

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(Formerly known as Chevron Europe, Eurasia and Middle East Exploration & Production Limited)**

**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

**Company Registered No. 3093094**

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**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

**Strategic Report for the year ended 31 December 2019**

The directors of the Company herein present their annual report together with the audited financial statements for the financial year ended 31 December 2019.

The major responsibilities of the Company are to

**Principal activities**

The major responsibilities of the Company are to provide consulting and other management services to Chevron Upstream operations in the Europe, Eurasia, Asia and Pacific regions.

**Business review**

The results for the year and financial position of the Company are shown in the annexed financial statements. The profit for the year was \$0.5 million (2018: \$0.1 million).

The Company's Balance Sheet, on page 9 of the financial statements, shows the Company has net assets of \$29.0 million (2018: \$25.0 million).

The Company did not pay a dividend during the year (2018: \$nil).

**Principal risks and uncertainties**

Risks are reviewed on a regular basis by the board and appropriate actions to mitigate the risks are identified and delegated to the management of the Company. The directors do not consider there to be significant risks facing the business. Details relating to the management of financial risks are disclosed in the Directors' Report.

The company's Operational Excellence objective is to protect people and the environment with a focus on preventing fatalities and serious injuries and improving process safety. Risks are managed through a continued focus on the company's Incident Free Operations and Operational Excellence assurance programs and through focussing on the objectives of the company's Environmental Stewardship Plan.

**Key performance indicators (KPIs)**

The directors consider that the operations of the Company are straightforward. The Company's directors believe analysis using KPIs is not necessary for an understanding of the development or position of the business.

**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 in the first quarter 2020, which negatively affected our results of operations and cash flows. These conditions persisted throughout the second quarter and continue to negatively affect our results of operations and cash flows. While demand and commodity prices have shown signs of recovery, they are not back to pre-pandemic levels, and financial results may continue to be depressed in future quarters. Due to the rapidly changing environment, there continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will ultimately impact our results, in particular our revenue and cost of sales, which could be material. This potential impact has been treated as non-adjusting in the 2019 financial statements and as a result has been recorded as a post balance sheet event.

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

**Future developments**

It is the intention of the directors that the business will continue to provide consulting and other management services to Chevron Upstream operations in the Europe, Eurasia, Asia and Pacific business units, for the foreseeable future.

**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 comprise 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 plc 2019 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.

Signed on behalf of the Board of Directors:

DocuSigned by:  
  
By: \_\_\_\_\_  
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Name: F Helgeland

Position: Director

Date: 3 December 2020

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

**Directors' Report for the year ended 31 December 2019**

The Directors present their report and the audited financial statements of Chevron Eurasia-Pacific Exploration and Production Company Limited (formerly known as Chevron Europe, Eurasia and Europe Exploration & Production Limited) ("the Company") for the year ended 31 December 2019.

**Change of company name**

With effect from 15<sup>th</sup> July 2020 the name of the company was changed from Chevron Europe, Eurasia and Middle East Exploration & Production Company Limited to Chevron Eurasia-Pacific Exploration & Production Company Limited.

**Financial risk management**

*Credit risk*

The Company's principal financial assets are debtor balances with Group companies. The credit risk on liquid funds is therefore considered to be limited.

This is managed through the Chevron Group management in the UK actively monitors all funding requirements for UK group companies, and managing finance arrangements needed to meet such requirements

*Liquidity risk*

The Company recharges costs to other Group companies monthly. Liquidity risk is therefore not considered to be significant and therefore relies on the ongoing support within the Chevron Group to meet its ongoing funding requirements.

*Interest rate risk*

The Company currently has no interest-bearing assets or interest-bearing liabilities.

*Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company does not use foreign exchange forward contracts to hedge these exposures.

**Results and dividends**

The Company's profit for the year was \$0.2 million (2018: \$0.1 million) and this profit was transferred to reserves. The Company did not pay a dividend during the year (2018: \$nil).

Net assets of the Company at the year-end have increased to \$28.0 million (2018: \$25.0 million).

**Directors of the Company**

**The directors of the Company who were in office during the year and up to the date of signing the financial statements were:**

ES Johnson – Resigned 30 June 2020

JT Levy – Resigned 30 June 2020

B Dastmalchi – Resigned 10 June 2020

F Helgeland

MJJ Williams - Appointed 16 June 2020

**Preparation of financial statements**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

**Employees**

The Company has no employees. Services to the Company are provided by the employees of fellow group companies. The cost of those employees working on the Company's business is recharged to the Company.

**Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**Going concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. The directors therefore continue to adopt the going concern basis in the preparation of the financial statements.

**Future developments**

It is the intention of the directors that the business will continue to provide consulting and other management services to Chevron Upstream operations in the Europe, Eurasia, Asia and Pacific business units, for the foreseeable future.

The political and economic effects of Brexit remain uncertain, but at this time the directors believe that the Company will not be materially affected. It is not possible to accurately predict the effects of Brexit on the short, medium and long-term prospects of the Company but the directors continue to monitor the situation closely and will continue to take appropriate advice and actions to position the Company for success.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report 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 the 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

The directors are 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:

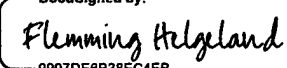
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

**Independent Auditors**

PricewaterhouseCoopers LLP were appointed as independent auditors for the financial year 2019. The auditors have indicated their willingness to be re-appointed. A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the next general meeting of the Company.

This Directors' Report was approved by the Board of Directors on the 3rd day of December 2020.

Signed on behalf of the Board:

DocuSigned by:  
  
By: 9997DE6B38EC4EB...

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Name: F Helgeland

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Position: Director

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Date: 3 December 2020

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**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

***Independent auditors' report to the members of Chevron Eurasia-Pacific Exploration and Production Company Limited***

**Report on the audit of the financial statements**

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**Opinion**

In our opinion, Chevron Eurasia-Pacific Exploration and Production Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit 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, which comprise: the Balance sheet as at 31 December 2019, the Profit and loss account for the year ended 31 December 2019, the Statement of changes in equity for the year ended 31 December 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

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**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.

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

***Independent auditors' report to the members of Chevron Eurasia-Pacific Exploration and Production Company Limited (continued)***

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**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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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.

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**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 in respect of the financial statements set out on page 4, 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.

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](http://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.



**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY  
KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION  
LIMITED)**

***Independent auditors' report to the members of Chevron  
Eurasia-Pacific Exploration and Production Company  
Limited (continued)***

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**Other required reporting**

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**Companies Act 2006 exception reporting**

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

- we have not received 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.



Bruce Collins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
3 December 2020

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED**  
**(FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

**Profit and loss account for the year ended 31 December 2019**

	<b>Note</b>	<b>2019 \$000</b>	<b>2018 \$000</b>
		<hr/>	<hr/>
<b>Turnover</b>		<b>58,889</b>	<b>35,601</b>
Cost of sales		(58,408)	(35,571)
		<hr/>	<hr/>
<b>Profit before taxation</b>	<b>5</b>	<b>481</b>	<b>30</b>
Tax on profit	9	(279)	38
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>202</b>	<b>68</b>
		<hr/> <hr/>	<hr/> <hr/>

All current and prior year results are derived from continuing operations.

The company has no recognised gains or losses other than the profit for the financial year disclosed in the profit and loss account, therefore a Statement of Comprehensive Income has not been presented.

The notes on pages 10 to 20 form part of these financial statements.

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY  
KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION  
LIMITED)**

**Balance sheet as at 31 December 2019**

	Note	2019 \$000	2019 \$000	2018 \$000	2018 \$000
<b>CURRENT ASSETS</b>					
Debtors	10	38,491		32,458	
<b>CREDITORS: Amounts falling due within one year</b>					
	11	(10,131)		(7,461)	
Net current assets			<u>28,360</u>		<u>24,997</u>
<b>Total assets less current liabilities</b>			<u>28,360</u>		<u>24,997</u>
<b>NET ASSETS</b>					
			<u>28,360</u>		<u>24,997</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		-		-
Retained earnings			<u>28,360</u>		<u>24,997</u>
<b>TOTAL EQUITY</b>			<u>28,360</u>		<u>24,997</u>

All the shareholders' funds relate to equity interests.

The financial statements on pages 8 to 19 were approved by the board of directors on 3 December 2020 and were signed on its behalf by:

DocuSigned by:  
  
 9997DE6B38EC4EB...  
 F Helgeland  
 Director  
 3 December 2020

Chevron Eurasia-Pacific Exploration and Production Company Limited (formerly known as Chevron Europe, Eurasia and Middle East Exploration & Production Limited) Registered no. 3093094

The notes on pages 10 to 20 form part of these financial statements.

