

Key Sustainability Issues

Bangchak operates its business to ensure business sustainability, while being responsive to stakeholders and creating values to the society and the environment. We identified key sustainability issues through a materiality analysis process that takes into account stakeholders' needs and expectations and business considerations.

Materiality analysis processes

1. Identification of key sustainability issues for Bangchak and stakeholders

Key sustainability issues which have potential impacts on sustainability are compiled and reconciled from both internal and external factors that may impact on the corporate sustainability in the areas of economy, environment and society.

- o Internal factors (targets and business plans) were derived from the executive brainstorming workshop as well as sustainability issues and enterprise risks with potential short-term and long-term impacts.
- o External factors (global sustainability trends and expectations of stakeholders) comprise of global trends, SDGs, DJSI, UNGC, Thailand National Economic and Social Development Plan and stakeholders' needs and expectations which were derived from stakeholder engagement using various systematic surveys and engagement methods based on suitability for each stakeholder groups. Meetings with divisions/departments which were responsible for stakeholder groups were also included.

2. Prioritization

The prioritization of key sustainability issues was conducted using correlation and conformance between the set of key sustainability issues, which were significant to the business and stakeholders, and GRI indicators in accordance with the GRI Standard. In 2019, a total of 120 issues were categorized into 25 topics and mapped in the Materiality Matrix with two distinctive considerations:

2.1 Horizontal axis : considers key sustainability issues which have significant impacts, opportunities and risks on Bangchak by considering short-term and long terms impacts.

2.2 Vertical axis : considers key sustainability issues which are significant to stakeholders by considering impacts and significance, which may occur from the decision-making of the company on stakeholders

3. Validation

Results of materiality analysis have been endorsed by the Sustainability Policy Committee (SPC) (Disclosure 102-32, Disclosure 102-33). This year the issue raised by customers with respect to expectations on products and services have been addressed in more details. The materiality analysis included global sustainability trends of the energy industry and the issue has driven Bangchak to double our efforts to innovate and grow our green energy and bio-based businesses. We have set a structure to respond to stakeholders' topics following four levels of importance and appropriateness which are: Initiative Base, Strategic Focus, Mission Driven, and Sustainability Leader. In addition, indicators were developed to evaluate results at corporate, divisions, and initiative levels. Indicators have also been integrated into employees' and management's performance evaluation in appropriate proportions (Disclosure 102-28) to foster a culture of sustainability. In 2019, the materiality assessment results are as follows:

Materiality Matrix Analysis

Sources

Primary Source

- Employee engagement survey/ CEO BOX
- Business group / Line conference and seminar
- Engagement ambassador
- Industry conferences
- Community engagement
- Joint conferences / Seminars with business partners
- Customers' complaints
- Marketing research
- Meetings with state agencies
- Various engagement activities
- Others

Secondary Source

- Law, standards and guideline monitoring
- Reviews against various standards
- Reviews against sustainability directions
- Reviews against global and industrial economy and risks
- Others

25 Key Sustainability Issues (Disclosure 102-47)

Employees

- Talent attraction and retention
- Career path
- Human capital development

Communities and Society

- Occupational health and safety
- Environmental care, wastewater and oil spills
- Community involvement and development
- Human rights
- Social development
- Air emissions

Customers

- Oil quality and development
- Service quality and development
- Non-oil variety
- S/S convenience
- Oil loss
- Anti-corruption
- Business and service training

Competitors

- Fair operating practices

Suppliers

- Safety
- No oil and chemical spills
- Legal compliance
- Oil quality and development
- Anti-corruption
- Risk management
- Supply chain management
- Non-oil variety
- Oil loss
- S/S convenience
- Human rights
- Fair operating practices

Government Sectors

- Occupational health and safety
- Legal compliance
- Energy consumption
- Climate change
- Water management
- Air emissions
- Waste management
- Anti-corruption

Shareholders

- Sustainable financial growth
- Investor relation
- Risk management

Reviews:

Management decision-making process

Internal Processes

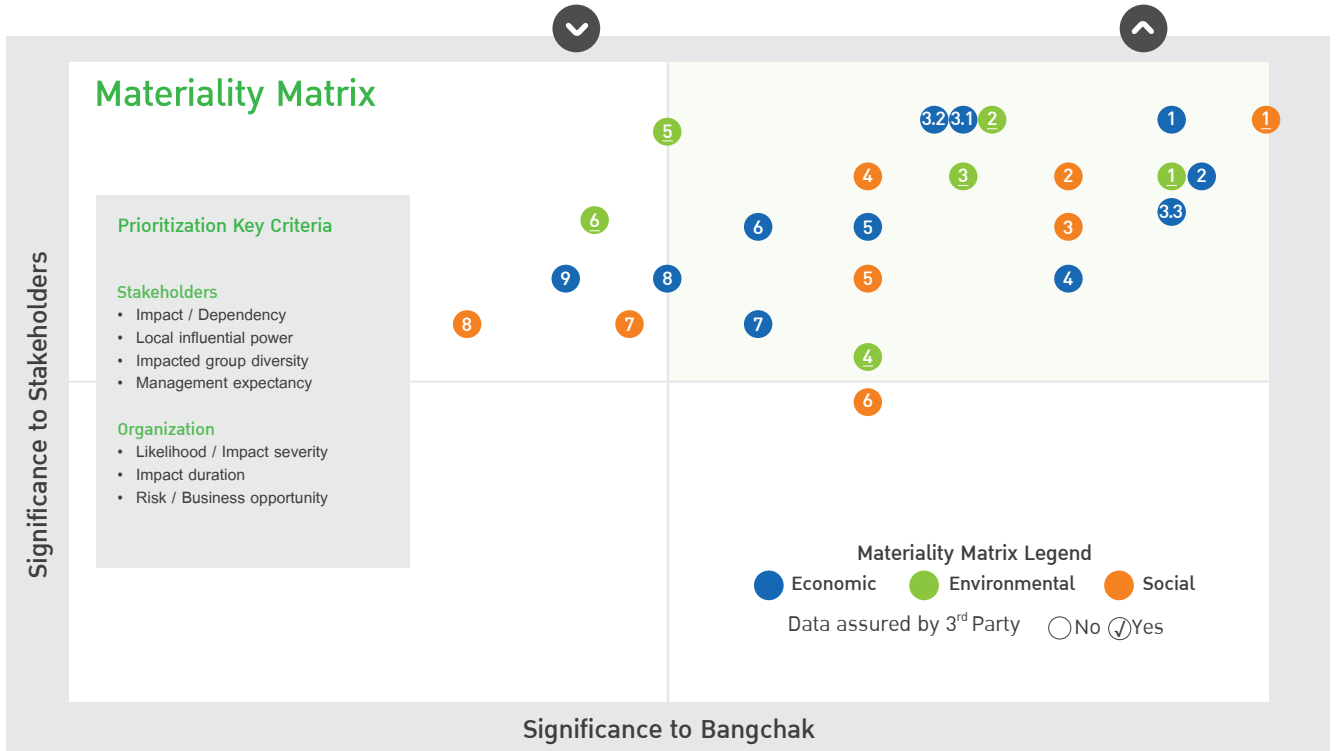
- Sustainability policy committee (SPC)
- Strategic planning process / Enterprise-wide risk management
- Business group / line planning processes

External Processes

- Benchmarking with peers
- 3rd Party process / KPI assessment
- DJSI assessment
- International competition on sustainability

Decisions

- Internationalize sustainability policy
- Continue / top up and Initiate existing and new projects
- Challenge higher targets, esp. environmental indicators
- Develop and extend reporting scope



Economic (11 topics)	Environmental (6 topics)	Social (8 topics)
<ol style="list-style-type: none"> Sustainable financial growth Legal compliance 3.1 Oil quality and development/ 3.2 Service quality and development/ 3.3 Anti-corruption Risk management Supply chain management Non-oil variety Oil loss S/S convenience Investor relation 	<ol style="list-style-type: none"> ✓ 1. Energy consumption ✓ 2. Climate change ✓ 3. Water management ✓ 4. Spills ✓ 5. Air emissions ✓ 6. Waste management 	<ol style="list-style-type: none"> ✓ 1. Occupational health and safety 2. Community involvement and development 3. Talent attraction and retention 4. Career path 5. Human rights 6. Social development 7. Human capital development 8. Fair operating practices

Materiality (Disclosure 102-47)

