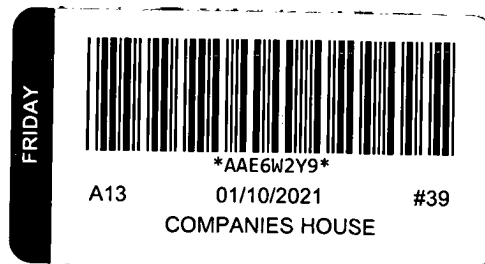


Company No. 3884970

CHEVRON TANKERS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**



CHEVRON TANKERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for Chevron Tankers Limited ("the Company") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company's principal activity is to charter vessels to transport crude oil, refined petroleum products and other bulk cargoes to service the crude demands of Chevron's operations in the US west coast, US Gulf and Mediterranean Sea.

The Company's chartering activities are coordinated through offices in London, Houston and San Ramon.

REVIEW OF BUSINESS

The Company's loss before taxation for the financial year was \$2,305,000 (2019: \$3,702,000), a decrease of \$1,397,000 from the prior year. The decrease in loss before taxation was largely driven by a reduction in administrative expenses together with increase in gross profit margin due to increase in address commission during the year. The year-on-year gross profit decreased by \$375,000 (2019: profit decreased by \$989,000).

No dividend is proposed for the year (2019: nil). The loss for the financial year ended 31 December 2020 was \$2,368,000 (2019: loss of \$3,702,000). The net assets of the Company are \$9,958,000 (2019: \$12,326,000).

IMPACT OF THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of COVID-19 and decreases in commodity prices resulting from oversupply, government-imposed travel restrictions and other constraints on economic activity have caused a significant decrease in the demand for our products and has created disruptions and volatility in the global marketplace beginning later in first quarter 2020, which negatively affected our results of operations and cash flows throughout 2020. While demand and commodity prices have shown signs of recovery, demand is not back to pre-pandemic levels, and financial results may continue to be challenged. There continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will impact our results, which could be material.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risk and uncertainty affecting the management of the business and the execution of the company strategy are vessel safety issues. A range of stringent controls monitored by experienced marine assurance personnel are in place to ensure all chartered ships conform to the highest safety standards.

KEY PERFORMANCE INDICATORS:

The directors consider having safe operations and the operating loss to be the key performance indicators for this Company. During 2020 operations there were no significant safety incidents in the company. Year on year operating loss decreased by \$1,354,000 (2019: loss decreased by \$511,000) mainly due to increase in gross profit which is a result of an increase in address commission. Personnel and administrative costs decreased by \$1,729,000 (2019: a decrease of \$1,500,000) mainly due to lower costs allocation from other Chevron Shipping companies compared to prior year. Allocated costs decreased due to decrease in number of voyages compared to prior year.

CHEVRON TANKERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

SECTION 172 STATEMENT:

The Companies (Miscellaneous Reporting) Regulations 2018 (2018 MRR) require the Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) of the Companies Act 2006 ("S172") when performing their duty to promote the success of the Company under S172. This section of the strategic report comprises the Directors 172 Statement and statement on engagement with suppliers, customers and others.

As a wholly owned subsidiary of the Chevron Corporation, the Directors ensure that decisions are beneficial to all of the Company's stakeholders as well as having regard to the long-term sustainable success of the Chevron Group as a whole. The strategic aims of the Company are derived from those of the Chevron Group, which can be found in the Chevron Corporation 2020 Annual Report at <https://www.chevron.com/annual-report>.

The Chevron Group internally organises its activities principally along business and function lines and transacts its business through legal entities. This organisation structure is designed to achieve Chevron's overall business objectives, whilst respecting the separate legal identity of the individual Chevron companies through which it is implemented and the independence of each Board of Directors.

The Board of Directors of the Company hold positions across key functions of the Company or are in positions that support those functions of the Company. When appointed to the Board, each Director is briefed on their role and responsibilities by the Company Secretary and is provided with training and support to help them fulfil their responsibilities.

The Company's ultimate parent, Chevron Corporation, has developed and implemented a number of policies and principles which the Company has reviewed and adopted. "The Chevron Way" details the guiding principles which all employees must follow, and these principles include diversity and inclusion, high performance, integrity and trust, protecting people and the environment and partnership. Our Business Conduct & Ethics Code (BCEC) is built on Chevron's core values and highlights the principles that guide our business conduct and how our policies are designed to support full compliance with applicable laws.
Chevron's BCEC:

<https://www.chevron.com/-/media/shared-media/documents/chevronbusinessconductethicscode.pdf>.