**Statement of changes in equity for the year ended 31 December 2019**

	<b>Called up Share Capital \$000</b>	<b>Retained Earnings \$000</b>	<b>Total Equity \$000</b>
<b>Balance as at 1 January 2018</b>	-	<b>22,785</b>	<b>22,785</b>
Profit for the financial year 2018	-	68	68
Credit relating to share based Payments	-	5,199	5,199
Debit relating to share based payments	-	(3,055)	(3,055)
<b>Balance as at 31 December 2018</b>	-	<b>24,997</b>	<b>24,997</b>
Profit for the financial year 2019	-	202	202
Credit relating to share based payments	-	5,058	5,058
Debit relating to share based payments	-	(1,897)	(1,897)
<b>Balance as at 31 December 2019</b>	-	<b>28,360</b>	<b>28,360</b>

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION LIMITED)**

**Notes to the financial statements  
for the year ended 31 December 2019**

**1. General Information**

Chevron Eurasia-Pacific Exploration and Production Company Limited (formerly known as Chevron Europe, Eurasia and Middle East Exploration & Production Limited) is a private company limited by shares and is incorporated and domiciled in the United Kingdom (UK). The address of its registered office is 9 Cavendish Square, London, W1G 9DF.

The major responsibilities of the Company are to provide consulting and other management services to Chevron Upstream operations in the Europe, Eurasia, Asia and Pacific business units.

**2. Statement of compliance**

The individual financial statements of Chevron Eurasia-Pacific Exploration and Production Company Limited (formerly known as Chevron Europe, Eurasia and Middle East Exploration & Production Limited), have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and Financial Reporting Standard 102. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the disclosure exemptions available under FRS 102 (paragraph 1.12). These exemptions are:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- The requirement to prepare a Statement of Cash Flows 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;

- The non-disclosure of key management personnel compensation;
- Certain disclosures required by FRS 102.26 Share Based Payments; and, disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. The Company has adopted FRS 102 triennial improvements with effect from 1<sup>st</sup> January 2019.

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY  
KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION  
LIMITED)**

**Notes to the financial statements  
for the year ended 31 December 2019 (continued)**

(b) **Going concern**

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.

3. **Summary of significant accounting policies (continued)**

(c) **Turnover**

Turnover represents amounts received and receivable net of value added tax in respect of consulting and other management services to Chevron Upstream operations in the Europe, Eurasia, Asia and Pacific business units. All turnover is in respect of Company costs recharged to Chevron Group in the United States of America. Turnover is recognised as costs incurred in the period and recharged to other Group companies.

(d) **Foreign currencies**

(i) **Functional and presentational currency**

The Company's functional and presentational currency is the United States Dollar.

(ii) **Transactions and balances**

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

(e) **Tax**

**Current Tax:** Current tax is the amount of tax payable in respect of the taxable profit for the year or prior years. The current tax is calculated using tax rates that have been enacted or substantively enacted by the period end.

**Deferred Tax:** Deferred tax arises from timing differences that are differences between taxable profits and total profit and loss as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions:

- Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
- Deferred tax shall also be recognised on assets acquired through a business combination when the amount that can be deducted for tax for an asset is less or more than the value at which it is recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

**CHEVRON EURASIA-PACIFIC EXPLORATION AND PRODUCTION COMPANY LIMITED (FORMERLY  
KNOWN AS CHEVRON EUROPE, EURASIA AND MIDDLE EAST EXPLORATION & PRODUCTION  
LIMITED)**

**Notes to the financial statements  
for the year ended 31 December 2019 (continued)**

**3. Summary of significant accounting policies (continued)**

**(f) Share based payments**

*Share Incentive Plan*

Eligible employees of the Company's UK parent participate in the Chevron UK Share Incentive Plan (SIP) administered by Chevron Energy Limited. This plan enables employees to make monthly contributions out of salary up to prescribed limits. Each month the contributions are used by the trustees of the plan to acquire shares of common stock of Chevron Corporation on the open market (partnership shares). The Company makes a matching contribution to the trustees to acquire a matching number of shares (matching shares) on a two-for-one basis. The Company receives a management charge in relation to the plan. The annual cost of allocations in the scheme is charged to the profit and loss account.

