baht 0.6 million, to reflect the net realisable value. This was included in cost of sales (2019: reversed by Baht 794 million) (The Company only: reversed by Baht 5.4 million (2019: reversed by Baht 928 million)).

## 10. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Investment cost		(Unit: Thousand Baht)	
	2020	2019	Dividend received during the year	2019
<b><u>Domestic subsidiaries</u></b>				
Raycol Asphalt Co., Ltd.	580,712	580,712	166,500	111,000
Thai Bitumen Co., Ltd.	374,916	374,916	-	112,500
Less: Allowance for impairment loss of investment	(60,775)	(60,775)	-	-
Tipco Maritime Co., Ltd.	1,999	1,999	-	-
Alpha Maritime Co., Ltd.	142,999	142,999	-	-
Bitumen Marine Co., Ltd.	149,999	149,999	-	-
Delta Shipping Co., Ltd.	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
<b><u>Overseas subsidiaries</u></b>				
Tasco International (Hong Kong) Ltd.	533,065	533,065	-	-
Less: Allowance for impairment loss of investment	(65,420)	(65,420)	-	-
Kemaman Oil Corporation Sdn Bhd	1,303,035	1,303,035	-	-
Kemaman Bitumen Company Sdn Bhd	2,752,967	2,752,967	-	-
KBC Trading Sdn Bhd	1,377	1,377	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	165	165	60,201	61,367
PT Asphalt Bangun Sarana	337,254	337,254	-	-
Pacific Bitumen Shipping Pte. Ltd.	1,340	1,340	-	-
Highway Resources Pte. Ltd.	717,054	717,054	-	-
AD Shipping Pte. Ltd.	430,232	430,232	-	-
Reta Link Pte. Ltd.	28,682	28,682	-	-
Tipco Asphalt Lao Company Limited	78,877	78,877	-	-
Total investments in subsidiaries	<u>7,678,476</u>	<u>7,678,476</u>	<u>226,701</u>	<u>284,867</u>
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees	38,764	38,764		
Total investments in subsidiaries - net	<u>7,717,240</u>	<u>7,717,240</u>		

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the consolidated financial statements.

### Investment in Tipco Asphalt Lao Co., Ltd. ("TAL")

In April 2019, TAL called for a payment for shares at 30 percent of the registered share capital from shareholders or amounting to LAK 8,003 million. The Company needed to pay for such shares at 75 percent or amounting to LAK 6,002 million (approximately Baht 24 million). In May 2019, the Company paid for such share capital and unpaid share capital under the first call total amounting to LAK 13,873 million (approximately Baht 55 million).

## 11. Investments in joint ventures

### 11.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which the Group jointly control with other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2020 (%)	2019 (%)	2020	2019	2020	2019
Asia Bitumen Trading Pte. Ltd. (Owned by TIHK)	Distribution of asphalt and petroleum products	50	50	242	242	40,808	31,901
Borneo Asphalt Sdn Bhd (Owned by KBC)	Distribution of asphalt products	50	50	23,815	23,815	12,170	15,451
Phoenix Asphalt Philippines Inc.	Manufacture and distribution of asphalt and petroleum products	40	40	67,553	67,553	71,059	65,272
Total				91,610	91,610	124,037	112,624

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements					
		Shareholding percentage		Cost		Carrying amounts based on cost method	
		2020 (%)	2019 (%)	2020	2019	2020	2019
Phoenix Asphalt Philippines Inc.	Manufacture and distribution of asphalt and petroleum products	40	40	67,553	67,553	67,553	67,553
Total				67,553	67,553	67,553	67,553

## 11.2 Share of comprehensive income

The Group recognised its share of profit/loss from investments in the joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)		
<u>Consolidated financial statements</u>		
Joint ventures	Share of profit (loss) from investments in joint ventures during the year	
	<u>2020</u>	<u>2019</u>
Asia Bitumen Trading Pte. Ltd.	9,623	23,053
Borneo Asphalt Sdn Bhd	(2,656)	(2,945)
Phoenix Asphalt Philippines Inc.	2,282	274
<b>Total</b>	<b>9,249</b>	<b>20,382</b>

## 11.3 Summarised financial information about material joint ventures

### Financial information of Asia Bitumen Trading Pte. Ltd. ("ABT")

Summarised information about financial position as at 31 December 2020 and 2019:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	246.1	182.5
Trade and other receivables	174.6	593.7
Other assets	0.8	2.4
Trade and other payables	(324.8)	(689.0)
Other liabilities	(15.1)	(25.8)
<b>Net assets</b>	<b>81.6</b>	<b>63.8</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>40.8</b>	<b>31.9</b>

Summarised information about profit and loss for the years ended 31 December 2020 and 2019:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Total revenues	3,092.6	5,528.9
Cost of goods sold	(3,044.6)	(5,439.2)
Total expenses	(28.8)	(43.6)
<b>Profit for the year</b>	<b>19.2</b>	<b>46.1</b>

During the current year, ABT had no dividend paid (2019: USD 2 million or approximately Baht 69 million).

Financial information of Borneo Asphalt Sdn Bhd

Summarised information about financial position as at 31 December 2020 and 2019:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	9.1	7.9
Trade and other receivables	4.3	0.7
Other assets	326.8	154.9
Trade and other payables	(47.5)	(0.2)
Other liabilities	(268.3)	(132.1)
<b>Net assets</b>	<b>24.4</b>	<b>31.2</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>12.2</b>	<b>15.6</b>

Summarised information about profit and loss for the years ended 31 December 2020 and 2019:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Total revenues	2.1	1.2
Cost of goods sold	(3.6)	(0.7)
Total expenses	(3.8)	(6.2)
<b>Loss for the year</b>	<b>(5.3)</b>	<b>(5.7)</b>

## Financial information of Phoenix Asphalt Philippines Inc.

Summarised information about financial position as at 31 December 2020 and 2019:

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	27.2	44.1
Trade and other receivables	33.4	15.8
Other assets	161.0	123.8
Trade and other payables	(20.8)	(10.3)
Other liabilities	(23.2)	(10.1)
<b>Net assets</b>	<b>177.6</b>	<b>163.3</b>
Shareholding percentage (%)	40	40
<b>Carrying amounts of joint venture based on equity method</b>	<b>71.0</b>	<b>65.3</b>

Summarised information about profit and loss for the years ended 31 December 2020 and 2019:

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>
Total revenues	287.9	73.4
Cost of goods sold	(256.6)	(66.7)
Total expenses	(25.8)	(6.0)
<b>Profit for the year</b>	<b>5.5</b>	<b>0.7</b>

## **12. Investments in associates**

### 12.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Consolidated financial statements					
		Shareholding		Cost		Carrying amounts	
		<u>percentage</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		(%)	(%)				
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	434,691	366,275
PT Sarana Distribusi	Barge rental service						
Aspal Nusantara (Owned by ABS)		49	49	1,313	1,313	53	253
Thai Slurry Seal Co., Ltd.	Road rehabilitation contractor	25	25	225,043	225,043	224,987	239,874
Total investments in associates				244,760	244,760	659,731	606,402

(Unit: Thousand Baht)

Company's name	Nature of business	Separate financial statements					
		Shareholding		Cost		Carrying amounts	
		percentage	based on	2020	2019	2020	2019
		(%)	(%)				
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	18,404	18,404
Thai Slurry Seal Co., Ltd.	Road rehabilitation contractor	25	25	225,043	225,043	225,043	225,043
Total investments in associates				243,447	243,447	243,447	243,447

## 12.2 Share of comprehensive income and dividend received

The Group recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment in associates during the year		Dividend received during the year by the Company	
	2020	2019	2020	2019
Colasie Co., Ltd.	124,148	111,602	57,728	41,750
PT Sarana Distribusi Aspal Nusantara	(187)	(169)	-	-
Thai Slurry Seal Co., Ltd.	(14,887)	1,006	-	-
Total	109,074	112,439	57,728	41,750

## 12.3 Summarised financial information about material associates

### Financial information of Colasie Co., Ltd.

Financial information of Colasie Co., Ltd. as at 31 December 2020 and 2019 and for the years then ended are summarised below.