Prior to Company matters being brought to the Board of Directors for consideration, significant levels of internal engagement are undertaken with the broader business. Dependent on the project or activity, Board members or representatives of the Company may have participated in this engagement through their relevant business area and this therefore helps inform the relevant board decisions.

Principal decisions

During 2020, the directors did not make any decisions that were of a significant or a strategic nature per the Section 172 factors.

Employees

The Company does not have any direct employees. Employees are engaged through affiliated companies of Chevron Corporation.

CHEVRON TANKERS LIMITED

Business Relationships

The Company has business relationships with a number of external customers and suppliers in addition to wholly owned subsidiaries and affiliates of Chevron Corporation.

Customers:

The Company's success depends not only on meeting its customers' expectations today but anticipating them tomorrow, thereby enabling human progress. Company use the latest technologies, whether chemical or digital, to deliver innovative solutions to its customers to power the world forward.

Suppliers:

The values inherent in The Chevron Way, which describe how the Company conducts its business in a socially and environmentally responsible manner, apply to all stakeholder groups with whom it works. This applies equally when working with suppliers which are selected to be a part of the company's value chain and who contribute to its offering and value proposition. This is done through a structured procurement organization which engages with suppliers at all levels, to ensure that the company's vision, values and strategies can be effectively executed safely, legally and reliably.

Community and Environment

The Company places the highest priority on the health and safety of the workforce and protection of assets, communities and the environment. The Operational Excellence Management System (OEMS) defines the expectations regarding the systematic management of workforce safety and health, process safety, reliability and integrity, environment, efficiency, security and stakeholders to achieve high performance in operational excellence. Protecting people and the environment is a key value. The Company expects compliance with the letter and the spirit of applicable environmental, health and safety laws, regulations and policies. Within each of the functional areas, management are responsible for monitoring performance related to health, safety and the environment.

ON BEHALF OF THE BOARD

DocuSigned by:

Philip Cosgrove

Philip D Cosgrove

Director

Date: 29 September 2021

Chevron Tankers Limited
1 Westferry Circus
Canary Wharf
London E14 4HA

CHEVRON TANKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements of the Company for the financial year ended 31 December 2020. These financial statements have been prepared under FRS 102.

FUTURE DEVELOPMENTS:

The directors expect the global freight market to remain depressed, but with increased volatility throughout 2021.

The Company's continuing operations includes the service level agreement with Tengizchevroil earning a flat management fee. In addition, the Company continues to spot charter vessels to transport crude oil, refined petroleum products and other bulk cargos, and now earns a standard address commission of 2.50% on the freight cost of its chartered spot voyages from February 2020 onwards. This follows other Oil Major's and oil trader's decision to increase their address commissions in the low freight environment. Its chartering activities are coordinated through offices in London, Houston, and San Ramon.

DIVIDENDS:

No dividend is proposed for the year (2019: nil).

DIRECTORS:

The following directors held office during 2020 and up to the date of signing the financial statements:

- Philip D Cosgrove
- Matthew R Caddock
- Alan Adamson
- Philip M Davies (resigned 1 March 2020)
- Barbara A Pickering (Appointed 1 March 2020)

According to the register of directors' interests maintained under the Companies Act 2006, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

No director had at any time during the financial year any material interest in any contract with the Company of significance in relation to the Company's business.

FINANCIAL RISK MANAGEMENT:

The Company's operations expose it to a variety of financial risks that include the effects of changes in market prices and credit risk.

Price risk

The Company is exposed to freight rate price risk as a result of its operations. Revenue is based on prevailing freight rates at the time of chartering tankers to customers.

Currency risk

The directors consider that the Company has a low exposure to currency risk. Sales and expenses are primarily denominated in US Dollars.

CHEVRON TANKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED):

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Turnover predominantly relates to sales made to Chevron group companies.

Liquidity risk

The directors consider that the Company is not exposed to any material liquidity risk as the Company's revenue is predominantly secured under various charter hire contracts and the Company has no external borrowings.

Interest rate risk

The directors consider that the Company is exposed to interest rate risk on intercompany loans. This interest rate risk has not been hedged against.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Charter hire costs are settled on a monthly basis. It is the Company's policy in respect of all other suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms.

QUALIFYING THIRD PARTY INDEMNITY PROVISION

The Company maintains liability insurance for its directors and officers. The Company also provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This has been in effect throughout 2020 and up to the date of approval of the financial statements.