*Long Term Incentive Plan*

The ultimate parent company, Chevron Corporation operates a Long-Term Incentive Plan of stock options and other share-based compensation for certain employees. For the major types of awards outstanding as of 31 December 2019, the contractual terms vary between three years for the performance units and 10 years for the stock options and stock appreciation rights. In accordance with FRS 102 paragraph 26, the values of outstanding awards for those employees who work for the Company, are charged to the Company's profit and loss account and accounted for as equity-settled arrangements.

Equity-settled arrangements are measured at fair value at the grant date. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted for the number of equity instruments that will ultimately vest.

**(g) Financial instruments**

The Company has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments:

*Financial assets*

Basic financial assets, including trade and other receivables, cash and bank are initially recognised at transaction price, unless arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in profit or loss.

*Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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**Notes to the financial statements  
for the year ended 31 December 2019 (continued)**

**4. Critical accounting estimates and judgments**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. There are currently no significant estimates which are likely to give rise to a material change in the next year.

**5. Profit before taxation**

No foreign exchange was applicable in 2019 (2018: \$nil).

**6. Auditors' Remuneration**

Auditors' remuneration for the audit of the financial statements amounted to \$32,000 (2018: \$32,000).  
Auditors' remuneration for non-audit services for 2019 was \$nil (2018: \$nil).



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7.	<b>Directors' emoluments</b>		
	(a) <b>Aggregate amounts</b>	<b>2019</b>	<b>2018</b>
		<b>\$000</b>	<b>\$000</b>
	Emoluments of directors	11,412	7,737
		<hr/>	<hr/>
		<b>2019</b>	<b>2018</b>
		<b>Number</b>	<b>Number</b>
	Number of directors to whom retirement benefits are accruing under defined benefit schemes	4	4
	Number of directors exercising share options in Chevron Corporation	2	1
	Number of directors entitled to receive shares in Chevron Corporation under long term incentive schemes	4	4
		<hr/>	<hr/>
	(b) <b>Highest paid director</b>	<b>2019</b>	<b>2018</b>
		<b>\$000</b>	<b>\$000</b>
	Aggregate of amount disclosed under (a) above - emoluments	7,675	4,160
		<hr/>	<hr/>

During the year, the highest paid director exercised share options and received shares in Chevron Corporation under long term incentive schemes (2018: exercised share options and received shares).

The accrued pension entitlement under a Chevron Corporation defined benefit scheme of the highest paid director at 31 December 2019 was \$78,444 (2018: \$67,800) and accrued lump-sum entitlement was \$15.8 million (2018: \$12.4 million). No compensation was paid in respect of loss of office during the financial year (2018: \$nil).

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**8. Employee Information (including directors)**

The contracts of service for all Chevron Eurasia-Pacific Exploration and Production Company Limited (formerly known as Chevron Europe, Eurasia and Middle East Exploration & Production Limited) employees are held by fellow group companies in the UK and USA. The related costs of the employees who work in the Company are shown and disclosed in the financial statements of the Company as if they were employed by the Company.

<b>a) Employee costs (including directors) during the year:</b>	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	26,555	21,382
Social security costs	347	551
Other pension costs	244	214
	<hr/>	<hr/>
	27,146	22,147
	<hr/>	<hr/>
<b>b) Average monthly employees (including directors) during the year:</b>	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<b>By activity</b>		
Administration	27	25
	<hr/>	<hr/>

The Company is a member of the Chevron Energy Limited Share Incentive Plan (employee share ownership scheme). During the year, \$35,736 (2018: \$31,800) in relation to the shares gifted to employees was charged to the profit and loss account in relation to the shares gifted to employees who work for the Company. The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(d)(i), from disclosing details of the share incentive plan, on the basis that it is a qualifying entity and Chevron Energy Limited includes full details of this in its own financial statements.

The ultimate parent company, Chevron Corporation, operates a Long-Term Incentive Plan for certain employees. Awards under this plan may take the form of, but are not limited to, stock options, restricted stock units, stock appreciation rights and performance units. For the major types of awards outstanding as of 31 December 2019, the contractual terms vary between three years for the performance units and 10 years for the stock options and stock appreciation rights. In accordance with FRS 102 paragraph 26, the awards are accounted for as equity-settled awards. During the year, for those employees who worked for the Company, the movement on the equity-settled awards was \$3.0 million (2018: \$2.1 million). This was charged to the profit and loss account.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(d)(i), from disclosing details of its share-based payments, on the basis that it is a qualifying entity and its ultimate parent company Chevron Corporation includes full details of these in its own consolidated financial statements.