	(Unit: Million Euro)	
	2020	2019
Paid-up capital	1.04	1.04
Total assets	4.75	5.37
Total liabilities	0.00	0.03
Total revenues	3.62	4.25
Profit for the year	3.58	4.18

### Financial information of Thai Slurry Seal Company Limited

Summarised information about financial position of Thai Slurry Seal Company Limited as at 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Current assets	1,859	792
Non-current assets	532	639
Current liabilities	(1,483)	(457)
Non-current liabilities	(118)	(124)
<b>Net assets</b>	<b>790</b>	<b>850</b>
<b>Net assets attributable to the Company's investment (25%)</b>	<b>198</b>	<b>213</b>
Goodwill	27	27
<b>Carrying amounts of the associate based on equity method</b>	<b>225</b>	<b>240</b>

Summarised information about comprehensive income for the years ended 31 December 2020 and 2019 are summarised below.

	(Unit: Million Baht)	
	<u>2020</u>	<u>2019</u>
Total revenues	1,482	1,264
Cost of goods sold	(1,321)	(1,144)
Total expenses	(221)	(116)
<b>Profit (loss) for the year</b>	<b>(60)</b>	<b>4</b>

### 13. Investment properties

(Unit: Thousand Baht)

Consolidated financial statements			
	The Company's land, buildings and equipment located at Petchburi plant	Land of Thai Bitumen	Total
<b>As at 31 December 2020:</b>			
Cost	267,472	383,608	651,080
<u>Less</u> Accumulated depreciation	(137,804)	-	(137,804)
<u>Less</u> Allowance for diminution in value	(86,868)	(237,375)	(324,243)
<b>Net book value</b>	<b>42,800</b>	<b>146,233</b>	<b>189,033</b>
<b>As at 31 December 2019:</b>			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(86,885)	(169,475)	(256,360)
<b>Net book value</b>	<b>42,800</b>	<b>214,133</b>	<b>256,933</b>
 (Unit: Thousand Baht)			
Separate financial statements			
	The Company's land, buildings and equipment located at Petchburi plant	The Company's land for rent located at Suratthani province	Total
<b>As at 31 December 2020:</b>			
Cost	267,472	61,438	328,910
<u>Less</u> Accumulated depreciation	(137,804)	(9,896)	(147,700)
<u>Less</u> Allowance for diminution in value	(86,868)	-	(86,868)
<b>Net book value</b>	<b>42,800</b>	<b>51,542</b>	<b>94,342</b>
 <b>As at 31 December 2019:</b>			
Cost	268,377	61,438	329,815
<u>Less</u> Accumulated depreciation	(138,692)	(9,896)	(148,588)
<u>Less</u> Allowance for diminution in value	(86,885)	-	(86,885)
<b>Net book value</b>	<b>42,800</b>	<b>51,542</b>	<b>94,342</b>

A reconciliation of the net book value of investment properties for 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	256,933	256,933	94,342	94,342
Impairment loss	(67,900)	-	-	-
Net book value at end of year	<u>189,033</u>	<u>256,933</u>	<u>94,342</u>	<u>94,342</u>

The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2020 and 2019 are stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
The Company's land for rent located at				
Suratthani province	-	-	213,000	213,000
The Company's land, buildings and equipment				
located at Petchburi plant	42,800	42,800	42,800	42,800
Land of Thai Bitumen	146,233	219,908	-	-

In 2020, the subsidiary arranged for an independent professional valuer to appraise the value of the land using the Sales Comparison Approach, with the valuer appraising the assets at Baht 146 million. As a result of the appraisal, the subsidiary recorded an allowance for impairment loss of the assets amounting to Baht 68 million and presented in the consolidated profit or loss for 2020.

#### 14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Construction in progress and equipment under installation	Total
	Buildings, building improvements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels				
<b>Cost</b>								
As at 1 January 2019	674,675	859,902	7,185,689	1,378,204	4,221,911	395,102	14,715,483	
Additions	3,676	15,443	65,856	26,618	507,626	717,433	1,336,652	
Disposals/written off	(57)	(2,607)	(226,556)	(113,500)	(169,052)	-	(511,772)	
Transfer in (transfer out)	2,672	57,709	236,499	36,882	-	(333,762)	-	
As at 31 December 2019	680,966	930,447	7,261,488	1,328,204	4,560,485	778,773	15,540,363	
Additions	4,682	12,483	51,077	37,138	93,202	485,950	684,532	
Disposals/written off	(894)	(11,818)	(169,499)	(108,897)	(83,760)	(1,211)	(376,079)	
Transfer in (transfer out)	12,455	40,212	828,032	17,268	-	(897,967)	-	
As at 31 December 2020	697,209	971,324	7,971,098	1,273,713	4,569,927	365,545	15,848,816	

(Unit: Thousand Baht)

	Consolidated financial statements						
	Buildings, building improvements and land and land improvement	Buildings, improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Accumulated depreciation</b>							
As at 1 January 2019	339,380	509,001	3,507,764	768,019	1,020,922	-	6,145,086
Depreciation for the year	5,122	25,749	369,168	127,335	220,779	-	748,153
Accumulated depreciation on disposals/written off	(22)	(2,242)	(131,430)	(109,803)	(113,952)	-	(357,449)
As at 31 December 2019	344,480	532,508	3,745,502	785,551	1,127,749	-	6,535,790
Depreciation for the year	5,615	27,609	409,535	124,249	234,670	-	801,678
Accumulated depreciation on disposals/written off	(776)	(10,899)	(166,339)	(106,969)	(83,760)	-	(368,743)
As at 31 December 2020	349,319	549,218	3,988,698	802,831	1,278,659	-	6,968,725
<b>Allowance for impairment loss</b>							
As at 1 January 2019	1,183	50,769	109,481	2,070	-	34,225	197,728
Increase during the year	-	-	797	-	-	-	797
Disposals/write-off	-	-	(83,357)	(4)	-	(29,176)	(112,537)
As at 31 December 2019	1,183	50,769	26,921	2,066	-	5,049	85,988
Increase during the year	-	-	6,273	-	-	-	6,273
Disposals/write-off	-	-	(795)	-	-	-	(795)
As at 31 December 2020	1,183	50,769	32,399	2,066	-	5,049	91,466

(Unit: Thousand Baht)

Consolidated financial statements						
	Buildings, building improvements and land improvement	Machinery, tools and complements	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Translation adjustments</b>						
As at 1 January 2019	-	24,148	(175,156)	(13,264)	(105,755)	24,998
Translation adjustments during the year	-	(14,728)	(189,218)	(10,423)	(119,108)	(54,367)
As at 31 December 2019	9,420	(364,374)	(23,687)	(224,863)	(29,369)	(387,844)
Translation adjustments during the year	-	1,661	(9,584)	(944)	3,564	5,334
As at 31 December 2020	-	11,081	(373,958)	(24,631)	(221,299)	(24,035)
<b>Net book value</b>						
As at 31 December 2019	335,303	356,590	3,124,691	516,900	3,207,873	744,355
As at 31 December 2020	346,707	382,418	3,576,043	444,185	3,069,969	336,461
<b>Depreciation for the year</b>						
2019 (Baht 680 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						748,153
2020 (Baht 694 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						801,678

(Unit: Thousand Baht)