DONATIONS

No political or charitable donations were made during the year (2019: nil).

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The below statement contains the Company's annual energy consumption, associated relevant greenhouse gas emissions and additional relevant information, as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, for the year ended 31 December 2020.

The Company has used the financial control approach for setting the boundary for GHG reporting and set a fixed base year of 2020.

In preparing this report the Company has followed the March 2019 UK Environmental Reporting Guidelines and used the 2020 UK Government's Conversion Factors for GHG emissions for energy usage purchased at company offices in year.

CHEVRON TANKERS LIMITED

Energy and GHG Emissions summary

Total UK Energy use:	81,518	kWh
Scope 2 Associated underlying GHG emissions - Energy use	19,005	MT CO ₂ e
Carbon Intensity ratio (Scope 2)	0.576	(MT CO ₂ e/FTE)

There are no Scope 1 (Direct) GHG emissions in 2020 as there are no activities owned or controlled by the Company that release emissions into the atmosphere.

Reported Scope 2 (Energy Indirect) emissions for electricity usage have decreased in 2020 due to the COVID-19 pandemic where the workforce was required to work from home from March onwards. The workforce continued to work remotely throughout 2020 in line with government guidance.

There was no reportable activity related to term charter voyages or Scope 3 (Other Indirect) emissions on business travel mileage during the period, therefore no emissions reported for these activities.

The Company has chosen the emissions intensity metric CO₂e /FTE.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:


- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

CHEVRON TANKERS LIMITED

INDEPENDENT AUDITORS:

In accordance with Section 487(2) of the Companies Act 2006, a resolution to dispense with the obligation to appoint auditors annually has been passed. Accordingly, PricewaterhouseCoopers LLP continue in office as auditors, having expressed their willingness to do so.

ON BEHALF OF THE BOARD

DocuSigned by:

Philip D Cosgrove
Director
Date: 29 September 2021

Chevron Tankers Limited
1 Westferry Circus
Canary Wharf
London E14 4H

CHEVRON TANKERS LIMITED

Independent auditors' report to the members of Chevron Tankers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chevron Tankers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

CHEVRON TANKERS LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

CHEVRON TANKERS LIMITED

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and words; and
- Review of Board Minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2021

CHEVRON TANKERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Continuing operations			
TURNOVER	3	463,282	539,343
Cost of sales		<u>(459,458)</u>	<u>(535,144)</u>
GROSS PROFIT		3,824	4,199
Administrative expenses		<u>(6,048)</u>	<u>(7,777)</u>
OPERATING LOSS	3, 4	(2,224)	(3,578)
Interest receivable and similar income		28	32
Interest payable and similar expenses		<u>(109)</u>	<u>(156)</u>
LOSS BEFORE TAXATION		(2,305)	(3,702)
Tax on loss	7	<u>(63)</u>	-
LOSS FOR THE FINANCIAL YEAR		(2,368)	(3,702)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(2,368)</u>	<u>(3,702)</u>

All turnover and expenditure derives entirely from continuing activities.

The notes on pages 14 to 22 form part of these financial statements.


CHEVRON TANKERS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
FIXED ASSETS			
Tangible assets	8	1,853	2,536
CURRENT ASSETS			
Debtors	9	<u>49,743</u>	<u>76,782</u>
		49,743	76,782
CREDITORS: amounts falling due within one year	10	(41,638)	(66,992)
NET CURRENT ASSETS		<u>8,105</u>	<u>9,790</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,958</u>	<u>12,326</u>
NET ASSETS		<u>9,958</u>	<u>12,326</u>
CAPITAL AND RESERVES			
Called up share capital	11	101,000	101,000
Capital redemption reserve		5,150	5,150
Profit and loss account		(96,192)	(93,824)
TOTAL SHAREHOLDERS' FUNDS	12	<u>9,958</u>	<u>12,326</u>

The notes on pages 14 to 22 are an integral part of these financial statements.