Pension costs represent the Company's share of the contribution to the Chevron Energy Limited and other group pension schemes. The Company has taken advantage of the exemption available under FRS 102 paragraph 28 'Post Employment Benefits' to treat pension contributions made to the Defined Benefit Scheme operated by Chevron Energy Limited and other group pension schemes as if they were contributions to a Defined Contribution Scheme, where contributions to the scheme are charged to the profit and loss account as they fall due. The Company has taken advantage of the exemption as it is not possible to accurately attribute the assets and liabilities of the schemes operated by Chevron Energy Limited and other group pension schemes to the individual entities to which contributions to it are allocated.

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Further detail of the schemes can be found in the financial statements of Chevron Energy Limited and Chevron Corporation which can be obtained from 1 Westferry Circus, Canary Wharf, London, E14 4HA.

9. Tax on profit	<u>2019</u> <u>\$000</u>	<u>2018</u> <u>\$000</u>
The taxation charge at 19.00% (2018 at 19.25%) comprises:		
Current year UK Corporation Tax payable	692	413
Adjustments in respect of prior years	(413)	(451)
	<u>279</u>	<u>(38)</u>
Tax on profit	<u>279</u>	<u>(38)</u>

The tax assessed for the year is lower (2018: lower) than the standard rate of Corporate Tax in the UK of 19.00% (2018 at 19.25%).

The differences are explained below:

	<u>2019</u> <u>\$000</u>	<u>2018</u> <u>\$000</u>
Profit before taxation	481	30
Tax at 19.00% (2018: 19%)	91	6
Effects of:		
Adjustments in respect of prior years	(413)	(451)
Items not subject to current tax	601	407
	<u>279</u>	<u>(38)</u>
Total tax (credit)/charge for the year	<u>279</u>	<u>(38)</u>

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10. Debtors	<u>2019</u> <u>\$000</u>	<u>2018</u> <u>\$000</u>
Amounts owed by group undertakings	38,403	32,458
Corporation tax	88	-
	<u>38,491</u>	<u>32,458</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11. Creditors: Amounts falling due within one year	<u>2019</u> <u>\$000</u>	<u>2018</u> <u>\$000</u>
Amounts owed to group undertakings	9,439	7,048
Corporation tax	692	413
	<u>10,131</u>	<u>7,461</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

12. Called up share capital	<u>2019</u> <u>No. of</u> <u>shares</u>	<u>2018</u> <u>No. of</u> <u>shares</u>
Authorised, issued, called up and fully paid £1 ordinary shares	<u>100</u>	<u>100</u>

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**13. Related party transactions**

The Company has taken advantage of the exemption available under FRS 102 paragraph 33.1A not to disclose any transactions with entities that are part of the Group which qualify as related parties, as it is a wholly owned subsidiary which is included in the publicly available financial statements of Chevron Corporation.

**14. Commitments**

The Company had no capital commitments at 31 December 2019, which were contracted for but which no provision has been made (2018: \$nil). At 31 December 2019, the Company had no annual commitments under non-cancellable operating leases (2018: \$nil).

**15. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Chevron Captain Company LLC. The ultimate parent undertaking and controlling party is Chevron Corporation, a company incorporated in the United States of America.

Chevron Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Chevron Corporation are available from 9 Cavendish Square, London, W1G 9DF.

Chevron Corporation is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Chevron Corporation can be obtained from 9 Cavendish Square, London, W1G 9DF.

**16. Significant events after the end of the reporting year**

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 in the first quarter 2020, which negatively affected our results of operations and cash flows. These conditions persisted throughout the second quarter and continue to negatively affect our results of operations and cash flows. While demand and commodity prices have shown signs of recovery, they are not back to pre-pandemic levels, and financial results may continue to be depressed in future quarters. Due to the rapidly changing environment, there continues to be uncertainty and unpredictability around the extent to which the COVID-19 pandemic will ultimately impact our results, in particular our revenue and cost of sales which could be material. This potential impact has been treated as non-adjusting in the 2019 financial statements and as a result has been recorded as a post balance sheet event.