Separate financial statements						
	Buildings, building improvements and land and land improvement	Machinery, tools and equipment complements	Furniture, office equipment and vehicles	Construction in progress and equipment under construction	Total	
<b>Cost</b>						
As at 1 January 2019	489,404	287,096	631,391	847,053	100,724	2,355,668
Additions	2,995	10,463	14,812	17,975	167,109	213,354
Disposals/written off	(57)	(1,412)	(11,605)	(92,681)	-	(105,755)
Transfer in (transfer out)	1,339	47,212	57,964	26,795	(133,310)	-
As at December 2019	493,681	343,359	692,562	799,142	134,523	2,463,267
Additions	3,594	2,879	18,969	4,101	54,494	84,037
Disposals/written off	(894)	(9,567)	(101,743)	(72,852)	(710)	(185,766)
Transfer in (transfer out)	10,506	21,768	100,753	7,552	(140,579)	-
As at 31 December 2020	506,887	358,439	710,541	737,943	47,728	2,361,538
<b>Accumulated depreciation</b>						
As at 1 January 2019	248,281	200,491	517,334	488,350	-	1,454,456
Depreciation for the year	3,468	7,155	41,697	73,939	-	126,259
Accumulated depreciation on disposal/written off	(22)	(1,066)	(11,428)	(90,357)	-	(102,873)
As at 31 December 2019	251,727	206,580	547,603	471,932	-	1,477,842
Depreciation for the year	3,819	9,186	50,788	71,638	-	135,431
Accumulated depreciation on disposal/written off	(776)	(8,968)	(101,432)	(71,571)	-	(182,747)
As at 31 December 2020	254,770	206,798	496,959	471,999	-	1,430,526

(Unit: Thousand Baht)

	Separate financial statements					
	Buildings, building improvements and land improvement	Land and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	Total
<b>Allowance for impairment loss</b>						
As at 31 December 2019	1,183	-	-	-	-	1,183
Increase during the year	-	-	6,273	-	-	6,273
As at 31 December 2020	1,183	-	6,273	-	-	7,456
<b>Net book value</b>						
As at 31 December 2019	240,771	136,779	144,959	327,210	134,523	984,242
As at 31 December 2020	250,934	151,641	207,309	265,944	47,728	923,556
<b>Depreciation for the year</b>						
2019 (Baht 111 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)					126,259	
2020 (Baht 117 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)					135,431	

As at 31 December 2020, certain items of plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 3,008 million (2019: Baht 3,034 million) (The Company only: Baht 1,202 million (2019: Baht 1,316 million)).

## 15. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements						Separate financial statements		
	Computer software	Customer relationship	competition clause	Non-competition clause	Total	Computer software	Customer under installation	Computer software	Total
<b>As at 31 December 2020:</b>									
Cost	191,827	177,083	11,724	1,966	382,600	156,839	1,966	158,805	
<u>Less</u> Accumulated amortisation	(140,507)	(73,784)	(10,725)	-	(225,016)	(108,701)	-	(108,701)	
Translation adjustments	1,775	-	(999)	-	776	-	-	-	
<b>Net book value</b>	<b>53,095</b>	<b>103,299</b>	<b>-</b>	<b>1,966</b>	<b>158,360</b>	<b>48,138</b>	<b>1,966</b>	<b>50,104</b>	
 <b>As at 31 December 2019:</b>									
Cost	176,262	177,083	11,724	8,799	373,868	144,322	8,799	153,121	
<u>Less</u> Accumulated amortisation	(110,331)	(59,028)	(9,820)	-	(179,179)	(81,504)	-	(81,504)	
Translation adjustments	1,819	-	(994)	-	825	-	-	-	
<b>Net book value</b>	<b>67,750</b>	<b>118,055</b>	<b>-</b>	<b>910</b>	<b>8,799</b>	<b>195,514</b>	<b>62,818</b>	<b>8,799</b>	<b>71,617</b>

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	195,514	230,016	71,617	87,874
Acquisition of computer software	8,732	13,275	5,684	11,342
Amortisation	(45,837)	(47,170)	(27,197)	(27,571)
Disposal/written off	-	(246)	-	(28)
Translation adjustments	(49)	(361)	-	-
Net book value at end of year	158,360	195,514	50,104	71,617

## 16. Short-term loans from financial institutions

196	(Unit: Thousand Baht)						
	Interest rates		Consolidated		Separate		
	(% per annum)	2020	2020	2019	2020	2019	
	2020	2019	2020	2019	2020	2019	
Loans in Thai Baht	1.00 - 1.75	1.40 - 2.10	1,451,764	3,716,103	1,451,764	3,716,103	
Loan in Vietnam Dong	-	5.00	-	26,030	-	-	
Loans in Indonesia Rupiah	6.85	8.00 - 8.35	88,648	270,998	-	-	
			1,540,412	4,013,131	1,451,764	3,716,103	

## 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - related parties (Note 8)	946	2,037	2,427,259	1,326,321
Trade payables - unrelated parties	2,086,299	5,435,791	1,930,651	5,265,585
Other payables - related parties (Note 8)	86,623	79,328	86,497	121,915
Accounts payable from commodity forward contracts	45,079	8,101	45,079	8,102
Other payables and accrued expenses - unrelated parties	812,651	790,857	346,422	366,138
Total trade and other payables	3,031,598	6,316,114	4,835,908	7,088,061

## 18. Long-term loans from financial institutions

Loan	Borrower	Interest rate	Repayment schedule		Consolidated financial statements <u>2019</u>
			<u>2020</u>	<u>2019</u>	
<b>Long-term loans in USD from bank in Thailand</b>					
	Alpha Maritime Company Limited	Rate referenced to LIBOR	Quarterly installments as stipulated in the agreements, commencing from July 2015	36,550	74,312
Total				36,550	74,312
Less: Current portion				(36,550)	(37,611)
Long-term loans from financial institutions - net of current portion				-	36,701

### Loan covenants

The loan agreement of a subsidiary contains certain restrictive covenants pertaining to, among other things, the maintenance of financial ratios, the corporate guarantees from the Group, the loan to related parties, the maintenance of shareholders, restriction on dividend payment, and the limitation on creation of additional long-term debt.

## 19. Credit facilities

The credit facilities of the Group granted by financial institutions are secured by the following collaterals:

- a) The guarantees by the Company, its subsidiaries and a shareholder of a subsidiary.
- b) The pledges/mortgages by the assets of subsidiaries of which the net book value as at 31 December 2020 and 2019 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2020</u>	<u>2019</u>
Right-of-use assets - net	120	-
Leasehold rights - net	-	124
Property, plant and equipment - net	2,593	2,683

- c) The prohibition from creating lien over assets of the Group.
- d) Financial support letters provided by the Group to banks.
- e) The Company allows its subsidiaries to use its facilities obtained from banks, with the Company responsible to the banks for the amounts drawn down by the subsidiaries.

## 20. Leases

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 - 50 years.

### a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and buildings	Machinery and equipment		
			Motor vehicles	Total
1 January 2020	490,512	49,734	28,760	569,006
Additions	21,896	12,709	29,635	64,240
Depreciation for the year	(52,544)	(9,083)	(13,855)	(75,482)
Translation adjustments	1,443	13	-	1,456
31 December 2020	461,307	53,373	44,540	559,220

(Unit: Thousand Baht)

	<b>Separate financial statements</b>		
	<b>Land and buildings</b>	<b>Motor vehicles</b>	<b>Total</b>
1 January 2020	100,496	25,018	125,514
Additions	1,508	27,509	29,017
Depreciation for the year	(15,167)	(12,011)	(27,178)
31 December 2020	<u>86,837</u>	<u>40,516</u>	<u>127,353</u>

### b) Lease liabilities

(Unit: Thousand Baht)

	<b>As at 31 December 2020</b>	
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
Lease payments	338,132	138,808
Less: Deferred interest expenses	(57,614)	(11,781)
Total	<u>280,518</u>	<u>127,027</u>
Less: Portion due within one year	(62,041)	(26,929)
Lease liabilities - net of current portion	<u>218,477</u>	<u>100,098</u>

A maturity analysis of lease payments is disclosed in Note 32.2 to the consolidated financial statements under the liquidity risk.

### c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	<b>For the year ended 31 December 2020</b>	
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
Depreciation expense of right-of-use assets	75,482	27,178
Interest expense on lease liabilities	9,914	3,499
Expense relating to short-term leases	3,950	3,661
Expense relating to leases of low-value assets	5,457	3,645

### d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 76 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 64 million.