Dimension	Materiality	Internal	Impacts External	Significance	
Economic	Sustainable Financial Growth	Mission Driven	• BCP	• Shareholders	Maintain business growth, distribute income to stakeholders, and ensure operational reliability
	Legal Compliance	Mission Driven	• BCP	• Suppliers • Government sectors • Communities and society	Maintain strict compliance with relevant laws and regulations to ensure business continuity
	Oil Quality and Development	Strategic Focus Mission Driven	• BCP • BGN	• Suppliers • Customers	Improve customer satisfaction and brand loyalty through Greenovative Experience
	Service Quality and Development	Strategic Focus	• BCP • BGN	• Suppliers • Customers	Improve customer satisfaction and brand loyalty through Greenovative Experience
	Anti-Corruption	Mission Driven	• BCP	• Suppliers	Fairly distribute contracts to suppliers to build confidence and equitability
	Risk Management	Mission Driven	• BCP	• Shareholders	Plan and manage business uncertainty systematically
	Supply Chain Management	Sustainability Leader	• BCP	• Suppliers	Capability building for critical suppliers to improve safety and quality in line with sustainable business development and SDG 12
	Non-Oil Variety	Strategic Focus	• BCP • BCR	• Suppliers • Customers	Improve customer satisfaction and brand loyalty through Greenovative Experience
	Oil Loss	Strategic Focus	• BCP	• Suppliers	Improve customer satisfaction and brand loyalty through Greenovative Experience
	S/S Convenience	Strategic Focus Mission Driven	• BCP • BGN	• Customers	Improve customer satisfaction and brand loyalty through Greenovative Experience
Investor Relation	Mission Driven	• BCP	• Shareholders • Media	Build confidence for investors and shareholders	
Environmental	Energy Consumption	Sustainability Leader	• BCP	• Government sectors • Communities and society	To achieve the corporate target of energy efficiency in response to SDG 7 and SDG 12
	Climate Change	Strategic Focus	• BCP • BCPG • BBF • BBE • KSL • BGN • BCR	• Government sectors • Communities and society	To achieve the corporate target of becoming a low carbon company and supporting the global temperature control to not increase more than 2 degree Celsius in response to SDG 7 and SDG 13

GRI Topics	Topic Specific Disclosure	Reporting Content	Pages
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed (2016)	<ul style="list-style-type: none"> • Revenues and Expenses • Economic Performance 	60 144
GRI 307: Environmental Compliance (2016)	307-1 Non-compliance with environmental laws and regulations (2016)	<ul style="list-style-type: none"> • Corporate Governance • Anti-Corruption 	61-62 63-64
GRI 419: Socioeconomic Compliance (2016)	419-1 Non-compliance with laws and regulations in the social and economic area (2016) DMA : Specify on time payment in compliance with the contract	<ul style="list-style-type: none"> • Supply Chain Management • Environmental Performance • Social Performance 	72-76 145-148 149-152
Product and Service Development	BCP Indicator: Net Promoter Score (NPS)/ Customer satisfaction	• Sustainable Product and Service Development	94-100
Product and Service Development	BCP Indicator: Number of service stations that have been updated	• Sustainable Product and Service Development	94-100
GRI 205: Anti-Corruption (2016)	205-2 Communication and training about anti-corruption policies and procedure (2016)	• Anti-Corruption	63-64
Risk Management	BCP Indicator: KRIs do not exceed acceptable levels	• Corporate Risk Management	65-69
GRI 204 : Procurement Practice (2016)	204-1 Proportion of spending on local suppliers (2016)	<ul style="list-style-type: none"> • Supply Chain Management • Economic Performance 	72-76 144
GRI 308 Supplier Environmental Assessment (2016)	308-2 Negative environmental impacts in the supply chain and actions taken (2016)		
GRI 414 Supplier Social Assessment (2016)	414-2 Negative social impacts in the supply chain and actions taken (2016)		
Sustainable Supplier Development	BCP Indicator: Management of time to procure packaging in an effective manner		
Product and Service Development	BCP Indicator: Net Promoter Score (NPS)/ Customer satisfaction BCP Indicator: Percentage of retail market share	• Sustainable Product and Service Development	94-100
Product and Service Transportation	BCP Indicator : Percentage of service station customers who are satisfied with products and services/ number of complaint related to late delivery/ product losses	<ul style="list-style-type: none"> • Bangchak and Stakeholders • Product Transportation 	32-33 101-104
Product and Service Development	BCP Indicator: Net Promoter Score (NPS)/ Customer satisfaction BCP Indicator: Average oil sale volume	• Sustainable Product and Service Development	94-100
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed (2016)	<ul style="list-style-type: none"> • Revenues and Expenses • Economic Performance 	60 144
GRI 302: Energy (2016)	302-1 Energy consumption within the organization (2016)	<ul style="list-style-type: none"> • Energy Consumption • Environmental Performance 	83-84 145
GRI 305: Emissions (2016) Product transportation	305-1 Direct (Scope 1) GHG emissions (2016) 305-2 Energy indirect (Scope 2) GHG emissions (2016) BCP Indicator: Significant environmental impacts of transporting products	<ul style="list-style-type: none"> • Climate Change • Environmental Performance 	85-86 146