The Financial Statements on pages 11 to 22 were approved by the Board of Directors on 29 September 2021 and signed on its behalf by:

DocuSigned by:

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Philip D Cosgrove
DIRECTOR

CHEVRON TANKERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up Share Capital \$'000	Capital Redemption Reserve \$'000	Profit and Loss Account \$'000	Total Shareholders' Funds \$'000
Balance at 1 January 2020	101,000	5,150	(93,824)	12,326
Loss for the financial year	-	-	(2,368)	(2,368)
Total comprehensive expense for the year	-	-	(2,368)	(2,368)
Total transactions with owners recognised directly in equity	-	-	-	-
Balance at 31 December 2020	101,000	5,150	(96,192)	9,958
	Called up Share Capital \$'000	Capital Redemption Reserve \$'000	Profit and Loss Account \$'000	Total Shareholders' Funds \$'000
Balance at 1 January 2019	101,000	5,150	(90,122)	16,028
Loss for the financial year	-	-	(3,702)	(3,702)
Total comprehensive expense for the year	-	-	(3,702)	(3,702)
Total transactions with owners recognised directly in equity	-	-	-	-
Balance at 31 December 2019	101,000	5,150	(93,824)	12,326

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION:

The Company charters vessels to transport crude oil, refined petroleum products and other bulk cargoes. The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 1 Westferry Circus, Canary Wharf, London, UK, E14 4HA.

2. ACCOUNTING POLICIES:

The following accounting policies have been consistently applied to all the years presented. The accounting policies deal with items which are considered material in relation to the Company's financial statements.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with the Companies Act 2006 under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102').

The Company's ultimate parent undertaking, Chevron Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Chevron Corporation are available to the public and may be obtained from www.chevron.com.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102:

- **Cash Flow Statement and related notes:**

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Chevron Corporation, includes the company's cash flows in its own consolidated financial statements.

- **Related Party Disclosures**

Under the provisions of FRS 102, the Company has not disclosed details of related party transactions with Chevron Corporation group entities as it is a wholly owned subsidiary of that group.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparation for the financial statements.

Turnover

Turnover represents fees, exclusive of Value Added Tax, in respect of chartering vessels to transport crude oil, refined petroleum products, and other bulk cargoes on behalf of other Chevron companies. Turnover is recognised on an accruals basis so as to match costs incurred with revenues evenly over the term of the charter.

Under FRS 102 paragraph 23 the Company is considered as principal in its arrangements with both Tengizchevroil (TCO) and CBPH as it has the primary responsibility in contracting with ship owners to agree freight rates and providing the service to the customer.

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED):

Operating leases

Rental costs under the operating lease are charged on a straight line basis over the lease term. Lease incentive payments are spread on a straight-line basis over the lease term. Operating lease income is credited to the profit and loss account when it is receivable.

Provision for onerous contracts

A provision is recognised in the event that the unavoidable costs to the Company of meeting the obligations under a contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it. The utilisation of the provision and amounts of the provision which are unused are released against cost of sales. At the balance sheet date there were no such provisions required or included in the accounts.

Taxation

(i) Corporation Tax

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

(ii) Deferred taxation

In accordance with FRS 102, a full provision for deferred taxation is recognised on all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis and is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Fixed Assets, Depreciation and Impairment

Vessel equipment is stated at cost, cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. This equipment is depreciated on a straight line basis over the lease period of the vessel on which the equipment is installed.

The simulators at the Glasgow Mariner Training centre are depreciated on a straight line basis over 6 years per company policy.

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are recognised in the statement of comprehensive income.

2. ACCOUNTING POLICIES (CONTINUED):

Assets under construction represent assets that are not operational; as a result, these assets are not depreciated until transferred to the appropriate asset class and brought into use.

Foreign currencies

The Company defines the local currency as the currency of the primary economic environment in which it operates, being the currency of which the majority of transactions and cash flows occur. The financial statements are presented in 'US Dollars' (\$), which is also the Company's functional currency.

Certain transactions of the Company during the year were effected in currencies other than U.S. Dollars. These transactions are translated into U.S. Dollars at the average exchange rates of the month in which the transactions took place. Monetary assets and liabilities denominated in other currencies are translated into dollars at the exchange rates as of the balance sheet date.

Realised and unrealised gains and losses arising from fluctuations in currency exchange rates during the year are included in the statement of comprehensive income for the year.

Debtors

Debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits held at call with banks.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are highlighted in the notes to the financial statements.

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3. TURNOVER:

The directors consider that the Company has one principal activity as described in the directors' report.

The analysis of turnover by territory of origin is as follows:

	2020 \$'000	2019 \$'000
US	885	9,066
SINGAPORE	1,118	-
UK	461,279	530,277
	463,282	539,343

In the opinion of the directors the disclosure of geographical analysis of turnover by destination would be seriously prejudicial to the interests of the Company and has therefore not been provided.