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and long service award, are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Provision for long-term employee</b>				
<b>benefits at beginning of year</b>	167,693	149,496	119,182	107,684
Included in profit or loss:				
Defined benefit plans				
Current service cost	15,200	14,159	9,308	9,081
Past service cost	-	16,638	-	13,028
Interest cost	4,031	3,979	1,906	1,752
Long service award	749	745	558	555
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	2	-	-	-
Financial assumptions changes	402	849	-	-
Experience adjustments	491	(60)	-	-
Benefits paid during the year	(19,851)	(17,232)	(16,839)	(12,918)
Translation adjustments	<u>(2,331)</u>	<u>(881)</u>	<u>-</u>	<u>-</u>
<b>Provision for long-term employee</b>				
<b>benefits at end of year</b>	<u>166,386</u>	<u>167,693</u>	<u>114,115</u>	<u>119,182</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities. The Group recorded the effect of such change by recognising past service costs as expenses in the statement of comprehensive income in 2019.

The Group expect to pay Baht 27 million of long-term employee benefits during the next year (Separate financial statements: Baht 16 million) (2019: Baht 8 million, separate financial statements: Baht 6 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit was between 4 - 14 years (Separate financial statements: 4 years) (2019: 4 - 15 years, separate financial statements: 4 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020 (% per annum)	2019 (% per annum)	2020 (% per annum)	2019 (% per annum)
Discount rate	2.5 - 8.0	2.5 - 8.3	2.5	2.5
Future salary increase rate	5.0 - 7.0	5.0 - 7.0	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	(Unit: Million Baht)			
	31 December 2020			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(7)	8	(4)	4
Salary increase rate	8	(7)	4	(4)

	(Unit: Million Baht)			
	31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(6)	7	(4)	4
Salary increase rate	7	(6)	4	(3)

## **22. Share capital**

Below is the summary of the share registration from exercise of ESOP-W5 warrants during the current year.

Number of warrants exercised (warrants)	1,598,500
Number of ordinary shares issued (shares)	1,598,500
Amount of cash received (Baht)	13,699,145
Paid-up capital after share registration (Baht)	1,578,361,570
(1,578,361,570 ordinary shares of Baht 1 each)	

## **23. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## **24. Expenses by nature**

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	<u>2020</u>	<u>2019</u>	financial statements
Salary, wages and other employee benefits		1,283	1,108	624
Depreciation and maintenance expenses		960	927	274
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)		20,103	32,218	20,009
				31,449

## 25. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Current income tax charge	(786,308)	(548,663)	(556,183)	(415,146)
Adjustment in respect of income tax of previous year	(665)	(548)	-	898
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>29,633</u>	<u>40,212</u>	<u>16,371</u>	<u>21,039</u>
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>(757,340)</u>	<u>(508,999)</u>	<u>(539,812)</u>	<u>(393,209)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial loss	197	197	-	-
Deferred tax relating to change in fair value of hedging instruments of cash flow hedges	<u>16,874</u>	<u>55,243</u>	<u>16,874</u>	<u>55,243</u>
	<u>17,071</u>	<u>55,440</u>	<u>16,874</u>	<u>55,243</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>4,354,840</u>	<u>3,654,734</u>	<u>3,025,874</u>	<u>2,876,815</u>
Income tax at Thai corporate income tax rate of 20%	(870,968)	(730,947)	(605,175)	(575,363)
Adjustment in respect of income tax of previous year	(665)	(548)	-	898
Utilisation of previously unrecognised tax losses and capital allowance	65,223	86,774	-	-
Unused tax loss which has not recognised as deferred tax assets	(214)	(20,725)	-	-
Difference of tax rate in group companies	12,318	(16,462)	-	-
Effects of:				
Non-deductible expenses	(78,943)	(81,672)	(7,185)	(609)
Additional expenses deductions allowed	28,237	14,061	9,795	10,108
Exemption of income	16,831	86,360	56,885	44,700
Promotional privileges (Note 26)	16,026	14,292	-	-
Tax privilege for a company that operates as an international trading center	2,435	2,392	2,435	2,392
Temporary difference of tax privilege for a company that operates as an international trading center	-	90,008	-	90,008
Tax privilege for a company that operates as an international headquarters	-	2,182	-	2,182
Tax privilege for a company that operates as an international business center	3,652	3,589	3,652	24,212
Tax privileges for maritime commerce (Note 27)	17,583	7,982	-	-
Share of profit from investment in joint ventures and associates	23,665	26,558	-	-
Others	7,480	7,157	(219)	8,263
Total	<u>36,966</u>	<u>172,909</u>	<u>65,363</u>	<u>181,256</u>
Income tax expenses reported in the statement of comprehensive income	<u>(757,340)</u>	<u>(508,999)</u>	<u>(539,812)</u>	<u>(393,209)</u>

The tax rates enacted at the end of the reporting period of the Group is 0% to 25% (2019: 0% to 25%).

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	<u>financial statements</u>	<u>2020</u>	<u>financial statement</u>	<u>2019</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	45,953	38,530	60,342	55,385
Reduction of cost of inventories to net realisable value	212	2,223	100	1,176
Fair value of commodity forward contracts	135,789	155,568	135,789	155,568
Allowance for asset impairment	65,099	51,519	17,614	17,614
Provision for long-term employee benefits	34,377	35,347	22,823	23,836
Effect on elimination of intercompany transaction	52,337	12,437	-	-
Unutilised tax loss and capital allowance	32,924	15,205	12,632	14,444
Others	4,624	3,324	161	472
<b>Total</b>	<b>371,315</b>	<b>314,153</b>	<b>249,461</b>	<b>268,495</b>
<b>Deferred tax liabilities</b>				
Difference depreciation for tax purpose	(89,226)	(25,968)	(24,728)	(22,657)
Fair value of commodity forward contracts	(51,380)	(72,419)	(51,380)	(72,419)
Fair value of forward exchange contracts	(586)	(668)	(586)	(668)
Fair value adjustment of assets from business combination	(21,851)	(25,786)	-	-
<b>Total</b>	<b>(163,043)</b>	<b>(124,841)</b>	<b>(76,694)</b>	<b>(95,744)</b>
<b>Deferred tax assets - net</b>	<b>208,272</b>	<b>189,312</b>	<b>172,767</b>	<b>172,751</b>

As at 31 December 2020 and 2019, the overseas subsidiaries had deductible temporary differences and unused tax losses on which deferred tax assets have not been recognised as these subsidiaries believed that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses, as follows:

	<u>2020</u>	<u>2019</u>
	(Million)	(Million)
US Dollar	-	5
Malaysian Ringgit	101	111
Renminbi	33	33

In addition, Kemaman Bitumen Company Sdn Bhd and Reta Link Pte. Ltd. were granted tax privilege for a corporate income tax reduction from the stipulated investment amount.

## **26. Promotional privileges**

The subsidiaries were granted investment promotional privileges by the Board of Investment for mass transit systems and transportation of bulk goods. Important tax privileges is exemption of corporate income tax not exceeding of the stipulated amount for 8 years commencing from the following dates.

<u>Alpha Maritime Company Limited</u>	<u>Bitumen Marine Company Limited</u>	<u>Tasco Shipping Company Limited</u>
9 October 2014	29 October 2015	11 January 2013

## **27. Tax privileges for maritime commerce**

The subsidiaries in Thailand which are engaged in marine transportation business, are entitled to withholding income tax privileges under the Revenue Department Instruction No. Por 110/2545 since they are international marine transportation business operators, whereby income from vessel rental is subject to withholding tax at a rate of 1%. Moreover, the subsidiaries are exempted from corporate income tax on their income from international marine transportation under Announcement of the Director-General of the Revenue Department No. 72.