Dimension	Materiality	Impacts		Significance
		Internal	External	
Environmental	Water Management		<ul style="list-style-type: none"> • BCP • Government sectors • Communities and society 	Better management of water consumption by conducting Water Footprint assessment with external organizations
	Air Emissions		<ul style="list-style-type: none"> • BCP • Government sectors • Communities and society 	Quality of air emissions better than regulatory limits
	Spills		<ul style="list-style-type: none"> • BCP • Suppliers 	Oil spill prevention
	Waste Management		<ul style="list-style-type: none"> • BCP • Government sectors • Communities and society 	Waste management in compliance with laws and regulations by using the 3Rs principle
Social	Occupational Health and Safety		<ul style="list-style-type: none"> • BCP • Suppliers • Government sectors • Communities and society 	Zero incidents that may impact the well-being and properties of employees, contractors, and local communities causing broad complaints
	Community Involvement and Development		<ul style="list-style-type: none"> • BCP • Government sectors • Communities and society 	Create value to the society and communities around the refinery
	Talent Attraction and Retention		<ul style="list-style-type: none"> • BCP 	Develop talent groups of employees to be ready for their career growth with the company and promote high performance culture
	Career Path		<ul style="list-style-type: none"> • BCP 	Develop career paths for technical and general career tracks to promote employees' loyalty to the organization
	Human Rights		<ul style="list-style-type: none"> • BCP 	Conduct Human Rights Due Diligence for the systematic prevention and management
	Social Development		<ul style="list-style-type: none"> • BCP • Government sectors • Communities and society 	Develop society at national level to overcome social issues and improve quality of life for Thai people
	Human Capital Development		<ul style="list-style-type: none"> • BCP 	Develop competency of employees to drive business to achieve the corporate targets
	Fair Operating Practices		<ul style="list-style-type: none"> • BCP • Competitors 	Conduct businesses with transparency

Levels of stakeholder responsive work plans



Initiative base is the operations of responsible divisions to design projects/activities conforming to, but not related to business processes. The initiative base has short-term targets, and its results are measured once.



Operation or business process improvement efforts to incorporate vision/strategy that require collaboration among multiple functions to achieve medium-term goal and impacts on the value chain.

GRI Topics	Topic Specific Disclosure	Reporting Content	Pages
GRI 303: Water (2016)	303-1 Water withdrawal by source (2016)	• Water Management	87-88
	303-3 Water recycled and reused (2016)	• Environmental Performance	147
GRI 305: Emissions (2016)	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (2016)	• Air Emissions	91-92
		• Environmental Performance	147
GRI 306: Effluents and Waste (2016)	306-3 Significant spills (2016)	• Oil and Chemical Spills	90
		• Environmental Performance	148
GRI 306: Effluents and Waste (2016)	306-2 Waste by type and disposal method (2016)	• Waste and Unused Material Management	93
	306-3 Significant spills (2016)	• Environmental Performance	148
GRI 403: Occupational Health and Safety (2018)	403-9 Work-related injuries (2018)	• Occupational Health and Safety	110-115
		• Social Performance	151-152
GRI 413: Local Communities (2016)	413-1 Operations with local community engagement, impact assessments, and development programs (2016)	• Community and Social Development	133-143
Labor Management Relations	BCP Indicator: Best Employer Score by Kincentric	• Employee Stewardship	122-132
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover (2016)	• Employee Stewardship	122-132
GRI 412: Human Rights Assessment (2016)	412-1 Operations that have been subject to human rights reviews or impact assessments (2016)	• Human Rights	119-121
GRI 201: Economic Performance (2016) Social Development	201-1 Direct economic value generated and distributed (2016)	• Community and Social Development	133-143
	BCP Indicator: Social Return On Investment	• Economic Performance	144
GRI 404: Training and Education (2016)	404-1: Average hours of training per year per employee (2016)	• Employee Stewardship	122-132
		• Social Performance	151
GRI 205: Anti-Corruption (2016)	205-3 Confirmed incidents of corruption and action taken (2016)	• Anti-Corruption	63-64

Mission Driven

The same structure as the Executive Committee in line with business direction and goals with aim to create a competitive advantage in order to create values to the organization and stakeholders. Goals are integrated into the entire organization.

Sustainability Leader

Business processes that are self-sustain, well managed, and recognized as industry leader. Goals are set long-term and values are created for the organization, stakeholders as well as the wider environment and society.