The analysis of operating loss by territory of origin is as follows:

	2020 \$'000	2019 \$'000
US	8	19
SINGAPORE	10	-
UK	(2,242)	(3,597)
	(2,224)	(3,578)

In the opinion of the directors the disclosure of geographical analysis of operating loss by destination would be seriously prejudicial to the interests of the Company and has therefore not been provided.

Net assets have not been analysed by region or territory as such disclosure would be seriously prejudicial to the interests of the Company.

4. OPERATING LOSS:

	2020 \$'000	2019 \$'000
Profit before taxation is stated after charging/(crediting):		
Depreciation (Note 8)	1,101	1,104
Auditors' remuneration – audit services	140	125
Exchange (gain)/loss	(113)	1

The auditors did not receive any remuneration for non-audit services (2019: nil). Operating costs include charter hire, fuel and port costs.

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

5. STAFF NUMBERS AND COSTS:

The related costs of staff who provide services to Chevron Tankers Limited are recharged by Chevron Products UK Limited as it processes the payroll. Included in employee costs is a net management charge with credit of \$2,207,000 (2019: \$1,223,000 debit) allocated from other Chevron Shipping companies in respect of staff costs for services provided.

Employee Costs:	2020	2019
	\$'000	\$'000
Wages and salaries	2,229	3,612
Social security costs	(120)	43
Other Expenses	2,067	2,518
Other pension costs	(131)	(258)
	<u>4,045</u>	<u>5,915</u>

The Other Expenses represent labour burden benefits. These costs include medical insurance, savings investment plan, disability programs and other employment benefits.

The monthly average number of persons (including executive directors) who provide services to Chevron Tankers Limited or by other Chevron Shipping companies providing services to the Company during the year was:

	2020	2019
	Number	Number
Service & commercial and Support & Management	<u>27</u>	<u>37</u>
	<u>27</u>	<u>37</u>

6. DIRECTORS' EMOLUMENTS:

Aggregate amounts	2020	2019
	\$'000	\$'000
Emoluments of directors of Chevron Tankers Limited	1,582	1,433
Aggregate pension contributions paid under defined benefit schemes	124	111
	<u>1,706</u>	<u>1,544</u>

Three directors received shares in Chevron Corporation under executive long-term incentive schemes during the year (2019: 1). The directors exercised share options in Chevron Corporation during the year. Retirement benefits are accruing for 4 directors under the Chevron UK Limited defined benefit scheme (2019: 4).

The highest paid director received emoluments of \$575,000 (2019: \$592,000) and accrued pension of \$8,292 (2019: \$14,700). No director has an outstanding principal on a season ticket loan as of 2020 year end (2019: nil). 5 directors received emoluments in the year (2019: 4).

Compensation paid to directors for loss of office was nil (2019: nil).

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

7. TAX ON LOSS:

	2020 \$'000	2019 \$'000
Current Tax:		
UK corporation tax on profit of the year	-	-
Adjustments in respect of previous years	63	-
	63	-
Total current tax	63	-
Deferred tax:		
Origination and reversal of timing differences	-	-
	-	-
Total deferred tax	-	-
Tax on loss	63	-
	63	-

The tax assessed for the year is **the same** as the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 \$'000	2019 \$'000
Loss before taxation	(2,305)	(3,702)
Loss before taxation multiplied by effective rate in the UK 19.00% (2019: 19.00%)	(438)	(703)
Effects of:		
Expenses not deductible for tax purposes	-	2
Accelerated capital allowances and other timing differences	(85)	(132)
Other Tax adjustment	523	-
Group relief utilised by other Chevron entities	-	-
Adjustments in respect of prior years	63	-
Losses carried forward	-	833
Utilisation of losses brought forward	-	-
	-	-
Tax charge for the year	63	-
	63	-

As at December 2020 the Company had a deferred tax asset of \$13,941,000 (net deferred tax asset in 2019 \$11,706,000) due primarily to timing differences in the recognition of pension expenses and tax losses carried forward which has not been recognized in these financial statements.

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Factors affecting current & future tax changes

The main rate of UK corporation tax was reduced from 20% to 19% effective from 1 April 2017 and this change has been reflected in the financial statements. On 18 March 2020 in the Budget 2020, it was announced that the main corporate tax rate was maintained at 19% and the change was enacted on 22 July 2020. This rate is reflected in the deferred tax balance. A further change to increase the main rate of corporation tax to 25% from 1 April 2023 was enacted on 10 June 2021. If this rate were applied to the timing differences at the balance sheet date, it would result in an increase to the deferred tax asset of \$18,343,000.