## **28. Earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued without consideration of exercising period.

The following tables set forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
	Weighted average number					
	Profit for the year		of ordinary shares		Earnings per share	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	3,591,824	3,123,280	1,577,909	1,575,909	2.28	1.98
<b>Effect of dilutive potential</b>						
<b>ordinary shares</b>						
ESOP-W5	-	-	-	-	1,368	
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3,591,824</u>	<u>3,123,280</u>	<u>1,577,909</u>	<u>1,577,277</u>	2.28	1.98
Separate financial statements						
	Weighted average number					
	Profit for the year		of ordinary shares		Earnings per share	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	2,486,062	2,483,605	1,577,909	1,575,909	1.58	1.58
<b>Effect of dilutive potential</b>						
<b>ordinary shares</b>						
ESOP-W5	-	-	-	-	1,368	
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>2,486,062</u>	<u>2,483,605</u>	<u>1,577,909</u>	<u>1,577,277</u>	1.58	1.57

## 29. Segment information

The Group is engaged in single operating segment which is manufacturing and trading of asphalt and petroleum oil products. Whereas, the marine logistic business complements the manufacturing and trading of asphalt and petroleum oil products. The Board of Directors of the Group is the chief operating decision makers of the Group. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment. Therefore, financial information by segment has been presented only by geographical based on locations of each company, as follows:

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	Revenue from external customers	20,033	29,044	6,122	7,849	-	-	26,155
Intersegment revenues	4,409	6,437	2,789	1,790	(7,198)	(8,227)	-	-
Total revenue	24,442	35,481	8,911	9,639	(7,198)	(8,227)	26,155	36,893
Segment operating profit (loss)	2,674	2,540	1,114	608	(196)	(25)	3,592	3,123

Non-current assets (other than deferred tax assets-net)

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2020	2019	2020	2019	2020	2019
	Non-current assets	3,267	3,264	6,745	6,646	10,012

Transfer prices between the segments are as set out in Note 8 to the consolidate financial statements.

### 30. Dividend

		Dividend	
Dividends	Approved by	Total dividends	per share
		(Million Baht)	(Baht per share)
Final dividends for 2018	Annual General Meeting of the shareholders on 5 April 2019	472.4	0.3
Interim dividends for 2019	Board of Directors' Meeting on 13 August 2019	630.5	0.4
Total for 2019		<u>1,102.9</u>	<u>0.7</u>
Final dividends for 2019	Annual General Meeting of the shareholders on 7 April 2020	1,734.7	1.1
Interim dividends for 2020	Board of Directors' Meeting on 17 August 2020	473.5	0.3
Total for 2020		<u>2,208.2</u>	<u>1.4</u>

### 31. Commitments and contingent liabilities

#### 31.1 Capital commitment

As at 31 December 2020 and 2019, the Group had outstanding capital commitments relating to the purchase of machinery, equipment and construction of building, as follows:

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)
Baht	23	55	15	39
Malaysian Ringgit	26	48	-	-
Vietnam Dong	5,755	12,251	-	-

### **31.2 Long-term service commitments**

The Group has entered into service agreements. The terms of the agreements are generally between 1 and 5 years.

Future minimum service fees payable under these agreements as at 31 December 2020 were as follows:

	(Unit: Million Baht)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Within 1 year	53	48
2 to 5 years	24	21
Total	<u>77</u>	<u>69</u>

### **31.3 Long-term service agreement**

The Company has entered into a service agreement with Colas S.A. under which it receives management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt. Under this agreement, the Company agrees to pay an annual lump sum administrative fee of Euro 145,000 plus a technical assistance fee equivalent to 0.75 percent of the consolidated revenues of the Group generated from the stipulated products. The fees for the years ended 31 December 2020 and 2019 amounted to approximately Baht 42 million and Baht 39 million, respectively.

### **31.4 Bank guarantees**

As at 31 December 2020 and 2019, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business which are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)
Baht	3	3	2	2
Malaysian Ringgit	10	9	-	-
US Dollar	1	12	1	12

### 31.5 Tax assessment

An oversea subsidiary, of which investment cost is Baht 3 million, has been assessed by the authority on corporate income tax, withholding tax and value added tax by approximately USD 18 million (equivalent to Baht 593 million), covering the years 2008 - 2012 and 2014. The management has appointed an independence tax advisor to appeal the assessments and the independence tax advisor is of an opinion that the case is defensible. The Group's management believes that there will not be any significant loss resulting from the assessment in excess of the investment cost.

## 32. Financial instruments

### 32.1 Derivatives and hedge accounting

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Derivative assets</b>				
Not designated as hedging instruments				
Commodity forward contracts	144,233	164,838	144,233	164,838
Forward exchange contracts	2,929	3,338	2,929	3,338
Designated as hedging instruments				
Commodity forward contracts	-	220	-	220
<b>Total derivative assets</b>	<b>147,162</b>	<b>168,396</b>	<b>147,162</b>	<b>168,396</b>
<b>Derivative liabilities</b>				
Not designated as hedging instruments				
Commodity forward contracts	452,564	386,815	452,564	386,815
Forward exchange contracts	1,253	7,756	804	2,361
Designated as hedging instruments				
Commodity forward contracts	113,717	193,985	113,717	193,985
<b>Total derivative liabilities</b>	<b>567,534</b>	<b>588,556</b>	<b>567,085</b>	<b>583,161</b>

All derivatives were measured at fair value in level 2.

#### Derivatives not designated as hedging instruments

The Group entered into commodity forward contract and forward exchange contracts to manage against fluctuations in commodity prices and foreign exchange rates, respectively.

## Derivatives designated as hedging instruments

### Cash flow hedges on commodity prices

The Group sells petroleum products produced from refining of crude oil and bitumen derived from crude oil distillation. The Group entered into commodity forward contracts to hedge against risks of petroleum price volatility in products expected to be sold in the future under risk management strategies established by the Group's Commodity Hedging Committee.

There is an economic relationship between the hedging instruments and the hedged items as the significant terms of the commodity forward contracts, i.e. notional amount and expected payment date, match those of the forecast sales (the expected highly probable forecast transactions). The Group has established a hedge ratio of 0.97:1 for the hedging relationships.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of hedged items and hedging instruments
- Differences in commodity indexes of hedged items and hedging instruments
- Changes to the forecasted amount of cash flows of hedged items or hedging instruments

Derivatives held by the Group as hedging instruments as at 31 December 2020 are to mature within one year and carries an average hedge rate of USD 47.9 per barrels.

The impact of hedged items on the statement of financial position as at 31 December 2020 is, as follows:

(Unit: Thousand Baht)

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	
		Continuing hedges	Discontinued hedges
Petroleum sales	116,249	112,665	3,584

The impact of the hedging instruments on the statement of financial position as at 31 December 2020 and the effect of the cash flow hedge in the statement of comprehensive income for the year ended 31 December 2020 are, as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements						
		Effectiveness		Amount of cash flow hedge reserve		
		Changes in fair value used for measuring	loss recognised in other	Ineffectiveness	recognised in profit or loss	reclassified to profit or loss
Notional amounts	Carrying amount	comprehensive ineffective	income	income	in profit or loss	in profit or loss
Commodity forward contracts - hedge the risk arising from petroleum products sales	584,121	(113,717)	(112,665)	(112,665)	-	(257,707)
					Deduct sales and service income	

## 32.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, trade and other payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

### Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

### *Trade receivables*

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks.

### *Financial instruments and cash deposits*

The credit risk on debt instruments and derivatives is limited because the Group have a policy to consider and approve credit limits assigned to each counterparty by the Group's Board of Directors. The counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### Market risk

There are three types of market risk comprising interest rate risk, currency risk and commodity price risk. The Group enters into a variety of derivatives to manage its risk exposure, including:

- Commodity forward contracts to hedge the commodity price risk arising on sales of products
- Forward exchange contracts to hedge the foreign currency risk arising on the export or import of goods

## Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities of the Group denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2020</u> (Million)	<u>2019</u> (Million)	<u>2020</u> (Million)	<u>2019</u> (Million)	<u>2020</u> (Baht per 1 foreign currency unit)	<u>2019</u>
US Dollar	33	76	64	163	30.0	30.2
Euro	-	-	1	1	36.9	33.7
Yen	-	-	7	7	0.3	0.3
Ringgit	15	8	23	23	7.4	7.3

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2020</u> (Million)	<u>2019</u> (Million)	<u>2020</u> (Million)	<u>2019</u> (Million)	<u>2020</u> (Baht per 1 foreign currency unit)	<u>2019</u>
US Dollar	86	151	88	185	30.0	30.2
Euro	-	-	1	1	36.9	33.7
Renminbi	50	50	-	-	4.6	4.3
Ringgit	-	-	7	5	7.4	7.3
Indonesia Rupiah	-	-	-	26	0.0021	0.0022

The Group outstanding forward exchange contracts which maturity date within one year are summarised below.

As at 31 December 2020

Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements		Sold	Bought
	Sold	Bought	Sold	Bought	(Per 1 foreign currency unit)	
amount	(Million)	amount	amount	(Million)	(Million)	
US Dollar	39	3	39	3	29.9 - 30.4 Baht	30.1 - 30.4 Baht
US Dollar	-	5	-	-	-	23,138 - 23,215
						Vietnam Dong
US Dollar	-	6	-	-	-	14,200 - 14,853
						Indonesia Rupiah

As at 31 December 2019

Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements		Sold	Bought
	Sold	Bought	Sold	Bought	(Per 1 foreign currency unit)	
amount	(Million)	amount	amount	(Million)	(Million)	
US Dollar	90	11	90	10	30.0 - 30.3 Baht	30.1 - 30.4 Baht
US Dollar	-	12	-	-	-	23,200 - 23,230
						Vietnam Dong
US Dollar	-	9	-	-	-	14,012 - 14,226
						Indonesia Rupiah
US Dollar	-	4	-	-	-	4.1 - 4.2 Ringgit

In addition, the Group exposed to foreign exchange risk on their investments in overseas subsidiaries, joint ventures and associates, loans to overseas subsidiaries and loan from financial institution. These investments and loans are currently not hedged by derivative financial instruments.

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Change in FX rate	Effect on profit before tax
		(Thousand Baht)
US dollar	+1%	(17,694)
	-1%	17,694

### ***Interest rate risk***

The Group exposure to interest rate risk relates primarily to its cash at banks, short-term loan to related party, long-term loans to related parties, short-term loans from financial institutions, short-term loan from related party, long-term loans from financial institutions, and long-term loan from related party. However, since most of the Group's financial assets and liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on loans from financial institutions affected as at 31 December 2020.

	Increase/decrease	Effect on profit before tax
		(Thousand Baht)
Interest rate	+1%	(1,260)
	-1%	1,260

### ***Commodity price risk***

The Group is exposed to risk from fluctuations in the price of raw materials and finished goods. To manage these risks, the Group has entered into commodity forward contracts to hedge the risk from fluctuation in such prices.

The Group's Commodity Hedging Committee has developed and enacted a risk management strategy for commodity price risk and its mitigation. Based on a 12-month forecast sales, the Group hedges the selling price using commodity forward contracts. The forward contracts do not result in physical delivery of commodity products, but hedge the risk from fluctuation in commodity prices to offset the effect of price changes in commodity.

Forward contracts with a physical delivery that qualify for normal purchase, sale or usage are therefore not recognised as derivatives.

#### *Commodity price sensitivity*

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in commodity price, with all other variables held constant.

	Effect on		
	Increase/decrease	profit before tax	Effect on equity
		(Thousand Baht)	(Thousand Baht)
Crude price	+1%	(6,068)	-
	-1%	6,068	-
Petroleum price	+1%	(14,646)	(6,978)
	-1%	14,646	6,978

#### *Liquidity risk*

The Group implements liquidity risk management procedures through the use of loans from financial institutions and leases. The Group assesses the risk relating to its ability to repay as low since the Group has access to sufficient and varied sources of funding and ability to request an extension to the repayment period for debts due within 12 months.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

	Consolidated financial statements			
	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from financial institutions	1,660,539	-	-	1,660,539
Trade and other payables	3,031,598	-	-	3,031,598
Lease liabilities	65,792	139,348	106,677	311,817
Long-term loan from financial institutions	37,641	-	-	37,641
Long-term loan from related party	-	-	6,789	6,789
<b>Total non-derivatives</b>	<b>4,795,570</b>	<b>139,348</b>	<b>113,466</b>	<b>5,048,384</b>
<b>Derivatives</b>				
Derivative liabilities - commodity forward contracts	562,560	3,722	-	566,282

(Unit: Thousand Baht)

	Separate financial statements			
	Less than 1 year		1 to 5 years	
			> 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from financial institutions	1,460,449	-	-	1,460,449
Trade and other payables	4,835,908	-	-	4,835,908
Lease liabilities	29,721	75,236	32,981	137,938
<b>Total non-derivatives</b>	<b>6,326,078</b>	<b>75,236</b>	<b>32,981</b>	<b>6,434,295</b>
<b>Derivatives</b>				
Derivative liabilities - commodity forward contracts	562,560	3,722	-	566,282

### 32.3 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

### 33. Capital management

The primary objective of the capital management of the Group is to ensure that they have an appropriate financial structure and preserve the ability to continue their business as a going concern.

The Group manages its capital position with reference to financial ratio. As at 31 December 2020 and 2019, these financial ratios were as follow:

Financial Ratio	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest Bearing Short-term Debt-to-Equity Ratio	0.105 : 1	0.298 : 1	0.122 : 1	0.336 : 1
Interest Bearing Long-term Debt-to-Equity Ratio	-	0.003 : 1	-	-

#### **34. Insurance claim - net of damages and expenses from a fire at a subsidiary**

During the current year, the subsidiary had incurred additional operating expenses for crude storage, logistic handling and other related expenses of USD 2 million or Baht 64 million. These expenses were presented as expenses from a fire incident until the date when damaged crude oil tanks were recommissioned for operation in the second quarter this year.

In addition in 2020, the subsidiary received and recorded the third partial payment pursuant to its insurance claim of MYR 24 million or approximately Baht 174 million.

Currently, the Group's management is in the final process of negotiating insurance claim with the insurance company.

#### **35. Events after the reporting period**

On 14 January 2021, the Board of Directors' Meeting of the Company passed the following significant resolutions:

- 1) Approved a payment of interim dividend for the year 2020 of Baht 0.3 per share, a total of Baht 474 million. The Company paid the dividend on 9 February 2021.
- 2) Approved the Company's increase of its shareholding in Thai Slurry Seal Co., Ltd. from the current shareholding of 1,243,334 shares with the par value of Baht 100 per share, equivalent to 25 percent of total issued and paid-up shares, to 3,108,334 shares with the par value of Baht 100 per share, equivalent to 62.5 percent of total issued and paid-up shares, through the acquisition of 1,865,000 ordinary shares with the par value of Baht 100 per share, equivalent to 37.5 percent of the total issued and paid-up shares.

#### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 11 February 2021.

# COMPANY INFORMATION

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TIPCO ASPHALT PUBLIC COMPANY LIMITED

# COMPANY INFORMATION

## HEAD OFFICE

Address Tipco Tower 1, 118/1 Rama 6 Road, Phayathai,  
Phayathai District, Bangkok 10400, Thailand.  
Tel. +66 2273 6000  
Fax. +66 2271 3363  
Email info@tipcoasphalt.com  
Website: www.tipcoasphalt.com

## PRODUCTION FACILITIES

Domestic production facilities of the Tipco Asphalt Group are as follows:

### NAKHON RATCHASIMA

Address 259 Moo 8 Soi Ard. 12032, Mittrapap Road, Naklang, Soongnern,  
Nakhon Ratchasima 30380, Thailand.  
Tel. +66 4433 5495-9, +66 2273 6000 Ext. 3  
Fax. +66 4433 5499, +66 4433 5050

### PHITSANULOK

Address: 271 Moo 15 Phitsanulok-Bangrakam Road, Baan Wang Kum,  
Bangrakam, Bangrakam district, Phitsanulok 65140, Thailand.  
Tel. +66 5537 1581-3, +66 5537 1461-2, +66 2273 6000 Ext. 5  
Fax. +66 5537 1461-2 Ext. 6360

### PHRAPRADAENG

Address: 61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130,  
Thailand.  
Tel. +66 2463 0169-70, +66 2817 5111-14, +66 2273 6000 Ext. 6  
Fax. +66 2817 5117

### SURATTHANI

(subsidiary)  
Address: 123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District,  
Suratthani 84000, Thailand.  
Tel. +66 7795 3030, +66 2273 6000 Ext. 7  
Fax. +66 7795 3030 ៩៦ ៧៩៩

## **RAYONG**

(subsidiary)