8. TANGIBLE ASSETS

	Vessel Equipment	Marine Training centre	Total
	\$'000	\$'000	\$'000
Cost			
At 1 January 2020	11,055	7,422	18,477
Additions	-	440	440
Transfers	-	-	-
Disposals	(22)	-	(22)
At 31 December 2020	11,033	7,862	18,895
Accumulated Depreciation			
At 1 January 2020	11,031	4,910	15,941
Depreciation charge for the year	2	1,099	1,101
Disposals	-	-	-
At 31 December 2020	11,033	6,009	17,042
Net book value at 31 December 2020	-	1,853	1,853
Net book value at 31 December 2019	24	2,512	2,536

There were no assets held on a finance lease in the current year or prior year.

9. DEBTORS:

	2020 \$'000	2019 \$'000
Trade debtors	28	2,687
Amounts owed by group undertakings	13,826	2,843
Amounts owed by undertakings in which the entity has a participating interest (Affiliate Receivable)	9,963	19,233
Prepayments and accrued income	25,926	52,019
	49,743	76,782

Amounts owed by group undertakings are unsecured, interest free and are settled monthly.
Amounts owed by affiliates are unsecured, interest free and are repayable within 30 days.

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR:

	2020 \$'000	2019 \$'000
Trade creditors	2,459	7,203
Amounts owed to group undertakings	10,416	9,310
Loans from group undertakings	8,658	1,807
Tax owed	63	2
Accruals and deferred income	20,042	48,670
	41,638	66,992

Loans from other Chevron Corporation entities of \$8,658,000 (2019: \$1,807,000) relate to two separate loan arrangements with Chevron Treasury BV (CTBV).

The USD denominated loan from CTBV, a creditor of \$7,293,271 (2019: a creditor of \$1,691,495) which is based on a daily cash sweep as part of the cash pooling arrangement. The interest rate is based on reference interest rates calculated using several variables.

The GBP denominated loan from CTBV, a creditor of \$1,364,765 (2019: a creditor of \$115,354) which is based on a daily cash sweep as part of the cash pooling arrangement. The interest rate is based on reference interest rates calculated using several variables.

Arrangements with CTBV are considered by management to be due within one year because of the daily draw-downs from and transfers into the CTBV pool arising from business needs.

Amounts owed to group undertakings are unsecured, interest free and are settled monthly.

11. CALLED UP SHARE CAPITAL:

	2020 \$'000	2019 \$'000
Authorised		
105,000 (2019: 105,000) ordinary shares of \$1,000 each	105,000	105,000
Allotted and fully paid		
101,000 (2019: 101,000) ordinary shares of \$1,000 each	101,000	101,000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS:

	2020 \$'000	2019 \$'000
Opening shareholders' funds	12,326	16,028
Loss for the financial year	(2,368)	(3,702)
Closing shareholders' funds	9,958	12,326

CHEVRON TANKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. COMMITMENTS:

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 \$'000	2019 \$'000
Payments due for vessel leaseholds:		
Not later than one year	57,825	89,896
Later than one year and not later than five years	157,188	177,222
Later than five years	<u>12,037</u>	<u>31,326</u>
	<u>227,050</u>	<u>298,444</u>

14. RELATED PARTY TRANSACTIONS:

During the year, the Company made sales to one related party. This related party is a joint venture of Chevron Corporation. The Company recognises revenue on vessel hire costs, bunker costs and port costs rebilled to the related party during the year. The directors consider these transactions to have been made at an arm's length basis:

	Sales to related parties	
	2020 \$'000	2019 \$'000
Tengizchevroil	<u>390,887</u>	<u>500,679</u>

Details of amounts owed by related parties are provided for in note 9 to the financial statements under 'amounts owed by affiliates'.

Other than the transactions disclosed above, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

15. ULTIMATE PARENT COMPANY:

The Company is a wholly owned subsidiary of Chevron Transport Corporation Limited, which is registered in Bermuda. The ultimate parent and controlling company is Chevron Corporation, incorporated in the State of Delaware, USA.

The largest and smallest group in which the results of the Company are consolidated is that headed by Chevron Corporation, whose principal place of business is at 6001 Bollinger Canyon Road, San Ramon, CA 94583, USA.

The consolidated financial statements of Chevron Corporation are available to the public and may be obtained from the above address.