Address	93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180, Thailand.
Tel.	+66 3889 3641-5, +66 2273 6000 Ext. 2
Fax.	+66 3889 3640

## **ASPHALT TERMINALS**

The Company operates domestic asphalt terminals and depots at the following locations:

### **PHRAPRADAENG**

Address:	61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130, Thailand.
Tel.	+66 2463 0169-70, +66 2817 5111-14, +66 2273 6000 Ext. 6
Fax.	+66 2817 5117

### **SURATTHANI**

(subsidiary)

Address	123 Moo 3, Suratthani - Kanchanadit Road, Bangkung, Muang District, Suratthani 84000, Thailand.
Tel.	+66 7795 3030, +66 2273 6000 Ext. 7
Fax.	+66 7792 2575

## **SUBSIDIARIES COMPANIES**

### **SUBSIDIARIES IN THAILAND**

#### **THAI BITUMEN CO., LTD.**

Nature of business	Producer and distributor of asphalt product
Address	123 Moo 3, Suratthani - Kanchanadit Road, Bangkung, Muang District, Suratthani 84000, Thailand.
Tel.	+66 7795 3030, +66 2273 6000 Ext. 7
Fax.	+66 7795 3030 Ext. 799
Ordinary shares	3,750,000
Registered capital	Baht 375 million
Percentage holding	99.99%

### **RAYCOL ASPHALT CO., LTD.**

Nature of business	Producer and distributor of asphalt products
Address	93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180, Thailand.
Tel.	+66 3889 3641-5, +66 2273 6000 Ext. 2
Fax.	+66 3889 3640
Ordinary shares	11,100,000
Registered capital	Baht 111 million
Percentage holding	99.99%

### **BITUMEN MARINE CO., LTD.**

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	1,500,000
Registered capital	Baht 150 million
Percentage holding	99.99%

### **DELTA SHIPPING CO., LTD.**

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	800,000
Registered capital	Baht 80 million
Percentage holding	99.99%

### **ALPHA MARITIME CO., LTD.**

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	1,430,000
Registered capital	Baht 143 million
Percentage holding	99.99 %

### **TIPCO MARITIME CO., LTD.**

Nature of business	Ship management and agency
Address	118/1 Rama 6 Road, Phayathai, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	20,000
Registered capital	Baht 2 million
Percentage holding	99.99 %

### **TASCO SHIPPING CO., LTD.**

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	2,900,000
Registered capital	Baht 290 million
Percentage holding	99.99 %

## **FOREIGN SUBSIDIARIES**

### **KEMAMAN BITUMEN COMPANY SDN. BHD.**

Nature of business	Producer, refiner, supplier and distributor of asphalt and oil products in Malaysia
Address	Unit No. 50-8-1, 8 <sup>th</sup> Floor, Wisma UOA Damansara, 50, Jalan Dungun, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Tel.	+603 5561 8500
Fax.	+603 5561 8539
Email:	info@kbc.com.my
Website:	www.kbc.com.my
Refinery address	Plot PT 7195, Telok Kalong Industrial Area, 24000 Kemaman, Terengganu, Malaysia
Ordinary shares	316,111,823 (263,311,823 Class A of RM 1.00 each & 52,800,000 Class B of RM 0.80 each)
Registered capital	Ringgit Malaysia 500 million
Paid up capital	Ringgit Malaysia 305.5 million
Percentage holding	100%

### **KEMAMAN OIL CORPORATION SDN. BHD.**

Nature of business	Investment holding company, manufacturer of asphalt-related products and distributor of asphalt and oil products in Malaysia
Address	Unit No. 50-8-1, 8 <sup>th</sup> Floor, Wisma UOA Damansara, 50, Jalan Dungun, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Tel.	+603 5561 8500
Fax.	+603 5561 8539
Ordinary shares	151,964,513
Registered capital	Ringgit Malaysia 255.7 million
Paid up capital	Ringgit Malaysia 151.9 million
Percentage holding	100%

### **HIGHWAY RESOURCES TRADING PTE LTD.**

Nature of Business	Trading of Crude Oil, Petroleum and related products
Address	9 Straits View #12-07/12 Marina One West Tower, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Ordinary shares	48,800
Registered capital	USD 48,800
Total capital issued	USD 48,800
Percentage holding	100% held by Highway Resources Pte. Ltd.

### **TASCO INTERNATIONAL (HONG KONG) LTD.**

Nature of business	Holding company for investments in China
Address	Room 1103-12, 11 <sup>th</sup> Floor, Nan Fung Tower, 88 Connaught Road Central, Hong Kong.
Registered capital	Hong Kong Dollars 97.966 million
Percentage holding	100 %

### **ZHENJIANG TIPCO ASPHALT CO., LTD.**

Nature of Business	Producer and distributor of asphalt products
Address	10 Dongfang Dagang, Zhenjiang, Jiangsu, China
Registered capital	RMB 20 million
Percentage holding	51% held by TASCO International (Hong Kong) Ltd.

### **LANGFANG TONGTAI ROAD MATERIAL CO., LTD.**

Nature of Business	Producer and distributor of asphalt products
Address	No.56, Quanxing Road, Langfang Economic Technology evelopment Zone, Hebei Province, P.R.China 065001
Registered capital	USD 2.1 million
Percentage holding	51% held by TASCO International (Hong Kong) Ltd.

### **TIPCO ASPHALT (XINHUI) CO., LTD.**

Nature of Business	Producer and distributor of asphalt products
Address	23-11, Central Zone, Jinguzhou Economic Development Experimental Zone, Xinhui, Guangdong, P.R.China 529100
Registered capital	RMB 30 million
Percentage holding	100% held by TASCO International (Hong Kong) Ltd.

### **GUANGZHOU TIPCO ASPHALT TRADING CO., LTD.**

Nature of business	Principally engaged in the trading asphalt products and asphalt future trading in Shanghai Bitumen Exchange
Address:	Room 1003, 1004, No. 334 Huansi East Road, Yuexiu District, Guangzhou 510006 China
Registered capital	RMB 6,000,000
Percentage holding	100% held by TASCO International (Hong Kong) Ltd.

### **TIPCO ASPHALT (CAMBODIA) CO., LTD.**

Nature of business	Importer, storer, manufacturer, distributor of asphalt-related products
Address	No.51, St. 350, Sangkat Boeung Keng Kang III, Khan Chamkamon, Phnom Penh, Cambodia
Tel.	+855 2399 7991
Fax.	+855 2399 7992
Email:	info@tipcoasphalt.com.kh
Registered capital	20 Million Riel
Percentage holding	100 %

### **TIPCO ASPHALT LAO CO., LTD.**

Nature of business	Producer and distributor of asphalt products
Address	Xoknoy Village, Saysettha District, VIENTIANE, LAO PDR
Tel.	+856 21 262872-3
Fax.	+856 21 452698
Ordinary shares	2,500,000
Registered capital	LAK 26,675,000,000
Percentage holding	75%

### **PT ASPHALT BANGUN SARANA**

Nature of business	Importer, storer, manufacturer, distributor of asphalt and asphalt-related products
Address	Head Office Gedung Graha Pratama, 19 <sup>th</sup> Floor, Jl. MT. Haryono Kav. 15, Jakarta 12810, Indonesia
Tel.	+62 2 1837 09516
Fax.	+62 2 1837 09517
Email:	absjakarta@pt-abs.co.id
Website:	www.pt-abs.co.id
Registered capital	IDR 58,450,080,000
Percentage holding	99.99%

### **PT SARANARAYA REKA CIPTA**

Nature of business	Importer, manufacturer, distributor of asphalt and asphalt-related products
Address	Head Office Gedung Graha Pratama, 19 <sup>th</sup> Floor, Jl. MT. Haryono Kav. 15, Jakarta 12810, Indonesia
Tel.	+62 2 1837 09516
Fax.	+62 2 1837 09517
Registered capital	IDR 10,476,600,000
Percentage holding	99.91% held by PT Asphalt Bangun Sarana

### **HIGHWAY RESOURCE PTE. LTD.**

Nature of business	Holding Company for investments in Singapore and Vietnam
Address	9 Straits View #12-07/12 Marina One West Tower, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Registered capital	SGD 4,780,000
Percentage holding	100 %

### **ASPHALT DISTRIBUTION CO., LTD.**

Nature of business	Importer, manufacturer, distributor of asphalt and asphalt-related products
Address	12 <sup>th</sup> floor, Center building, No. 1 Nguyen Huy Tuong, Thanh Xuan Trung ward, Thanh Xuan district, Hanoi city
Tel.	+84 243 934 1048
Fax.	+84 243 934 9811
Registered capital	VND 135,361,887,000
Percentage holding	100% held by Highway Resource Pte. Ltd.

### **AD SHIPPING PTE. LTD.**

Nature of business	Ship owner and chartering services
Address	9 Straits View #12-07/12 Marina One West Tower, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Registered capital	SGD 7,125,000
Percentage holding	100%

### **RETA LINK PTE. LTD.**

Nature of business	Ship Owner, Shipping agent, Forwarding services
Address	No. 9 Straits View, Marina One West Tower #12-07/12, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Registered capital	SGD 50,000
Percentage holding	100%

### **PACIFIC BITUMEN SHIPPING PTE. LTD.**

Nature of business	To own & operate ship and conduct related shipping activities,
Address	No. 9 Straits View, Marina One West Tower #12-07/12, Singapore 018937
Registered capital	USD 39,500
Percentage holding	100%

### **KBC TRADING SDN. BHD.**

Nature of Business	Supplier and distributor of asphalt products
Address	A-06-3A, Empire Tower, Empire Subang, Jalan SS16/1, SS16, 47500 Subang Jaya, Selangor, Malaysia
Tel.	+603 5635 0998
Fax.	+603 5635 0993
Ordinary shares	300,000
Registered capital	Ringgit Malaysia 300,000
Percentage holding	20% held by Kemaman Oil Corporation Sdn. Bhd. and 10% held by Tipco Asphalt Public Company Limited

### **JOINT VENTURE COMPANIES**

#### **ASIA BITUMEN TRADING PTE. LTD.**

Nature of Business	Trader of asphalt products
Address	9 Straits View, #12-07/12, Marina One West Tower, Singapore 018937
Tel	+65 6249 5930
Fax	+65 6235 0637
Email	info@asiabitumen.com.sg
Website	www.asiabitumen.com.sg
Ordinary shares	10,000
Registered capital	SGD 10,000
Percentage holding	50% held by TASCO International (Hong Kong) Ltd.

#### **BORNEO ASPHALT SDN. BHD.**

Nature of business	Manufacturer and distributor of asphalt and asphalt-related products in East Malaysia
Address	Lot 7689-7690, Section 64, KTLD Jalan Pending, 93450 Kuching, Sarawak, Malaysia
Tel.	082482927
Fax.	082483922
Email:	rojini@senarisynergygp.com
Ordinary shares	6,000,000
Registered capital	Ringgit Malaysia 6,000,000
Paid up capital	Ringgit Malaysia 6,000,000
Percentage holding	50 % by Kemaman Bitumen Company Sdn. Bhd.

### **KBC TRADING SDN. BHD.**

Nature of Business	Supplier and distributor of asphalt products
Address	A-06-3A, Empire Tower, Empire Subang, Jalan SS16/1, SS16, 47500 Subang Jaya, Selangor, Malaysia
Tel.	+603 5635 0998
Fax.	+603 5635 0993
Ordinary shares	300,000
Registered capital	Ringgit Malaysia 300,000
Percentage holding	20% held by Kemaman Oil Corporation Sdn. Bhd. and 10% held by Tipco Asphalt Public Company Limited

### **JOINT VENTURE COMPANIES**

#### **ASIA BITUMEN TRADING PTE. LTD.**

Nature of Business	Trader of asphalt products
Address	9 Straits View, #12-07/12, Marina One West Tower, Singapore 018937
Tel	+65 6249 5930
Fax	+65 6235 0637
Email	info@asiabitumen.com.sg
Website	www.asiabitumen.com.sg
Ordinary shares	10,000
Registered capital	SGD 10,000
Percentage holding	50% held by TASCO International (Hong Kong) Ltd.

#### **BORNEO ASPHALT SDN. BHD.**

Nature of business	Manufacturer and distributor of asphalt and asphalt-related products in East Malaysia
Address	Lot 7689-7690, Section 64, KTLD Jalan Pending, 93450 Kuching, Sarawak, Malaysia
Tel.	082482927
Fax.	082483922
Email:	rojini@senarisynergygp.com
Ordinary shares	6,000,000
Registered capital	Ringgit Malaysia 6,000,000
Paid up capital	Ringgit Malaysia 6,000,000
Percentage holding	50 % by Kemaman Bitumen Company Sdn. Bhd.

## PHOENIX ASPHALT PHILIPPINES, INC.

Nature of business	Importer and manufacturer of asphalt and asphalt-related products
Address	17 <sup>th</sup> Floor, UDENNA Towers, Corner Rizal Drive and 4 <sup>th</sup> Avenue, Bonifacio South District, Fort Bonifacio Global City, Taguig, Metro Manila Philippines
Tel.	+632 403 4013
Fax.	+632 403 4021
Registered capital	PHP 275,000,000
Percentage holding	40 %

## ASSOCIATED COMPANIES

### COLASIE CO., LTD.

Nature of business	Holding company for investment in Asphalt Emulsion and Polymer Modified Asphalt plants in India
Address	7, Place Rene Clair F-92653 Boulogne - Billancourt France Cedex
Registered capital	Euro 1 million
Percentage holding	40%

### THAI SLURRY SEAL CO., LTD.

Nature of business	Road construction and maintenance service
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand
Tel.	+66 3527 2609
Fax.	+66 2273 6030
Ordinary share	4,973,334
Registered capital	Baht 497,333,400
Percentage holding	25.00%

### THANOMWONGSE SERVICE CO., LTD.

Nature of business	Road construction and maintenance service
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand
Tel.	+66 2273 6000
Fax.	+66 2271 1771
Website:	<a href="http://www.tipco.co.th">www.tipco.co.th</a>
Ordinary shares	2,500,000
Registered capital	Baht 2,500 million
Percentage holding	99.99% held by Thai Slurry Seal Co., Ltd.

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**PT SARANA DISTRIBUSI ASPAL NUSANTARA**

Nature of business	Barge Rental Services
Address	Head Office Gedung Graha Pratama, 19 <sup>th</sup> Floor, Jl. Mt. Haryono Kav. 15, Jakarta 12810, Indonesia
Tel.	+62 2 1837 09516
Fax.	+62 2 1837 09517
Registered capital	IDR 1,000,000,000
Percentage holding	51% held by PT Mitra Nusantara Investama, 49% held by PT Asphalt Bangun Sarana

## OTHER IMPORTANT INFORMATION

### Stock

Stock Code	TASCO (Listed on the Stock Exchange of Thailand - SET)
Registration No	0107535000044
Registered Capital	1,579,883,570 Baht
Paid Up Capital	1,578,361,570 Baht
Ordinary Shares	1,578,361,570
Website	<a href="http://www.tipcoasphalt.com">www.tipcoasphalt.com</a>
Registrar of Shares	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400,
Tel.	+66 2009 9388
Fax.	+66 2009 9476
Auditor	EY Office Limited, Thailand Ms. Krongkaew Limkittikul Certified Public Accountant Registration No. 5874 and/or Mr. Natthawut Santipet, Certified Public Accountant Registration No. 5730 and/or Ms. Siraporn Ouaanunkun Certified Public Accountant Registration No. 3844
Address	33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Tel.	+66 2264 0777, +66 2661 9190
Fax.	+66 2264 0789-90, +66 2661 9192
Consultant or Contract Manager	None

(form 56-1) displaying at [www.sec.or.th](http://www.sec.or.th) or the Company's website: [www.tipcoasphalt.com](http://www.tipcoasphalt.com)







**Tipco Asphalt Public Company Limited**

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Phayathai Sub-District, Phayathai District, Bangkok.

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**Email :** info@tipcoasphalt.com

**www.tipcoasphalt.com**